

29 June 2017

Dalgaranga Project – Update and Forward Program

- *Program of Work Application made to the Department of Mines and Petroleum - drilling anticipated within weeks*
- *Drilling will target Li and Rb mineralisation in outcropping Lepidolite-bearing pegmatite within and adjacent to the existing open pit*
- *Interim rock sampling campaign around recently announced anomalous Rb geochemistry, which included 3,820ppm and >5,000ppm Rb*

Krakatoa Resources Ltd (“Krakatoa” or “the Company”, ASX: **KTA**) recently announced that it considers the Dalgaranga Project as prospective for the specialty metal rubidium (Rb), in addition to lithium (Li), tantalum (Ta) and niobium (Nb). The view was formed after several highly enriched rubidium samples were returned from recent and past rock chip sampling focused in and around the Dalgaranga Open Pit.

The Company intends to use the time available between now and the commencement of drilling to complete some further sampling at Dalgaranga. A particular objective of the sampling is to ascertain the Rb grade carried within the historical Dalgaranga waste dumps, which returned several anomalous Rb samples, including a peak value of 3,820ppm.

Drilling is proposed for mid to late Q3, 2017 after a Program of Work (POW) Application was made to the Department of Mines and Petroleum (DMP). The drilling will target the extent of outcropping Li- and Rb-bearing pegmatite in and adjacent to the historical Dalgaranga Open Pit, and in other areas.

A subsequent drill program will look to expand areas presently outside of the immediate open pit area. Around 30 aircore (AC) drillholes are planned between the two programs.

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Board:

Colin Locke (Exec. Chairman)

Aryo Birno (Non-Exec. Director)

Timothy Hogan (Non-Exec. Director)

Capital Structure:

100,000,000 Fully Paid Shares

48,000,000 Options @ 10c exp 31/05/19

10,893,878 Options @ 40c exp 12/12/19

ASX Codes:

KTA, KTAOB

Projects

Dalgaranga, WA, Ta-Li-Rb

Mac Well, WA, Beryl

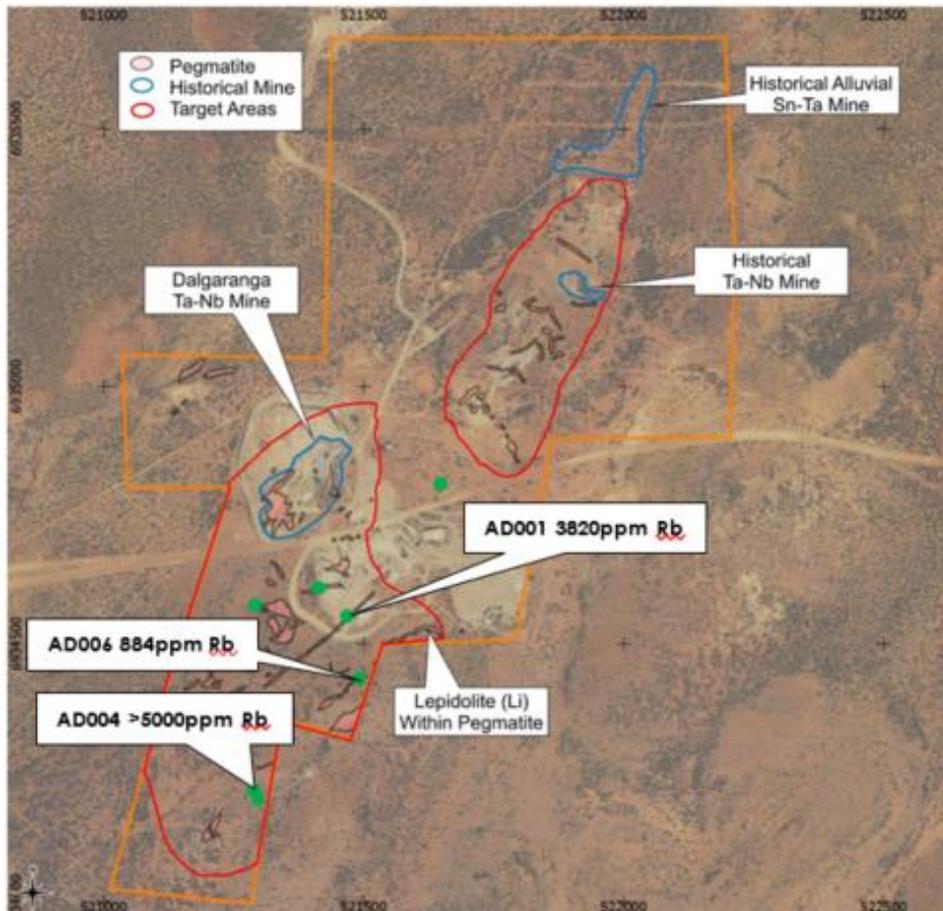


Figure 1: Dalgaranga - Historical Pegmatite Mapping, Historical Mining and Target Areas

Lepidolite, hosted by pegmatite, is of interest as it forms the main ore of rubidium, which is obtained as a by-product of lithium production.

About Rubidium

Rubidium is a high-value metal with a currently reported price of US\$1200/100gm¹. The global consumption of rubidium is currently limited, but its photo-emissive properties make it ideal for solar panels (photoelectric cells), motion sensor and night vision devices, and medical imaging devices. Rubidium's principal application is in specialty glasses and is used in fiber optic telecommunication systems. The main ore of rubidium is lepidolite which contains up to 1.5% rubidium, where it is obtained as a by-product of lithium production. Rubidium metal can also be produced by reducing rubidium chloride with calcium. Global resources are estimated at 80,000 tonnes of which 15 percent is in Canada and 75 percent in Africa.

¹ <http://www.chemicool.com/elements/rubidium.html>

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FOR FURTHER INFORMATION:

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JORC tables pertaining to the results contained within this update were originally reported in a prior announcement dated 16/06/2017: Exciting Rubidium Rock Chip Results – Dalgaranga Project (See ASX: KTA).

Forward Looking Statements

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company’s prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

Competent person’s statement:

The information in this announcement that relates to Dalgaranga Project Exploration Results is based on information compiled and fairly represented by Mr Jonathan King, consultant geologist, who is a Member of the Australian Institute of Geoscientists and employed by Geonomics Australia Pty Ltd. Mr King has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr King consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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