



TRAKA RESOURCES LIMITED

ABN 63 103 323 173

Quarterly Activities Report

for the three months ended 30 September 2016

Summary

- Traka secures joint venture with Chalice to test drill targets on the Latitude Hill Project in the Musgrave's.
- Promising prospects for extensions of lithium bearing pegmatites from the neighbouring Mt Cattlin Mine into Traka 20% Free Carried joint venture tenements.
- At Yallalong a high resolution aeromagnetic survey is imminent and orientation geochemical sampling is underway to test areas of antimony mineralisation.
- Joint Venture discussions underway on the Mt Short (Ravensthorpe) and Mt Morphett (Musgrave) Base Metal Projects.
- The evaluation of other exploration projects is continuing.



Figure 1. Location plan of Traka's Projects

The Musgrave Project

Latitude Hill Joint Venture:

On 22 September 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 (1, 2). Chalice’s entry into the joint venture provides an initial opportunity to drill test several Spectrem airborne electromagnetic targets (“Spectrem”) highlighted in previous surveys (Figure 2).

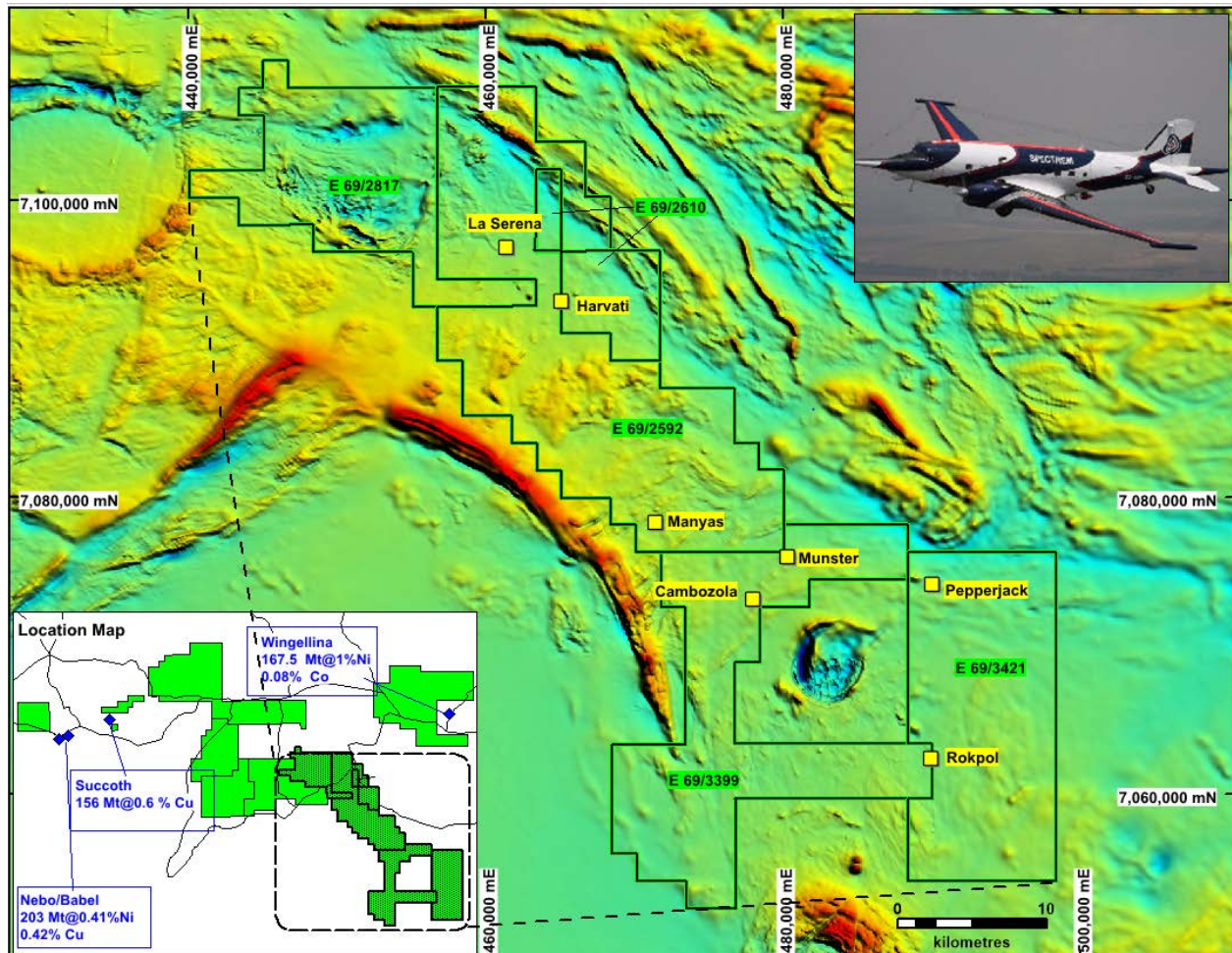


Figure 2. Aeromagnetic image showing the location of the Latitude Hill joint venture tenements and the priority Spectrem targets.

The joint venture comprises 5 tenement applications covering an area of 1,007 square kilometres, 40 kilometres south of Wingellina. The Spectrem targets are in favourable geological positions for sulphide associated nickel, copper and platinum mineralisation within feeder pipe bodies associated with late phase mafic and ultramafic intrusives of the Giles Intrusive Complex. All of the targets come within 100 to 300 metres of surface and are within reach of conventional RC or diamond drill rigs (Figure 3). They are considered attractive opportunities to test for massive and disseminated nickel-copper-PGE (Platinum Group Elements) mineralisation similar to that discovered at the Nova Bollinger deposit in the Albany-Fraser region.

Chalice and Traka will work together to progress grant of the tenements. Once granted, Chalice will undertake ground electromagnetic (“EM”) surveys and sub-surface geochemical sampling ahead of drill testing the Spectrem targets.

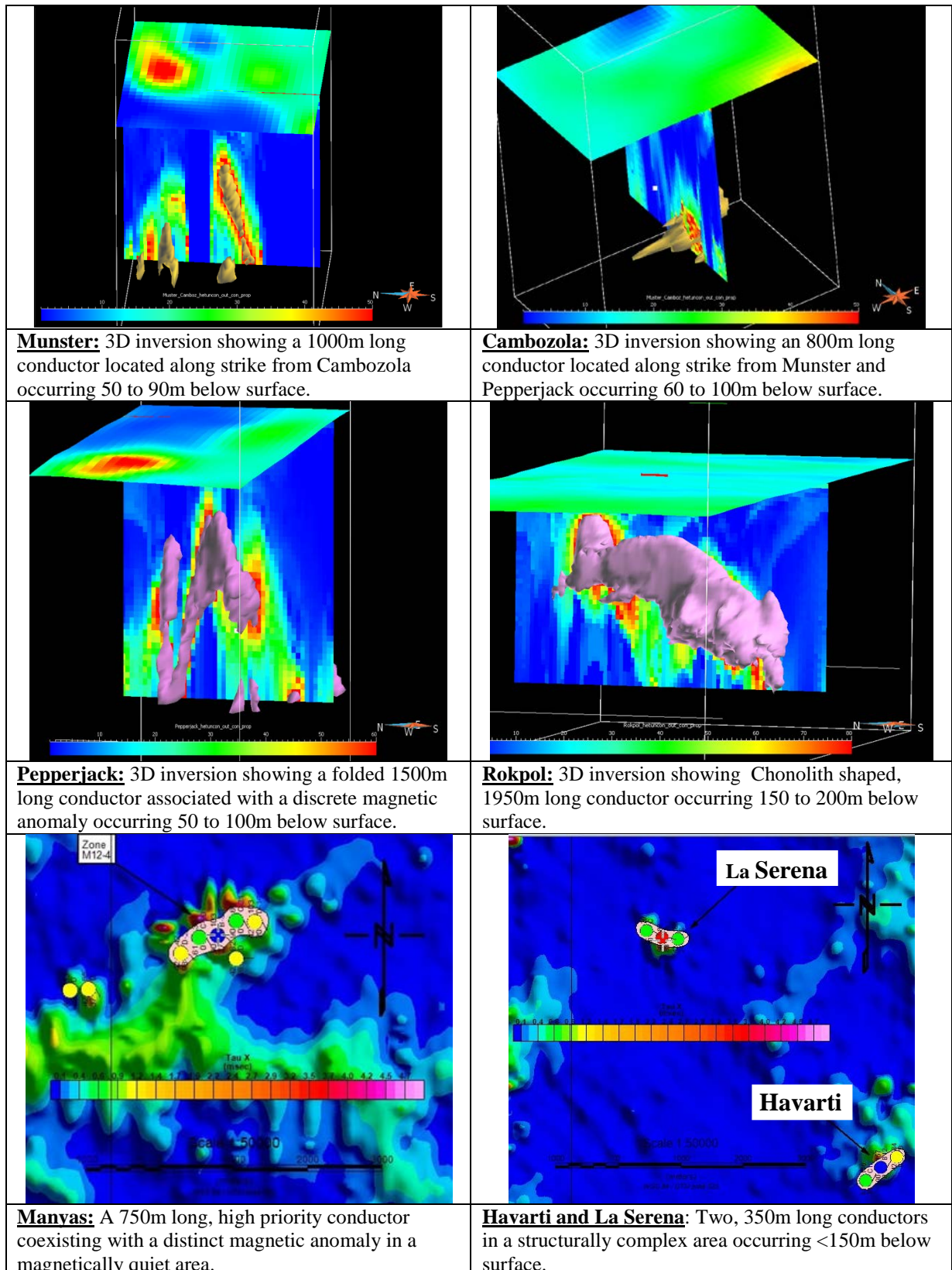


Figure 3. Images and descriptions of the seven Spectrem targets

The joint venture agreement initially commits Chalice to \$1million expenditure within 12 months of the grant of the tenements. Upon meeting this Minimum Commitment, Chalice can elect to exercise an Option to earn project equity on the basis of the following key terms:

1. Upon meeting the Minimum Commitment, Chalice can elect to earn 51% equity by the additional expenditure of \$4 million in the following 2 year period.
2. Chalice can withdraw at any stage after the Minimum Commitment with no retained interest.
3. Upon Chalice earning 51% equity, it has the right to elect to earn an additional 19% interest, but, at this stage, should results to that time prove encouraging, Traka can elect to retain 49% equity by contributing pro-rata to joint venture expenditure or elect to allow Chalice to increase its interest to 70% by sole funding an additional \$5 million expenditure in an additional 3 year period.

The terms of the agreement with Chalice provide sufficient funding for the exploration work required to test the Spectrem targets without a cash call on Traka, but, as importantly, provide Traka with the opportunity of maintaining significant project equity upon discovery.

The Mt Morphett Project:

With the progress of activity at Latitude Hill Traka will now also attempt to initiate exploration on the neighboring tenement applications at Mt Morphett. The Mt Morphett Project tenements lie immediately west of the Latitude Hill Project and cover the 12 kilometre long copper-nickel-PGE 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.

The targets associated and peripheral to the Tollu Granite and Tollu Fault are equally prospective but require a higher degree of follow-up exploration activity to advance to drill stage.

In order to fund exploration work contemplated at Mt Morphett, Traka is seeking to introduce a joint venture party. The permitting required to gain land access and grant of the tenements is already underway.

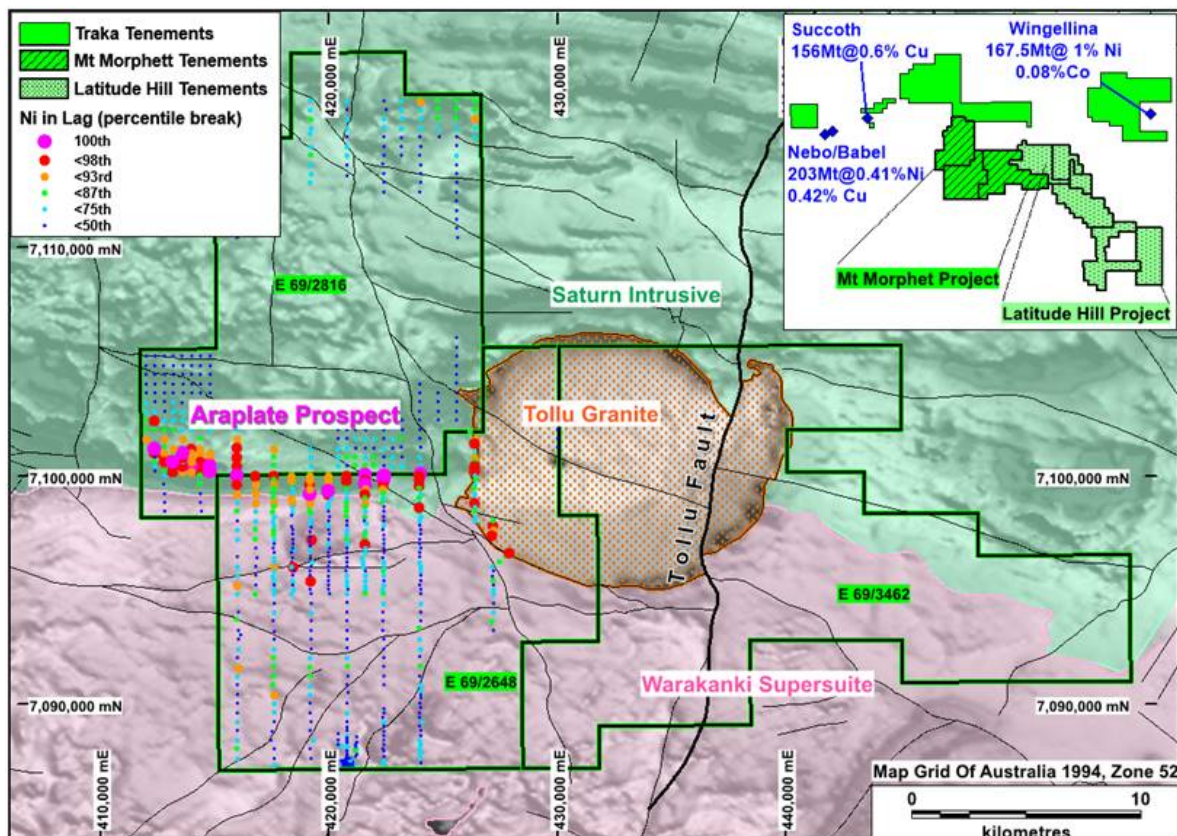


Figure 4: An aeromagnetic image showing main geological features and the Araplate Prospect

The Ravensthorpe Project

Traka's interest in the Ravensthorpe Project comprises three parts (Figure 5); a 20% free carried interest with Galaxy Resources Limited ("Galaxy") in abutting tenements to the Mt Cattlin Lithium Mine, the 100% owned Mt Short Base Metal Project and a 20% free carried interest on the Bandalup Joint Venture area with ACH Minerals Pty Ltd ("ACH").

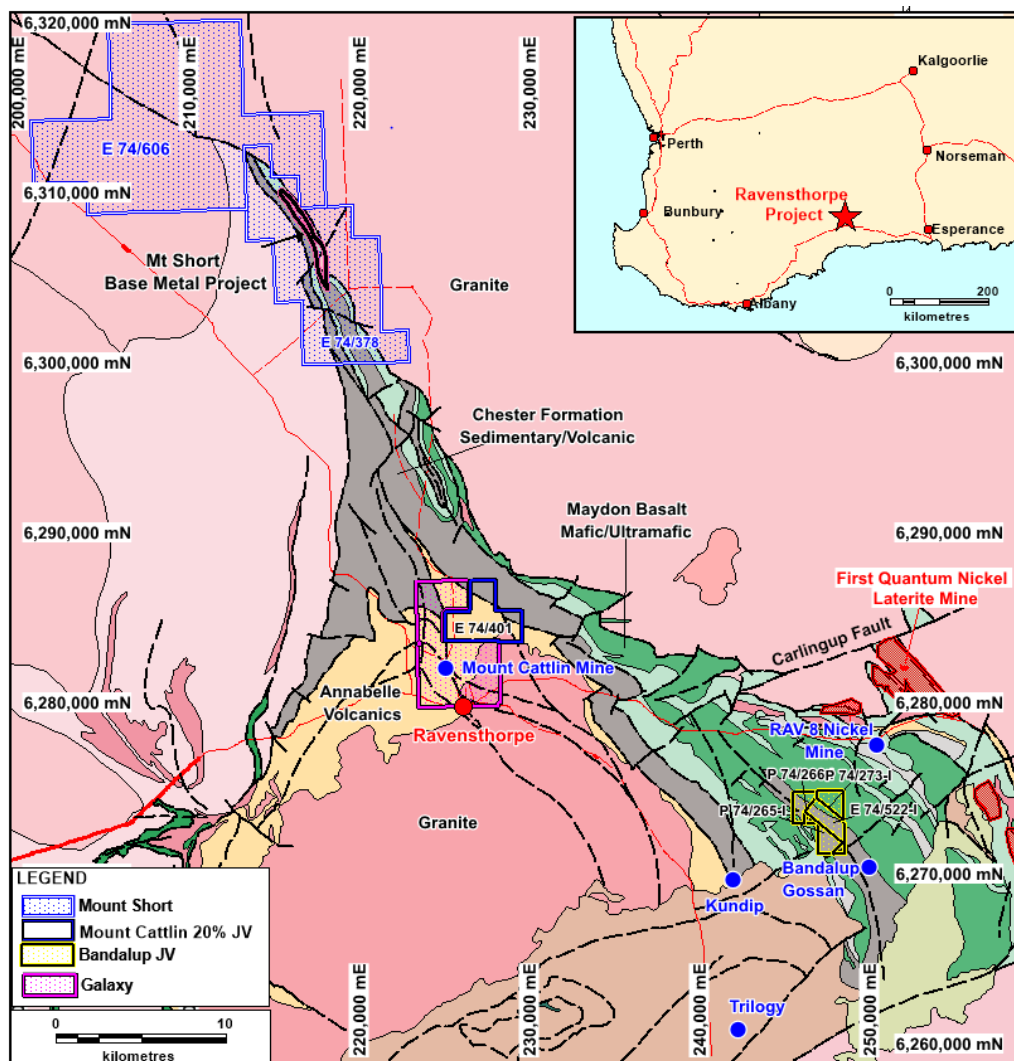


Figure 5. Location plan of the Ravensthorpe Project

The Galaxy Joint Venture Mt Cattlin

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

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 (3). "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" (Figure 6).

The pegmatite dykes at Mt Cattlin and in the joint venture tenements are likely bodies intruding the peripheral zone around 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.

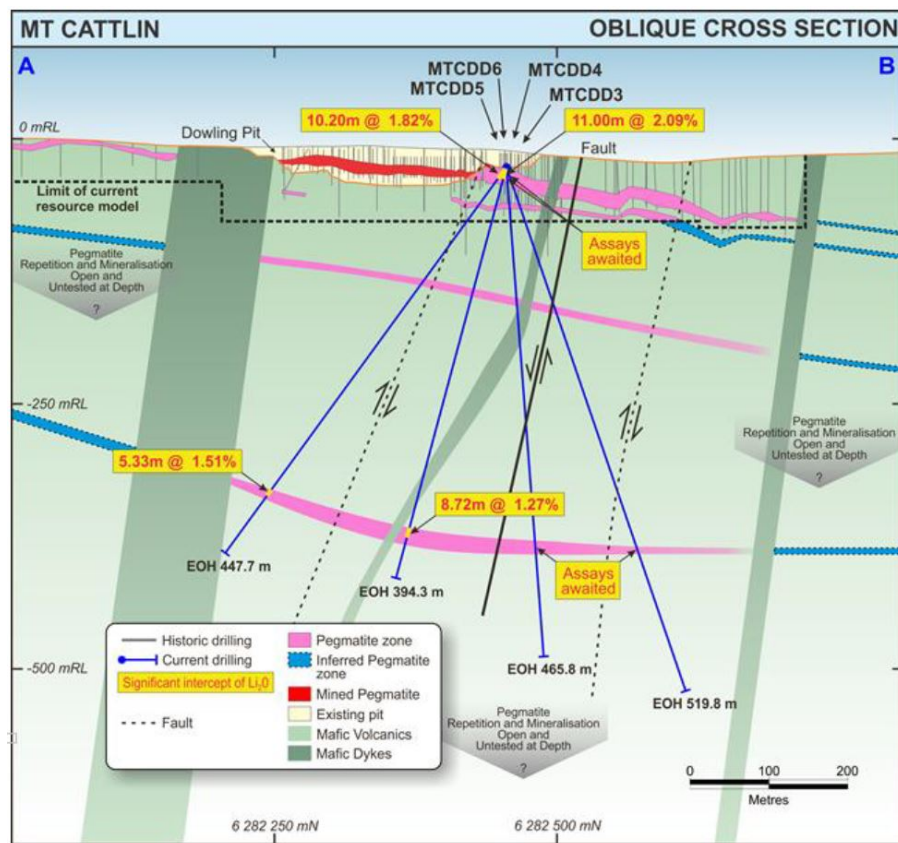


Figure 6. Oblique long- section of flat lying pegmatites

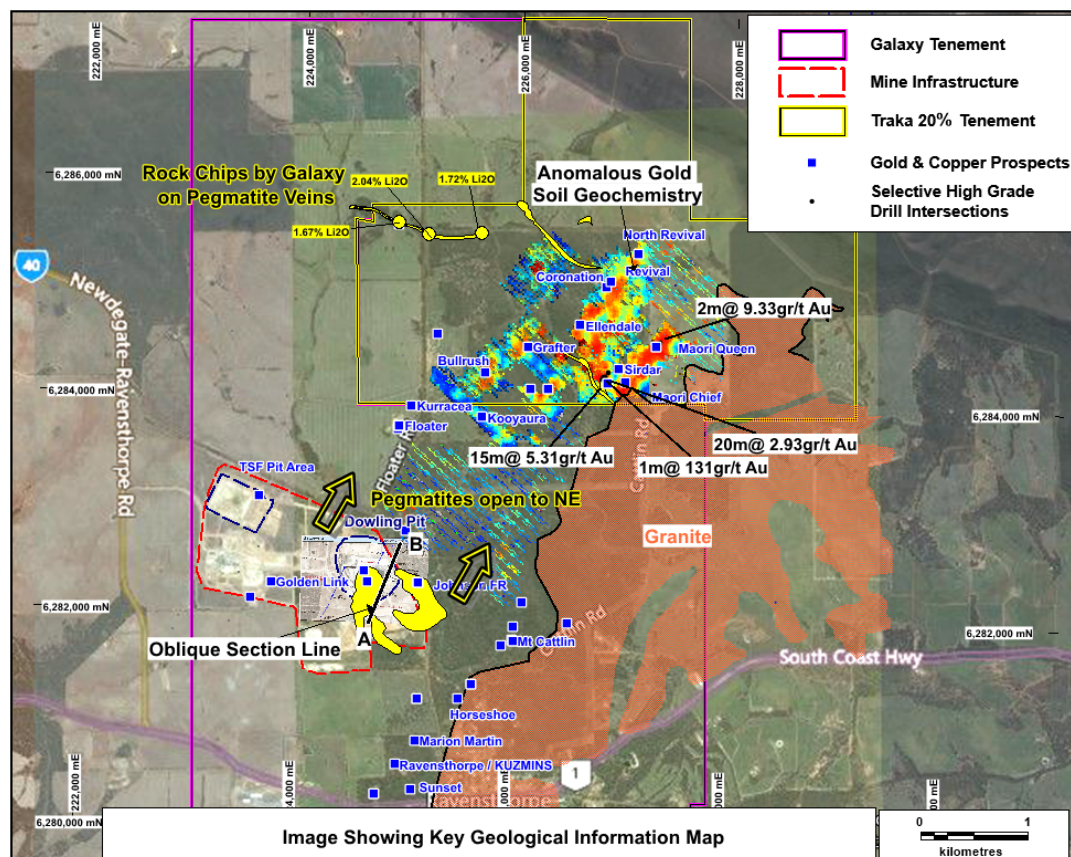


Figure 7. The Mt Cattlin Lithium Mine within the Galaxy/GMM mine tenements plus Traka's 20% joint venture tenement in the north-east quarter.

In addition to lithium potential recognised on Traka's 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.

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 (4).

The Mt Short Base Metal Project

The diamond drilling program reported on 2 May 2016 (5) 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 discussions are underway with several parties interested in pursuing this opportunity.

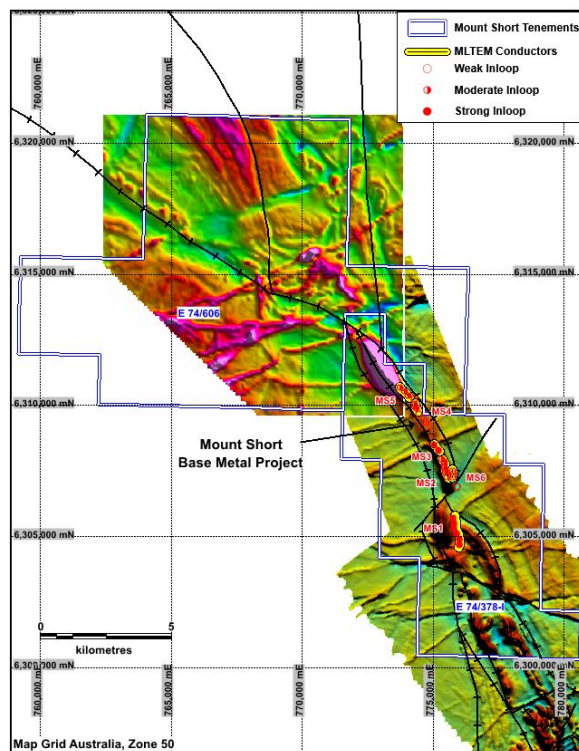


Figure 8. Aeromagnetic image showing the Mt Short Base Metal EM Project and new tenement to the north.

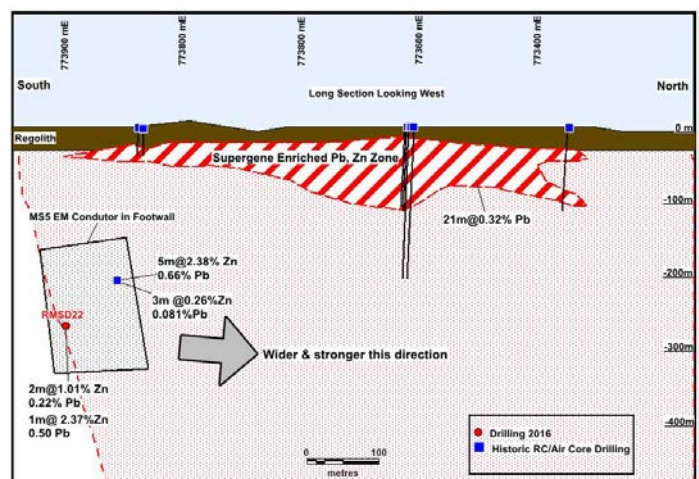


Figure 9. Schematic Long Section show the intersect point of drill RMSD22 through the mineralised horizon, the position of the MS5 conductor, the historic drilling and supergene zone.

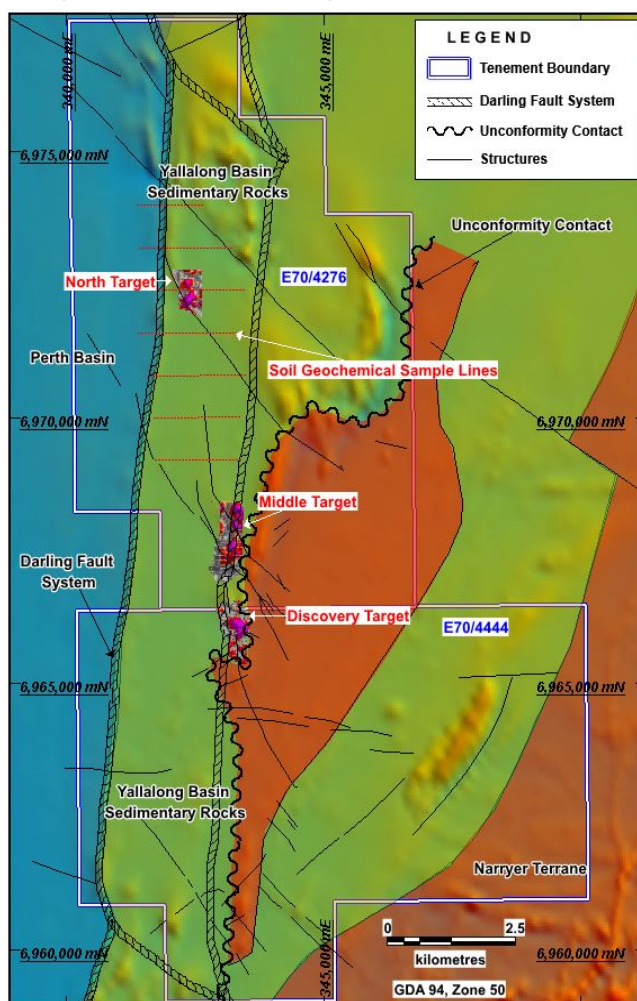
Bandalup Joint Ventures **(Traka Free Carried 20%)**

No joint venture activity was reported by ACH Minerals Pty Ltd this quarter.

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

On 24 May 2016 the Company announced encouraging drilling results on the Discovery Target and the location of additional geochemical anomalies to the north (Middle and North Targets) ⁽⁶⁾. This work and results obtained are very positive indicators of the overall potential of the project to host economic mineralisation. As a consequence preparation for more systematic geochemical, geological and geophysical surveys is underway. A detailed high resolution aeromagnetic survey is expected in the next month and an orientation geochemical survey in areas of regolith survey is underway.

Traka's entry into Yallalong was initiated by the geological merits of the project and the opportunity to be involved in a significant new discovery. The early exploration results at Yallalong are encouraging but it is pertinent to view this information in the perspective of the antimony market. It can also be seen that Traka's activity is counter cyclical exploration activity in a period of record low prices.



The very large historical supply of antimony from China is rapidly waning and new ore supplies from stable jurisdictions like Australia is in demand. Antimony deposits tend to be relatively small compared to, say, copper and a resource of about 30,000 tonnes of contained metal at about 2 to 3% Sb (Antimony) would now 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\$7,800 per tonne.

Figure 9. Aeromagnetic image showing the position of the Discovery, Middle and North Targets with respect to the Darling Fault System and unconformity contact.

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. The present period of depressed market conditions presents a good opportunity to leverage into new projects that can form part of the Company's longer term future.

Patrick Verbeek
Managing Director

5 October 2016

- (1) Chalice ASX Announcement 22 September 2016: *Chalice Secures farm-in agreement on West Musgrave Nickel-Copper-PGE Project WA.*
- (2) Traka ASX announcement 22 September 2016: *Traka secures JV on Latitude Hill – Musgrave Project.*
- (3) Galaxy ASX Announcement: 20 September 2016: *Mt Cattlin Exploration Update.*
- (4) Traka ASX Announcement: *Exploration Program Update 28 August 2004.*
- (5) Traka ASX Announcement: *Mt Short Base Metals Prospect Drilling Results - 3 May 2016.*
- (6) Traka ASX Announcement: *Yallalong Antimony Project - 24 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")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(122)	(122)
(b) development	-	-
(c) production	-	-
(d) staff costs	(58)	(58)
(e) administration and corporate costs	(40)	(40)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
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 receipt	60	60
1.9 Net cash from / (used in) operating activities	(158)	(158)

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 (3 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	-	-
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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	359	359
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(158)	(158)
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)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	201	201

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	101	59
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	100	300
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	201	359

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 <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$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.		

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	200
9.2	Development	-
9.3	Production	-
9.4	Staff costs	50
9.5	Administration and corporate costs	70
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	320

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	EPM/26330	Application lodged	0%	100%
		E69/3462	Application lodged	0%	100%
		P74/370	Application lodged	0%	20%
		P74/373	Application lodged	0%	20%
		E74/606	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 Rutledge..... Date: 5 October 2016
(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 30 September 2016

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

Type	Tenement	Location	Registered Holding		Beneficial Interest	
EPMA	26330	Gympie, QLD	100%		100%	
EA	69/2592	Musgrave, WA	100%		100%	
EA	69/2609	Musgrave, WA	100%		100%	
EA	69/2610	Musgrave, WA	100%		100%	
EA	69/2647	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%	
EA	74/0370	Ravensthorpe, WA	0%		20%	
EA	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:

	Tenement	Location	Registered Holding		Beneficial Interest	
EPMA	26330	Gympie, WA	0%	100%	0%	100%
EA	69/3462	Musgrave, WA	0%	100%	0%	100%
EA	74/370	Musgrave, WA	0%	0%	0%	20%
EA	74/373	Musgrave, WA	0%	0%	0%	20%
EA	74/606	Ravensthorpe, WA	0%	100%	0%	100%

TRAKA RESOURCES LIMITED
MINERAL TENEMENT INFORMATION (ASX Listing Rule 5.3.3)
For the quarter ended 30 September 2016

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

Tenement	Location	Registered Holding		Beneficial Interest	
		From	To	From	To

Key:

E: Exploration licence
P: Prospecting licence

M: Mining lease
EA: Exploration licence application