



Notice of General Meeting

The General Meeting of Krakatoa Resources Limited will be held at Level 11, 216 St Georges Terrace, PERTH WA 6000 on Friday, 23 October 2015 at 11:00am (WST).

This notice of general meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on 08 9481 0389 if you wish to discuss any matter concerning the Meeting.

KRAKATOA RESOURCES LIMITED

ABN 39 155 231 575

Notice of General Meeting

Notice is hereby given that a general meeting of the Shareholders of Krakatoa Resources Limited will be held at Level 11, 216 St Georges Terrace, PERTH WA 6000 on Friday, 23 October 2015 at 11:00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 11:00am (WST) on Wednesday, 21 October 2015.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in schedule 1 of the Explanatory Memorandum.

Agenda

1 RESOLUTION 1 - ISSUE OF NEW OPTIONS

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 23,063,002 options at an issue price of \$0.01 each to acquire one Share with an exercise price of \$0.20 and an expiry date of 31 March 2017 (**New Option**) to Expired Optionholders, being persons who held Options which expired on 30 June 2015 and any shortfall New Options at the discretion of the Board of directors, on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

2 RESOLUTION 2 - RELATED PARTY PARTICIPATION IN NEW OPTION ISSUE

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“Subject to Resolution 1, that for the purposes of section 195 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for Mrs Meily Eviana being a related party of the Company, who is an Expired Optionholder to participate in the issue of New Options the subject of Resolution 1 on the terms set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

3 RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS UNDER PLACEMENT

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,658,000 Shares and 1,329,000 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

4 RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BROKERS

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,329,000 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

5 RESOLUTION 5 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,486,732 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 1 - Issue of New Options	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and their associates.
Resolution 2 - Related party participation in New Option issue	Mrs Meily Eviana and her associates.
Resolution 3 - Ratification of prior issue of Shares and Options under Placement	A person who participated in the issue and any associates of those persons.
Resolution 4 - Ratification of prior issue of Options to brokers	A person who participated in the issue and any associates of those persons.
Resolution 5 - Ratification of prior issue of Shares under placement	A person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors

David Palumbo
Company Secretary
Krakatoa Resources Limited
18 September 2015

KRAKATOA RESOURCES LIMITED
ABN 39 155 231 575

Explanatory Memorandum

1 INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 11, 216 St Georges Terrace, PERTH WA 6000 on Friday, 23 October 2015 at 11:00am (WST). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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A Proxy Form is located at the end of Explanatory Memorandum.

Please contact the Company Secretary on 08 9481 0389 or david@miningcorporate.com.au if you wish to discuss any matter concerning the Meeting.

2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

All Shareholders are invited and encouraged to attend the Meeting. If a Shareholder is unable to attend in person, they can appoint a representative (or **proxy**) to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company

encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 11:00am (WST) on Wednesday, 21 October 2015. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

By Mail or by Hand	Krakatoa Resources Limited GPO Box 2517 PERTH WA 6831
By Facsimile	+61 8 9463 6103
By Email	admin@krakatoaresources.com

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

2.2 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (www.computershare.com.au).

2.3 Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 5pm (WST) on Wednesday, 21 October 2015.

3 RESOLUTIONS 1 AND 2 - ISSUE OF NEW OPTIONS AND RELATED PARTY PARTICIPATION IN NEW OPTION ISSUE

3.1 Introduction

On 30 June 2015, a total of 23,063,002 options in the Company expired, comprising 14,495,002 listed options (ASX: KTAO) and 8,568,000 unlisted options, both with an exercise price of \$0.20 per option (**Expired Options**).

On 15 July 2015, the Company announced a proposed placement of up to 23,063,002 New Options on the basis of one New Option for every one Expired Option held on 30 June 2015 at an issue price of \$0.01 exercisable at \$0.20 on or before 31 March 2017, to raise approximately \$230,630 (**Offer**).

There are currently no options on issue.

Funds raised from the issue of the New Options will be used to meet the costs of the Offer and for general working capital.

The Offer will be made available under a prospectus that will be dispatched to Expired Optionholders on or about 25 September 2015. In addition, the Directors may place any New Options not taken up by Expired Optionholders as at the closing date of the Offer (**Shortfall Options**) at their discretion, including to Expired Optionholders who apply for Shortfall Options. Expired Optionholders and those persons who may subscribe for Shortfall Options should consider the prospectus in deciding whether to apply for New Options, and will need to complete the personalised application form that will accompany the prospectus.

3.2 Directors' holdings

The Offer of New Options will be made to Expired Optionholders on the basis of one New Option exercisable at \$0.20 on or before 31 March 2017 for every Expired Option held on 30 June 2015 subject to Shareholders approving Resolutions 1 and 2 (**Offer**). In addition, the Directors may place Shortfall Options at their discretion, including to Expired Optionholders who apply for Shortfall Options. None of the Directors hold Expired Options.

Mrs Meily Eviana is a related party (**Related Party**) of the Company as she is the spouse of director, Mr Colin Locke. Participation by Mrs Meily Eviana in the Placement of New Options on the basis of her being an Expired Optionholder is the subject of Resolution 2.

Messrs Aryo Bimo and Brian Varndell (Directors who are not eligible to participate in the New Option issue as they are not Expired Optionholders) consider that, because the Offer is on the same terms as offered to other Expired Optionholders, the offer of New Options to Mrs Meily Eviana, is on arm's length terms so that Shareholder approval under Chapter 2E of the Corporations Act is not required.

Neither the Directors or Mrs Meily Eviana intend to participate in the issue of Shortfall Options.

3.3 Reason for Resolutions 1 and 2

Listing Rule 7.1 limits the number of securities a listed company can issue in a 12 month period to 15% of the number of securities on issue at the commencement of that 12 month period, except for certain issues, including where the issue is first approved by shareholders. The issue of New Options to Expired Optionholders and the placement of any Shortfall Options is not an exception to Listing Rule 7.1 and will exceed 15%, and requires Shareholder approval.

Listing Rule 10.1 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party (including directors). If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue is excluded in calculating the 15% annual limit permitted by Listing Rule 7.1.

The information required by Listing Rules 7.3 and 10.13 is set out below.

The effect of passing Resolution 1 will be to allow the Directors to issue New Options in accordance with the Resolution without those securities being included in the 15% limit. The effect of passing Resolution 2 will be to allow the Related Party who is an Expired Optionholder to subscribe for and be issued New Options on the same terms as offered to other Expired Optionholders.

3.4 Timetable

The proposed timetable for the New Option issue is as follows:

Dispatch of prospectus and personalised application form	25 September 2015
Opening of the Offer	28 September 2015
Meeting to approve the Offer	23 October 2015
Close of the Offer	30 October 2015
Issue of New Options	3 November 2015
Latest date to place Shortfall Options	3 months following the Meeting

The above timetable may change, subject to ASX Listing Rules.

3.5 Voting exclusion

Listing Rule 14.11.1 requires the Company to disregard votes cast by persons who may participate in the proposed issue and persons who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

To comply with Listing Rule 14.11.1 Shareholders who vote on Resolution 1 will be excluded from participating in the Offer.

3.6 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided about the Offer to Expired Optionholders other than Related Parties:

- (a) the number of New Options to be offered will be a maximum of 23,063,002 New Options. The Directors reserve the right to place Shortfall Options;
- (b) the New Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that the issue will occur on the same date;
- (c) the issue price is \$0.01 for each New Option;
- (d) the New Options will be offered to Expired Optionholders. The Directors may place any Shortfall Options at their discretion, including to Expired Optionholders who apply for Shortfall Options;
- (e) the New Options have an exercise price of \$0.20, an expiry date of 31 March 2017, and are otherwise on the terms set out in schedule 2;
- (f) funds raised from the issue of New Options will be used to meet the costs of the Offer and for general working capital. Funds raised from the exercise of the New Options will be used to fund exploration on the Company's exploration projects and for general working capital; and
- (g) a voting exclusion statement is included in the Notice;

3.7 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed Placement of New Options to the Related Party.

- (a) the name of the Related Party who will be offered New Options and the maximum number they will be offered is as follows:

Related Party	Maximum number of New Options
Mrs Meily Eviana ¹	50,000

¹ Mrs Meily Eviana is the spouse of Director Mr Colin Locke and is therefore a Related Party of the Company.

- (b) the New Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that allotment will occur on the same date.
- (c) the issue price is \$0.01 for each New Option.

- (d) the New Options have an exercise price of \$0.20, an expiry date of 31 March 2017, and are otherwise on the terms set out in schedule 2.
- (e) a voting exclusion statement is included in the Notice.
- (f) funds raised from the issue of New Options will be used to meet the costs of the issue and for general working capital. Funds raised from the exercise of the New Options will be used to fund exploration on the Company's exploration projects and for general working capital.

3.8 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1. This will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

With the exception of Mr Colin Locke who declines to make a recommendation, the Directors recommend that Shareholders vote in favour of Resolution 2.

4 RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS UNDER PLACEMENT

4.1 Introduction

During April and May 2015, the Company issued a total of 2,658,000 Shares to private investors at an issue price of \$0.10 per Share, together with one (1) free-attaching unlisted Option exercisable at \$0.20 each on or before 30 June 2015 for every two (2) Shares subscribed for and issued, to raise \$265,800 (**Placement**).

The Company issued the securities pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

4.2 Reason for Resolution 3

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 2,658,000 Shares and 1,329,000 unlisted Options issued without Shareholder approval pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where, a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the issue of the Shares and unlisted Options the subject of Resolution 3, the Company will retain the flexibility to issue equity securities in the future of up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) 2,658,000 Shares and 1,329,000 unlisted Options were issued pursuant to ASX Listing Rule 7.1;
- (b) the issue price per Share was \$0.10 and the issue price of the unlisted Options was nil as they were issued free attaching with the Shares on a 1:2 basis;
- (c) the Shares and unlisted Options were issued to clients of CPS Capital Group Pty Ltd, Barclay Wells Limited, DJ Carmichael Pty Limited and Titan Securities Pty Ltd. None of these subscribers were related parties of the Company;
- (d) the unlisted Options were issued on the terms and conditions set out in schedule 3;
- (e) the Shares issued were all fully paid ordinary shares in the capital of the Company and rank equally with the existing Shares on issue; and
- (f) funds raised from the issue were applied towards costs of the issue, payments to creditors in connection with exploration work previously completed on the Company's tenements, payments to other administrative creditors and for general working capital purposes.

4.4 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 3. The Board believes that the ratification of the issue of Shares and unlisted Options the subject of Resolution 3 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without prior Shareholder approval.

5 RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BROKERS

5.1 Introduction

During April and May 2015, the Company issued a total of 1,329,000 unlisted Options exercisable at \$0.20 each on or before 30 June 2015 to CPS Capital Group Pty Ltd, Barclay Wells Limited, DJ Carmichael Pty Limited and Titan Securities Pty Ltd (and its nominees) as consideration for brokerage services associated with the Placement.

The Company issued the securities pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

5.2 Reason for Resolution 4

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those unlisted Options.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 4.2 of this Explanatory Statement.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) 1,329,000 unlisted Options were issued pursuant to ASX Listing Rule 7.1;
- (b) the unlisted Options were issued for nil cash consideration as they were issued in satisfaction of brokerage services associated with the Placement completed in April and May 2015;
- (c) the unlisted Options were issued to CPS Capital Group Pty Ltd, Barclay Wells Limited, DJ Carmichael Pty Limited and Titan Securities Pty Ltd (and its nominees). None of these parties were related parties of the Company;
- (d) the unlisted Options were issued on the terms and conditions set out in schedule 3;
- (e) no funds were raised from this issue as the unlisted Options were issued in satisfaction of brokerage services associated with the Placement.

5.4 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 4. The Board believes that the ratification of the issue of the unlisted Options the subject of Resolution 4 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 4 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without prior Shareholder approval.

6 RESOLUTION 5 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT - LISTING RULE 7.1A

6.1 Introduction

During July and August 2015, the Company issued a total of 2,486,732 Shares to private investors at an issue price of \$0.15 per Share to raise \$373,010.

The Company issued the securities pursuant to the Company's 10% annual placement capacity under ASX Listing Rule 7.1A.

6.2 Reason for Resolution 5

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 2,486,732 Shares issued pursuant to the Company's 10% annual placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders at the Company's annual general meeting held on 27 November 2014.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Issues of securities made relying on ASX Listing Rule 7.1A can, after they have been made, be ratified under ASX Listing Rule 7.4. This has the effect of refreshing the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A to the extent the previous issues are ratified.

By ratifying the issue the subject of Resolution 5, the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number, which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

6.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) 2,486,732 Shares were issued pursuant to ASX Listing Rule 7.1A;
- (b) the issue price per Share was \$0.15;
- (c) the Shares were issued to clients of CPS Capital Group Pty Ltd, Barclay Wells Limited, DJ Carmichael Pty Limited, Titan Securities Pty Ltd, Hartleys Limited and Gloucester & Portman Capital Pty Ltd. None of these subscribers were related parties of the Company;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company and rank equally with the existing Shares on issue; and

- (e) funds raised from the issue were applied towards costs of the issue, payments to administrative creditors and for general working capital purposes.

6.4 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 5. The Board believes that the ratification of the issue of Shares the subject of Resolution 5 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 5 as it provides the Company with the flexibility to issue further securities as set out in section 6.2 above.

7 SCHEDULE 1 - DEFINITIONS

In this Notice and Explanatory Memorandum:

ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Company	means Krakatoa Resources Limited (ACN 155 231 575).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Explanatory Memorandum	means this explanatory memorandum.
Expired Option	has the meaning given in section 3.1 of this Explanatory Memorandum.
Expired Optionholders	means holders in Australia and New Zealand who held Expired Options on 30 June 2015.
Listing Rule	means the listing rules of the ASX.
Meeting	means the meeting convened by this Notice (as adjourned from time to time).
New Option	has the meaning given in Resolution 1 and otherwise on the terms in schedule 2.
Notice	means this notice of meeting.
Offer	has the meaning given in section 3.1 of this Explanatory Memorandum.
Option	means an option to be issued a Share.
Placement	has the meaning given in section 4.1 of this Explanatory Memorandum.
Proxy Form	means the proxy form attached to this Notice.
Related Party	has the meaning given in section 3.2 of this Explanatory Memorandum.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Shortfall Options	has the meaning given in section 3.1 of this Explanatory Memorandum
WST	means Western Standard Time.

8 SCHEDULE 2 - TERMS OF NEW OPTIONS

The New Options are granted on the following terms and conditions:

- (a) Each New Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- (b) The New Options may be exercised at any time on or before 5.00pm (WST) on 31 March 2017. Each New Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed, together with payment of the sum of 20 cents (\$0.20) per New Option exercised. The New Options will lapse at 5.00pm (WST) on 31 March 2017.
- (c) The New Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of New Options at any time until 5.00pm (WST) on 31 March 2017, being the date the New Options expire. This right is subject to any restrictions on the transfer of a New Option that may be imposed by ASX.
- (d) New Optionholders can only participate in new issues of securities provided they have first exercised their New Options in which case the New Optionholders shall be afforded the period of at least four (4) business days prior to the record date (to determine entitlements to the issue) to exercise the New Options.
- (e) Shares issued on the exercise of New Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of a New Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- (f) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (g) If there is a bonus issue to shareholders, the number of Shares over which the New Option is exercisable may be increased by the number of Shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.
- (h) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

9 SCHEDULE 3 - TERMS OF OPTIONS

The Options are granted on the following terms and conditions:

- (a) Each Option entitles the holder to acquire one fully paid Ordinary Share in the Company.
- (b) The Options may be exercised at any time on or before 5.00pm (WST) on 30 June 2015. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed, together with payment of the sum of 20 cents (\$0.20) per Option exercised. The Options will lapse at 5.00pm (WST) on 30 June 2015.
- (c) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 5.00pm (WST) on 30 June 2015, being the date the Options expire. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX.
- (d) Optionholders can only participate in new issues of securities provided they have first exercised their Options in which case the Optionholders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Options.
- (e) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- (f) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (g) If there is a bonus issue to shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (h) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.



Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an 'X' and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. Please note, you cannot change ownership of your securities using this form.

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECEIVED BY THE COMPANY BEFORE 11AM (WST), 21 OCTOBER 2015.

PLEASE NOTE IF YOU VOTE ON RESOLUTION 1 YOU WILL NOT BE ENTITLED TO PARTICIPATE IN THE NEW OPTION OFFER

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy Indicate here who you want to appoint as your Proxy If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space. Proxy which is a Body Corporate Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an 'Appointment of Corporate Representative' prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry. Appointment of a Second Proxy You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form. To appoint a second proxy you must: (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded. (b) return both forms together in the same envelope.	STEP 2 Voting Directions to your Proxy You can tell your Proxy how to vote To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid. STEP 3 Sign the Form The form must be signed as follows: Individual: This form is to be signed by the securityholder. Joint Holding: where the holding is in more than one name, all the securityholders must sign. Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it. Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. Please indicate the office held by signing in the appropriate place. STEP 4 Lodgement of a Proxy This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting. BY MAIL - GPO Box 2517, Perth WA 6831 BY FAX - 08 9463 6103 IN PERSON - Level 11, 216 St Georges Terrace, Perth WA 6000
Attending the Meeting - If you wish to attend the meeting please bring this form with you to assist registration.	

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

STEP 1 - Appointment of Proxy

I/We being a member/s of Krakatoa Resources Limited and entitled to attend and vote hereby appoint

☐

the Chairman of the Meeting (mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **General Meeting** of Krakatoa Resources Limited to be held at Level 11, 216 St Georges Terrace, Perth, Western Australia on Friday 23 October 2015 at 11am (WST) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair intends to vote any such undirected proxies in favour of all Resolutions.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

STEP 2 - Voting directions to your Proxy - please mark ☒ to indicate your directions

Ordinary Business

Resolution 1	Issue of New Options
Resolution 2	Related Party participation in New Option Issue
Resolution 3	Ratification of prior issue of Shares and Options under Placement
Resolution 4	Ratification of prior Issue of Options to broker
Resolution 5	Ratification of prior issue of Shares under placement

For	Against	Abstain
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐

STEP 3 - Please sign here -This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary