TRAKA RESOURCES LIMITED

ABN 63 103 323 173

Quarterly Activities Report

for the three months ended 30 June 2017

Summary

- Ground EM surveys on the Latitude Hill Joint Venture copper nickel targets in the Musgraves are underway and are expected to be completed within a few weeks. A 9,000 metre RC drill program to test these targets is planned to commence within a few weeks after the completion of the surveys.

- At Mt Cattlin, Galaxy are progressing permitting access requirements ahead of drilling on Traka's 20% free carried joint venture interests on the Mt Cattlin North Project. Extensions and repeats of the lithium bearing pegmatites which are currently being mined at the neighbouring Mt Cattlin Mine have been identified extending into the JV tenements.

- At the Yallalong Antimony Project, four principal soil geochemical targets in a 6 kilometre long structural corridor have been highlighted. A ground EM survey on the high grade Discovery Target is planned to commence next week to test for the presence of antimony sulphide conductors at depth.

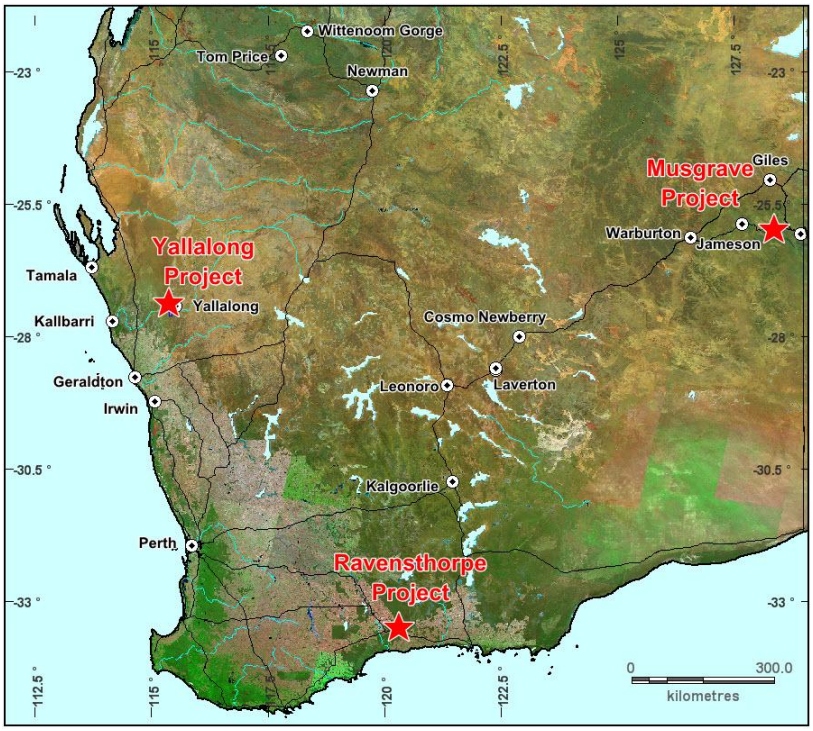

Figure 1. Location plan of Traka's Projects

The Musgrave Project (Figure 1)

The Latitude Hill Joint Venture (Chalice earning 51%)

Chalice Gold Mines Ltd (Chalice), as Managers of the Latitude Hill Joint Venture, have reported good progress with ground electromagnetic surveys ("MLEM") on six of the seven Spectrem airborne electromagnetic targets that were highlighted by previous surveys (Figure 2). This work is expected be completed in early August with preparations for RC drill testing (9,000 metres) to follow in late August subject to Mines Department works approval.

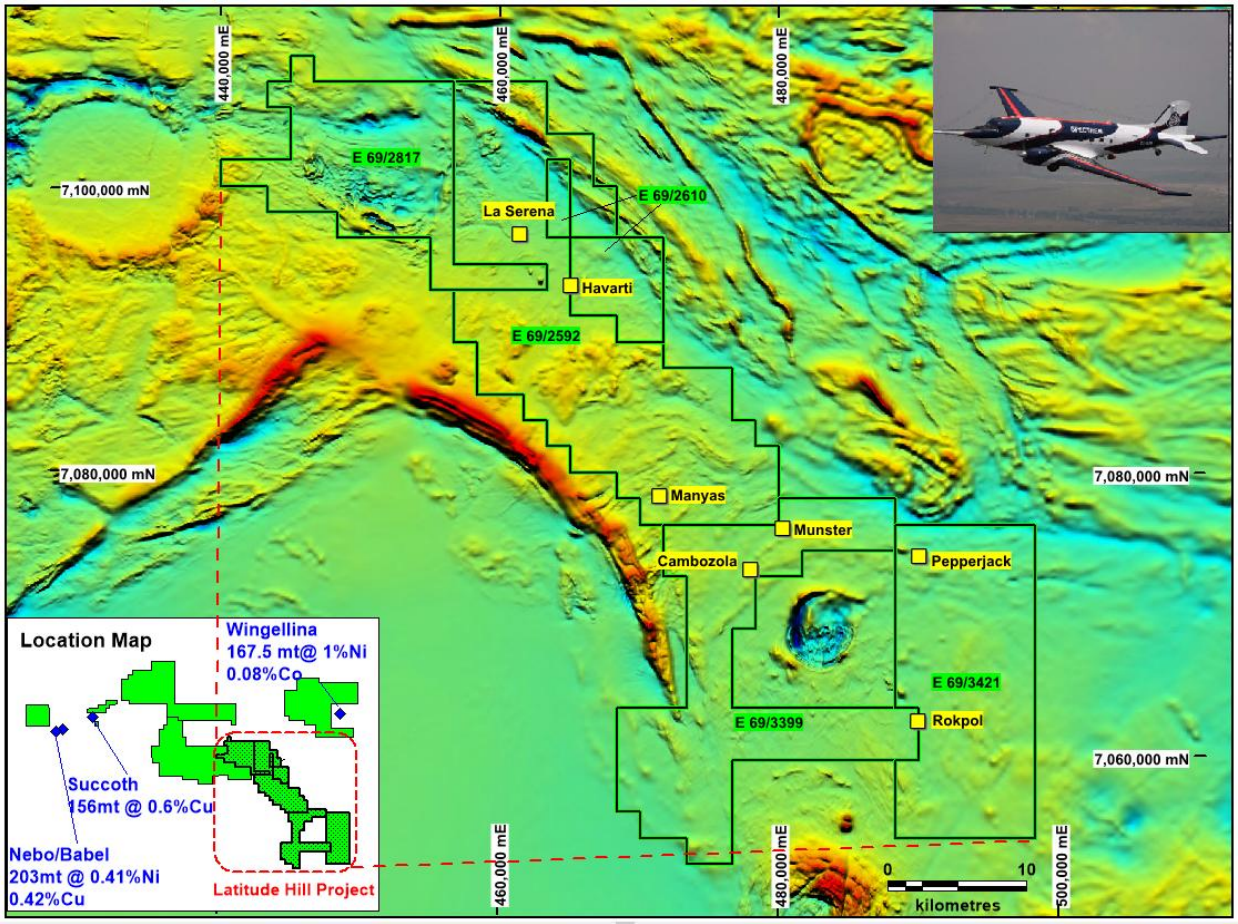

Figure 2. Aeromagnetic image showing the location of the Latitude Hill joint venture tenements and the seven Spectrem targets

The joint venture with Chalice applies to 5 tenement applications covering an area of 990.5 square kilometres, situated 40 kilometres south of Wingellina (Figure 2). The Spectrem targets are interpreted to be conductors derived from the presence of massive sulphide bodies and, in this area of the highly prospective Giles mafic and ultramafic intrusives, may represent the presence of orthomagmatic nickel-copper-PGE sulphide deposits. The conductors are between 50-160 metres below surface and vary in length from several hundred metres to 2 kilometres.

The Mt Morphett Project:

The Mt Morphett Project tenements lie immediately west of the Latitude Hill Project and cover the 12 kilometre long copper-nickel-PGE (Platinum Group Elements) Araplate Prospect in addition to IOCG (Iron Oxide Copper Gold) and hydrothermal copper targets associated with the Tollu Granite intrusive and Fault (Figure 3).

The Araplate Prospect is defined by anomalous copper, nickel and platinum soil geochemical sampling in historic exploration data. It coincides with the southern margin of the Saturn Intrusive which is one of the large layered mafic bodies making up the Giles Intrusive Complex. The model for mineralisation is sulphide-hosted magmatic copper, nickel and PGE in the basal layer of the intrusive or chonolith style bodies similar to that interpreted for the Spectrem targets at Latitude Hill. The Araplate Prospect is well defined and can be progressed to drilling quickly following minimal infill geochemical sampling and a ground electromagnetic survey.

Permitting requirements to gain access to this project are ongoing.

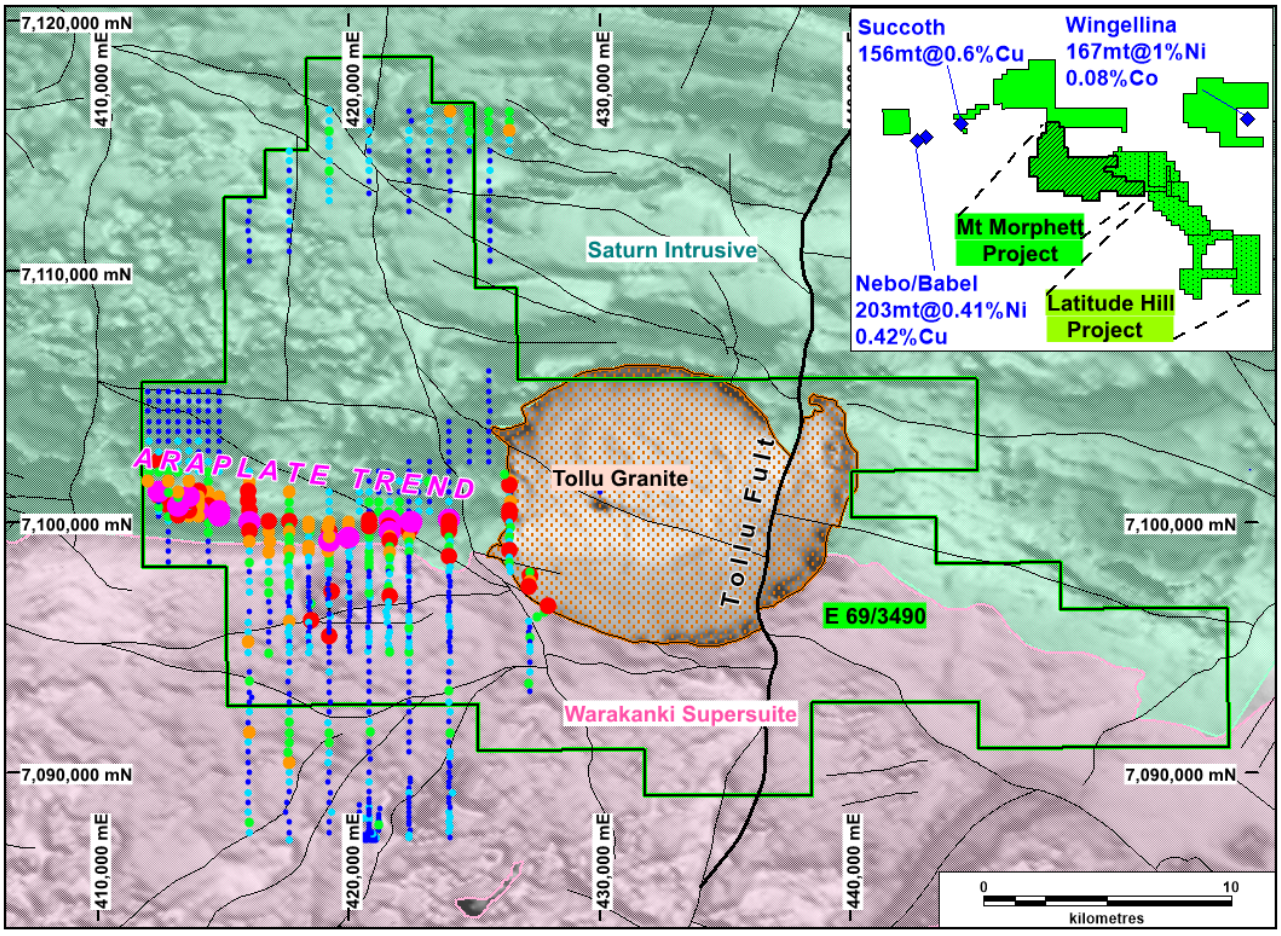

Figure 3. An aeromagnetic image showing main geological features and the Araplate Prospect

The Ravensthorpe Project

Traka has interests in three projects in the Ravensthorpe region (Figure 4);

- The Mt Cattlin North Project involving a 20% joint venture interest free carried by Galaxy Resources Limited (Galaxy) in a tenement that abuts the Mt Cattlin Lithium Mine.
- The wholly owned Mt Short Base Metal Project
- The Bandalup Project in which Traka has a 20% free carried interest in a joint venture with ACH Minerals Pty Ltd (ACH).

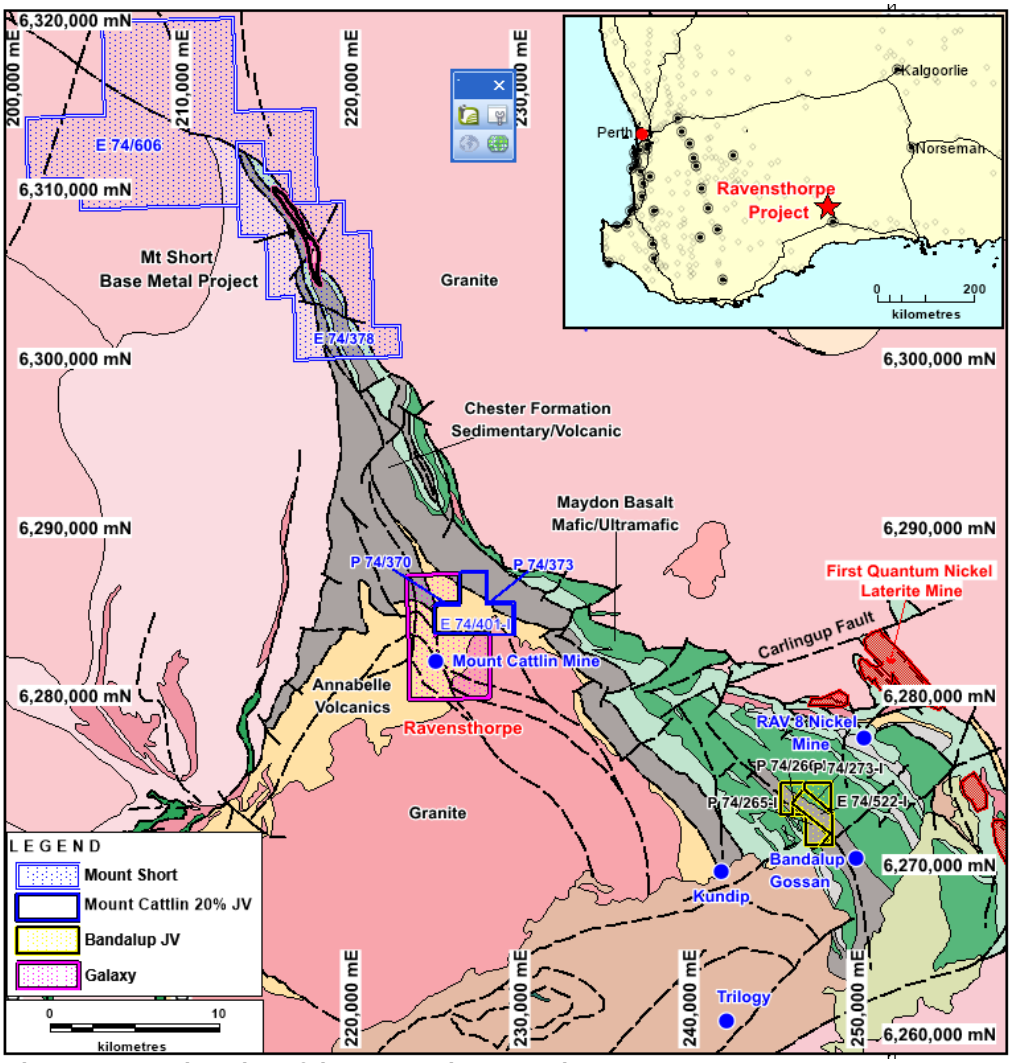

Figure 4. Location plan of the Ravensthorpe Project

The Mt Cattlin North Project:
(Traka 20% Free Carried)

No exploration activity has been reported by Galaxy for this quarter, although permitting and planning for drilling programs are currently underway.

The pegmatite dykes at Mt Cattlin and in the adjoining Traka joint venture tenements are peripheral intrusions related to a large granitic body east of Mt Cattlin joint venture tenements (Figure 5). This late stage intrusive body is postulated to have been the heat, pressure and fluid source for the lithium and tantalum bearing pegmatite mineralisation.

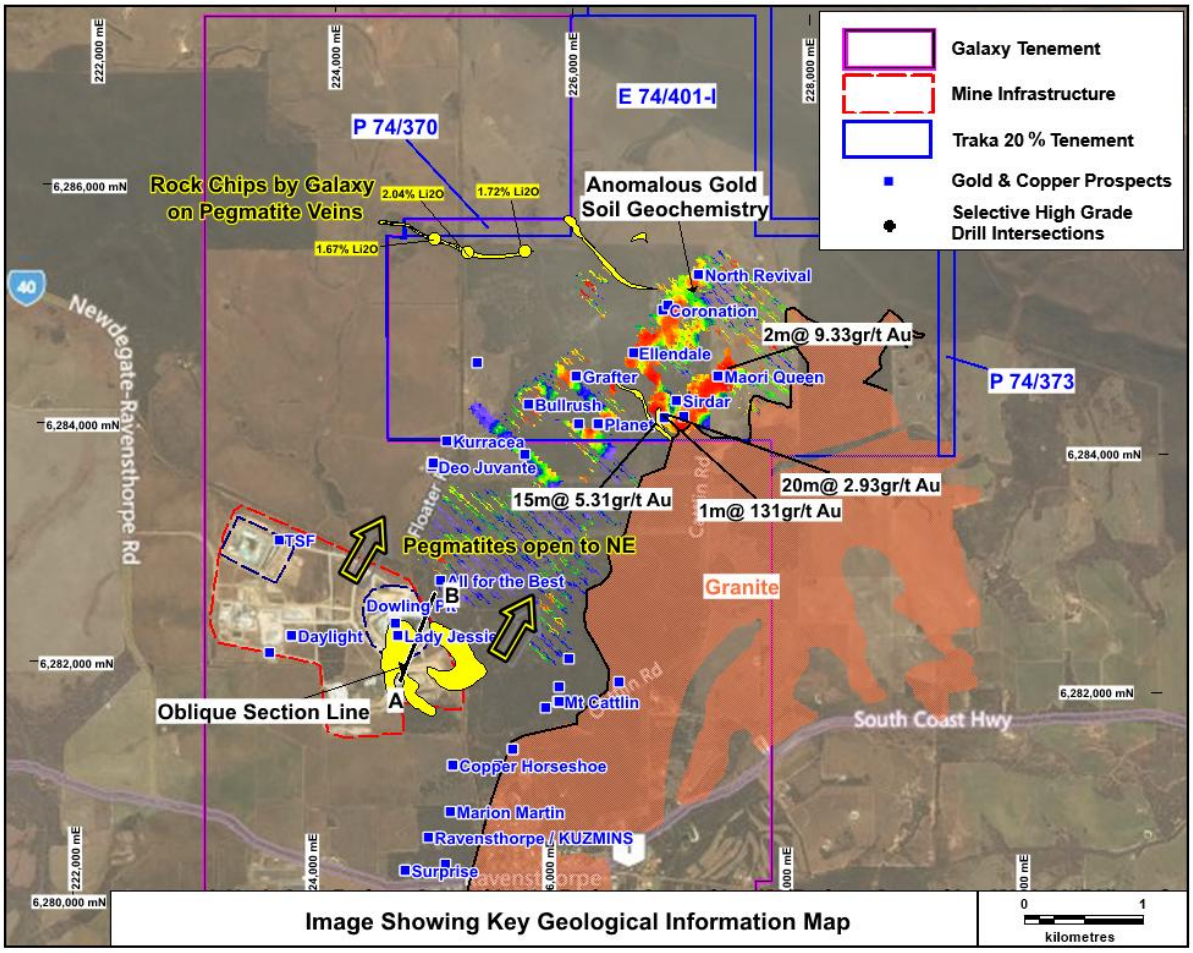

Figure 5. The Mt Cattlin Lithium Mine within the Galaxy mine tenements plus Traka's 20% joint venture tenement in the north-east quarter

In addition to lithium potential recognised on the joint venture tenements, there remains very good scope for delineation of a number of high grade gold shoots. These shoots, last worked by prospectors in the 1930's, commonly occur in immediate juxtaposition with the lithium and tantalum bearing pegmatites.

Earlier work by Traka demonstrated the continuity at depth of a number of these high grade gold shoots with peak intersections being 15 metres @ 5.31g/t (grams per tonne) and 1 metre @ 131g/t *(1)*.

The Mt Short Base Metal Project:

An Induced Polarisation (IP) geophysical survey will be undertaken over the MS5 lead and zinc target at Mt Short as soon as a geophysics crew can be contracted. The survey will test for the presence of lead and zinc mineralisation underneath a supergene enriched near-surface zone highlighted in aircore drilling (Figures 6 and 7).

Petrophysics measurements recently completed on old drillhole RMSD20 shows that the sedimentary rock sequence which hosts the lead and zinc mineralisation was not detected in the previous electromagnetic (EM) surveys. The EM target drilled by drillhole RMSD20 was a very high conductance (8,000 to 16,000 Sm^{-1}) barren massive body in the footwall of the sedimentary rock host sequence. The EM failed to detect the low conductance (75 to 100Sm^{1}) 50 metre wide lead and zinc mineralised hanging wall sequence to this massive sulphide body. The sedimentary rock sequence extends for over 8 kilometres length and therefore has significant scope for hosting volcanogenic and/or sedimentary hosted style deposits.

The petrophysical measurements in the lead and zinc mineralised section of drillhole RMSD20 (including 5 metres @ 2.38% Zn, 0.66% Pb) showed that although this part of the sequence was poorly conductive it has a high IP Chargeability value of 25 to 30mV/V where the un-mineralised host rock has an IP Chargeable value of 3 to 3.2mV/V. The high IP Chargeability values of the mineralised section versus the low IP Chargeability values of the un-mineralised rock suggests a surface IP survey would be an effective tool for detecting the presence of lead and zinc mineralisation at depth under the supergene zone.

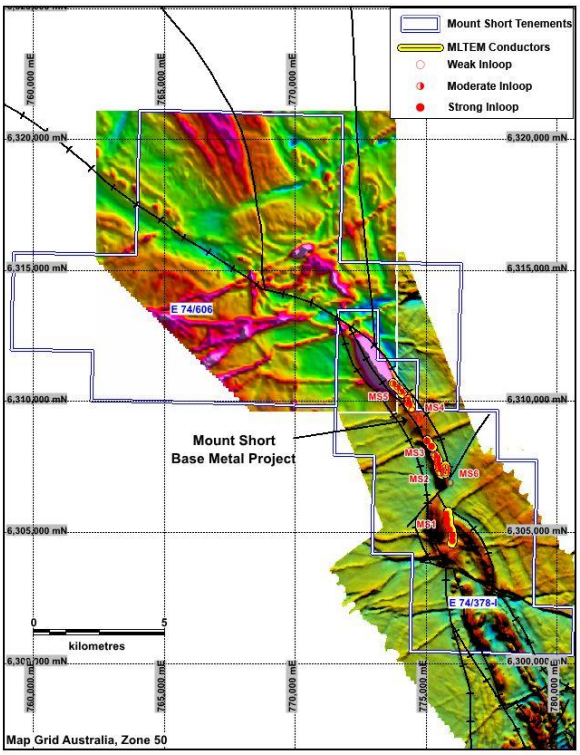

Figure 6. Aeromagnetic image showing the Mt Short Base Metal EM Project and new tenement to the north

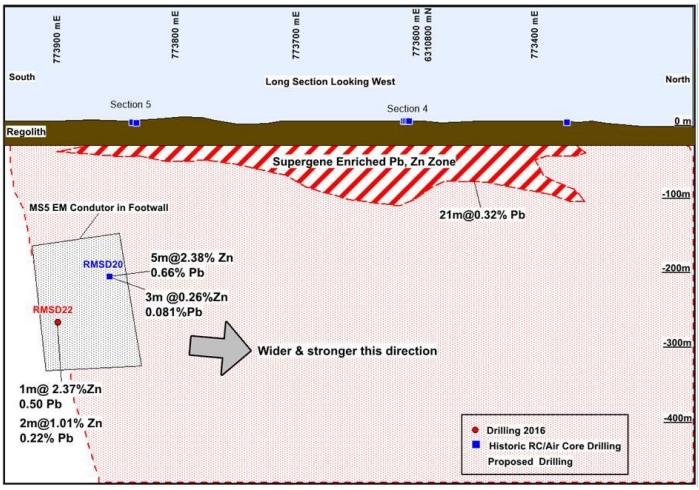

Figure 7. Long Section of MS5 Target showing the position of the EM conductor drilled 600 metres south of the supergene enriched zone

The Yallalong Antimony Project

(Traka Earning up to 80%)

Four principal soil geochemical targets plus a number of smaller weaker ones have been highlighted by a survey completed in the last quarter (Refer Annexure: JORC Table 1) . The targets can be seen to be associated with stockwork quartz veined zones within sheared fine grained sedimentary rocks peripheral to mafic intrusive dykes. A six kilometre long mineralised trend, possibly representing a conjugate structure between the Darling and Woodrarrung Fault, is considered to be the main structural control to the targets highlighted (Figure 8).

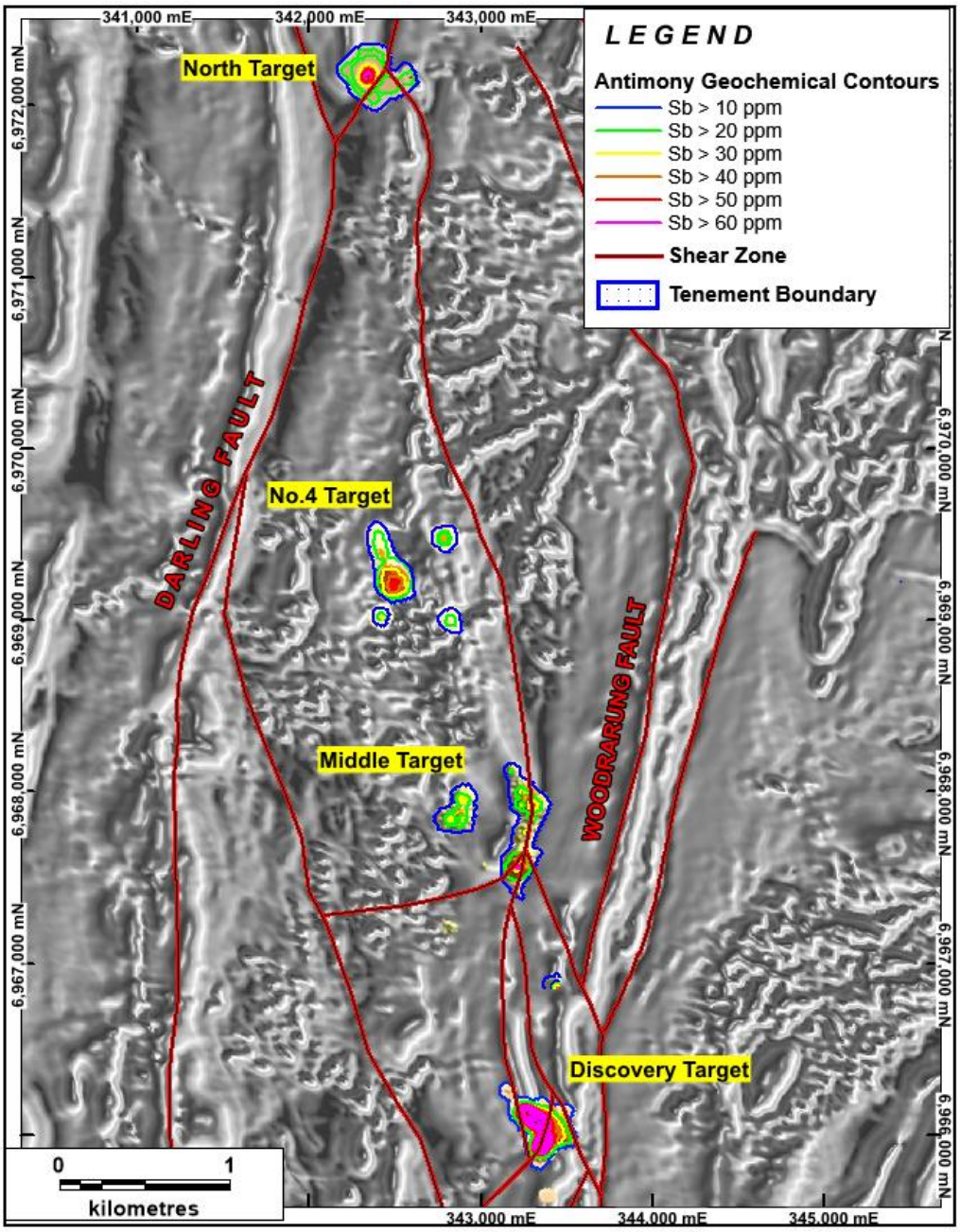

Figure 8. Grey scale aeromagnetic image showing the position of the 4 principal geochemical targets and structural features

A brief description of each target follows:

1. Discovery Target (Figure 9). This 300 metre long target, previously drilled with known high grade antimony mineralization, is located where a number of shears pass through sedimentary and mafic intrusive host rocks.
2. Middle Target (Figure 10). This 500 metre long target is coincident with a shear zone passing along the edge of north trending a subsurface mafic dyke. A smaller geochemical anomaly 200m to the west is associated with stockwork quartz veining.
3. North Target (Figure 11). This 200 metre long target is over mineralised stock work quartz veined sedimentary rocks but, like the Middle and Discovery Targets, appears to be coincident with shear zones and possible mafic intrusive rock at depth.
4. No. 4 Target (Figure 12). This target comprises a cluster of anomalies once again seen to be associated with quartz veining in sedimentary rocks but in this case without any apparent link to linear mafic bodies or discreet shear zones.

The next phase of follow up work at Yallalong will comprise an EM survey of the Discovery Target. The EM survey may assist in defining the location of conductors related to fresh antimony sulphide mineralisation below the weathered zone which is at about 80 metres depth. The survey is expected to be completed within the next two weeks period.

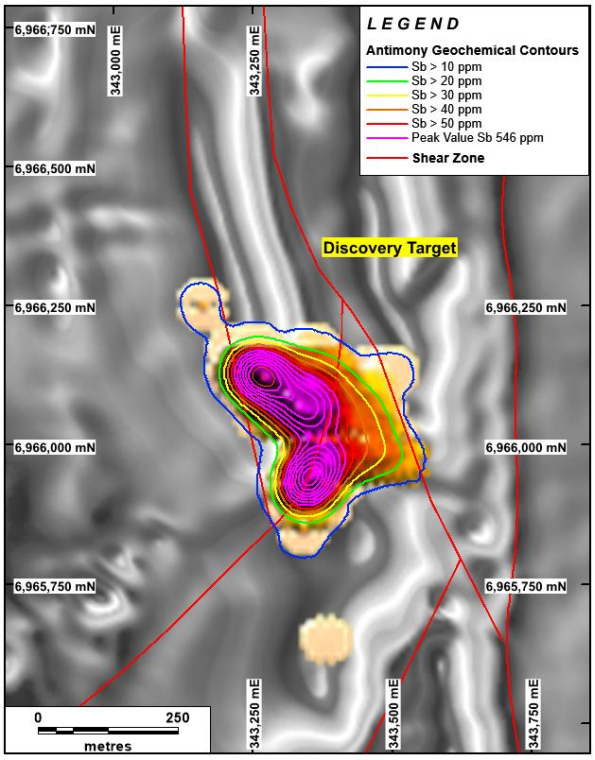

Figure 9. The Discovery Target geochemical anomaly

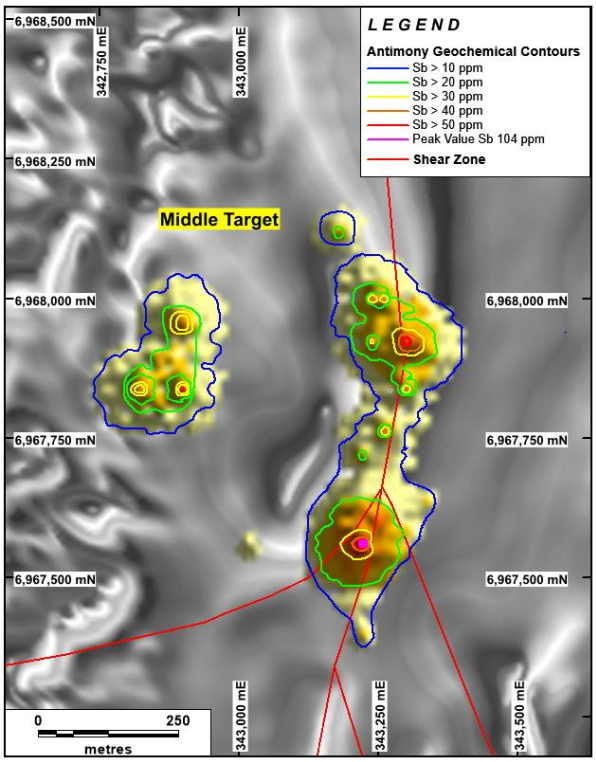

Figure 10. The Middle Targets geochemical anomaly

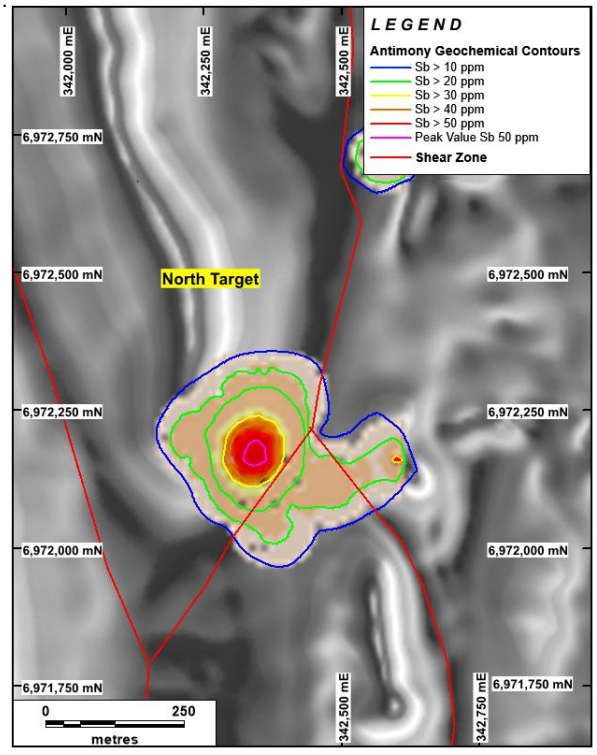

Figure 11. The North Target geochemical anomaly

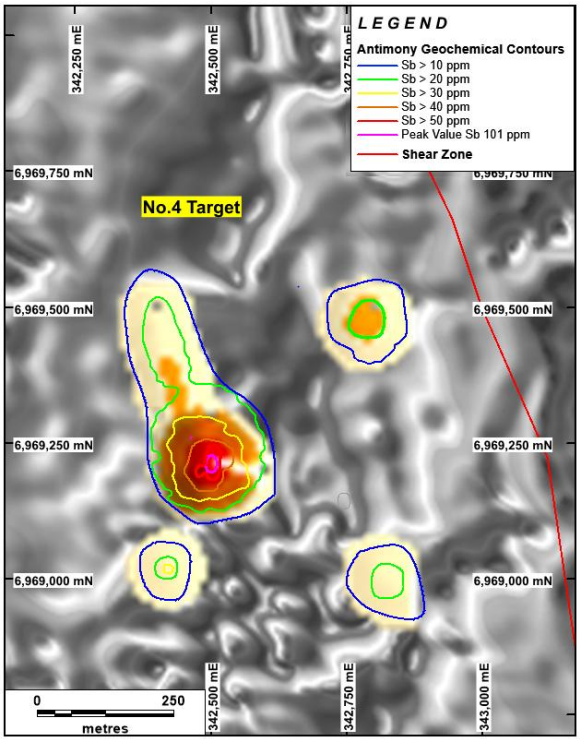

Figure 12. The No.4 geochemical anomaly

Bandalup Joint Venture
(Traka Free Carried 20%)

No joint venture activity was reported for the quarter by the project manager ACH Minerals Pty Ltd.

New Project Development

Whilst the Company is busy on several projects, ongoing efforts will continue to be made for other good opportunities to expand the company's exploration portfolio.

Patrick Verbeek
Managing Director

28 July 2017

(1) Traka ASX Announcement: *Exploration Program Update 28 August 2004.*

COMPLIANCE STATEMENT

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr P Verbeek a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is engaged full time as the Managing Director of the Company. Mr Verbeek has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Verbeek consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Annexure: JORC Table 1

Section 1: Sampling Techniques and Data for the Yallalong Antimony Project

Criteria	JORC Code explanation	Commentary
Sampling Techniques	• Nature and quality of sampling	• Rock-chip sampling has been selective in some instances where visual signs of mineralisation can be observed. Some other of the rock chip samples have been selected at random to test for mineralisation even if not visible. • 2kg soil samples are taken from 10cm below surface and a representative 200 gram portion of the minus 200 micron fraction is bagged and tagged for subsequent analysis.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial of total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• A hand XRF analyser (Olympus 6000) was used to assay the soil samples. A representative split of each sample is pressed into small cup with a mylar film cover and the XRF reading taken through the mylar. The conformity of sample preparation ensures consistency of XRF assay results between samples. Sample preparation and analysis are considered appropriate for the style of mineralisation. Numerous cross-checks of the XRF results with conventional wet chemistry assay techniques provide confidence in the XRF results. • Rock-chip samples were of various weights between 0.5 to 3.0kg in weight. Sample preparation and analysis was the same as used for the soil samples.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• Independent field inspection and sampling was undertaken and data presented checked for accuracy of location and true to description. Electronic copies of all the data is kept and backed up daily in Traka's office. • No adjustments of assay data are considered necessary. • A number of different acid digest were tested to determine the optimum methodology for assay of high grade antimony samples.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole	• Hand-held GPS is used to locate all the sample positions. Calibration and cross

Criteria	JORC Code explanation	Commentary
	surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used.	reference to orthophotos, topographic and geological maps are used as a cross reference to the GPS calculated position. The GDA94 Zone 50 datum is used the co-ordinate system. .
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resources and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Sample spacing is variable and appropriate to the early reconnaissance level of work undertaken to date. • Drill spacing is at exploration stage and not of sufficient density for Mineral Resource estimation.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Sampling is reconnaissance in nature and not systematic at this point in time. The samples collected do however reflect the underlying presence of antimony mineralisation. • Drill holes are orientated normal to the strike of mineralisation and the RC samples are collected at 1m intervals down hole.
Sample security	• The measure taken to ensure sample security.	• Samples are uniquely numbered and individually bagged for submission to the Laboratory. The nature and position of each sample is recorded on a note book and GPS and this data subsequently entered into a secure data base. Detailed records are kept of all samples that are dispatched, including details of chain of custody.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• Data is validated when loading into the database. No formal external audit has been conducted.

Section 2 – Reporting of Exploration Results for the Yallalong Antimony Project

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known	• The Yallalong Antimony Project is located on EL70/444, EL70/4276 and ELA09/2130 and ELA70/4653. These tenements are to a Joint Venture Mr D Kennedy and Mr L Haworth as key members of a prospecting syndicate. • The tenements are in good standing and no known impediments exist.

Criteria	JORC Code explanation	Commentary
	impediments to obtaining a licence to operate in the area.	
Exploration done by other parties	• Acknowledgement and appraisal of exploration by other parties.	• Work was completed in the area by the prospecting syndicate plus a number of Professional Geologist contracted by the prospecting syndicate. All the data, samples position and geological maps generated by the prospecting syndicates activity has been provide to Traka. Mr Verbeek has personally inspected the project and verified the data supplied.
Geology	• Deposit type, geological setting and style of mineralisation.	• The Yallalong Antimony Project straddles the Darling Fault where it passes through an embayment of Proterozoic aged sedimentary basin. This style of quartz vein hosted antimony mineralisation is new to the area but in the broadest of sense is characteristic of mesothermal antimony style mineralisation.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	• Refer to Figures in the body of text.
Balanced reporting	• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of exploration results.	• All relevant information is reported for a project at an early exploration level of evaluation.
Other substantive exploration data	• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	• No other substantive exploration data are available. The Yallalong region is poorly explored and does not have other historic data to report.
Further work	• The nature and scale of planned further work (eg test for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas *of possible extensions, including the* main geological interpretations and future drilling areas, provided this	• Future work will include systematic soil geochemical sampling and drilling of the mineralised quartz discovery. • Refer to the Figures in the body of report

Criteria	JORC Code explanation	Commentary
	information is not commercially sensitive.	

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

TRAKA RESOURCES LTD

ABN	**Quarter ended ("current quarter")**
63 103 323 173	30 June 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(52)	(397)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(52)	(239)
	(e) administration and corporate costs	(114)	(305)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	183
1.8	Other (provide details if material):		
	Receipt: State Government drilling co-funding	-	60
1.9	**Net cash from / (used in) operating activities**	**(213)**	**(687)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(11)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	-	**(11)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	1,252
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(58)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	-	**1,194**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,068	359
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(213)	(687)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(11)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,194
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**855**	**855**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	65	178
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Term Deposits	790	890
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**855**	**1,068**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	89
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1	Remuneration of executive director (3 months) and non-executive directors (6 months)	86
	Storage rent paid to director related entity	3

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	118
9.2	Development	-
9.3	Production	-
9.4	Staff Costs	58
9.5	Administration and corporate costs	92
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**268**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EA09/2232	Application lodged	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....Peter Ruttledge..... Date: 28 July 2017
(~~Director~~/Company secretary)

Print name: .....Peter Ruttledge.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

TRAKA RESOURCES LIMITED

MINERAL TENEMENT INFORMATION (ASX Listing Rule 5.3.3)

For the quarter ended 30 June 2017

Mining tenements and beneficial interests held at quarter end and their location:

Type	Tenement	Location	Registered Holding	Beneficial Interest
E	69/2592	Musgrave, WA	100%	100%
EA	69/2609	Musgrave, WA	100%	100%
E	69/2610	Musgrave, WA	100%	100%
EA	69/2749	Musgrave, WA	100%	100%
E	69/2817	Musgrave, WA	100%	100%
EA	69/3156	Musgrave, WA	100%	100%
EA	69/3157	Musgrave, WA	100%	100%
EA	69/3356	Musgrave, WA	100%	100%
E	69/3399	Musgrave, WA	100%	100%
EA	69/3421	Musgrave, WA	100%	100%
EA	69/3490	Musgrave, WA	100%	100%
P	74/0370	Ravensthorpe, WA	0%	20%
P	74/0373	Ravensthorpe, WA	0%	20%
E	74/0378	Ravensthorpe, WA	100%	100%
E	74/0401	Ravensthorpe, WA	20%	20%
E	74/0522	Ravensthorpe, WA	20%	20%
E	74/0606	Ravensthorpe, WA	100%	100%
E	70/4276	Yallalong, WA	0%	*0%
E	70/4444	Yallalong, WA	0%	*0%
E	70/4653	Yallalong, WA	0%	*0%
EA	09/2232	Yallalong, WA	100%	100%

* Earning up to 80%

Mining tenements and beneficial interests acquired during the quarter, and their location:

	Tenement	Location	Registered Holding		Beneficial Interest	
			From	To	From	To
EA	09/2232	Yallalong, WA	0%	100%	0%	100%

Mining tenements and beneficial interests disposed of during the quarter, and their location:

Tenement	Location	Registered Holding		Beneficial Interest	
		From	To	From	To
None					

Key:
E: Exploration licence
EA: Exploration licence application
P: Prospecting licence