



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, 6 May 2016 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, 6 May 2016 at 11:00am (WST) (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement 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 Statement.

Proxy Forms must be received by no later than 11:00am (WST) on Wednesday, 4 May 2016.

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

Agenda

1 RESOLUTION 1 - 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 1,753,333 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

2 RESOLUTION 2 - 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 833,333 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

3 RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO THE VENDOR OF THE DALGARANGA PROJECT

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 2,000,000 Shares and 2,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

4 RESOLUTION 4 - APPROVAL FOR THE ISSUE OF SHARES AND OPTIONS TO THE VENDOR OF THE DALGARANGA PROJECT

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 1,000,000 Shares and 1,000,000 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 - LISTING RULE 7.1A

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 3,479,700 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement is set out below.

6 RESOLUTION 6 - APPROVAL FOR THE 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 purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,739,850 Options 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 - Ratification of prior issue of Shares under Placement	A person who participated in the issue and any associates of those persons.
Resolution 2 - Ratification of prior issue of Options to Brokers	A person who participated in the issue and any associates of those persons.
Resolution 3 - Ratification of prior issue of Shares and Options to the Vendor of the Dalgaranga Project	A person who participated in the issue and any associates of those persons.
Resolution 4 - Approval for the issue of Shares and Options to the Vendor of the Dalgaranga Project	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 5 - Ratification of prior issue of Shares under Placement - Listing Rule 7.1A	A person who participated in the issue and any associates of those persons.
Resolution 6 - Approval for the issue of Options to Brokers	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.

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
31 March 2016

KRAKATOA RESOURCES LIMITED
ABN 39 155 231 575

Explanatory Statement

1 INTRODUCTION

This Explanatory Statement 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, 6 May 2016 at 11:00am (WST). The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement 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 Statement.

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 Statement 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, 4 May 2016. 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, 4 May 2016.

3 RESOLUTION 1 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

3.1 Introduction

On 29 October 2015, the Company issued a total of 1,020,000 Shares to private and sophisticated investors at an issue price of \$0.15 per Share to raise \$153,000.

On 3 December 2015, the Company issued a total of 733,333 Shares to private and sophisticated investors at an issue price of \$0.15 per Share to raise \$110,000

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

3.2 Reason for Resolution 1

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 1,753,333 Shares 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, the subject of Resolution 1, 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.

3.3 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 1:

- (a) 1,753,333 Shares were issued pursuant to ASX Listing Rule 7.1;
- (b) the issue price per Share was \$0.15;
- (c) the Shares were issued to clients of Barclay Wells 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 the costs of the issue, payments to other administrative creditors and for general working capital purposes.

3.4 Directors' Recommendation

None of the Directors have a material personal interest in the subject matter of Resolution 1. The Board believes that the ratification of the issue of Shares the subject of Resolution 1 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 1 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.

4 RESOLUTION 2 - RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BROKERS

4.1 Introduction

During December 2015, the Company issued a total of 833,333 Unlisted Options exercisable at \$0.20 each on or before 31 March 2017 to brokers (or nominees) as consideration for brokerage services associated with the placement completed in December 2015.

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 2

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 833,333 Unlisted Options issued without Shareholder approval pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 3.2 of this Explanatory Statement.

By ratifying the issue of the Unlisted Options, the subject of Resolution 2, 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.

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 2:

- (a) 833,333 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 December 2015;

- (c) the Unlisted Options were issued to Barclay Wells Limited and Titan Securities Pty Ltd (or 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 2;
- (e) no funds were raised from this issue as the Unlisted Options were issued in satisfaction of brokerage services associated with the placement completed in December 2015.

4.4 Directors' Recommendation

None of the Directors have a material personal interest in the subject matter of Resolution 2. The Board believes that the ratification of the issue of Unlisted Options the subject of Resolution 2 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 2 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 3 - RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO THE VENDOR OF THE DALGARANGA PROJECT

5.1 Introduction

On 2 March 2016, the Company announced that it had acquired 100% of the Dalgaranga Project in Western Australia from Peter Gianni (**Vendor**).

The key terms of the agreement are:

- Krakatoa issues the Vendor (or nominees) 2,000,000 Shares and 2,000,000 Listed Options exercisable at \$0.20 on or before 31 March 2017 upon signing the tenement sale agreement; and
- Krakatoa to pay \$25,000 and issue to the Vendor (or nominees) 1,000,000 Shares and 1,000,000 Listed Options exercisable at \$0.20 on or before 31 March 2017 upon the grant of the prospecting licence.

On 4 March 2016, the Company issued the 2,000,000 Shares and 2,000,000 Listed Options to Peter Gianni (or nominees).

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 3

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

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 3.2 of this Explanatory Statement.

By ratifying the issue of the Shares and Listed Options, the subject of Resolution 3, 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 3:

- (a) 2,000,000 Shares and 2,000,000 Listed Options were issued pursuant to ASX Listing Rule 7.1;
- (b) the Shares and Listed Options were issued for nil cash consideration as they were for the acquisition of the Dalgaranga Project;
- (c) the Shares and Listed Options were issued to Peter Gianni (or nominees), who is not a related party of the Company;
- (d) the Listed 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) no funds were raised from this issue as the Shares and Listed Options were for the acquisition of the Dalgaranga Project.

5.4 Directors' Recommendation

None of the Directors have a material personal interest in the subject matter of Resolution 3. The Board believes that the ratification of the issue of Shares and Listed 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.

6 RESOLUTION 4 - APPROVAL FOR THE ISSUE OF SHARES AND OPTIONS TO THE VENDOR OF THE DALGARANGA PROJECT

6.1 Introduction

A summary of the acquisition of the Dalgaranga Project is set out in section 5.1 of this Explanatory Statement.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 1,000,000 Shares and 1,000,000 Listed Options to Peter Gianni (or nominees) upon the grant of the prospecting licence covering the Dalgaranga Project.

6.2 Reason for Resolution 4

Resolution 4 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 1,000,000 Shares and 1,000,000 Listed Options.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 3.2 of this Explanatory Statement.

By approving the issue of the Shares and Listed Options, the subject of Resolution 4, the Company will retain the flexibility to issue these securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual capacity.

6.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of Shares to be issued is 1,000,000 and the maximum number of Listed Options to be issued is 1,000,000;
- (b) the Company proposes to issue the Shares and Listed Options as soon as possible after the date of the Meeting and in any event, no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow). It is anticipated that the Shares and Listed Options will be issued on one date;
- (c) the Shares and Listed Options will be issued for nil cash consideration as they are for the acquisition of the Dalgaranga Project;
- (d) the Shares and Listed Options are to be issued to Peter Gianni (or nominees), who is not a related party of the Company;
- (e) the Listed Options to be issued are on the terms and conditions set out in schedule 3;
- (f) the Shares to be issued will be fully paid ordinary shares in the capital of the Company and rank equally with the existing Shares on issue; and
- (g) no funds are to be raised from the issue as the Shares and Listed Options are for the acquisition of the Dalgaranga Project.

6.4 Directors' Recommendation

None of the Directors have a material personal interest in the subject matter of Resolution 4. The Board believes that the approval of the issue of Shares and Listed 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 these securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual capacity.

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

7.1 Introduction

On 2 March 2016, the Company announced that in conjunction with entering into the agreement to acquire the Dalgara Project, it had secured commitments for a placement to raise approximately \$300,000 before costs.

On 15 March 2016, the Company announced that the placement was oversubscribed, issuing a total of 3,479,700 Shares to private and sophisticated investors at an issue price of \$0.15 per Share to raise \$521,955 before costs.

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

7.2 Reason for Resolution 5

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 3,479,700 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 30 November 2015.

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.

7.3 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) 3,479,700 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, Shaw and Partners 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 will be applied towards the costs of the issue, proposed exploration activities on the Dalgara Project, due diligence on the Bone Bay Graphite Project, payments to administrative creditors and for general working capital purposes.

7.4 Directors' Recommendation

None of the Directors have 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 7.2 above.

8 RESOLUTION 6 - APPROVAL FOR THE ISSUE OF OPTIONS TO BROKERS

8.1 Introduction

On 15 March 2016, the Company announced that it had completed an oversubscribed placement, issuing a total of 3,479,700 Shares to private and sophisticated investors at an issue price of \$0.15 per Share to raise \$521,955 before costs. The Company agreed to issue one Listed Option for every two Shares issued under the placement, to the brokers of the placement.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 1,739,850 Listed Options to brokers as consideration for brokerage services associated with this placement.

8.2 Reason for Resolution 6

Resolution 4 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 1,739,850 Listed Options.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 3.2 of this Explanatory Statement.

By approving the issue of the Listed Options, the subject of Resolution 6, the Company will retain the flexibility to issue these securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual capacity.

8.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the maximum number of Listed Options to be issued is 1,739,850;
- (b) the Company proposes to issue the Listed Options as soon as possible after the date of the Meeting and in any event, no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow). It is anticipated that the Listed Options will be issued on one date;
- (c) the Listed Options will be issued for nil cash consideration as they are for the satisfaction of brokerage services associated with the placement;
- (d) the Listed Options are to be issued to CPS Capital Group Pty Ltd, Barclay Wells Limited, Shaw and Partners Limited, Titan Securities Pty Ltd, Hartleys Limited and Gloucester & Portman Capital Pty Ltd (or nominees). None of these parties were related parties of the Company;
- (e) the Listed Options to be issued are on the terms and conditions set out in schedule 3; and
- (f) no funds are to be raised from the issue as the Listed Options are for the satisfaction of brokerage services associated with the placement.

8.4 Directors' Recommendation

None of the Directors have a material personal interest in the subject matter of Resolution 6. The Board believes that the approval of the issue of Listed Options the subject of Resolution 6 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 6 as it provides the Company with the flexibility to issue these securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual capacity.

9 SCHEDULE 1 - DEFINITIONS

In this Notice and Explanatory Statement:

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 Statement	means this explanatory statement.
Listing Rule	means the listing rules of the ASX.
Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Listed Option	means an option on the terms set out in schedule 3.
Notice	means this notice of meeting.
Option	means an option to be issued a Share.
Proxy Form	means the proxy form attached to this Notice.
Related Party	has the meaning given in Chapter 19 of the Listing Rules.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Unlisted Option	means an option on the terms set out in schedule 2.
Vendor	Means the seller of the Dalgara Project, being Peter Gianni.
WST	means Western Standard Time.

10 SCHEDULE 2 - TERMS OF UNLISTED OPTIONS

The Unlisted 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 31 March 2017. 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 31 March 2017.
- (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 31 March 2017, 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 four (4) business days prior to 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.

11 SCHEDULE 3 - TERMS OF LISTED OPTIONS

The Listed 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 31 March 2017. 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 31 March 2017.
- (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 31 March 2017, 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 four (4) business days prior to 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), 4 MAY 2016.

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:

- 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.
- 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 6 May 2016 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 | Ratification of prior issue of Shares under placement |
| Resolution 2 | Ratification of prior issue of Options to brokers |
| Resolution 3 | Ratification of prior issue of Shares and Options to the Vendor |
| Resolution 4 | Approval for the issue of Shares and Options to the Vendor |
| Resolution 5 | Ratification of prior issue of Shares under placement |
| Resolution 6 | Approval for the issue of Options to brokers |

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