Traka Resources Limited ABN 63 103 323 173

ASX Shareholders Report

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Yallalong Antimony Project

Drilling Results and Joint Venture Option Variation

SUMMARY

The second phase of drilling at the Discovery Target (nine reverse circulation holes for 901 metres) has returned a number of narrow high grade intersections (Peak value 7 metres at 3.27% Sb ("Antimony")).

Re-assaying of the high grade antimony intersections from the first phase of drilling using a superior technique has also resulted in a significant increase in grade of some of the earlier reported drill results (1). (Example: 1 metre @ 9.77% Sb has become 1 metre @ 13.6% Sb)

The drilling at the Discovery Target has been encouraging for the project as a whole but suggests this target has limited potential for significant size. Traka now intends to commence an exploration focus on the remainder of this large project area and has already defined two further targets for follow-up.

The Company has renegotiated the joint venture entry terms with the vendors and has now committed to the next work phase under these new terms.

DETAIL

The drillhole intersections from the second and first phases of drilling have been assayed by the superior Alkaline Fusion method (Table 1). As part of QAQC protocols it was found that the Multi Acid method first applied only partially extracted the antimony content in the higher grade antimony zones. The use of this superior technique has resulted in a significant increase in the grade of some of the earlier reported drill results. The increase overall is in the order of 35%. As an example a 9.77% Sb assay by the less accurate Multi Acid Method re-assayed as 13.6% Sb for a one metre interval on drill hole YRC06.

Yallalong Antimony Project -2015/2016 Drilling Intercepts								
Hole Id	**Easting** (m)	**Northing** (m)	**Dip** °	**Azimuth°**	**From** (m)	**To** (m)	**Downhole width** (m) **& antimony** (Sb) **grade** (%) by HF/multiacid/ICP	**Downhole width** (m) **& antimony** (Sb) **grade** (%) by alkaline-fusion/ICP
YRC06	343281	6966076	-60	70	21	24	2m @ 7.30% Sb	3m @ 6.83% Sb
	Including				*22*	*23*	*1m @ 9.77% Sb*	*1m @ 13.60% Sb*
	343281	6966076	-60	70	49	52	3m @ 1.91% Sb	3m @ 2.45% Sb
	Including				*50*	*51*	*1m@ 4.24% Sb*	*1m @ 5.31% Sb*
YRC16	343337	6966100	-60	70	12	19		7m @ 3.27% Sb
	Including				18	19		1m @ 11.5% Sb
YRC08	343324	6966089	-60	250	50	52	2m@ 1.76% Sb	2m @ 2.90% Sb
	Including				*50*	*51*	*1m @ 2.28% Sb*	*1m @ 3.78% Sb*
YRC01	343212	6966134	-60	70	49	51	2m @ 1.74% Sb	2m @ 1.74% Sb
	Including				*50*	*51*	*1m @ 2.50% Sb*	*1m @ 2.69% Sb*
YRC10	343326	6966005	-60	250	23	26	3m @ 0.76% Sb	3m @ 1.61% Sb
YRC03	343234	6966138	-60	70	10	13	3m @ 0.79% Sb	3m @ 1.59% Sb
YRC27	343348	6966012	-60	250	13	19		6m @ 1.35% Sb
YRC07	343298	6966082	-60	70	43	45	2m @ 1.02% Sb	3m @ 1.14% Sb
YRC20	343280	6966113	-60	70	57	58		1m @ 1.04% Sb
					63	64		1m @ 0.54% Sb
YRC05	343260	6966070	-60	70	56	57		1m @ 0.95% Sb
YRC18	343339	6966053	-60	70	11	13		2m @ 0.86% Sb
YRC25	343359	6965972	-60	70	1	2		1m @ 0.73% Sb
YRC22	343315	6965916	-60	70	12	13		1m @ 0.52% Sb
*Bottom Cut-off Sb % ≥ 0.5							First Phase Drilling	
*Projection: Map Grid of Australia 1994, Zone 50							Second Phase Drilling	

Table 1. Significant drill hole intersections from the Discovery Target of Yallalong Antimony Project

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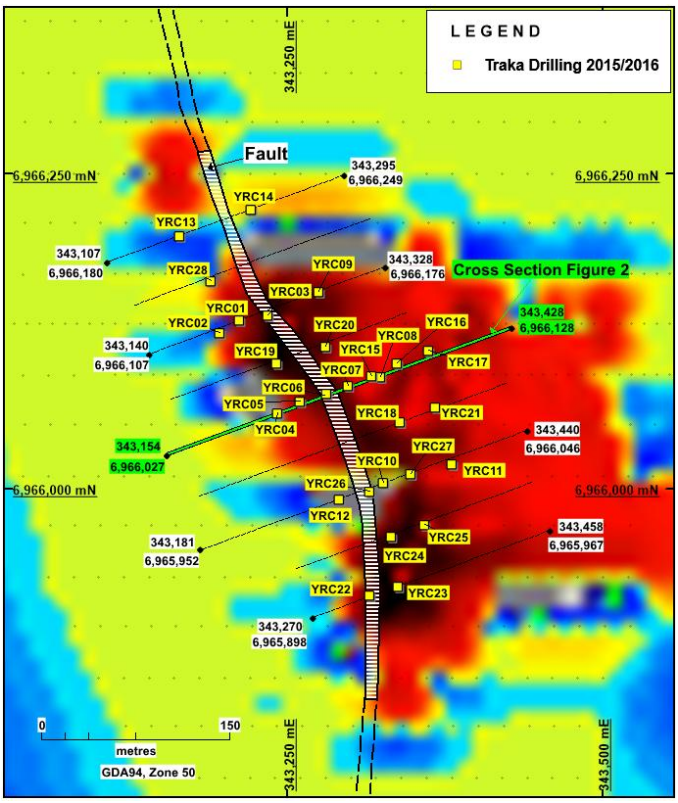

Figure 1. Yallalong Antimony Project showing the Drillhole locations over an antimony soil geochemical anomaly (shown as red) and the position and extension of the mineralised fault.

Despite the high grade drilling results on the Discovery Target it appears that this target alone has limited tonnage potential. Further evaluation will be undertaken but in any event the work to date is seen as a positive indicator and encouragement for other opportunities in the rest of the large Yallalong Project tenement area.

At the Discovery Target all the drillhole intersections occur within and/or near a gently dipping unconformity contact of sedimentary rocks with a mafic body and a steeply dipping fault (Figure 2). The fault and mineralisation tested strikes over a 300 metre long zone and is then difficult to trace without further drilling. The source and controls of the mineralisation are not fully understood but appear to relate to a splay-fault linked to the very large north trending Darling Fault Zone which extends along the entire 40 kilometre strike extent of the joint venture tenements (Figure 3).

The geological setting and antimony mineralisation is consistent with that found in mesothermal style antimony resources which characterise the bulk of the world's antimony deposits. Mineralised fluids have passed through and precipitated in fault conduits and/or deposited in favoured stratigraphic horizons or unconformable contacts. A good analogy to the Yallalong setting is that seen in the famous Antimony Line in South Africa.

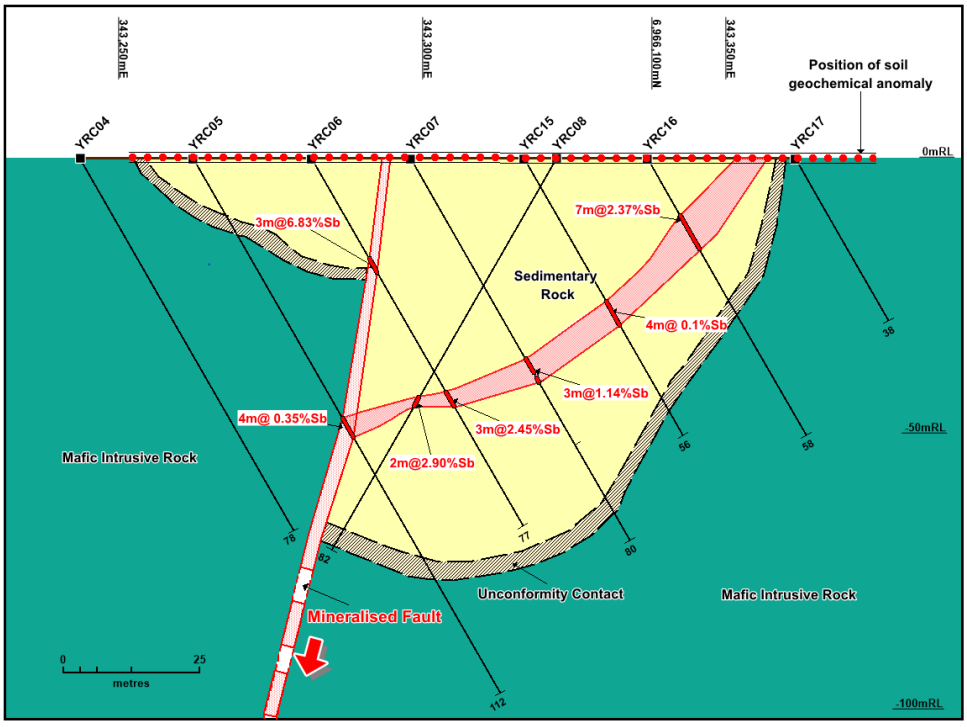

Figure 2. Schematic cross-section through the centre of the drilled area showing mineralisation in the fault zone and parallel to the mafic and sedimentary rock contact.

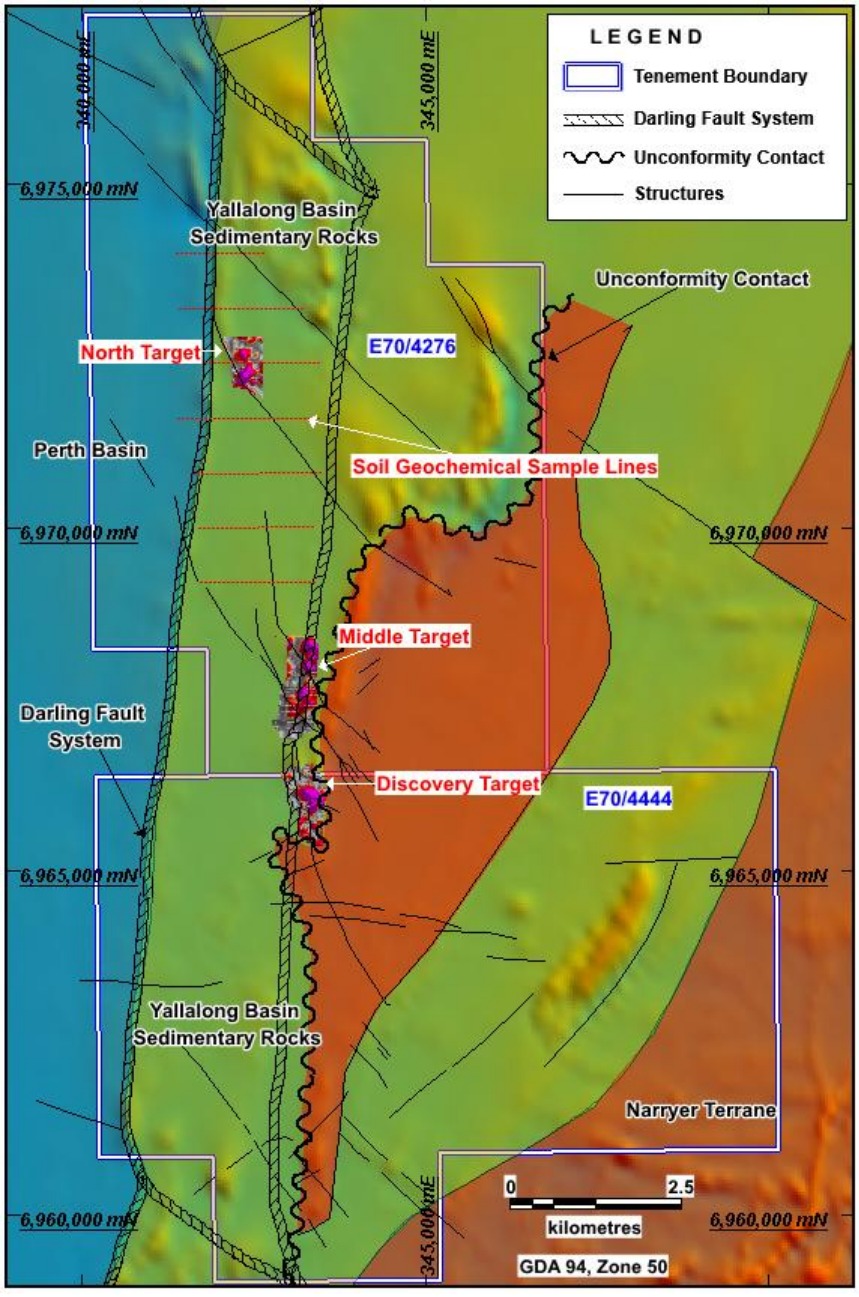

Figure 3. Aeromagnetic image showing the position of the Discovery, Middle and North Targets with respect to the Darling Fault System and unconformity contact.

The Antimony Line is a major structure extending over 50 kilometres that hosts a number of antimony orebodies. These orebodies occur as relatively small and discontinuous bodies in hydrothermal quartz veins and zones of structural deformation.

At Yallalong soil and rock-chip sampling north of the Discovery Target have already provided encouraging evidence of other centres of antimony mineralisation (2). The Middle and North Target areas have had additional infill soil and rock-chip sampling with encouraging signs of being new centres for drilling. The Middle Target is approximately 1 kilometre long and best defined in soil geochemistry by antimony ("Sb") and the associated pathfinder element lead ("Pb"). A number of high grade rock-chip samples (peak 1160ppm Sb) in quartz veins with visible antimony oxide minerals have been collected (Figure 4)

The North Target (Figure 5) is a 500 metre long soil geochemical anomaly also with high grade rock chip samples (peak value 5140ppm Sb). The Middle and North targets still need to be fully evaluated, particularly with respect to geological controls and structure, but show clear signs of further centres of antimony mineralisation.

A follow up program of geochemical, geological and geophysical work will now recommence ahead of further drilling. The prospective unconformity contact will be further investigated and magnetic surveys used to better define the structural controls to mineralisation. Some of the targets are likely to be obscured by regolith and are not amenable to surface geochemical sampling. Other targets, like that in the area already drilled, require deeper drilling to test the down-dip extension of mineralisation on the fault.

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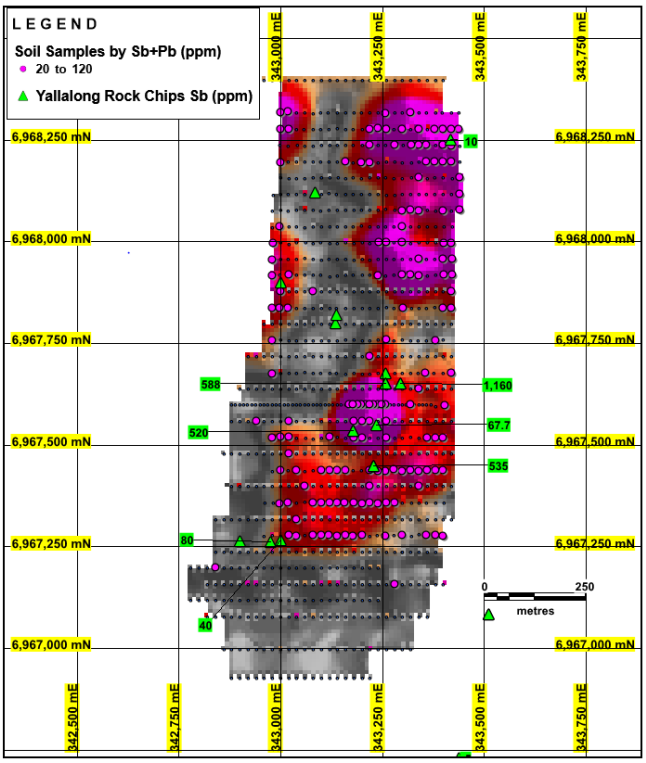

Figure 4. Middle Target showing anomalous Sb and Pb soil geochemistry (red and purple colours) plus the position and grade of rock. Assays are by handheld XFR with laboratory assays as check on accuracy.

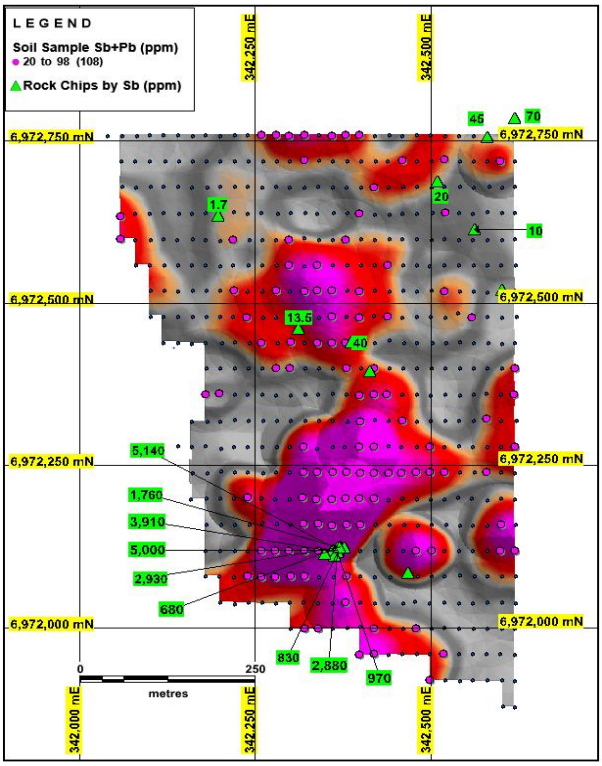

Figure 5. North Target showing the anomalous Sb and Pb soil Geochemistry (red and purple colours) plus the position and grade of rock-chips. Assays are by handheld XFR with laboratory assays as check on accuracy.

To reflect the early exploration nature of further work at Yallalong the Company has sought and secured new joint venture entry terms. These new terms provide more time and reduce the commitments (3).

The key terms are now:

1. Upon payment of $50,000 cash and the issue of $50,000 worth of Traka shares to the Yallalong Syndicate plus the minimum expenditure commitment of $250,000 by August 2019, Traka will earn 51% of the project.

2. Upon Traka earning 51%, Traka may withdraw with no retained interest or elect to earn an additional 29% by the additional expenditure of $1 million by May 2022.

3. Upon Traka electing to earn an additional 29% equity the Syndicate can elect to sell its remaining 49% equity to Traka for 15 million Traka shares. In this eventuality Traka would have 100% equity in the project and the joint venture would be dissolved.

4. Should Traka earn its 80% equity with the Syndicate electing not to sell out of the joint venture, the Syndicate can elect to continue to expend pro-rata to its 20% equity, or dilute to 10% by having Traka contribute the next $2.5 million of expenditure.

5. 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 Return Royalty.

Patrick Verbeek
Managing Director

(1) Traka ASX Company Announcement 15 January 2016
(2) Traka Quarterly Activities Report Period ended 31December 2015
(3) Traka ASX Company Announcement 13 July 2015

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.

Why look for Antimony?

A viable deposit in today's economy is in the order of 20 to 30 thousand tonnes of contained antimony metal at grades of greater than 2.5% Sb (Antimony). A deposit this size has a very small surface footprint measured in hundreds of metres and does not resemble the size of gold or base metal type deposits we are now more generally used to seeing. The Yallalong Project is showing good prospectivity for this type of deposit but because of regolith cover, deep weathering of the rock and faulting can be difficult to discover and define.

Antimony metal is currently trading in the range of US$5,900 to US$6,400 per tonne, versus copper at about US$4,800 per tonne, and nickel at about US$8,700 per tonne. Medium to long term forecasts for antimony indicate both increasing demand and price as traditional sources and control of the market by the Chinese decline. World demand increases at a compound rate of 4% per annum. A source of antimony from a stable non-Chinese source is in high demand even in the current period of relatively subdued metal prices.

The traditional Chinese sources for antimony have steadily diminished and there has now been a protracted period of under-investment in the industry. This scenario will continue to put significant upward price pressure on this commodity. Antimony as a commodity is as scarce in nature as the Rare Earths but has long been a vital commodity with a long established and essential integrated component to many of the world's existing industry.

Antimony trioxide (PTO) remains the main product from mining antimony (70%) and is an essential ingredient as a fire retardant additive for many electronics, plastics, fabrics and building materials. Antimony as a hardener for lead acid batteries (19%) remains the main use as a metal with 9% used in glass manufacture. More recent high technology uses of antimony are being experimented with for use in memory devices and new generation liquid batteries.

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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. • RC drill samples are at 1 metre intervals down hole. Each sample is separately bagged and representative splits taken from each sample analysis. The whole sample is retained all assay and checks have been completed.
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.	• Bureau Veritas and LabWest Minerals Analysis was used for assays of rock-chip, soil and drillhole samples. 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 provide assay results. High grade oxide samples are subsequently re-assayed by Fusion Method and ICP.MS method and shown to provide more accurate 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. • RC samples are representative splits and initially screened by hand held XRF before submission of the sample to the laboratory. A comparison of the XRF and laboratory

Criteria	JORC Code explanation	Commentary
		data is routinely made. • 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 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 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. .
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.

Criteria	JORC Code explanation	Commentary
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 EL70/444, 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.
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.

Criteria	JORC Code explanation	Commentary
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 information is not commercially sensitive.	• Future work will include systematic soil geochemical sampling and drilling of the mineralised quartz discovery. • Refer to the Figures in the body of report