

26 July 2017



Dalgaranga Exploration and Drilling Update

Board:

Colin Locke (Exec. Chairman)

Aryo Bimo (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

- ***Further sampling completed around positive rubidium sampling: results anticipated next week***
- ***Twenty hole drill programme planned***
- ***No significant heritage delays in drilling approvals envisaged***

Krakatoa Resources Ltd (“Krakatoa” or “the Company”, ASX: **KTA**) has completed further chip sampling around the previously delivered high-grade rubidium results before initiating drill testing. Delivery of the rock chip geochemistry results is anticipated for next week.

The sampling was undertaken during a pre-drill site reconnaissance that confirmed the drill site locations, rig access, and rig-type suitability. It was concentrated in two areas: on the existing waste dump where a value of 3820 ppm Rb was returned, and around the sample with a peak value exceeding 5000 ppm Rb in the project’s southern extent.

The Company has moved quickly to progress Reverse Circulation (RC) drilling of the outlined Li-Ta-Rb-Nb mineralisation in and near the open pit with a 20 vertical hole program developed in two stages. Stage 2 drilling (15 holes) is dependent on the results returned in Phase 1 (5 holes).

No significant heritage delays in drilling approvals are envisaged, as drilling will occur in disturbed areas in and adjacent the open pit: areas where the presence of zinnwaldite and lepidolite was noted, and/or having returned anomalous Li, Rb, Nb, or Ta geochemistry.

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



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 Dalgara 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.

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