



TRAKA RESOURCES LIMITED

ABN 63 103 323 173

Quarterly Activities Report for the three months ended 30 June 2012

SUMMARY

- Discussions with third parties are continuing, to enable funding and acceleration of exploration activity in the Musgrave Project.
 - Anglo American has completed large scale Spectrem surveys which have highlighted new targets.
 - Negotiations are taking place for the sale of non-core tenements in the Ravensthorpe Project.
 - A non-renounceable Rights Issue with the aim of raising working capital was announced today.
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EXPLORATION

The Musgrave Project

Traka Resources Ltd (“Traka”) has a dominant position in the West Musgraves with interests in 30 exploration licences extending over 9,800 square kilometres (Figure 1). This portfolio comprises a mixture of granted and priority licences applications and interests in 5 joint ventures (Figure 2). Traka is the Manager and has, or is entitled to, majority equity in 4 of these joint ventures i.e. the Polaris, Rubicon, Amex and Sammy Joint Ventures. The 5th joint venture is with Anglo American Exploration (Australia) Pty Ltd (“AAE”) and in this case, AAE are the Managers and have the rights to earn majority equity.



Figure 1. Musgrave Project location plan

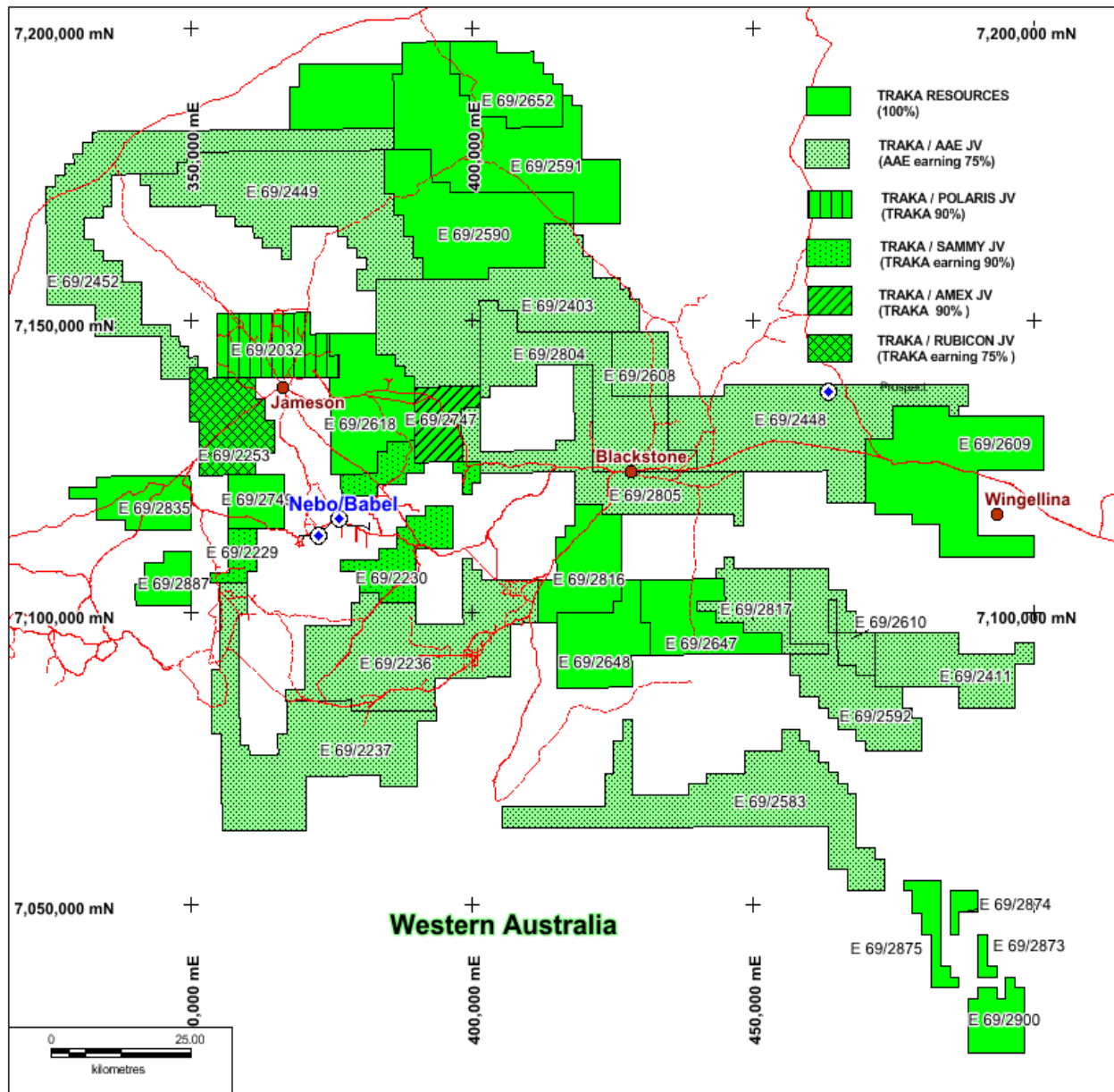


Figure 2. Musgrave Project location plan showing equity holding and tenement locations

A separate summary of exploration activity undertaken by AAE and Traka is provided in the following text:

The Musgrave Project - Anglo American (Australia) Pty Ltd Managed
(AAE earning up to 75%)

AAE's joint venture with Traka currently includes 13 exploration licences covering approximately 4,700 square kilometres.

Spectrem:

A Spectrem airborne electromagnetic survey ("Spectrem") was completed over Blocks 9 and 10 in April 2012 (Figure 3). One strong high priority conductor was highlighted by this survey and it has been interpreted to represent a steeply dipping sulphide body. Priority is being given to gaining land access to this anomaly. In the meantime, the Spectrem survey is scheduled to start in early August at the Block 12 location.

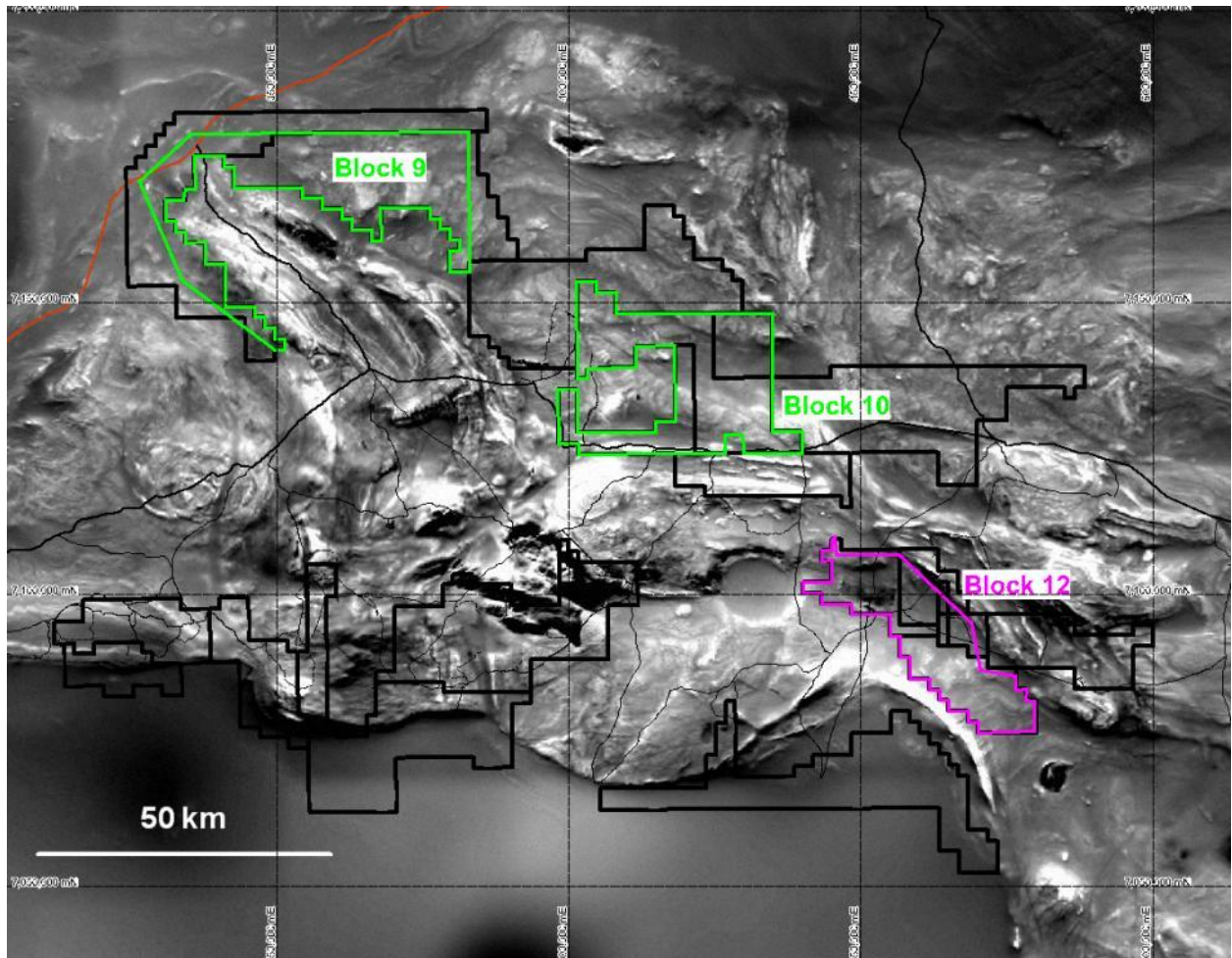


Figure 3. Location of Spectrem survey in Block 9, 10 and 12 within the Musgrave Project

Periscope Prospect – drilling and SQUID EM survey:

A single diamond drill hole on the Periscope Prospect and a SQUID EM survey on the Periscope and Blyth 1 Prospects was completed but no significant mineralisation or EM conductors were encountered that would lead to further exploration activity in these areas (Figure 4).

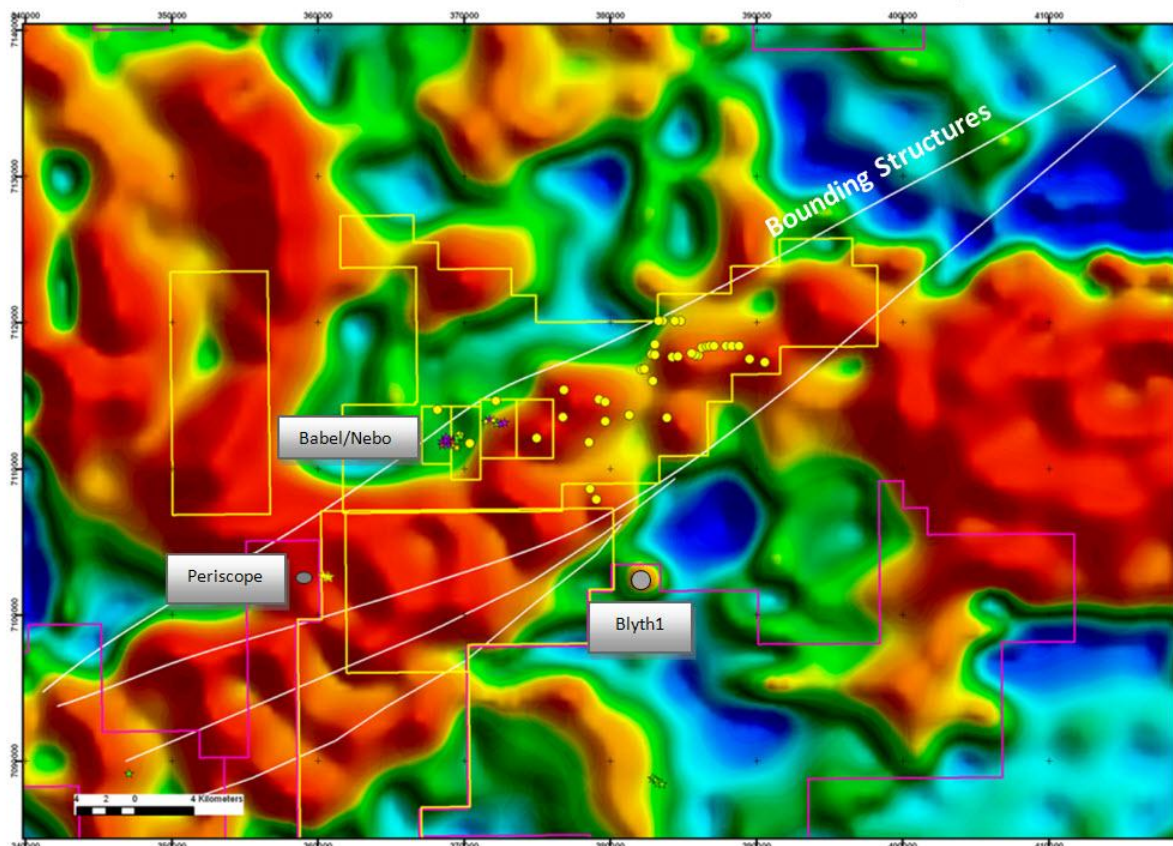


Figure 4. A gravity image showing the north-east trending gravity ridge, the bounding structures (white lines) and the position of Babel-Nebo, Periscope and some of BHP Billiton's exploration drilling positions (yellow dots).

Skirmish Hill Prospect:

A 10 hole Reverse Circulation ("RC") drill program is due to commence next month on the Skirmish Hill Prospect in tenement E69/2583 (Figure 5). Heritage surveys and drill site preparation has been completed for the program.

An auger regolith geochemistry program across the tenement in 2011 identified two multi-element Ni, Cu and PGE anomalies. The eastern geochemical anomaly is coincident with a strong magnetic and gravity feature known to be a mafic intrusion that may host nickel sulphide mineralisation. Rock chips collected from the base of one auger hole were identified as being a cumulate gabbro. The western geochemical anomaly is coincident with a strong magnetic feature but lacks a coincident gravity anomaly. The lack of a gravity anomaly is likely because none of the gravity survey stations were positioned close to the magnetic feature of interest.

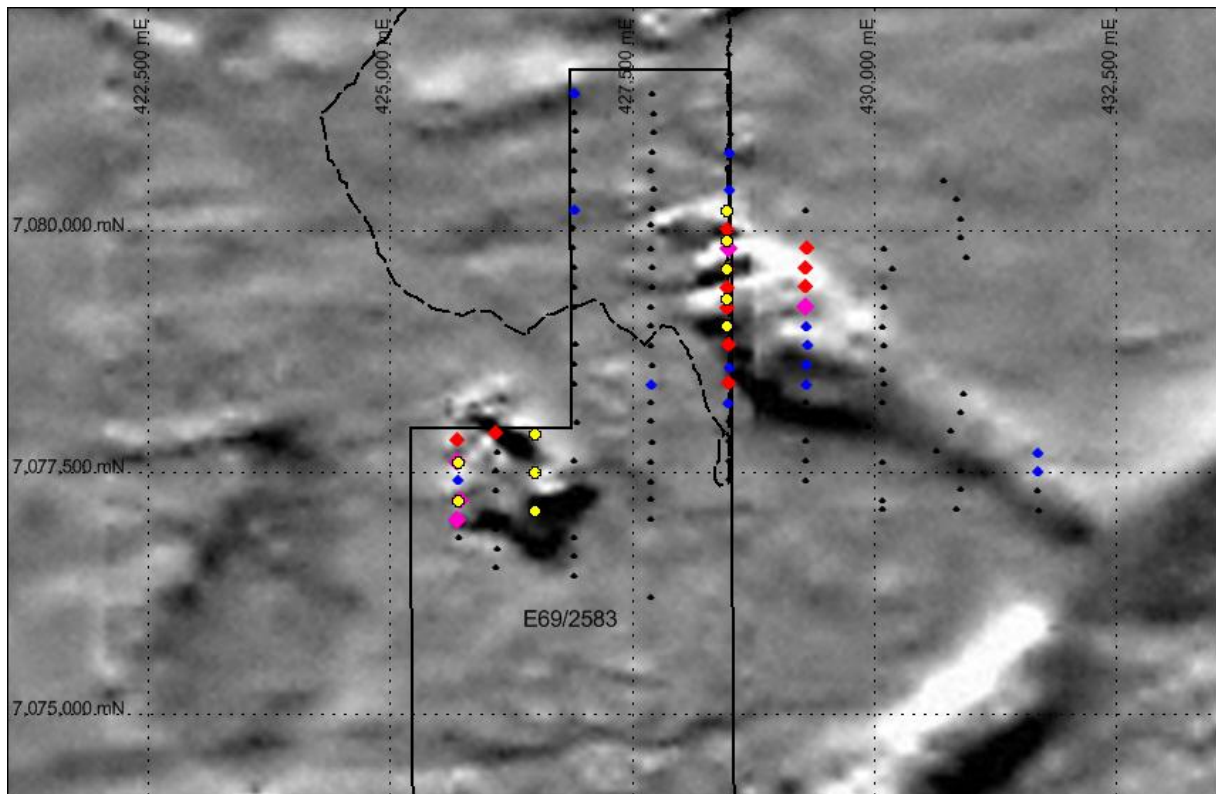


Figure 5. The Skirmish Hill area showing the coincident anomalous Ni-Cu-PGE auger samples (coloured triangles) with aeromagnetics features and the position of the proposed RC holes.

Geochemistry:

An auger regolith sampling program comprising 1800 samples has commenced on exploration licences EL69/2403 and EL69/2448. The sampling program aims to test the ground for mineralisation associated with disseminated sulphide style of systems in shear zones and associated with discrete magnetic and gravity anomalies. These styles of mineralisation are not readily detected by the Spectrem survey that recently covered the same area.

Tenement Relinquishments:

AAE have notified the company that Exploration Licences EL69/2236 is to be excluded from the joint venture and will be returned wholly to Traka. Exploration activity on this tenement has not returned targets of sufficient merit to maintain AAE's interests while other areas are yet to be explored.

The Musgrave Project - Traka Managed

The status of the Musgrave Project under Traka's management is provided below.

Jameson Area:

A petrological report for twenty-six rock samples from diamond drillhole TMD002 drilled into the Jameson and TMR targets last year has recently been received (Figure 6).

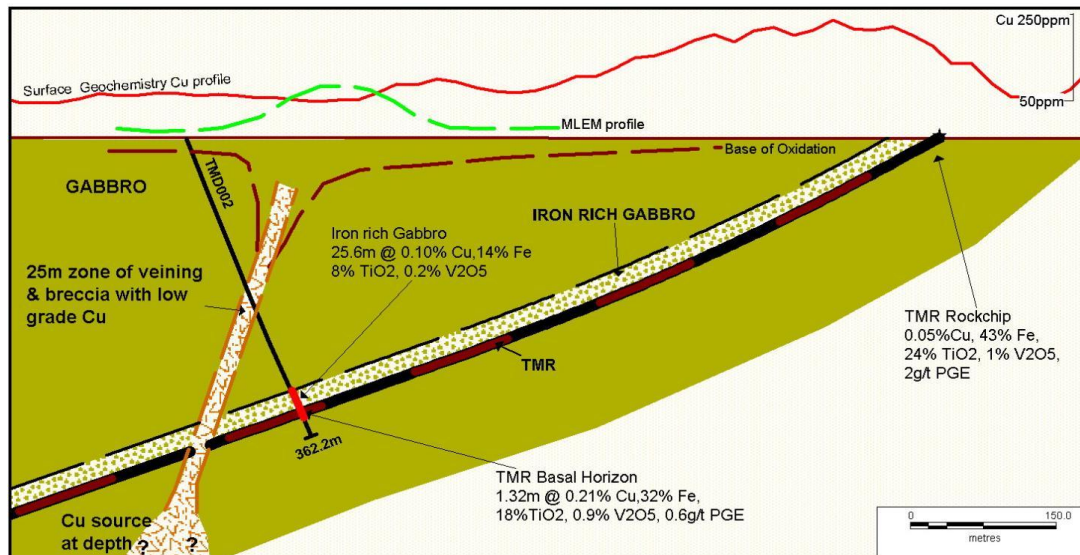


Figure 6. Drillhole TMD002 testing the Jameson and TMR targets

The report has confirmed the presence of low amounts of disseminated copper and nickel sulphides comprising bornite, chalcopyrite and pentlandite in the rock sequence above the TMR horizon. The association of the Platinum Group Elements (“PGE”) with the magnetite rich TMR horizon is also confirmed. The results for a Micro Laser Ablation study to identify the specific nature and location of the PGE within the TMR is awaited.

The possibility of large scale resources with multi-commodity potential (Copper, Titanium, Vanadium, PGE and Iron) plus the early encouragement of good grades justifies the continued evaluation of this prospect (Figure 7). Key mineralogical and petrographic work is currently being evaluated and when complete, will provide guidelines as to the best ongoing exploration strategy.

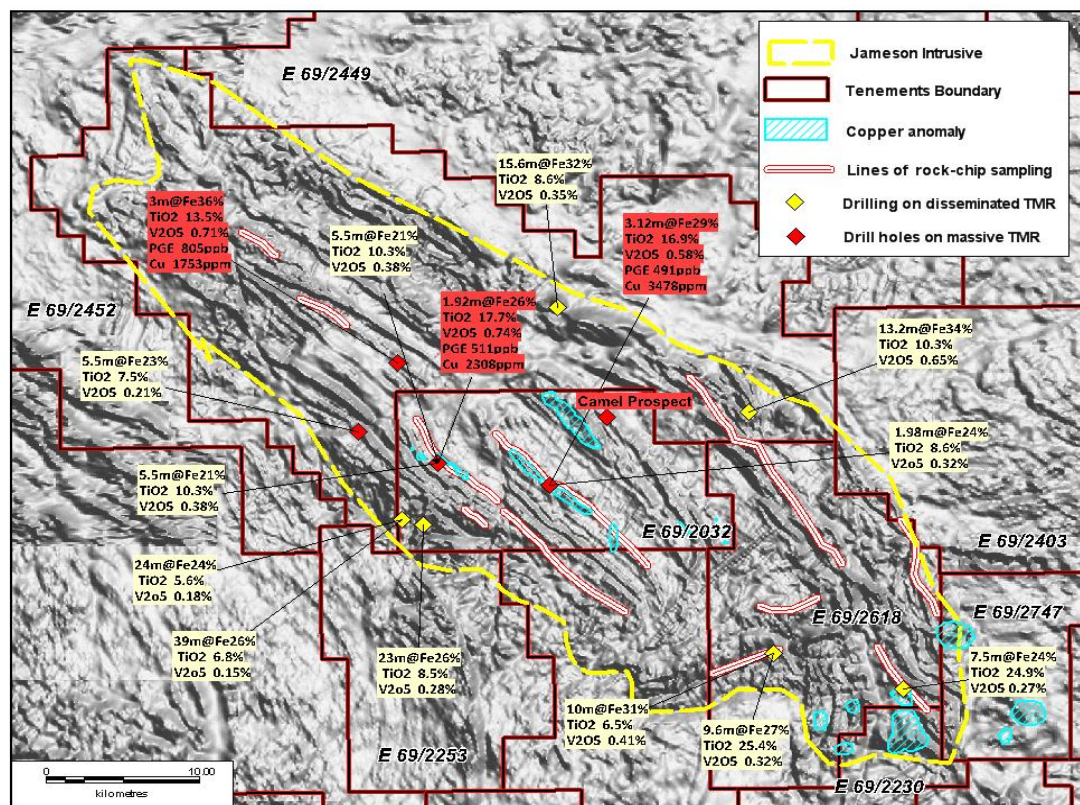


Figure 7. The layered Jameson Intrusive showing the location of the copper geochemical Anomalies and summary of rock chip and drillhole data.

The Camel Prospect:

Petrological studies and whole rock geochemistry data is awaited for samples taken from drillhole TMD001 on the Camel Prospect (Figure 8). Receipt of this data will assist in determining a geological model for the extensive low grade copper mineralisation previously drilled in this location. The Camel Prospect is unusual in that it does not appear to have any direct association with TMR hosted mineralisation despite its location within the layered Jameson Intrusive. The possibility for the presence of feeder zone or of separate later phase intrusive into the layered Jameson Intrusive is a very positive feature and therefore merits ongoing evaluation of this target.

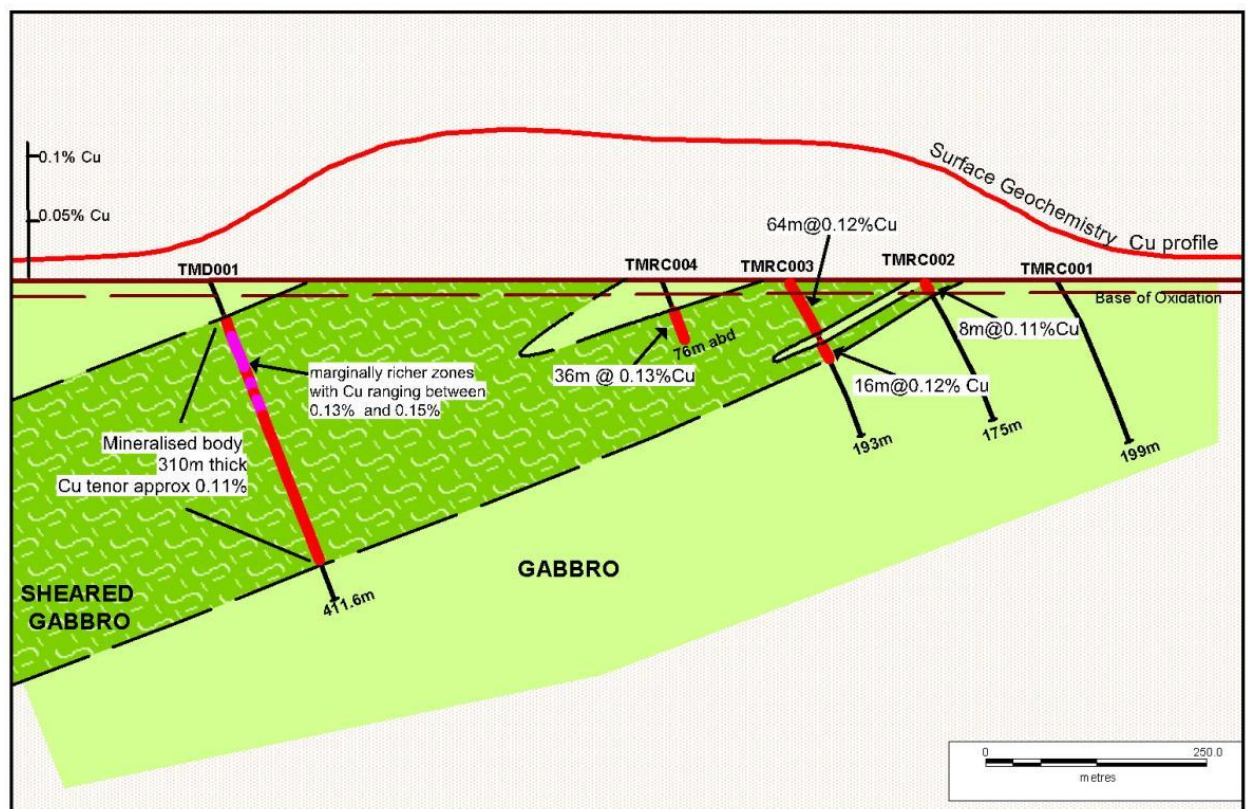


Figure 8. Cross section of the Camel Prospect showing the wide zone of copper mineralisation

The Caesar Hill Project:

(Traka Earning 75%)

The Caesar Hill Project (Exploration Licence EL69/2253) is a joint venture with Rubicon Resources Ltd. The licence overlies a prospective area north of the Babel-Nebo resource, owned by BHP Billiton, in a similar geological terrain. Ten priority helicopter born electromagnetic targets ("VTEM") plus a number of basemetal and PGE geochemical anomalies have been identified. Some of the VTEM and geochemical targets appear to be associated with the position of late phase Alcurra Intrusives in a similar manner to that hosting mineralisation at Babel-Nebo (Figure 9). These targets will be the initial focus of follow up exploration activity.

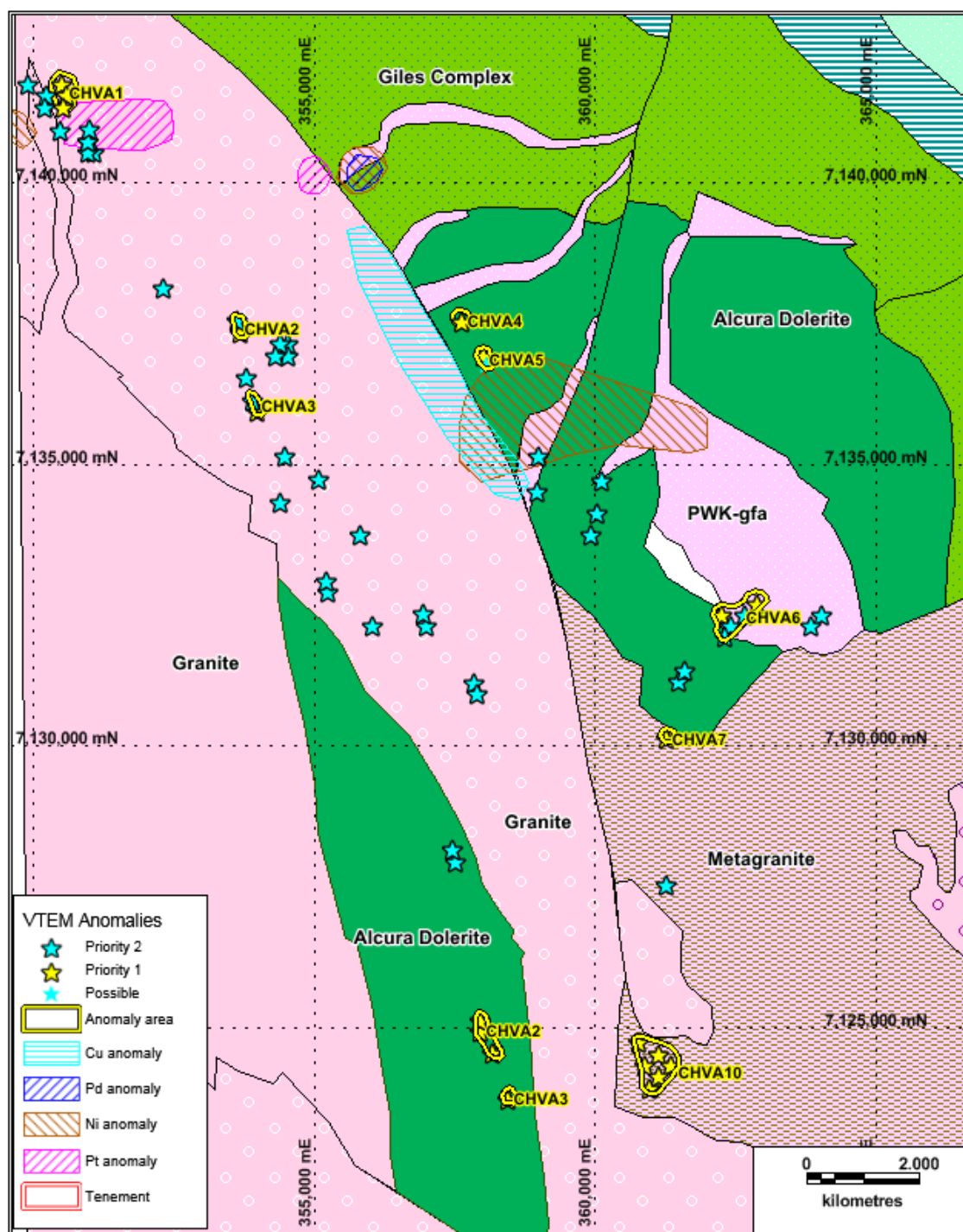


Figure 9. Geological map of the Caesar Hill Project showing the position of the VTEM and geochemical anomalies.

The Ravensthorpe Project

The Phillip River Joint Ventures:

Negotiations are currently underway for sale of the two Phillips River Ltd joint venture areas comprising a large part of the Company's holding in the Ravensthorpe Region (Figure 10). This strategy is consistent with the Company's wish to focus its resources and attention to the Musgrave Project. A previous sale of the Jerdacuttup tenements to AML Ltd is part of this divestment strategy.

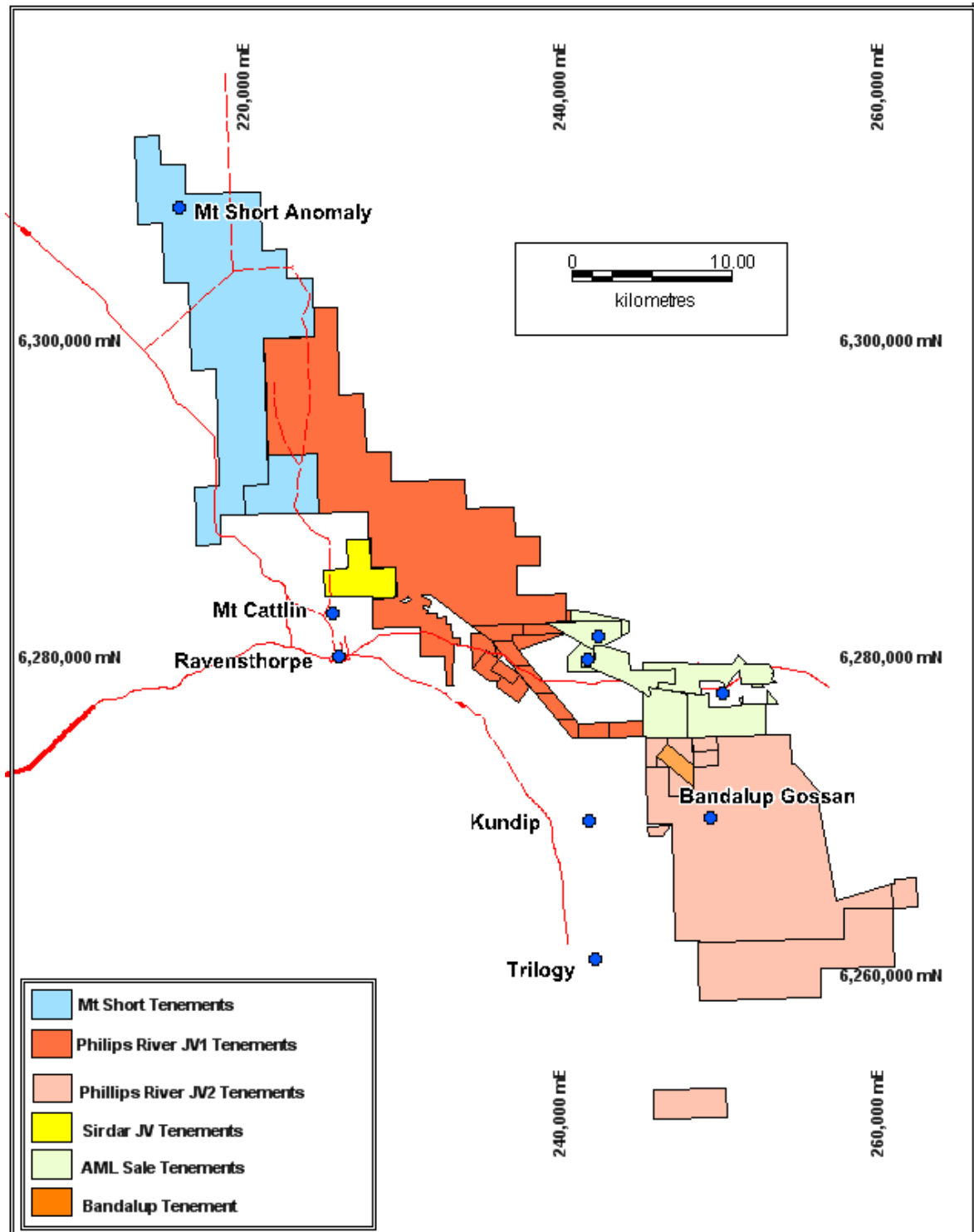


Figure 10. Location plan of the Ravensthorpe Project

The Mt Short Base Metal Prospect:

No exploration work has been undertaken on this Prospect in this Quarter period

The Sirdar Joint Venture:

(Galaxy 80%; Traka free carried)

No updated information is available for this joint venture.

Corporate

Rights Issue:

The Company announced today a Non-Renounceable Rights pro rata issue of 23,201,680 fully paid ordinary shares at a price of 4 cents each to all holders of ordinary shares in Traka Resource Ltd as at 15th August 2012 on the basis of 1 share for every 3 shares held to raise up to \$928,067 before costs. These funds will be used as working capital with the Company's focus remaining on the Musgrave Project.

Negotiations for Sale of Phillips River Joint Ventures:

Negotiations are underway for the sale of the Company's interests in the two Phillips River Resources Ltd Joint Ventures. The plans to sell these interests are a deliberate non-core divestment strategy to allow concentration of cash and resources for the Musgrave Project.

Musgrave Project:

A number of strategies including joint ventures and strategic alliances continue to be sought for the Musgrave Project. A successful conclusion to this initiative is planned to provide the additional bulk of funding necessary to further advance this project. The very considerable momentum already underway through our own efforts and that of our major joint venture partner Anglo America is behind the unprecedented level of exploration activity currently taking place. Traka is well positioned to benefit from any success in this activity but the scale of the project and area still to be covered is still very substantial. Additional support to take full advantage of Traka's commanding presence is an obvious exploration objective that we are in a position to put in place.

Mr Patrick Verbeek
Managing Director

31 July 2012

JORC Compliance Statement

The information in this report that relates to exploration results is based on information compiled by Mr P A Verbeek, the Managing Director of Traka Resources Limited. Mr Verbeek is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 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 they appear.

Appendix 5B

Mining 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

Name of entity

TRAKA RESOURCES LIMITED

ABN

63 103 323 173

Quarter ended ("current quarter")

30 June 2012

Consolidated Statement of Cash Flows

Cash Flows Related to Operating Activities	Current Quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) Exploration & evaluation	(79)	(1,018)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(166)	(629)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	26
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) Receipt	4	29
Payment	-	-
Net Operating Cash Flows	(240)	(1,592)
Cash Flows Related to Investing Activities		
1.8 Payment for purchases of: (a) Prospects	-	-
(b) Equity investments	-	-
(c) Other fixed assets	-	(5)
1.9 Proceeds from sale of: (a) Prospects	-	-
(b) Equity investments	-	-
(c) Other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material) Receipt	-	-
Payment	-	-
Net Investing Cash Flows	-	(5)
1.13 Total operating and investing cash flows (carried forward)	(240)	(1,597)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(240)	(1,597)
Cash Flows Related to Financing Activities			
1.14	Proceeds from issues of shares, options, etc.	-	98
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	150	150
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net Financing Cash Flows	150	248
Net Increase (Decrease) in Cash Held		(90)	(1,349)
1.20	Cash at beginning of quarter/year to date	151	1,410
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at End of Quarter	61	61

Payments to Directors of the Entity and Associates of the Directors
Payments to Related Entities of the Entity and Associates of the Related Entities

		Current Quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	79
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.16 Draw down on short term working capital facility – refer also 3.1
4. The Company has announced a pro-rata share issue to raise additional working capital.

Non-Cash Financing and Investing Activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing Facilities Available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	200	150
3.2 Credit standby arrangements	-	-

Estimated Cash Outflows for Next Quarter

	\$A'000
4.1 Exploration and evaluation	152
4.2 Development	-
4.3 Production	-
4.4 Administration	146
Total	298

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	61	151
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Term Deposit	-	-
5.5 Other (detail)	-	-
Total Cash at End of Quarter (item 1.22)	61	151

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed		No change		
6.2 Interests in mining tenements acquired or increased		No change		

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺ securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	69,605,049	69,605,049		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,650,000 1,100,000		<i>Exercise price</i> 21.250 cents 20.625 cents	<i>Expiry date</i> 17 November 2013 15 November 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	150,000		25 cents	5 April 2012
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Peter Rutledge
Company secretary

Date: 31 July 2012

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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