

31 July 2015

June 2015 Quarterly Activities Report

Krakatoa Resources Limited (ASX: **KTA**) ("**Krakatoa**" or **the Company**") is pleased to provide the following summary of activities conducted in the June 2015 quarter.

Bone Bay and Laeya River Tenements (Graphite)

During the June 2015 quarter, Krakatoa announced that it had signed a Heads of Agreement ("**HOA**") with Carbon Carbon Pte Ltd ("**Carbon**"), providing Krakatoa with an option to acquire a 75% controlling interest in two graphite projects:

- the Bone Bay Graphite Project, a 99.48 ha exploration IUP ('Mining Business Licence') located on the coastal road in the strategic mining region and port city of Kolaka, South East Sulawesi, Indonesia.
- the Laeya River Graphite Project, a 98 ha exploration IUP situated within the graphite prospective "Mekongga" geological formation close to the provincial city of Kendari.

Both projects are on the Indonesian Department of Energy and Mineral Resources' Clean and Clear registry, strategically located and considered prospective for graphite based on visual outcrops and early stage exploration work. Further details on the two graphite projects are disclosed in the ASX announcement dated 18 June 2015.

Carbon, a Singapore domiciled private company, holds an option to purchase 75% of the total number of issued shares ("Option") in PT Trans Jawa Sulawesi ("PT TJS"), an Indonesian domiciled company which has exploration rights over the Bone Bay Graphite and Laeya River Graphite Projects.

Carbon also has an off take agreement ("Off-Take") with PT TJS whereby Carbon has agreed to buy all graphite powder from the Bone Bay and the Laeya River projects.

Pursuant to the HOA, Krakatoa intends to acquire the Option and Off-Take from Carbon subject to due diligence, execution of a sale, purchase and assignment of option agreement and any ASX and/or regulatory approvals.

BCS Tenement (Iron-Ore)

No work was completed on the BCS Tenement during the June 2015 quarter.

Donggala Tenement (Gold)

No work was completed on the Donggala Tenement during the June 2015 quarter.

Rio Jaya Tenements (Gold)

No work was completed on the Rio Jaya Tenements during the June 2015 quarter.

Corporate

During the June 2015 quarter, the Company completed a placement, issuing 2,658,000 ordinary shares with a 1:2 free attaching unlisted option exercisable at \$0.20 on or before 30 June 2015 to raise \$265,800. A total of 1,329,000 unlisted options exercisable at \$0.20 on or before 30 June 2015 were issued to brokers for assistance with the placement.

A total of 105,000 options exercisable at \$0.20 on or before 30 June 2015 were exercised during the June 2015 quarter, raising \$21,000.

Subsequent to the June 2015 quarter, the Company announced that it will undertake, subject to the approval of shareholders, a placement of options 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.

On 30 July 2015, the Company completed a placement, issuing 1,846,732 ordinary shares to raise \$277,010.

ASX Listing Rule 5.3.3 - Details of Tenements Held at 30 June 2015

Project	Tenement Licence	Interest held at 31 March 2015	Interest acquired/disposed	Interest held at 30 June 2015
Donggala	IUP No.188.45/0465/DESDM	80%	-	80%
BCS	IUP No.540/23/IUP/DESDM/BUP-2010	99.8%	-	99.8%
Rio Jaya	IUP 188.45/0517/DESDM/2013	-	-	-*
Rio Jaya	IUP 188.45/0581/DESDM/2013	-	-	-*
Bone Bay	IUP No. 188.45/101/2014	-	-	-+
Laeya River	IUP No. 540/257 Tahun 2014	-	-	-+

* The Company is party to a Memorandum of Understanding to acquire 80% of the Shares in PT. Rio Jaya Persada.

+ The Company is party to a Heads of Agreement to acquire 75% of the Shares in PT Trans Jawa Sulawesi.

Yours faithfully,

Aryo Bimo
Executive Director