Traka Resources Limited ABN 63 103 323 173

ASX Shareholders Report

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Company Announcements
ASX Limited
Level 10, 20 Bond Street
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Traka secures JV rights to rich antimony discovery

The Company is pleased to announce that an agreement has been reached for Traka to participate in the newly discovered Yallalong Antimony Project located 220 kilometres north-east of Geraldton (Figure 1).

Traka has been attracted to the project by the presence of very high grade antimony mineralisation in rock-chip samples of quartz veins (Table 1). The antimony mineralisation is visible in hand specimen as stibnite, the principal form of antimony sulphide, and antimony oxide minerals and, in these instances, the assay results return grades between 2% and 61% Antimony ("Sb").

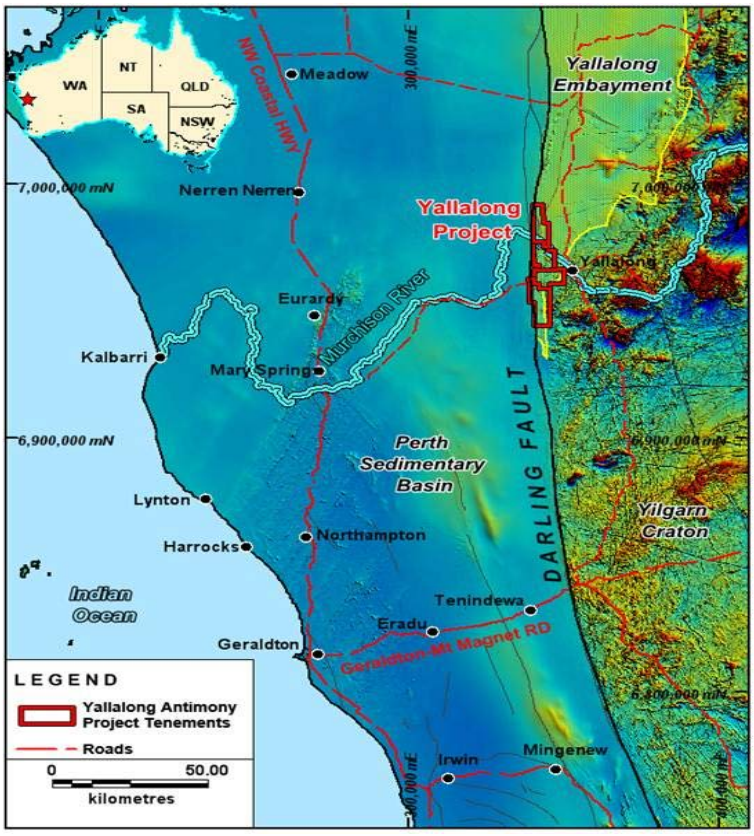

Figure 1. Aeromagnetic image showing location of the Yallalong Project

The mineralised quartz veins are hosted within sedimentary and mafic rocks in an exposed part of a large shear zone which extends past the 15 kilometre length of the project and is part of the regional scale Darling Fault system. The shear is largely blanketed by regolith and a thin ferricrete cap-rock layer with a few areas of exposure including that of the discovery site. The discovery site is an exposed area roughly measuring 600 metres in length and 100 metres in width.

Reconnaissance level and widely spaced soil geochemical samples about 1.5 kilometres north of the discovery are early positive signs of additional mineralisation along the shear (Figure 2).

The association of antimony mineralisation with major fault systems and sedimentary host rocks is the typical geological setting for the important antimony deposits of the world. Despite this and the relative proximity to established infrastructure, there is no history of systematic exploration in the Yallalong district.

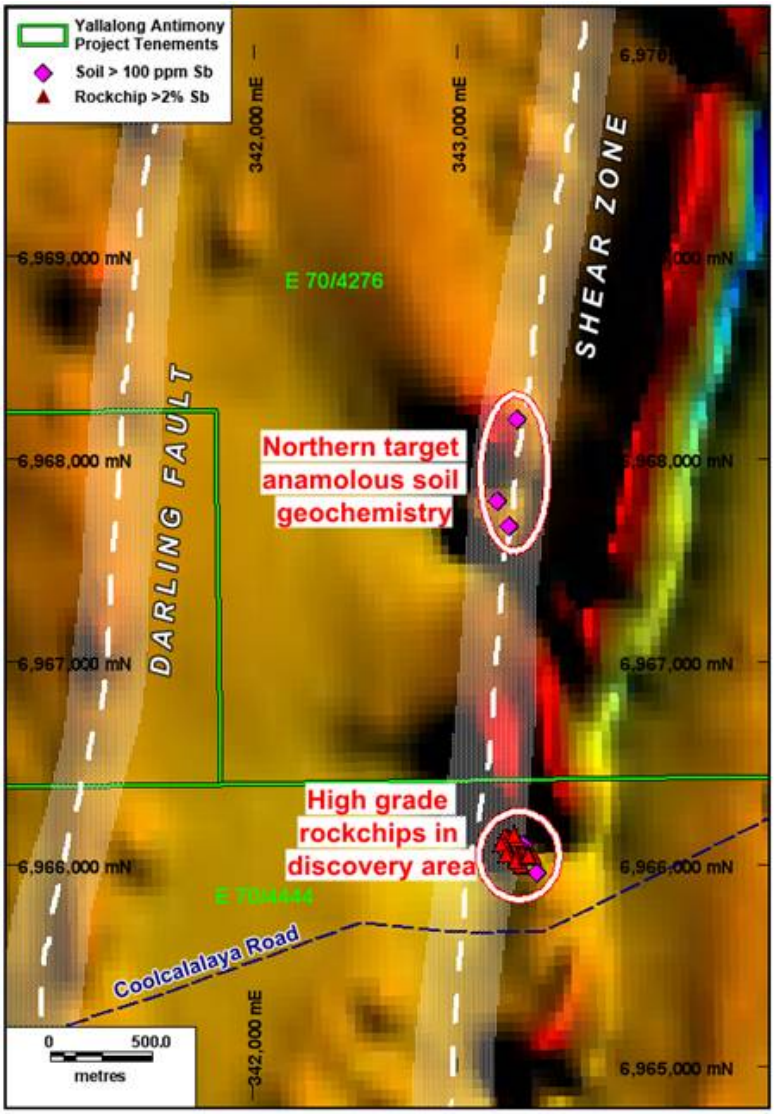

Figure 2. Aeromagnetic image showing location of rock chip and soil samples

Drill testing of the discovery area will dominate the first round of follow up exploration work, but follow up geochemical and geological surveys will also begin to investigate the northern anomaly and other opportunities along the shear zone.

Heritage clearance surveys and permitting for drilling is already underway and therefore the follow up work is expected to be feasible within the next few months.

Sample Id	Easting GDA94 Z 50	Northing GDA94 Z 50	Antimony %	Gold ppb	Arsenic ppm	Copper ppm	Lead ppm	Zinc ppm
YA123	343236	6966142	**60.1**	31	40	1450	2800	1700
YA222B	343236	6966142	**59.1**	0	70	2250	2700	1500
YA461	343278	6966144	**53.5**	0	110	2900	2760	1650
YA452	343240	6966050	**30.9**	0	50	400	820	650
YA449	343310	6965997	**21.9**	0	50	600	560	250
YA459	343351	6966042	**17.2**	0	20	700	1440	100
YA223	343302	6966076	**14.2**	0	50	500	700	100
YA274	343315	6965994	**14.1**	0	50	450	1800	550
YA435	343347	6966059	**13.9**	0	590	600	2680	550
YA199	343294	6966074	**7.36**	18	380	250	2000	450
YA111	343250	6966130	**6.85**	0	0	0	0	0
YA447	343258	6966065	**6.49**	0	40	350	1020	300
YA438	343265	6966089	**5.29**	0	60	200	460	300
YA448	343293	6966031	**5.07**	0	70	50	2260	550
YA203	343314	6966069	**4.63**	18	130	200	760	400
YA458	343338	6966038	**4.47**	0	120	250	860	250
YA446	343291	6966126	**4.4**	0	40	200	740	200
YA241	343320	6966053	**3.84**	0	110	250	1100	300
YA440	343233	6966099	**3.65**	0	60	150	320	150
YA432	343374	6966039	**3.26**	0	40	150	600	250
YA115	343300	6966100	**3.03**	0	0	0	0	0
YA437	343275	6966123	**3.03**	0	140	150	700	400
YA443	343213	6966103	**2.95**	0	20	200	100	400
YA450	343259	6966048	**2.71**	0	120	50	160	150
YA451	343251	6966050	**2.53**	0	30	50	820	600
YA453	343284	6966014	**2.48**	0	70	100	360	200
YA247	343302	6966045	**2.46**	1	130	150	340	150
YA430	343251	6966085	**2.33**	0	160	50	200	250
YA442	343271	6966085	**2.04**	0	70	100	160	200

Table 1. Rock-chip samples in the discovery area with antimony (Sb) assay grades above 2% Sb.
(Refer Annexure for JORC Table 1 information)

The Yallalong Antimony Project agreement is made with a prospecting syndicate ("The Syndicate") that made the original discovery. The agreement with the Syndicate provides Traka

with the opportunity to earn a minimum of 80% equity in the project under the following key terms:

1. Payment of a $50,000 Option Fee (paid in cash and/or Traka shares at Traka's election) and undertaking geochemistry and a minimum of 600 metres of reverse circulation ("RC") drilling following the completion of Heritage Surveys.

2. Within 60 days of drilling, Traka may elect to withdraw with no retained interest or proceed to earn equity in several stages.

3. Traka may initially elect to earn 51% equity by payment of $100,000 cash and the issue of $100,000 worth of Traka shares, plus committing to an additional $500,000 of expenditure within the following 2 year period.

4. Upon earning 51% equity, Traka may withdraw with no retained interest or elect to earn an additional 29% equity by the additional expenditure of $2 million by the fifth anniversary date of this agreement.

5. Upon Traka electing to earn an additional 29% equity, the Syndicate may also elect to sell its remaining 49% equity to Traka for 20 million Traka shares. In this eventuality, Traka would have 100% equity in the project and the joint venture would be dissolved.

6. Should Traka earn its 80% equity, the Syndicate can elect to continue to expend pro-rata to its 20% equity, or dilute to 10% by having Traka contribute the next $5 million of expenditure.

7. Should Traka earn its 90% equity level, the Syndicate may continue to expend pro-rata to its 10% equity, or further dilute to 5%, at which point the Syndicate's equity would revert to a 2% Net Smelter Royalty.

The Company's entry into the Yallalong Project allows for early progress to drilling programs on a new project with a commodity which appears to have good economic prospects for the future.

Information on Antimony ("Sb")

The following information has been compiled by P. Verbeek from numerous public domain sources to provide a summary and broad perspective of the antimony industry as a whole. However, not all the sources of information could be verified and individual statements in the text may be inaccurate. Sole reliance on this information should not be made.

Antimony ("Sb") is a relatively rare metal used in industrial and technology products. It occurs in hydrothermal ore systems and is conventionally mined and treated to produce a sulphide concentrate which in turn is converted to antimony trioxide white powder ("ATP") and metal ingots.

Approximately 80% of all antimony production is converted to ATP, the principal uses of which are:

- approximately 70% as a fire retardant agent for textiles, plastic, building material and rubber;
- as a catalyst for production of polyethylene terephthalate (PRT) bottles;
- as a compound for various chemicals, ceramics and glass.

In its metal form, antimony has the following uses:

- as an alloy of iron, copper, leads zinc to impart hardness, strength and anticorrosion properties;
- as an alloy with lead for use in batteries;
- for the manufacture of solders, ammunition, corrosion resistant pipes and cable sheathing;
- in emerging applications in micro electrics, including new generation high data storage devices.

The main economic form of antimony in nature is a sulphide mineral called Stibnite (Sb_2S_3). Established and conventional crushing and flotation treatment plants, like that used for nickel sulphide, are used to produce an antimony concentrate.

Antimony occurs as veins and disseminations associated with carbonate rocks such as limestone and sedimentary rocks adjacent to large fault zones. The fault zones act as conduits for the mineralising fluids. Antimony deposits are exploited by both open pit and underground operations and the richer deposits are mined to depths of more than 1,000 metres. Gold and other metals, such as lead and zinc, are often associated with the antimony and, in some instances, like gold for instance, they can be the key economic component of the mining operation.

Antimony is not traded or recognised in any financial exchange and therefore sales between the producer and the buyer are privately negotiated usually with the involvement of specialty traders.

Existing world antimony ore reserves are about 1.8 million tonnes and current world consumption is about 180,000 tonnes per annum (Figure 2). In the period between 2000 and 2010 demand growth averaged 3.1% per annum. Forecast growth into the future is generally estimated to be higher than this as world-wide demand remains strong, but factors like the GFC have depressed prices and demand for periods of time. The current price is approximately US$8,600 per tonne and this has reduced since its peak in 2010 and 2011 (Figure 3). The upside pressure for higher prices into the future is considered to come from continued world growth, particularly from the emerging markets, but more particularly from decreasing Chinese supply.

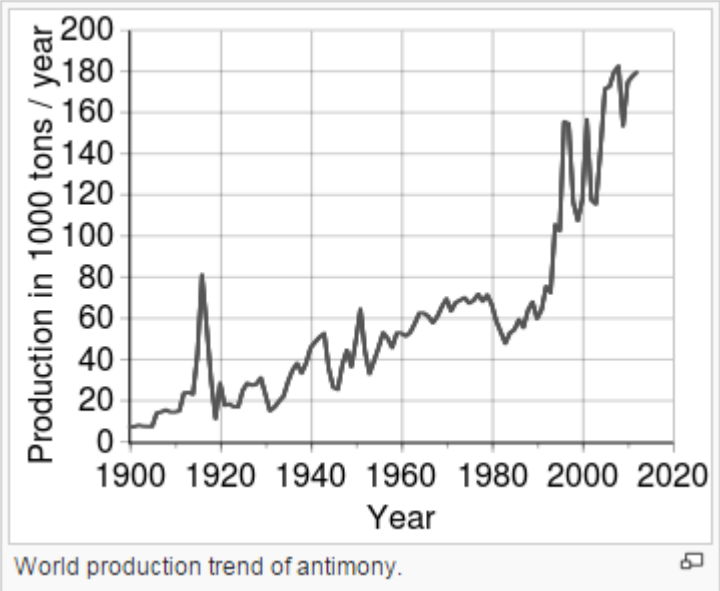

Figure 2. World historic antimony production

China has always been the dominant source of antimony (70% to 85% over time) and most of China's reserves and production comes from the Hunan Province near the city of Lengshuijiang. In recent decades the single largest antimony mine in the world, the Hsikwangshan Twinkling Star Mine (found in 1541) has produced about 25% of global supply. This mine is owned by Hunan Non Ferrous (HNC) which is a subsidiary of China Metals. In recent years this mine and others have depleted their high grade antimony reserves and faced increased mining costs. In other cases Central Government actions to impose higher environmental standards have resulted in mine shutdowns. Although overall production is increasing, China is now importing close to 40% of its raw material from other countries including Russia, Tajikistan, Myanmar and South America. China's current contribution to world production, from both internal and external sources of ore, is currently about 80%.

In consideration of China's diminishing reserves, China's strong market leverage position and ongoing world demand, the United States Geological Survey (USGS), the British Geological Survey (BGS) and Geoscience Australia (GA) rate antimony future supply as being at risk.

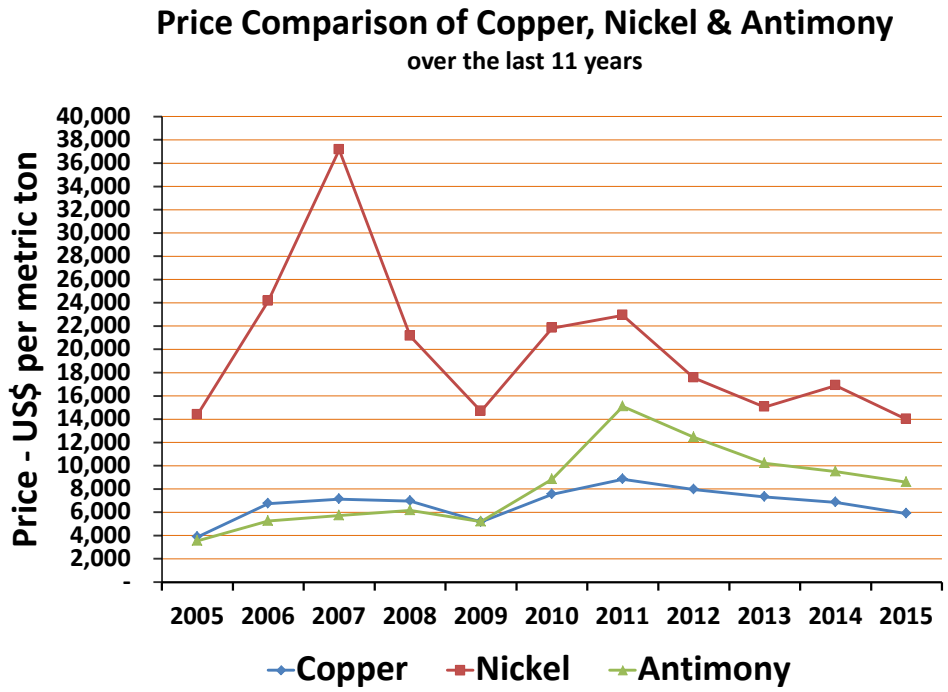

Figure 3. Comparison of Antimony price with that of copper and nickel since 2005

Copper and nickel operations and economics can be used as a rough measure to the scale and grade necessary for successful antimony operations. Antimony has been worth more than copper for some time now. In this scenario and with the presence of high grades even small deposits can be keenly priced and lucrative.

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.

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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. • Soil samples have been taken in regolith covered areas to test for evidence of underlying sources of mineralisation. • The rock-chip and soil samples are representative of the geological setting from which the samples were taken.
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 or 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.	• Bureau Veritas was used for assays of rock-chip and soil sample data. Sample preparation and analysis are considered appropriate for the style of mineralisation Soil samples were about 2kg weight of the -2mm fraction and was wholly crushed to 80% passing 75micron. A 4 acid digest and assay by ICP-MS and ICP-OES proved assay 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. • The QA/QC data includes laboratory standards, duplicates and checks.
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 in Traka's office. • No adjustments of assay data are considered necessary.
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used.	• Hand-held GPS is used to locate all the sample positions. Calibration and cross 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.

Criteria	JORC Code explanation	Commentary
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.
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.
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 impediments to obtaining a licence to operate in the area.	• The Yallalong Antimony Project is located on EL70/4444, EL70/4276 and ELA09/2130 and ELA70/4653. These tenements are subject of a Joint Venture with 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
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 senses characteristic of other known antimony sources.
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 early reconnaissance 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).	• Future work will include systematic soil geochemical sampling and drilling of the mineralised quartz discovery.

Criteria	JORC Code explanation	Commentary
Further work (continued)	• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	• Refer to the Figures in the body of report