



31 October 2016

September 2016 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 2016 quarter.

Clean Energy Opportunity

As announced to ASX on 17 August 2016, Krakatoa entered into an agreement with private company United Mining Group (UMG) to jointly pursue opportunities in the energy sector with an immediate focus on a clean energy opportunity in Australia that is able to make synergistic use of existing infrastructure.

United Mining Group has significant high level management and operations experience internationally across a broad spectrum of mining and energy companies including Shell, Rio Tinto, BHP, BP Coal, Costains, Griffin Coal, BanPu, Anglo Coal and Solid Energy (Glencore).

The Company announced completion of a placement totalling \$1,382,229 on 7 October 2016 to supplement working capital and be applied towards administration costs and due diligence (including external professional advisers) in relation to the potential acquisition of clean energy opportunities currently under consideration with its partner United Mining Group.

The Placement Shares will not be quoted until the Company re-complies with the requirements of Chapters 1 and 2 of the ASX Listing Rules (in which case the shares will be subject to the restrictions in Appendix 9B) or recompliance is no longer applicable.

During the September 2016 Quarter, UMG and the Company successfully completed due diligence and preparation of bid documentation on a significant coal project that offers a clean energy opportunity. The Company and UMG submitted an offer to purchase the coal project, which is subject to a competitive sales process. The Company will update Shareholders of any material developments as they occur.

Subsequent to quarter end, UMG and the Company identified another significant coal project that offers a clean energy opportunity and began their due diligence process.

Dalgaranga Project (Ta-Li-Sn)

Krakatoa holds 100% of the Dalgaranga Tantalum-Niobium Lithium Project, located 80km north-west of Mount Magnet in Western Australia, with tenement P59/2082 granted during the quarter.

On 14 September 2016, the Company issued 1,000,000 fully paid ordinary shares and 1,000,000 options exercisable at \$0.20 or on before 31 March 2017 as final consideration for the Dalgaranga Project.

No work was completed on the Dalgaranga Project during the September 2016 quarter.

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

Mac Well Project (Beryl-Li-Ni)

No work was completed on the Mac Well Project during the September 2016 quarter.

BCS Tenement (Iron-Ore)

No work was completed on the BCS Tenement during the September 2016 quarter.

Bone Bay and Laeya River Tenements (Graphite)

During the September 2016 quarter, Krakatoa allowed the option to acquire a 75% interest in the Bone Bay and Laeya River Tenements to lapse after its due diligence did not provide results which would justify the Company continuing with the acquisition.

ASX Listing Rule 5.3.3 - Details of Tenements Held at 30 September 2016

Project	Tenement Licence	Interest held at 30 June 2016	Interest acquired/ disposed	Interest held at 30 September 2016
Dalgaranga	P59/2082	-	100%	100%
Mac Well	E59/2175	-	-	-^
BCS	IUP No.540/23/IUP/DESDM/BUP-2010	99.8%	-	99.8%
Bone Bay	IUP No. 188.45/101/2014	-	-	-
Laeya River	IUP No. 540/257 Tahun 2014	-	-	-

^ The project consists of a single exploration licence application applied for directly by Krakatoa Resources Ltd, with no known impediments towards its grant.

Yours faithfully,

Colin Locke
Executive Chairman