



15 July 2015

OPTION PLACEMENT

Krakatoa Resources Limited (**the Company**) is pleased to announce that it will undertake, subject to the approval of shareholders, a placement of options (**Option Placement**) on the basis of one (1) New Option for every one (1) \$0.20 listed and unlisted option which expired at 5.00pm (WST) on 30 June 2015 (**Expired Options**).

The Option Placement will be at an issue price of \$0.01 per New Option to raise approximately \$230,630 before costs, with the New Options to have an expiry date of 31 March 2017 and an exercise price of \$0.20, and will be made to persons who held Expired Options on 30 June 2015.

The Option Placement will require shareholder approval under Listing Rules 7.1 and 10.11 and the Company will lodge a Notice of Meeting of Shareholders with the Australian Securities Exchange (ASX) in due course.

The Company will lodge a Prospectus with the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX) for the issue of up to 23,063,002 New Options as soon as it is practicable to do so. The Company will apply to the ASX within seven (7) days after the date of the lodgement of a Prospectus for official quotation of the New Options offered to persons who held Expired Options on 30 June 2015. Persons wanting to acquire New Options will need to complete the application form that will accompany the Prospectus.

Yours sincerely,

Aryo Bimo
Executive Director