

24 March 2017

Market Update

Krakatoa Resources Limited ("KTA" or the "Company") is pleased to announce that further to its Market Update dated 16 March 2017, the Company is working with ASX and anticipates being reinstated shortly.

The Company has released a cleansing prospectus ("Prospectus") pursuant to section 708A(11) of the Corporations Act. The purpose of the Prospectus is to remove any trading restrictions in relation to the 12,548,191 fully paid shares and 12,548,191 options exercisable at \$0.20 on or before 31 March 2017 issued over the period September to December 2016.

The Company has initiated an exploration program at its 100% owned Dalgaranga and Mac Well Projects.

The Dalgaranga Project (P59/2082) is located 80km north-west of Mount Magnet in Western Australia and is considered prospective for Tantalum, Niobium and Lithium. Dalgaranga was initially discovered by Dann Todd in about 1961 and subsequently underwent small scale mining over many years, producing tantalum, beryl, tin and tungsten. Alluvial mining of tantalite has additionally been mined throughout the project area. The Dalgaranga open pit is 200m long, 40m wide and up to 15m deep.

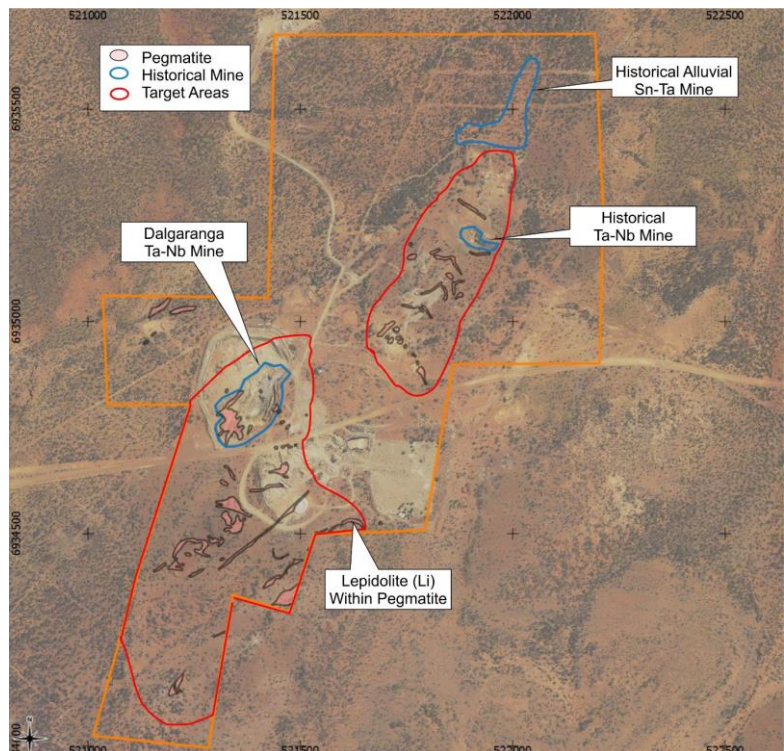


Figure 1: Dalgaranga Historical Pegmatite Mapping, Historical Mining and Target Areas

Registered office:

Level 11, London House, 216 St Georges Terrace, Perth, W.A. 6000

Ph: +618 9481 0389

Fax: +618 9463 6103

W: www.krakatoaresources.com

M: info@krakatoaresources.com



Board:

Colin Locke (Exec. Chairman)

Aryo Bimo (Non-Exec. Director)

Timothy Hogan (Non-Exec. Director)

Capital Structure:

67,716,959 Fully Paid Shares

42,673,709 Listed Options @ 20c exp 31/03/17

8,000,000 Unlisted Options @ 40c exp 31/03/17

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

ASX Code:

KTA

KTAOA

Projects

Dalgaranga, WA, Ta-Li-Sn

Mac Well, WA, Beryl

The Mac Well Project (E59/2175) has a land area of 66.9km² is located 10km west of Krakatoa's Dalgaranga Project and is considered prospective for Beryl and Lithium.

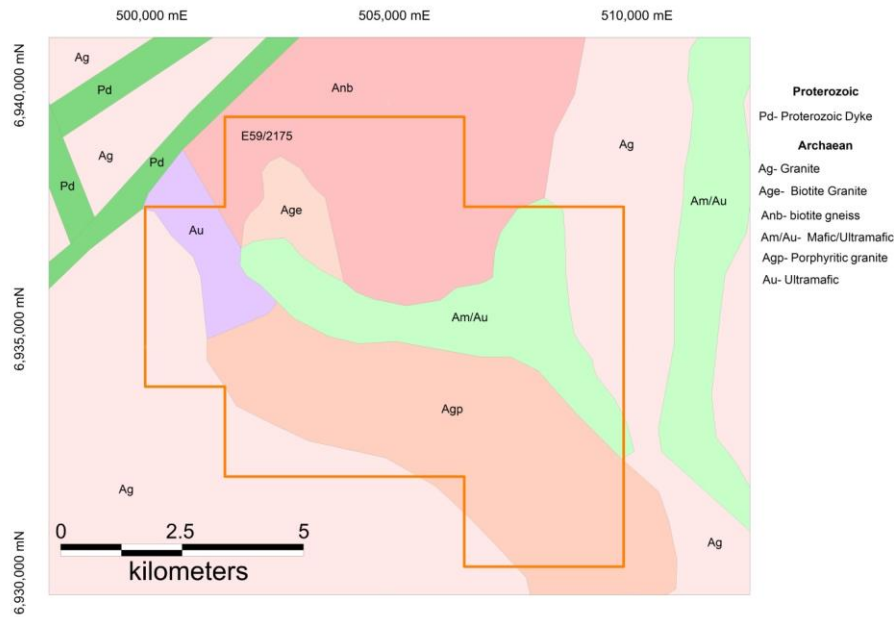


Figure 1: Preliminary Geological Interpretation

The Company's proposed exploration program over the next 6 months is to develop and complete infill and extensional geochemical sampling programs across Dalgaranga and Mac Well, as well as obtain permitting and undertake a scout aircore drilling program of defined targets at Dalgaranga. The Company has estimated expenditure of approximately \$150,000 to complete the program, which includes approximately \$105,000 on a scout aircore drill program. A timetable of the Company's proposed activities is set out below:

| Project | Activity | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 |
|------------|--|--------|--------|--------|--------|--------|--------|
| Dalgaranga | Interpretation of geochemical results and targeting program | | | | | | |
| Mac Well | Interpretation of geochemical results and targeting program | | | | | | |
| Dalgaranga | Development of infill geochemical sampling program | | | | | | |
| Mac Well | Development of infill & extensional sampling and mapping program | | | | | | |
| Dalgaranga | Infill geochemical sampling program and drill planning | | | | | | |
| Mac Well | Infill and extensional geochemical sampling program | | | | | | |
| Mac Well | Detailed geological mapping of defined prospect areas | | | | | | |
| Dalgaranga | Permitting to facilitate scout drilling program | | | | | | |
| Mac Well | Drill planning | | | | | | |
| Dalgaranga | Scout aircore drilling program of defined targets | | | | | | |

Registered office:

Level 11, London House, 216 St Georges Terrace, Perth, W.A. 6000

Ph: +618 9481 0389 Fax: +618 9463 6103 W: www.krakatoaresources.com M: info@krakatoaresources.com



The Company presently has a cash balance of approximately \$300,000 which will be used for the \$150,000 proposed exploration program on Dalgara and Mac Well, with the remaining \$150,000 for corporate and administration costs. The Company will evaluate its funding options in the near term for working capital and future exploration work programs on Dalgara and Mac Well.

The above is a statement of current intentions, although intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately used. The Board reserves the right to alter the way the funds are used on this basis.

FOR FURTHER INFORMATION:

Colin Locke
Executive Chairman
+61 457 289 582

Registered office:

Level 11, London House, 216 St Georges Terrace, Perth, W.A. 6000

Ph: +618 9481 0389 **Fax:** +618 9463 6103 **W:** www.krakatoaresources.com **M:** info@krakatoaresources.com