



NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on 24 October 2017 at 10:00am(WST).

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by email on david@miningcorporate.com.au.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

KRAKATOA RESOURCES LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Krakatoa Resources Limited (**Company**) will be held at the offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Tuesday, 24 October 2017 at 10:00am(WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on Sunday, 22 October 2017 at 5pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Remuneration Report

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

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 30 June 2017, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or a Closely Related Party of such member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Election of Director - Mr David Palumbo

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

"That, for the purposes of Article 11.11 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr David Palumbo, a Director who was appointed on 7 August 2017, retires and being eligible, is elected as a Director."

4. Resolution 3 - Re-election of Director - Mr Timothy Hogan

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

"That in accordance with Article 11.3 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Timothy Hogan is elected as a Director on the terms and conditions in the Explanatory Memorandum."

5. Resolution 4 - Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

"That in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons).

The Company will not disregard a vote if:

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

6. Resolution 5 - Ratification of prior issues of Shares and Options

To consider and, if thought fit, to pass with or without amendment, each as a **separate ordinary resolution** the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the following issues of securities as follows:

- (a) 1,000 Cleansing Shares issued under Listing Rule 7.1; and

(b) 1,000 Cleansing Options issued under Listing Rule 7.1,
on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on these Resolutions by a person (and any associate of such a person) who participated in the issue of the Cleansing Shares and Cleansing Options.

However, the Company will not disregard a vote if:

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

7. Resolution 6 - Approval to issue Director Options

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

"That, pursuant to and in accordance with section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to:

- (a) 4,000,000 Director Options to Mr Colin Locke (or his nominee);
- (b) 4,000,000 Director Options to Mr Timothy Hogan (or his nominee); and
- (c) 4,000,000 Director Options to Mr David Palumbo (or his nominee),

on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on these Resolutions by Mr Colin Locke (and his nominee), Mr Timothy Hogan (and his nominee), Mr David Palumbo (and his nominee) and any of their respective associates.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

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

8. Resolution 7 - Future Placement of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution 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 that number of Shares, when multiplied by the issue price, will raise up to \$1,500,000 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any 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 any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a 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

David Palumbo
Company Secretary

Dated: 20 September 2017

KRAKATOA RESOURCES LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

The 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 the offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Tuesday, 24 October 2017 at 10:00am(WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Annual Report
Section 4:	Resolution 1 - Remuneration Report
Section 5:	Resolution 2 - Election of Director - Mr David Palumbo
Section 6:	Resolution 3 - Re-election of Director - Mr Timothy Hogan
Section 7:	Resolution 4 - Approval of 10% Placement Facility
Section 8:	Resolution 5 - Ratification of prior issue of Shares and Options
Section 9:	Resolution 6 - Approval to issue Director Options
Section 10:	Resolution 7 - Future Placement of Shares
Schedule 1:	Definitions
Schedule 2:	Terms and conditions of Cleansing Options
Schedule 3:	Terms and conditions of Director Options

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

2. Action to be taken by Shareholders

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

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders

are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

In accordance with sections 250BD and 250R of the Corporations Act, a vote on Resolutions 1 and 6 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolutions 1 and 6 if the vote is not cast on behalf of a person who is excluded from voting on Resolutions 1 and 6 and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on these Resolutions; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the resolution, but expressly authorises the Chairman to exercise the proxy even if these Resolutions are connected with the remuneration of a member of the Key Management Personnel.

The Chairman intends to exercise all available proxies in favour of Resolutions 1 and 6.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2017.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.krakatoaresources.com;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

The Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 which came into effect on 1 July 2011, amended the Corporations Act to provide that Shareholders will have the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2016 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2018 annual general meeting, this may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

5. Resolution 2 - Election of Director - Mr David Palumbo

In accordance with Listing Rule 14.4 and Article 11.11 of the Constitution, any Director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the Company.

Mr David Palumbo was appointed on 7 August 2017 pursuant to Article 11.10 of the Constitution and, accordingly, now seeks re-election as a Director in accordance with Article 11.11 of the Constitution.

Mr Palumbo is a Chartered Accountant with over ten years' experience in the accounting and financial reporting of ASX listed and unlisted companies, which includes five years as an external auditor. He provides corporate advisory and financial management advice and specialises in corporate compliance, statutory reporting and financial accounting services. Mr Palumbo is currently a non-executive director and company secretary for ASX listed companies Quest Minerals Limited (ASX: QNL) and Roto-Gro International Limited (ASX: RGI) and company secretary for European Cobalt Ltd (ASX: EUC) as well a number of unlisted public companies.

The Board (excluding Mr Palumbo) recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

6. Resolution 3 - Re-election of Director - Mr Timothy Hogan

ASX Listing Rule 14.4 provides that a Director of an entity must not hold office (without re-election) past the third annual general meeting following the director's

appointment or 3 years, whichever is the longer.

Article 11.3 of the Constitution provides that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest one-third, and any other Director not in such one-third who has held office for 3 years or more (except the Managing Director) must retire from office.

Article 11.4 of the Constitution provides that a Director who retires by rotation under Article 11.3 of the Constitution is eligible for re-election.

The Company currently has two Directors subject to rotation and accordingly one must retire. However, Mr Palumbo is being re-elected under Resolution 2 and Mr Colin Locke is an Executive Director of the Company. Accordingly, Mr Hogan must retire at this Meeting.

Mr Hogan has approximately 25 years' experience in the stockbroking industry in Australia, initially as a founding private client advisor at Hogan and Partners. Mr Hogan has provided corporate and execution services for a wide variety of corporate and private clients. Mr Hogan is currently a Director of Barclay Wells Limited, a boutique advisory firm that specialises in Australian resource stocks, and has assisted many companies from their initial capital raising and flotation on the ASX through to production. Mr Hogan brings extensive experience and a wide range of contacts that will benefit the Company. Mr Hogan is not a director of any other ASX listed companies.

The Board (excluding Mr Hogan) recommends that Shareholders vote in favour of Resolution 3.

Resolution 3 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

7. Resolution 4 - Approval of 10% Placement Facility

7.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 4.

7.2 Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue Shares, quoted Options and unquoted Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c)).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

7.3 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

7.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are converted into Shares). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice and assuming any ratification resolutions in this Notice are approved by Shareholders.
- (d) The table also shows:
 - (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
 - (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0225 50% decrease in Issue Price	\$0.045 Issue Price	\$0.09 100% increase in Issue Price
Current Variable A 100,000,000 Shares	10% Voting Dilution	10,000,000 Shares	10,000,000 Shares	10,000,000 Shares
	Funds raised	\$225,000	\$450,000	\$900,000
50% increase in current Variable A 150,000,000 Shares	10% Voting Dilution	15,000,000 Shares	15,000,000 Shares	15,000,000 Shares
	Funds raised	\$337,500	\$675,000	\$1,350,000
100% increase in current Variable A 200,000,000 Shares	10% Voting Dilution	20,000,000 Shares	20,000,000 Shares	20,000,000 Shares
	Funds raised	\$450,000	\$900,000	\$1,800,000

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 2. No Options (including any Options issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities.
 3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 6. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 7. The issue price is \$0.045, being the closing price of the Shares on ASX on 19 September 2017 being that last day that the Company's Shares traded on the ASX before this Notice was printed.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period.
- (f) The Company may seek to issue the Equity Securities for the following purposes:

- (i) as cash consideration, in which case the Company intends to use funds raised for exploration of its projects and potentially the funding for any suitable acquisition opportunities identified by the Board; or
 - (ii) as non-cash consideration for the acquisition of new resource assets and investments or for the provision of services to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include service providers, existing Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.
- Further, if the Company is successful in acquiring new resource assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.
- (j) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 25 November 2016. In the 12 months preceding the date of the 2017 Annual General Meeting and as at the date of this Notice, the Company has issued 136,132,788 Equity Securities. This represents 133% of the total number of Equity Securities on issue at the commencement of that 12 month period and an increase in total Equity Securities on issue of 233% during the 12 month period (taking into account conversion from one class of Equity Securities to another).

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of this Meeting are set out in the table below:

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount to Market Price ¹ (if applicable)	Consideration & Use of Funds as at the date of this Notice
5 December 2016	3,333,333	Shares ²	Unrelated sophisticated and professional investors	An issue price of \$0.15 per Share, representing no discount to the closing market price on the date of issue.	Consideration: Cash (\$500,000) Funds spent to date: \$500,000 has been spent. Use of funds: The funds were used for administration costs and due diligence (including external professional advisers) in relation to the potential acquisition of clean energy opportunities that were under consideration with its partner United Mining Group as well as exploration work on the Company's 100% owned Dalgaranga and Mac Well Projects and general working capital.
5 December 2016	3,333,333	Quoted Options ³	Sophisticated and professional investors	Nil issue price (1 free-attaching Option issued for every placement share subscribed for as announced on 5 December 2016).	Consideration: nil consideration Current value: \$Nil (expired) The Quoted Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.
5 December 2016	9,214,858	Quoted Options ³	Sophisticated and professional investors, as approved at the Annual General Meeting on 25 November 2016	Nil issue price (1 free-attaching Option issued for every placement share subscribed for as announced on 7 October 2016).	Consideration: nil consideration Current value: \$Nil (expired) The Quoted Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.
12 December 2016	8,000,000	Unquoted Options ⁴	Corporate advisors, as approved at the Annual General Meeting on 25 November 2016	Nil issue price (issued as consideration for corporate advisory services provided to the Company).	Consideration: Provision of the corporate advisory services Current value: \$16,000 The Unquoted Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.
12 December 2016	2,893,878	Unquoted Options ⁴	Corporate advisors	Nil issue price (issued as consideration for corporate advisory services provided to the Company).	Consideration: Provision of the corporate advisory services Current value: \$5,788 The Unquoted Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.

24 March 2017	1,000	Shares ²	Unrelated participants under the Cleansing Prospectus dated 24 March 2017	An issue price of \$0.15 per Share.	Consideration: Cash (\$150) Funds spent to date: \$150 has been spent. Use of funds: The funds were used for administration costs.
24 March 2017	1,000	Quoted Options ³	Unrelated participants under the Cleansing Prospectus dated 24 March 2017	Nil issue price (1 free-attaching Quoted Option issued for every share subscribed for under the Prospectus dated 24 March 2017).	Consideration: nil consideration Current value: Nil (expired) The Quoted Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.
26 May 2017	17,559,660	Shares ²	Unrelated participants under the Prospectus dated 24 April 2017	An issue price of \$0.025 per Share, representing a discount of 26% to the closing market price on the date of issue.	Consideration: Cash (\$438,991) Funds spent to date: \$54,991 has been spent. Use of funds: The funds were used for exploration work on the Company's 100% owned Dalgaranga and Mac Well Projects, administration costs and general working capital. Proposed use of remaining funds: Exploration work on the Company's 100% owned Dalgaranga and Mac Well Projects, administration costs and general working capital.
26 May 2017	35,900,183	Quoted Options ⁵	Previous Optionholders ⁶ , corporate advisors and directors	At an issue price of \$0.001 per Quoted Option.	Consideration: Cash (\$35,900) Funds spent to date: \$nil has been spent. Proposed use of remaining funds: Exploration work on the Company's 100% owned Dalgaranga and Mac Well Projects, administration costs and general working capital.
20 June 2017	14,723,381	Shares ²	Unrelated participants under the shortfall offer In respect of the Prospectus	An issue price of \$0.025 per Share, representing a discount of 31% to the closing market price on the date of issue.	Consideration: Cash (\$368,000) Funds spent to date: \$nil has been spent. Proposed use of remaining funds: Exploration work on the Company's 100% owned Dalgaranga and Mac Well Projects, administration costs and general working capital.

			dated 24 April 2017		
20 June 2017	12,099,816	Quoted Options ⁵	Unrelated participants under the shortfall offer in respect of the Prospectus dated 24 April 2017	At an issue price of \$0.001 per Quoted Option.	Consideration: Cash (\$12,100) Funds spent to date: \$nil has been spent. Proposed use of remaining funds: Exploration work on the Company's 100% owned Dalgaranga and Mac Well Projects, administration costs and general working capital.

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: KTA (terms are set out in the Company's Constitution).
3. Quoted Options exercisable at \$0.20 on or before 31 March 2017 (now expired).
4. Unquoted Options exercisable at \$0.40 on or before 12 December 2019.
5. Quoted Options exercisable at \$0.10 on or before 31 March 2019.
6. Optionholders whose Options expired on 31 March 2017.

- (k) A voting exclusion statement is included in the Notice.
- (l) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

8. Resolution 5 - Ratification of prior issues of Shares and Options

8.1 General

Between September 2016 and December 2016, the Company undertook capital raisings and issued 12,548,191 Shares and 12,548,191 Options, exercisable at \$0.20 on or before 31 March 2017, to sophisticated and professional investors (**Capital Raising Securities**).

On 24 March 2017, the Company issued a prospectus for the offer of 1,000 Shares at an issue price of \$0.15 per Share (**Cleansing Shares**) to raise \$150 with one free attaching quoted Option for every Share subscribed for and exercisable at \$0.20 until 31 March 2017 (**Cleansing Options**) (**Cleansing Securities**). The purpose of the prospectus was to remove any trading restrictions in relation to the Capital Raising Securities.

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Cleansing Securities.

8.2 Listing Rule 7.4

In accordance with Listing Rule 7.1, the 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.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

The Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

The effect of the Shareholders passing Resolution 5 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 5 is an ordinary resolution.

The Chairman will cast all available proxies in favour of Resolution 5.

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

8.3 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the Cleansing Securities:

- (a) 1,000 Cleansing Shares and 1,000 Cleansing Options were issued;
- (b) the Shares were issued at an issue price of \$0.15 per Share and the Quoted Options were free-attaching to the Cleansing Shares and, accordingly, issued for nil consideration;
- (c) the Cleansing Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Cleansing Options were issued on the terms and conditions outlined in Schedule 2 of the Notice;
- (e) the Cleansing Shares and Cleansing Options were issued to the Company Secretary, David Palumbo;
- (f) approximately \$150 was raised from the issue of the Cleansing Securities and these funds were used for administrative costs incurred by the Company; and
- (g) a voting exclusion statement is included in the Notice for Resolution 5.

9. Resolution 6 - Approval to issue Director Options

9.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 12,000,000 Director Options exercisable at \$0.10 each on or before the date that is three years from the date of issue (**Director Options**) to Messrs Colin Locke, Timothy Hogan and David Palumbo (**Related Parties**) (or their nominees) on the terms and conditions set out below.

Mr Colin Locke is the Executive Chair and Messrs Timothy Hogan and David Palumbo are Non-Executive Directors of the Company.

Resolution 6 seeks Shareholder approval for the issue of 4,000,000 Director Options to each of the Related Parties (or their nominees).

No funds will be raised from the issue of the Director Options. Any funds raised from the exercise of the Director Options will be used for general working capital purposes. There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed. The Director (or their nominee) must contribute their own money to the Company to fund the exercise price of the Director Options.

9.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and Messrs Colin Locke, Timothy Hogan and David Palumbo are related parties of the Company by virtue of being Directors.

The Directors (other than each Director who has a material personal interest in the relevant sub-resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Director Options because the grant of the Director Options is considered reasonable remuneration.

9.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Director Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

9.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in respect of the proposed issue of the Director Options:

- (a) the Related Parties to whom Director Options are proposed to be given are Messrs Colin Locke (or his nominee), Timothy Hogan (or his nominee) and David Palumbo (or his nominee) and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Director Options to be issued to the Related Parties is 12,000,000 Director Options as follows:
 - (i) 4,000,000 Director Options to Mr Colin Locke (or his nominee);
 - (ii) 4,000,000 Director Options to Mr Timothy Hogan (or his nominee);and

- (iii) 4,000,000 Director Options to Mr David Palumbo (or his nominee);
- (c) the Director Options will be issued to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Director Options will be issued on one date;
- (d) the Director Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Director Options are set out in Schedule 3.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

10. Resolution 7 - Future Placement of Shares

10.1 General

Resolution 7 seeks Shareholder approval for the issue of up to that number of Shares, when multiplied by the issue price, will raise up to \$1,500,000 (**Future Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 8.2 above.

The effect of Resolution 7 will be to allow the Company to issue the Shares pursuant to the Future Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

10.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$1,500,000;
- (b) the Shares 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 ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be not less than 80% of the VWAP for Shares in that class calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Future Placement towards costs of the offer, exploration work on the Company's 100% owned Dalgara and Mac Well Projects, administration costs, review of other project opportunities and general working capital.

10.3 Dilution

The closing market price for Shares on 19 September 2017 was \$0.045. The lowest issue price (ie maximum discount) of not less than 80% of this market price would be \$0.036 per Share.

Set out below is a worked example of the number of Shares that may be issued under Resolution 7 based on an assumed lowest issue price of \$0.018, \$0.036 and \$0.072 being 80% of \$0.0225, \$0.045 and \$0.09.

Assumed lowest issue price (80% of VWAP)	Maximum number of Shares which the Company could issue (rounded up to the nearest whole number) pursuant to Resolution 7	Current Shares on issue as at the date of this Notice	Increase in the number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 7	Dilution effect on existing Shareholders
0.018	83,333,334	100,000,000	83.3%	45.4%
0.036	41,666,667	100,000,000	41.7%	29.4%
0.072	20,833,334	100,000,000	20.8%	17.2%

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 100,000,000 (being the number of Shares on issue as at the date of this Notice) to 183,333,334 and the shareholding of existing Shareholders would be diluted by 45.4%.

The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 7.1.

10% Placement Period has the meaning given in Section 7.2(f).

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2016.

Article means an article of the Constitution.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors of the Company.

Chairman means the person appointed to chair the Meeting of the Company convened by the Notice.

Capital Raising Securities has the meaning given in Section 8.1.

Cleansing Options has the meaning given in Section 8.1.

Cleansing Shares has the meaning given in Section 8.1.

Cleansing Securities has the meaning given in Section 8.1.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Krakatoa Resources Limited ACN 155 231 575.

Constitution means the constitution of the Company as at the date of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Director Options has the meaning given in Section 9.1.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Future Placement has the meaning given in Section 10.1.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of annual general meeting.

Option means an option which entitles the holder to subscribe for one Share.

Proxy Form means the proxy form attached to the Notice.

Related Parties has the meaning given in Section 9.1.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Trading Day has the same meaning as in the Listing Rules.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 - Terms and Conditions of Cleansing Options

The Cleansing Options had the following terms and conditions:

- (a) Each Option entitles the holder to acquire one 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 Shares of the Company in all respects. Pursuant to the exercise of an Option, the Company will 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.

Schedule 3 - Terms and Conditions of Director Options

The following terms and conditions apply to the Director Options:

1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.

2. Exercise Price and Expiry Date

The Options have an exercise price of \$0.10 per Option (**Exercise Price**) and an expiry date of 5:00pm (WST) on the date that is three (3) years from the date of issue of the Options (**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

3. Exercise Period

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

4. Quotation of the Options

The Options will be unquoted.

5. Transferability of the Options

The Options are not transferable, except with the prior written approval of the Company.

6. Notice of Exercise

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

7. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

8. Shares Issued on Exercise

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

9. Quotation and timing of Issue of Shares

Within 20 days after receiving a Notice of Exercise, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) apply for official quotation on ASX of the Shares issued pursuant to the exercise of the Options.

11. Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

12. Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

13. Adjustment for Entitlements Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 12 will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

Krakatoa Resources Limited

ABN 39 155 231 575

Lodge your vote:



By Mail:

Krakatoa Resources Limited
GPO Box 2517
Perth WA 6831

Alternatively you can fax your form to
(within Australia) 08 9463 6103
(outside Australia) +61 8 9463 6103

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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For your vote to be effective it must be received by 10.00am (WST) on Sunday, 22 October 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report 24 hours a day, 7 days a week:

www.krakatoaresources.com

To view and update your securityholding:

www.investorcentre.com

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Krakatoa Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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 to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Krakatoa Resources Limited to be held at offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Tuesday, 24 October 2017 at 10.00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 6a, 6b and 6c (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6a, 6b and 6c are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 6a, 6b and 6c by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6c	Approval to issue Director Options - Mr David Palumbo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Mr David Palumbo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Future Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Mr Timothy Hogan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 4	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 5a	Ratification of prior issues of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 5b	Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6a	Approval to issue Director Options - Mr Colin Locke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6b	Approval to issue Director Options - Mr Timothy Hogan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /