



TRAKA RESOURCES LIMITED

ABN 63 103 323 173

Quarterly Activities Report

for the three months ended 31 December 2016

Summary

- The Company's pro-rata share entitlement offer during the quarter raised \$617,000 after costs. Placement of the residual shortfall after the quarter end has raised a further \$587,000 after costs.
- Permitting by Chalice Gold Mines for access to Traka's Latitude Hill Project in the Musgraves has progressed well.
- Promising prospects for extensions of lithium bearing pegmatites from the neighbouring Mt Cattlin Mine into Traka's 20% Free Carried joint venture tenements identified.
- High resolution aeromagnetic survey and geochemical sampling at the Yallalong Project was completed and compilation of this data is underway.
- The evaluation of other exploration projects is continuing.



Figure 1. Location plan of Traka's Projects

Corporate

On 5 October 2016, the Company announced a 1 for 4 Entitlement Offer of up to 56,928,631 ordinary fully paid shares at a price of 2.2 cents per share (1). On 4 November 2016 this Offer closed with 27,903,782 shares having being accepted raising \$617,000 after costs (2). On 23 January 2017 the Company announced that it had placed the shortfall from the Offer raising an additional \$587,000 after costs (3).

This successful and well supported Entitlement Offer and Shortfall Placement has provided the Company with sufficient working capital to undertake its planned exploration program in 2017.

The Musgrave Project

The Latitude Hill Joint Venture:

On 22 September 2016 the Company announced that a joint venture agreement had been reached with Chalice Gold Mines Ltd ("Chalice") on the Latitude Hill area of the Musgrave Project (4, 5). The joint venture comprises 5 tenement applications covering an area of 1,007 square kilometres, 40 kilometres south of Wingellina. Chalice's entry into the joint venture provides an initial opportunity to drill test Spectrem airborne electromagnetic targets ("Spectrem") highlighted in previous surveys (Figure 2).

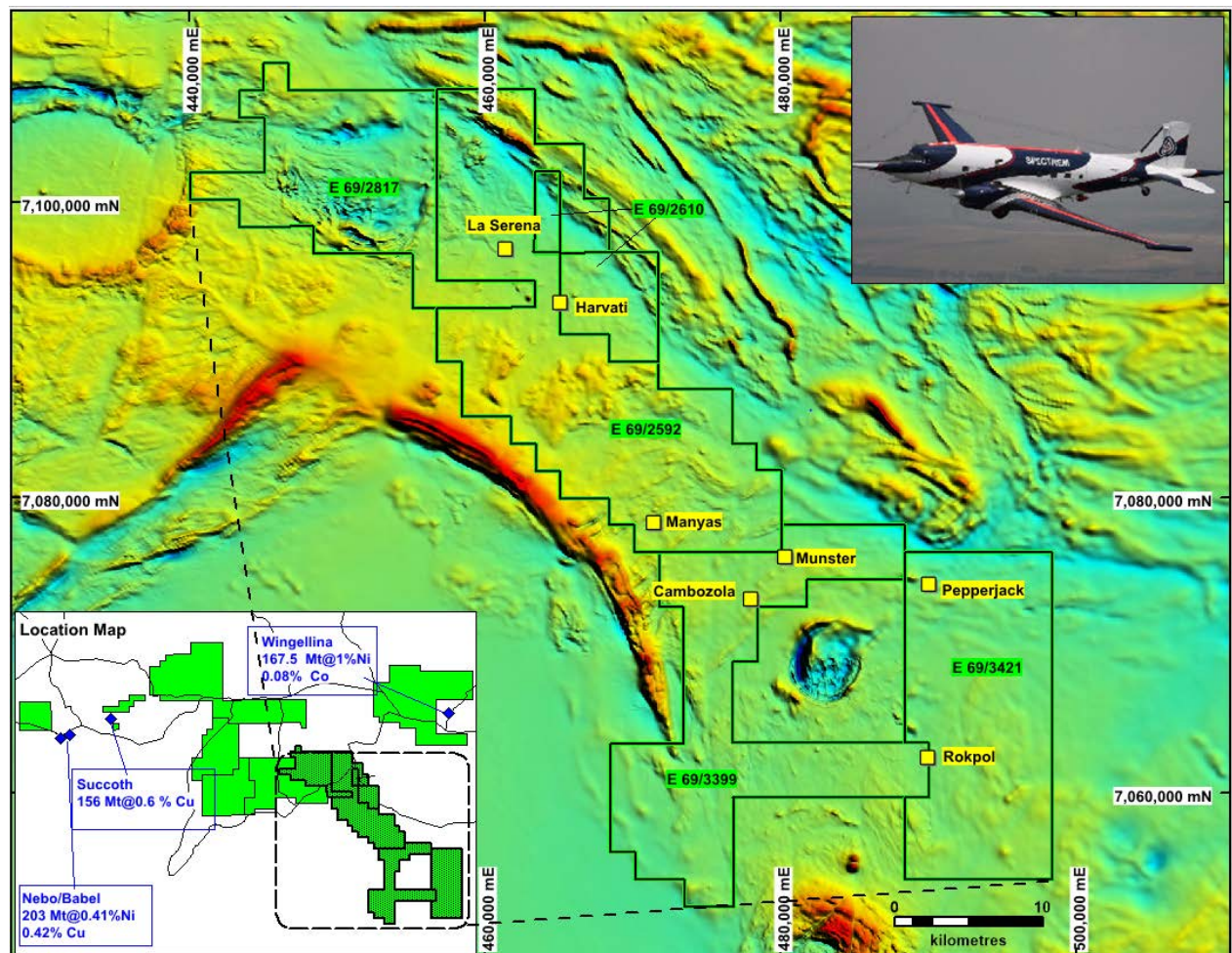


Figure 2. Aeromagnetic image showing the location of the Latitude Hill joint venture tenements and the seven Spectrem targets

A successful site meeting was held with representatives of the Ngaanyatjarra Council on 14 November 2016 and all parties agreed to terms for the grant of the Latitude Hill tenements. The land access agreement is expected to be progressed during the March Quarter.

Chalice was successful in obtaining two Co-funded Exploration Drilling awards to the total value of \$300,000 issued under the State Government Exploration Incentive Scheme ("EIS") for 2017 and these funds will be used for drill testing the high priority Spectrem conductors identified on the Latitude Hill project. An additional EIS application in the amount of \$150,000 by Traka, which will also be available for the Latitude Hill joint venture drilling program, brings the total EIS funds accessible to the joint venture to \$450,000.

The joint venture is targeting high-grade orthomagmatic nickel-copper-PGE sulphide deposits in the highly prospective Giles Complex mafic to ultramafic intrusives in the West Musgrave Province (Figure 3). In 2012 a Spectrem survey identified 7 priority targets modelled as bedrock conductors at depths of between 50-160m below surface and the joint venture plans to follow up these promising targets with ground electromagnetics ("EM") and shallow geochemical sampling to define targets for drill testing.

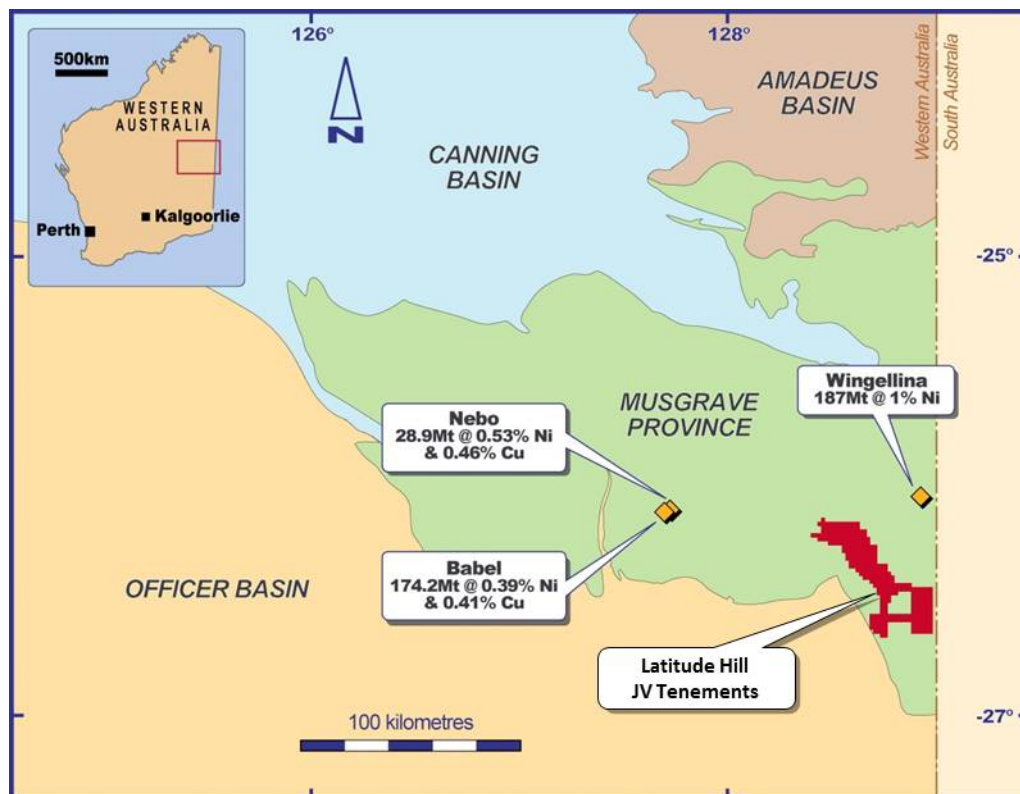


Figure 3. The Latitude Hill Joint Venture tenements in the Musgrave Province.

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 4).

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.

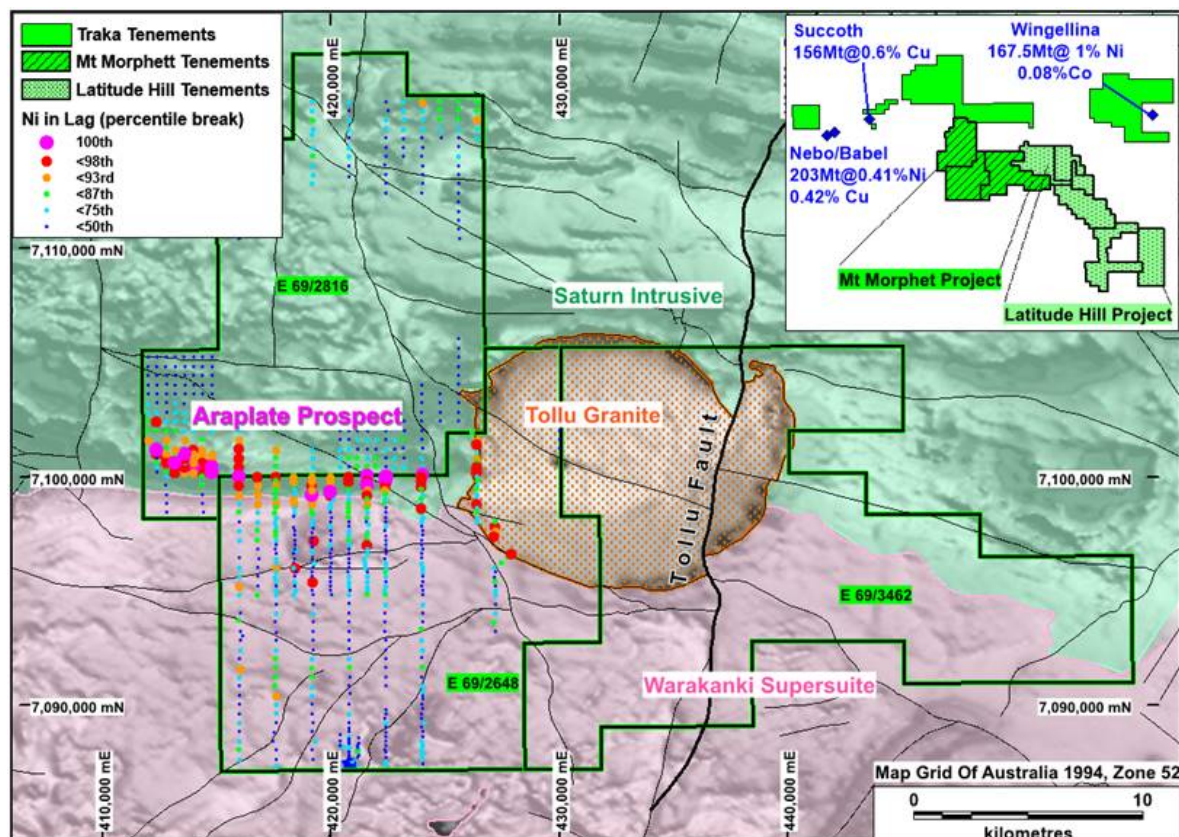


Figure 4: An aeromagnetic image showing main geological features and the Araplate Prospect

The Ravensthorpe Project

Traka has three projects in the Ravensthorpe region (Figure 5); the Mt Cattlin North Project involving a 20% free carried interest by Galaxy Resources Limited ("Galaxy") in a tenement that abuts the Mt Cattlin Lithium Mine tenements, the wholly owned Mt Short Base Metal Project and the Bandalup Project in which Traka has a 20% free carried interest in a joint venture with ACH Minerals Pty Ltd ("ACH").

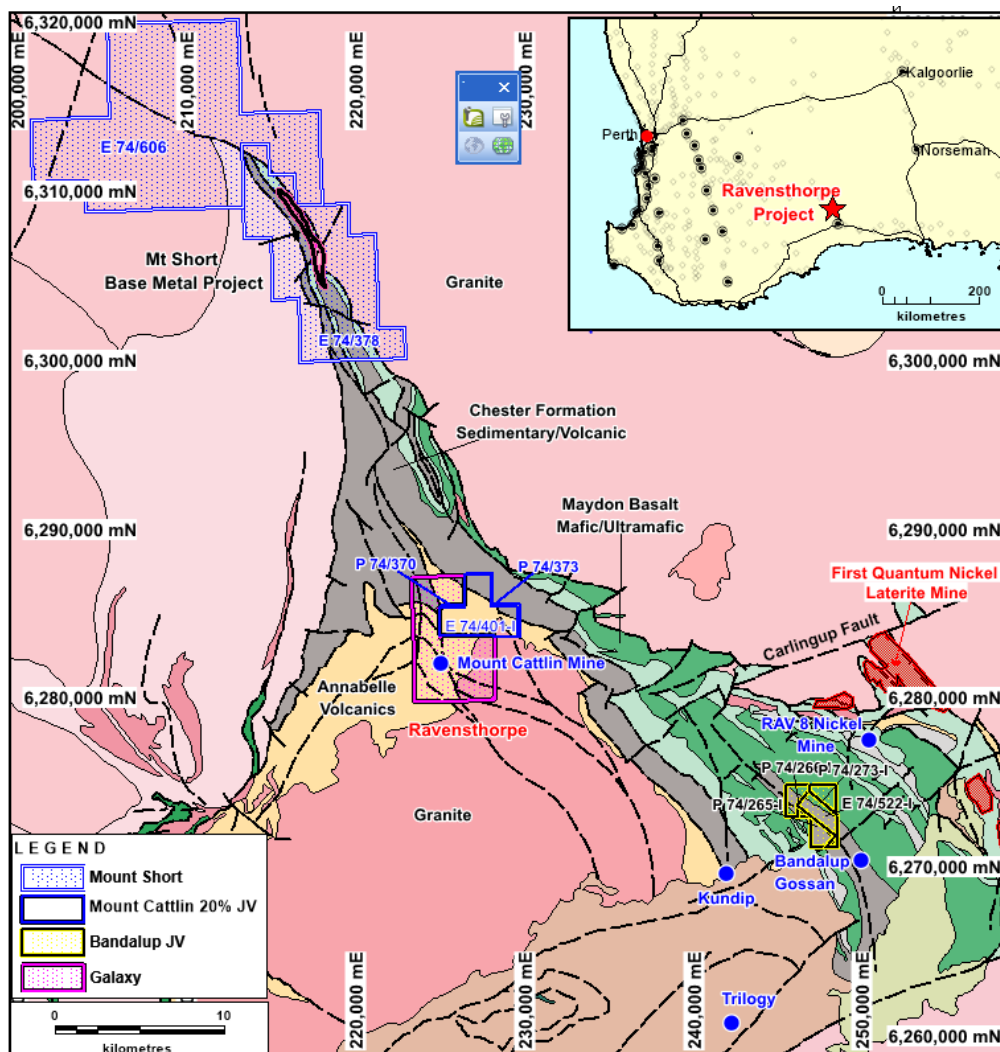


Figure 5. Location plan of the Ravensthorpe Project

The Mt Cattlin North Project:

Traka has a 20% free carried interest through to production on any lithium and tantalum and a 20% free carried interest through to completion of a feasibility study on any other commodities such as gold that occur on the tenements which are in joint venture with Galaxy.

No joint venture activity has been reported this quarter however the ramp-up of mining activity and deep drilling south west of the joint venture tenements augers well for future participation. Galaxy recently announced drill results that showed that the pegmatite host rocks to mineralisation repeated at depth and were open in all directions (Figure 6). “Galaxy believes that given the revised scale of the mineralising system, significant potential exists for finding additional repetitions in the upthrust faulted positions closer to surface in open-pittable scenarios, given the complex post mineralisation history of the area and the lack of exploration around the resource” (6)..

The pegmatite dykes at Mt Cattlin and in the joint venture tenements are interpreted as being peripheral intrusions related to a large granitic body east of Mt Cattlin and the Traka joint venture tenements (Figure 7). This late stage intrusive body is postulated to have been the heat, pressure and fluid source for the lithium and tantalum bearing pegmatite mineralisation.

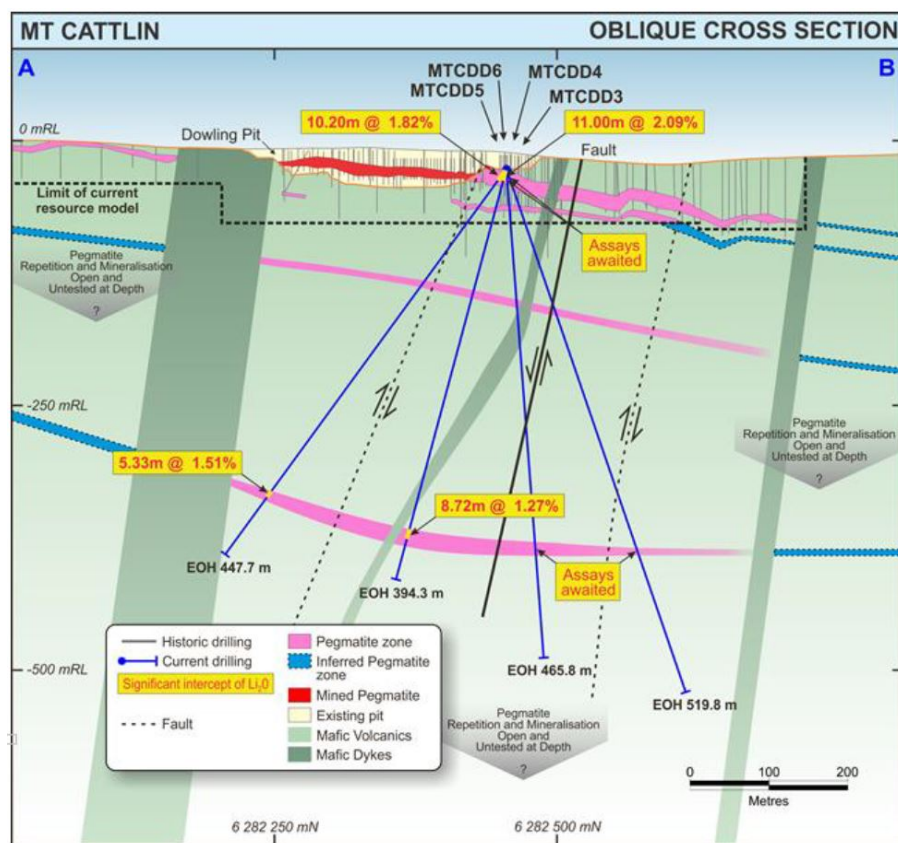


Figure 6. Oblique cross-section of flat lying pegmatites

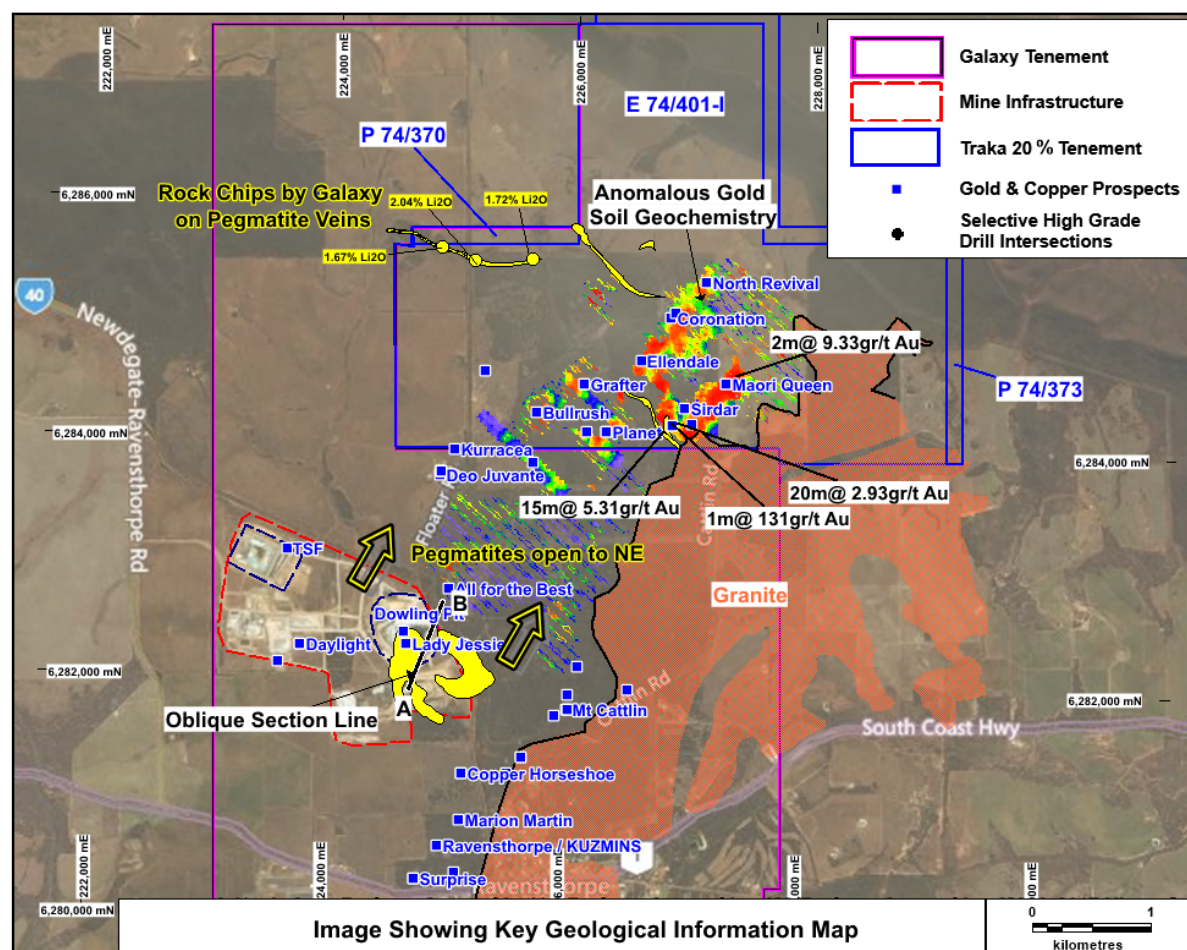


Figure 7. The Mt Cattlin Lithium Mine within the Galaxy/GMM mine tenements plus Traka's 20% joint venture tenements in the north-east quarter.

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 (7).

The Mt Short Base Metal Project:

The diamond drilling program reported on 2 May 2016 (8) highlighted the presence of lead, zinc and copper mineralised in a stratigraphic sequence which extends for over 8 kilometres in length (Figures 8 and 9). A lead, zinc and copper zone immediately north of the drilling and underneath a near surface supergene enriched zone has been identified as the next drill target. This drill target and the north extensions of this stratigraphy which is postulated to be the host mineralisation has been secured to allow further exploration along a zone never previously recognised as existing under regolith cover.

Further exploration work on Mt Short is intended by way of joint venture and toward this end ongoing attempts are underway to attract a suitable party.

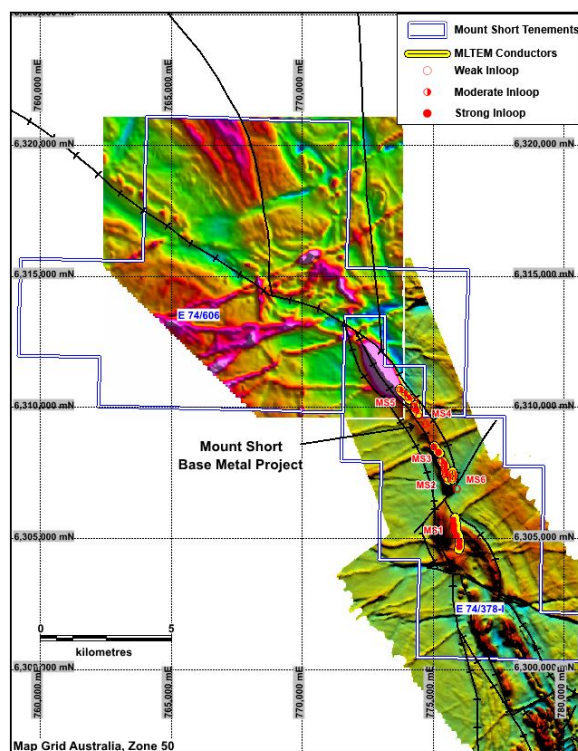


Figure 8. Aeromagnetic image showing the Mt Short Base Metal EM Project and new tenement to the north.

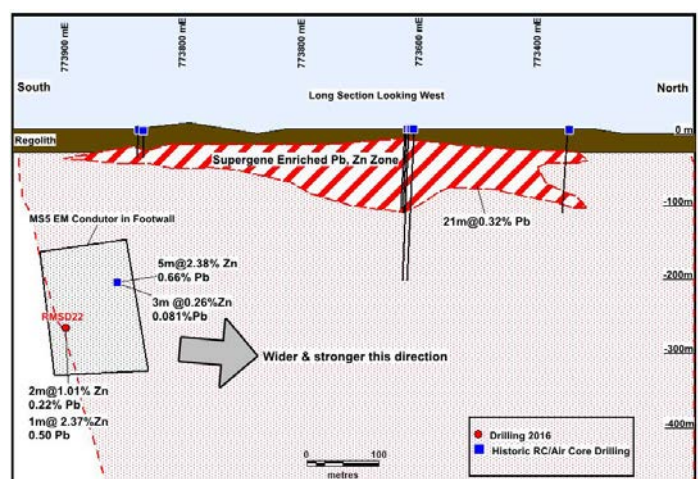


Figure 9. Schematic Long Section showing the intersect point of drill RMSD22 through the mineralised horizon, the position of the MS5 conductor, the historic drilling and supergene zone.

Bandalup Joint Venture (Traka Free Carried 20%)

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

The Yallalong Antimony Project ***(Traka Earning up to 80%)***

A detailed high resolution aeromagnetic survey plus orientation geochemical sampling was completed just ahead of the Christmas and New Year holiday period. This data is currently being processed and interpreted ahead of initiation of further field programs. The existing three target areas (the Discovery, Middle and North Targets) remain obvious drilling areas but a whole of project assessment will be made ahead of initiating this work.

The very large historical supply of antimony from China is rapidly waning and new ore supplies from stable jurisdictions like Australia are in demand. Antimony deposits tend to be relatively small compared to, say, copper and a reasonably shallow resource of about 30,000 tonnes of contained metal at about 2 to 3% Sb (Antimony) may well be viable. The price of antimony is coming off a very low point, experienced through the period of the GFC at around US\$5,000 to US\$5,500 per tonne and is now currently at about US\$7,700 per tonne.

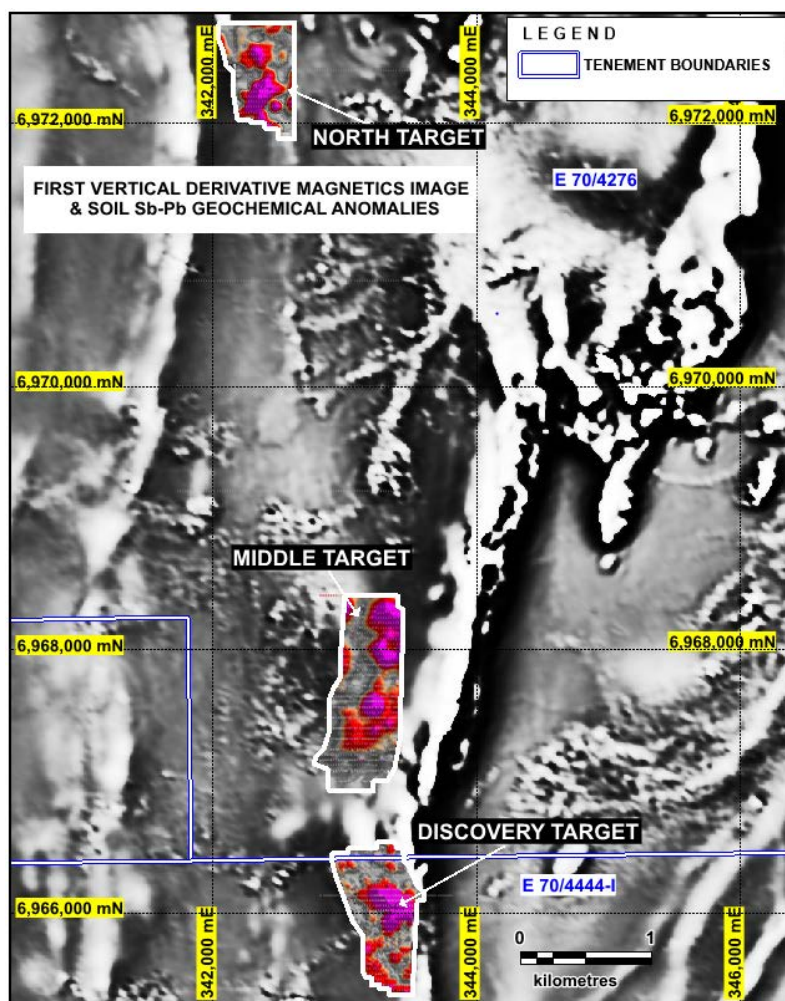


Figure 9. Aeromagnetic image showing the position of the Discovery, Middle and North Target geochemical anomalies

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

31 January 2017

- (1) ASX Announcement 5th October 2016: *Announcement of Entitlement Issue*
- (2) ASX Announcement 4th November 2016: *Entitlement Offer – acceptances and shortfall*
- (3) ASX Announcement 23rd January 2017: *Appendix 3B: Issue of Shortfall Shares*
- (4) Chalice ASX Announcement 22 September 2016: *Chalice Secures farm-in agreement on West Musgrave Nickel-Copper-PGE Project WA.*
- (5) Traka ASX Announcement 22 September 2016: *Traka secures JV on Latitude Hill – Musgrave Project.*
- (6) Galaxy ASX Announcement: 20 September 2016: *Mt Cattlin Exploration Update.*
- (7) Traka ASX Announcement: *Exploration Program Update 28 August 2004.*
- (8) Traka ASX Announcement: *Mt Short Base Metals Prospect Drilling Results - 3 May 2016.*

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.

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

63 103 323 173

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(49)	(171)
(b) development	-	-
(c) production	-	-
(d) staff costs	(100)	(158)
(e) administration and corporate costs	(114)	(154)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material): Government co-funding exploration receipt	-	60
1.9 Net cash from / (used in) operating activities	(262)	(420)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	637	637
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	(20)	(20)
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	617	617

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	201	359
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(262)	(420)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	617	617
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	556	556

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	156	101
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Term Deposits	400	100
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	556	201

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
88
-

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	92
9.2 Development	-
9.3 Production	-
9.4 Staff Costs	44
9.5 Administration and corporate costs	64
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	200

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	EPMA/26330 EA69/2647	Application withdrawn Application withdrawn	100% 100%	0% 0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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 Rutledge..... Date: 31 Jan 2017
(Director/Company secretary)

Print name:Peter Rutledge.....

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 31 December 2016

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

Type	Tenement	Location	Registered Holding		Beneficial Interest	
EA	69/2592	Musgrave, WA	100%		100%	
EA	69/2609	Musgrave, WA	100%		100%	
EA	69/2610	Musgrave, WA	100%		100%	
EA	69/2648	Musgrave, WA	100%		100%	
EA	69/2749	Musgrave, WA	100%		100%	
EA	69/2816	Musgrave, WA	100%		100%	
EA	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%	
EA	69/3399	Musgrave, WA	100%		100%	
EA	69/3421	Musgrave, WA	100%		100%	
EA	69/3462	Musgrave, WA	100%		100%	
PA	74/0370	Ravensthorpe, WA	0%		20%	
PA	74/0373	Ravensthorpe, WA	0%		20%	
E	74/0378	Ravensthorpe, WA	100%		100%	
E	74/0400	Ravensthorpe, WA	0%		20%	
E	74/0401	Ravensthorpe, WA	20%		20%	
E	74/0522	Ravensthorpe, WA	20%		20%	
EA	74/606	Ravensthorpe, WA	100%		100%	
E	70/4276	Yallalong, WA	0%		*0%	
E	70/4444	Yallalong, WA	0%		*0%	
E	09/2130	Yallalong, WA	0%		*0%	
E	70/4653	Yallalong, WA	0%		*0%	

* Earning up to 80%

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

None

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

Tenement	Location	Registered Holding		Beneficial Interest	
		From	To	From	To
EPMA/26330	Gympie, QLD	100%	0%	100%	0%
EA69/2647	Musgrave, WA	100%	0%	100%	0%

Key:

E: Exploration licence
P: Prospecting licence

PA: Prospecting licence application
EA: Exploration licence application