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KRAKATOA RESOURCES LTD

16 June 2017

Exciting Rubidium Rock Chip Results – Dalgaranga Project

- ***High grade rubidium rock chip results within or near Dalgaranga Open Pit***
  - ***AD004: >5000ppm Rb***
  - ***AD001: 3820ppm Rb***
  - ***AD006: 884ppm Rb***
- ***Mapping and rock chip geochemistry has outlined the extent of outcropping Lepidolite-bearing pegmatite, the likely source of the lithium and rubidium***
- ***Programme of Works application prepared in anticipation of drilling***

Krakatoa Resources Ltd ("Krakatoa" or "the Company", ASX: **KTA**) is pleased to announce that it considers the Dalgaranga Project as prospective for the specialty metal rubidium (Rb), based on several highly anomalous rubidium results with a peak value exceeding 5000ppm from rock chips taken near the Dalgaranga Open Pit. The rubidium is a welcomed addition to the established prospectivity for lithium, tantalum and niobium at Dalgaranga. Rubidium is mainly used in the manufacture of solar panels (photoelectric cells), motion sensor and night vision devices, and medical imaging devices.

Seven rock chip samples were taken from within or near the historical Dalgaranga Open Pit and the adjacent waste dump (Figure 1), with two samples also taken from the Mac Well Project. Three of the nine samples had rubidium values exceeding 800ppm, with a maximum value greater than 5000ppm Rb (sample AD004: Figure 2), further confirming the prospectivity remaining near the historical open pit.

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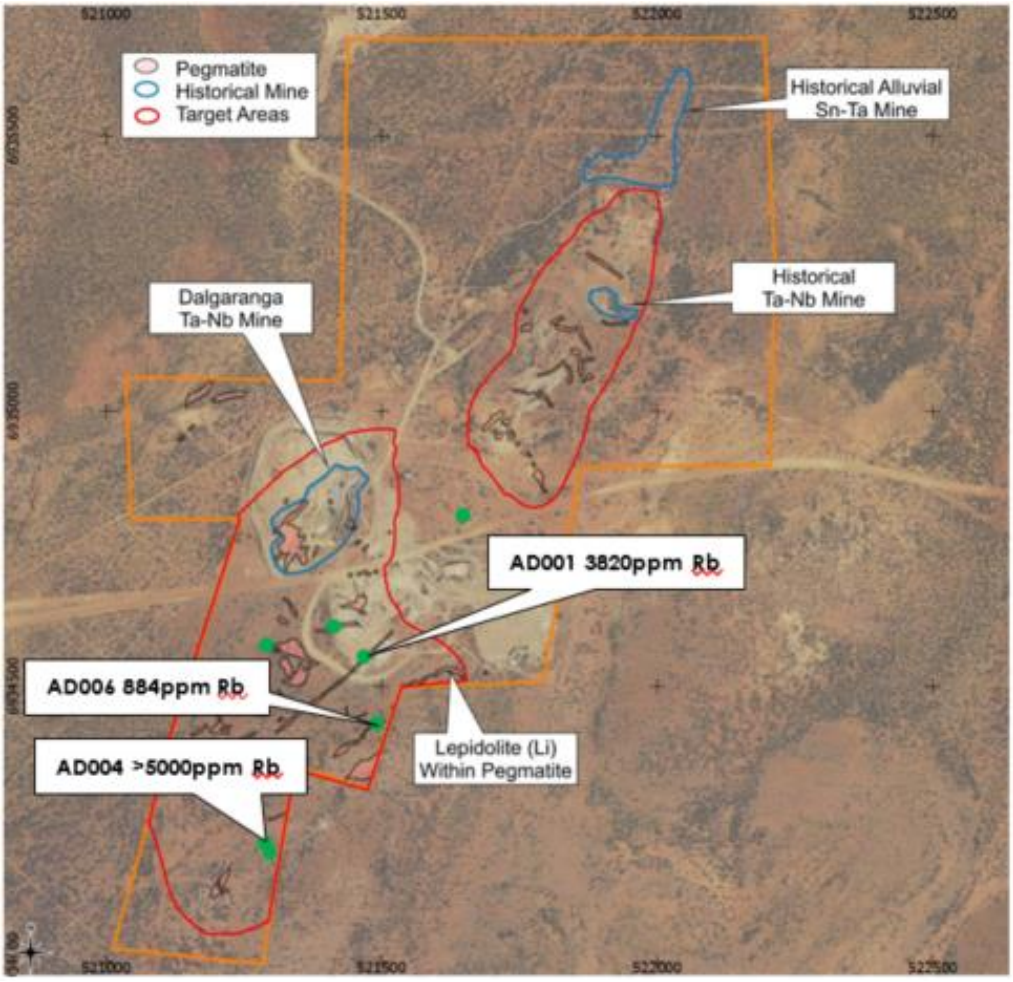

Figure 1: Dalgaranga - Historical Pegmatite Mapping, Historical Mining and Target Areas

The exciting results were to conclude an active mapping and geochemistry campaign aimed at defining the extent, mineralogy and tenor of the identified tantalum, lithium and rubidium mineralisation within and near the open pit, prior to initiating scout drilling. Additional sampling, however, is planned over the mullock dump, which returned 3820ppm Rb and 1940ppm Li from rock chip sample, AD001.

Earlier undertakings, as part of the geochemistry and mapping program, confirmed the presence of zinnwaldite and lepidolite, both lithium mica minerals, and developed an understanding of the potential for hosting extensions to the previously mined tantalum-niobium mineralisation.

Lepidolite, hosted by pegmatite, is of interest as it forms the main ore of rubidium, which is obtained as a by-product of lithium production.

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Figure 2: Pegmatite sample AD004, returning >5000ppm Rb.

Future plans

The Company will move quickly to progress drilling the outlined Li-Ta-Rb-Nb mineralisation in and near the open pit. It will also move to comprehensively sample the waste dump and test for additional rubidium and lithium mineralisation.

About Rubidium

Rubidium is a high-value metal with a currently reported price of US$1200/100gm[1].The global consumption of rubidium is currently limited, but its photo-emissive properties make it ideal for solar panels (photoelectric cells), motion sensor and night vision devices, and medical imaging devices. Rubidium's principal application is in specialty glasses and is used in fiber optic telecommunication systems. The main ore of rubidium is lepidolite which contains up to 1.5% rubidium, where it is obtained as a by-product of lithium production. Rubidium metal can also be produced by reducing rubidium chloride with calcium. Global resources are estimated at 80,000 tonnes of which 15 percent is in Canada and 75 percent in Africa.

FOR FURTHER INFORMATION:

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[1] http://www.chemicool.com/elements/rubidium.html

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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 Dalgaranga 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.

Appendix 1: Table of Results – Rock Chip Sampling

Sample	MGA50E	MGA50N	Be ppm	Cs ppm	Ga ppm	Li ppm	Nb ppm	Rb ppm	Sn ppm	Ta ppm	Tl ppm	Project
AD001	521,460	6,934,560	5.9	216	75	1940	85	3820	300	35	16.9	Dalgaranga
AD002	521,298	6,934,578	19.9	8.2	33	46	25	71.9	X	95	0.5	Dalgaranga
AD003	521,291	6,934,181	2.3	6.9	3	32.6	X	82.4	X	X	0.4	Dalgaranga
AD004	521,300	6,934,165	12.9	270	121	348	180	>5000	250	125	25.5	Dalgaranga
AD005	521,400	6,934,600	3	11.7	31	33.1	50	169	X	60	1	Dalgaranga
AD006	521,495	6,934,430	5.4	28.8	40	187	25	884	X	15	3.6	Dalgaranga
AD007	521,590	6,934,813	3.6	32.4	30	126	45	575	X	45	2.7	Dalgaranga
AD009	504,500	6,936,250	3	13.5	18	16.7	15	316	X	X	1.8	Mac Well
AD010	504,000	6,936,500	2.1	26.7	24	6.1	X	579	X	X	2.8	Mac Well

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JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Comments
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Reconnaissance rock chip sampling conducted by visual identification of prospective lithological units within the historical Dalgaranga Open Pit and its surrounds, including Mac Well Location of samples was determined using a Garmin handheld GPS unit with an accuracy of +/-5m
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Samples taken typically weighed in the range of 3 to 4kg
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Standard approaches adopted
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	No drilling reported

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Criteria	JORC Code explanation	Comments
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No drilling reported
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	No drilling reported
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No drilling reported
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	No drilling reported
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Rock chip samples were visually logged and photographed
	The total length and percentage of the relevant intersections logged.	No drilling reported
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	No drilling reported
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	3 to 4 kg rock chip sample was collected from the outcrops identified Samples were collected from the pegmatite in a representative method so as to not introduce selective sampling bias
	For all sample types, the nature, quality and appropriateness of the sample preparation techniques	Whole rock samples were submitted to Intertek Perth Laboratories for crushing, grinding and assaying in accordance with industry best practices. No field preparation of samples was conducted
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	The samples collected are representative of the outcropping pegmatite units
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Field duplicate samples were taken and high grade samples were re-assayed to confirm validity
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sufficient sample mass was collected to provide a representative sample of the coarse grained pegmatite
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Samples were submitted to Intertek Laboratory in Perth for sample preparation and analysis by Intertek using four acid digest including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids in Teflon Tubes with Inductively Coupled Plasma Mass Spectrometry Finish

Criteria	JORC Code explanation	Comments
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical results reported
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Field duplicate samples were submitted for analysis
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Samples were collected, visually inspected, logged and verified against assay results by consultant geologists of Krakatoa
	The use of twinned holes.	No drilling reported
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All field data is manually captured in the field, entered into excel spreadsheets and then imported into validated access databases
	Discuss any adjustment to assay data.	Lab reported Li ppm assays have been converted to industry standard Li_2O% figures in line with industry practices using the formula (Li_2O%= Li x 2.153). Similarly for Ta ppm to industry standard Ta_2O_5 ppm using the formula (Ta_2O_5=Ta x 2.442), NbO ppm (NbO= Nb x 1.172)
Location of Data Points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Samples were located using a Garmin handheld GPS with an accuracy of +/- 5m
	Specification of the grid system used.	MGA94- Zone 50
	Quality and adequacy of topographic control.	Topographic control using GPS is more than adequate for rock chip sampling.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Sample points were selected on the basis of visual logging and thus were not collected on a regular grid or pattern
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Sampling reported is of reconnaissance nature and not for the purposes of the delineation of a mineral resource.
	Whether sample compositing has been applied.	No sample compositing conducted.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Sampling was conducted across specific points. Further systematic channel sampling is planned to be conducted.

Criteria	JORC Code explanation	Comments
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No drilling reported
Sample security	*The measures taken to ensure sample security.*	Samples were collected, transported and submitted to the laboratory by KTA consulting geologists.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been conducted at this early stage of reconnaissance.

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Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	Dalgaranga, Prospecting licence P59/2082 is 100% owned by Krakatoa Resources Ltd. No encumbrances known or expected.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	No known impediments – title 100% owned
Exploration	*Acknowledgment and appraisal of exploration by other parties.*	Exploration and historical mining has been conducted by Australasian Gold Mines NL and Tantalum Australia NL. The data pertaining to the exploration activities is presently being compiled.
Geology	*Deposit type, geological setting and style of mineralisation.*	The geology of the project area consists of a suite of fine grained, foliated clastic sediments (siltstone and arkose) with possible rare tuffaceous members on the eastern margin. Tuffaceous members occurring within the pit include bands (<300mm) of chiastolite rich siltstone ("knotted schists"). The lithologies are folded with north easterly axes and are often moderately foliated. The main open pit pegmatite vein and those veins to the south appear to have been intruded parallel to folding of the sediments. The pegmatite veins within the Project area have the same fundamental mineralogy of quartz, microcline, albite and muscovite. Beryl and tourmaline are major accessories. Previous mining indicates that coarse grained tapiolite is present in the open pit vein. The Western Australian Museum has reported and sampled Zinnwaldite within the Dalgaranga Open Pit.
Drill Hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	No Drilling Reported
	o *easting and northing of the drill hole collar*	No Drilling Reported
	o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	No Drilling Reported
	o *dip and azimuth of the hole*	No Drilling Reported
	o *down hole length and interception depth*	No Drilling Reported
	o *hole length.*	No Drilling Reported
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	All historical exploration data is in the process of being compiled. Further releases will be made to the market upon finalisation of the collation process and verification.

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Criteria	JORC Code explanation	Commentary
		In addition a detailed digital terrain model is required to accurately define the mining undertaken subsequent to exploration activities as there is no accurate final pit digital terrain model post mining.
Data Aggregation Methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	No modification of results was conducted.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	No aggregation of data was conducted.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	No drilling or intercepts reported.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	The general orientation and geometry has been reported in the body of the announcement based on pit mapping.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	No drilling reported.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Map of sampling location, historical pit location and mapped pegmatites have been included in body of announcement.
Balanced Reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All results including those without significant results have been reported.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	At present historical data pertaining to the project area is being compiled. Further releases will be made to market upon completion.
Further Work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Detailed geological mapping and systematic sampling of pegmatites is planned to be conducted.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	A plan of the extents of pegmatites has been included. Drilling will be planned pending the outcome of the mapping and sampling program.