

30 October 2015

September 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 September 2015 quarter.

Bone Bay and Laeya River Tenements (Graphite)

As announced on 18 June 2015, Krakatoa 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.

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.

During the September 2015 quarter, Krakatoa continued its due diligence on TJS and the Bone Bay and Laeya River Graphite Projects.

BCS Tenement (Iron-Ore)

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

Donggala Tenement (Gold)

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

Rio Jaya Tenements (Gold)

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

Corporate

During the September 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 6 August 2015 the Company announced the appointment of Mr Colin Locke as Executive Chairman and the resignation of Mr Roger Pooley.

During the quarter, the Company issued 2,486,732 fully paid shares at \$0.15 per share to raise \$373,010 before costs. The placement was issued to sophisticated investors under its current capacity allowed by the ASX Listing Rules.

Subsequent to the September 2015 quarter, the Company announced the appointment of Mr Timothy Hogan to the Board as a Non-Executive Director.

Subsequent to the September 2015 quarter, the Company issued 1,020,000 fully paid shares at \$0.15 per share to raise \$153,000 before costs. The placement was issued to sophisticated investors under its current capacity allowed by the ASX Listing Rules.

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

Project	Tenement Licence	Interest held at 30 June 2015	Interest acquired/disposed	Interest held at 30 September 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 an option to purchase 75% of the Shares in PT Trans Jawa Sulawesi.

Yours faithfully,

Colin Locke
Executive Chairman