



TRAKA RESOURCES LIMITED

ABN 63 103 323 173

Quarterly Activities Report for the three months ended 30 June 2010

HIGHLIGHTS

Corporate

- Successful entitlement issue raises \$2.1million
- The Company has received an entitlement to a \$150,000 drilling grant
- Option to acquire a 90% interest in exploration licence E69/2032 within the Traka managed Musgrave Project exercised

Musgrave Project Joint Venture with Anglo American

- Spectrem EM has 7 targets for follow up exploration work
- Drilling programs on the Navigator Target as well as other new targets have recently commenced

Musgrave Project - Traka Managed

- Three very encouraging copper, nickel and precious metal prospects have been highlighted on exploration licence E69/2032 and detailed follow up EM and geochemical surveys are underway ahead of planned drilling programs

The Ravensthorpe Project

- RC drilling of the Mt Short Lead anomaly highlighted the presence of a large enriched lead, zinc and copper zone and follow up work is now being planned

CORPORATE

Entitlement Issue

The company's recent rights issue closed with acceptances and shortfall applications resulting in the issue of 14,131,945 new shares raising \$2,119,792 before costs. Take up of the issue was approximately 63%. Directors have the right, in accordance with Clause 6.7 of the Prospectus, to place all or part of the 8,259,156 remaining shortfall shares within six months of the close of offer - that is by 28 October 2010.

Exercise of Option - Polaris Metals NL Musgrave Project

An Option to acquire 90% Equity in the Polaris Metals NL ("Polaris") exploration licence E69/2032 in the Musgrave Project was exercised after the end of the quarter. The parties will shortly negotiate a formal Joint Venture Agreement covering their interests in the Licence. Polaris 10% equity in the joint venture is Free Carried until such time as a Feasibility Study has been completed.

EIS Co-funded drilling grant

The Company has been successful in receiving a \$150,000 grant from the Royalties for Regions Exploration Incentive Scheme. This grant can be drawn upon to fund 50% of direct drilling costs for a program of drilling on the Ravensthorpe Nickel Project.

EXPLORATION

The Musgrave Project in Joint Venture with Anglo American

(Anglo American earning up to 75%)

Anglo American (Australia) Pty Ltd ("AAE") has steadily advanced geological, geochemical and geophysical programs on the joint venture tenements and has recently started drilling a number of targets. AAE are encouraged by the exploration results generated to date and continue to expand their activities as quickly as possible. A summary description of the exploration program follows.

RC Drilling

A Reverse Circulation ("RC") drilling program of about 5,000 metres commenced last week. The drilling program will firstly test the Navigator Prospect and then three other targets.

The Navigator Prospect is a substantial 8 kilometres long copper ("Cu"), nickel ("Ni") and Platinum Group Element ("PGE") anomaly within mafic and ultramafic rocks of the Giles Complex. A number of coincident Induced Polarisation ("IP") and Electromagnetic ("EM") targets within the geochemical anomaly will be the targets of the first drill holes in this program (Figure 1). The geological setting and the association of anomalous elements and geophysical responses indicates that the Navigator Prospect may be attributed to the presence of disseminated sulphides. Should this prove to be the case Navigator would share some of the geological characteristics of the Babel and Nebo resource owned by BHP Billiton (393 million tonnes @ 0.3% Ni, 0.3% Cu and 0.18g/t PGE) located 5 kilometres to the west. The existing footprint of the Navigator Prospect is very substantial and is larger than that existing for Babel and Nebo at this relatively early stage of exploration.

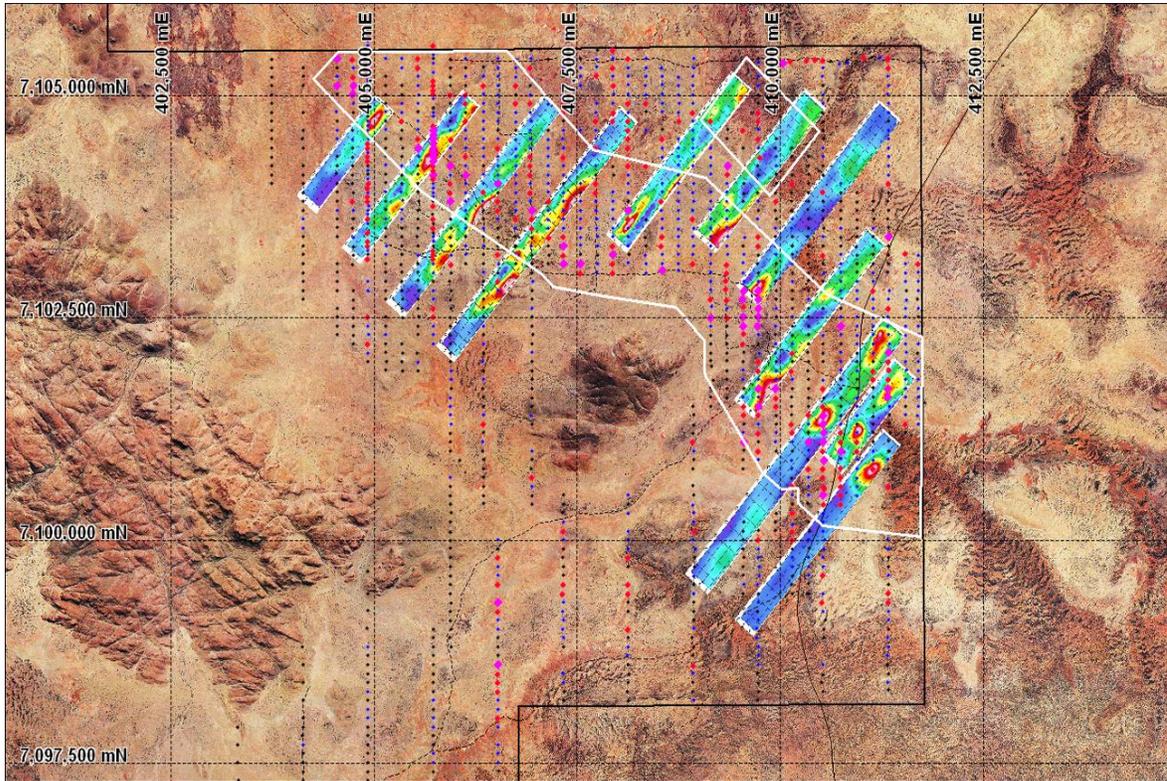


Figure 1: An aerial photograph showing *Stacked IP sections with peak zones of anomalism (red colours) plotted over gridded peak coincident copper, nickel and platinum geochemical anomalism (red and magenta dots)*

Outside of the drilling at Navigator but within the same exploration licence two other prospects called Oberon and Hope are to be drill tested. These prospects were identified by the airborne EM Spectrem survey completed earlier in the year (Figure 2). Oberon has a coincident copper, nickel and PGE anomaly associated with the Spectrem anomaly. Otherwise these are discrete targets prospective for copper, nickel and PGE mineralisation associated with intrusives of the Giles Complex.

The fourth target to be drilled in the current drill program is a prospect called Roquefort. The Roquefort Prospect is a strong silver ("Ag") geochemical anomaly with associated gold ("Au") and tellurium ("Te") extending over 1.1 kilometres. Peak geochemical anomalism at Roquefort is 4,464 ppb Ag ("parts per billion"), 16.6 ppb Au and 290 ppb Te. This association and strength of anomalous elements has not been reported in the Musgrave region before so it is difficult to gauge their significance, however in most geological settings this would be considered a strong anomaly.

The Spectrem Survey

The Spectrem EM survey commenced last year has been fully processed and seven targets have been highlighted for follow-up exploration work (Figure 2). These targets are associated with magnetic features that indicate an association with the mafic and ultramafic rocks that form the host rock for the copper, nickel and PGE mineralisation which constitute our primary exploration target. Four of the seven Spectrem targets are currently being evaluated while the other three occur in exploration licences which are currently the subject of access negotiations with the Ngaanyatjarra Council and the Traditional Aboriginal owners.

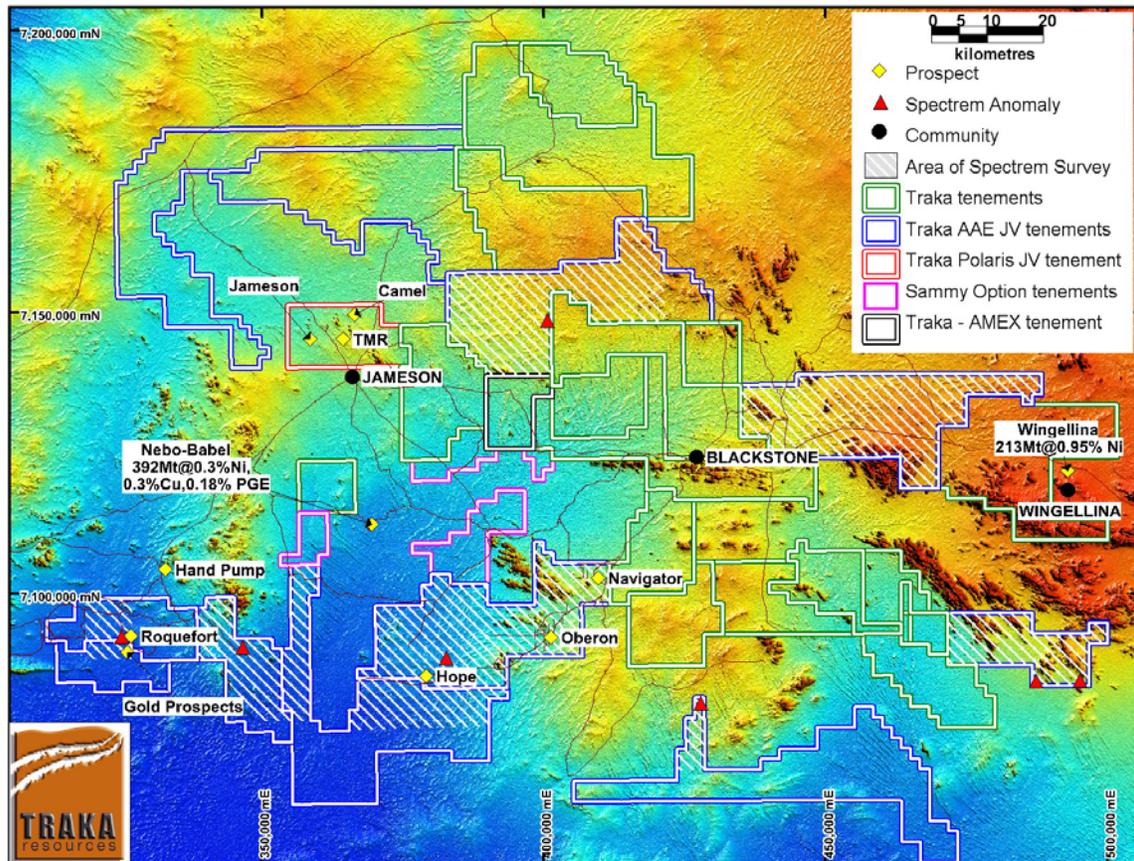


Figure 2: The Musgrave Project plan showing tenure and the Spectrem Survey location plotted over a digital terrain model

Numerous other low to medium order anomalies were detected by the Spectrem survey but the majority of these have been discounted as being associated with palaeochannel sediments and/or conductive shales. Spectrem targets that look promising are firstly tested with higher resolution and more powerful ground EM systems, geological investigations and geochemical sampling where appropriate. A number of Spectrem targets were evaluated in this manner during the quarter.

Auger Geochemical Surveys

An auger geochemical sampling program has been completed (Figure 3). The assay data from the most recent work completed is awaited. Auger sampling is carried out in the same systematic manner as previously on lines 800 metres apart with samples taken every 200 metres on line. The gaps in the sampling programs indicate the position of deep transported regolith and very hard cap rock that prevents auger samples from being taken.

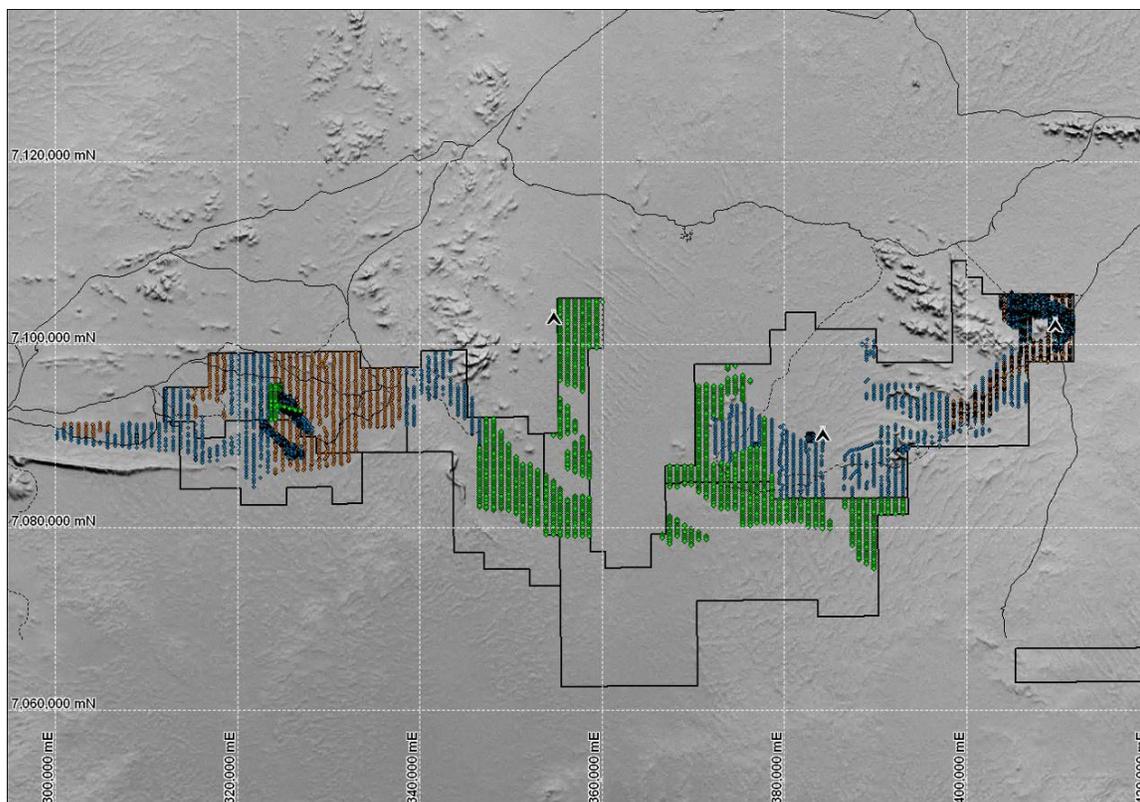


Figure 3: Auger geochemical sampling program (shown in green) with respect to previous programs

Musgrave Project - Traka managed

Exploration programs comprising geological and geochemical surveys commenced on schedule in April. Good progress has been achieved and 3,000 geochemical and rock-chip samples have been collected to date. A new discovery “the Jameson Prospect” was announced on 30 June 2010. Since this announcement encouraging newly received data along strike extension from the Jameson Prospect has defined another prospect now called the “TMR Prospect”. Furthermore, in a new location 8 kilometres to the north-east of the Jameson Prospect, another target called the “Camel Prospect” has been highlighted.

A description of the three prospects follows:

The Jameson Prospect

The Jameson Prospect (Figure 4) is a 3 kilometre long zone where an outcropping mineralised titaniferous magnetite rock horizon (“TMR”) coincides with a cluster of airborne EM targets and multi-element geochemistry. The mineralized TMR goes on to strike in a south-east direction for an additional 7 kilometres from the Jameson Prospect but this target is now separately described as the “TMR Prospect”.

In the Jameson Prospect the TMR outcrops as a 2 to 3 metre thick unit dipping at about 40 degrees to the south-east. It is strongly anomalous in the precious metals platinum (“Pt”), palladium (“Pd”) and gold (“Au”) as well as having high levels of vanadium (“V₂O₅”) and titanium (“TiO₂”). Rock-chip samples returned a combined assay grade of the precious metals between 0.66g/t and 1.84g/t (“grams per tonne”) Pt+Pd+Au. The outcropping TMR forms a distinct northern boundary to two parallel zones of multi-element geochemical anomalism overlying a layered sequence of mafic and ultramafic rocks. Auger and vacuum drilling at 100 x 100 metre spacing has highlighted parallel anomalous geochemical trends about 1 kilometre apart. They are best defined by the copper foot print. The peak copper value within these geochemical anomalies is 2,720ppm Cu where background levels are < 50ppm Cu.

Coincident with the copper anomalism are anomalous levels of nickel, 525ppm Ni, where background is < 50ppm Ni, platinum, 190ppb Pt where background is < 5ppb Pt, and gold, 47ppb Au where background is <3ppb Au.

Underneath and between the parallel zones of geochemical anomalism are a cluster of airborne EM anomalies. A ground EM survey providing higher resolution and more accurate data is currently to further investigate these EM anomalies. This program is still in progress but it is already evident that a coherent ground anomaly is present.

The coincidence of good geological, geochemical and geophysical features is very encouraging for this prospect and as a consequence a follow up drilling program is being planned as soon as environmental and heritage surveys have been completed and approved.

The TMR Prospect

As previously stated the TMR Prospect is associated with a south-east extension of the TMR rock unit away from the Jameson Prospect; firstly over a 2 kilometre distance and then over another 6 kilometre distance past a fault offset (TMR horizon moved 4 kilometres to the north). The TMR predominantly outcrops as a 1 to 3 metre unit dipping to the south but locally thickens to 50 metres, possibly as a result of folding or structural repetition. Assays on 39 rock chip samples collected along the entire length of the TMR returned peak precious metal grades for Pt+Pd+Au of 2.1g/t where the average was 1.3g/t Pt+Pd+Au. Strongly elevated vanadium and titanium grades also continue to characterize the TMR over its entire length. The average grade for vanadium is 1.18% V₂O₅ and for titanium 23.2% TiO₂. Like the Jameson Prospect a strong multi-element geochemical anomaly is located along the southern contact zone of the TMR with a suite of layered mafic and ultramafic rocks. This copper, nickel, platinum, palladium and gold geochemical anomaly is a single anomalous zone which is strong and consistent over several hundred metres width. The anomaly is best defined by the copper footprint. The peak copper value is 714ppm Cu and within this footprint the other anomalous metals have peak values of 216ppm Ni, 67ppb Au, 46ppb Pt and 38ppb Pd.

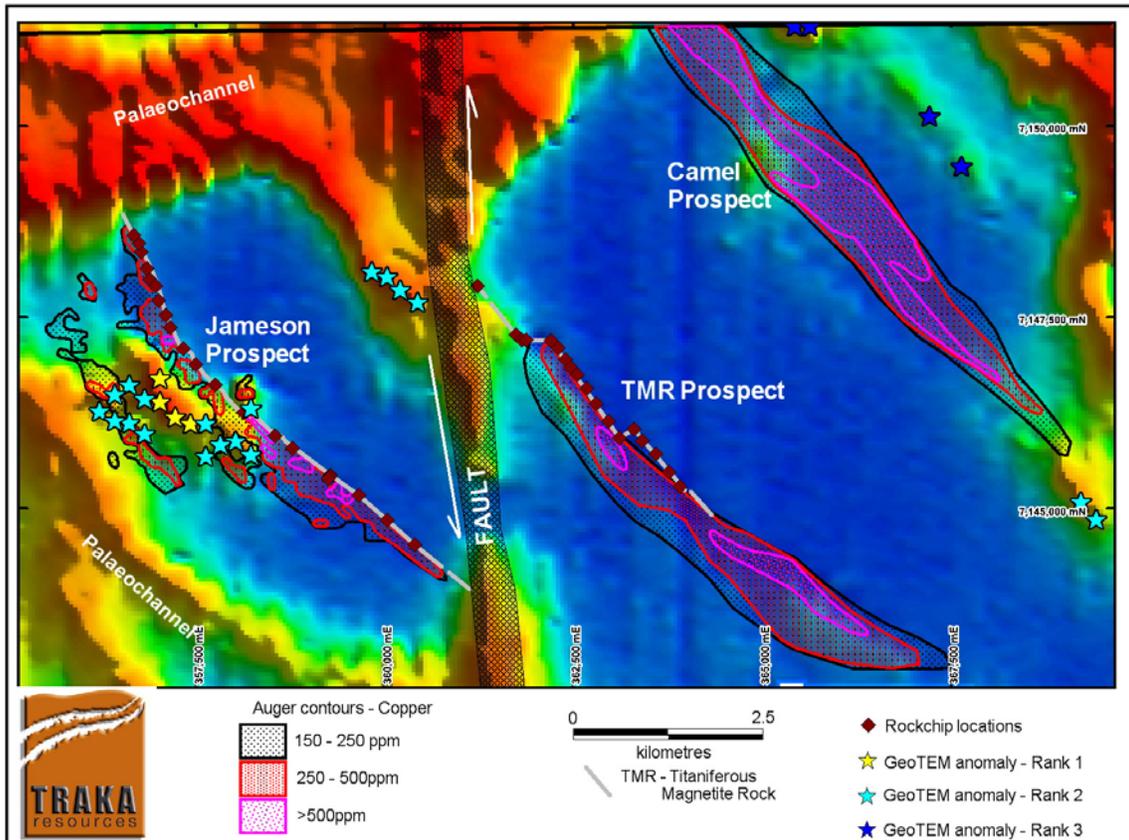


Figure 4: Prospect location plan over an airborne EM image

The Camel Prospect

This prospect is currently defined by 6 auger geochemical lines spaced 800 metres apart. Sampling on 100 metre spacing on these lines has highlighted a distinct 1 kilometre wide geochemical anomaly striking over 6 kilometre distance (Figure 4). The anomaly is entirely under regolith cover with no rock outcrop to be seen. There is limited assay data available at this point in time but it is already evident that peak copper grades ranging between 800ppm and 1,700ppm Cu characterize the core of the anomaly. Within the copper anomaly there is a coincident anomalous association of nickel, platinum, palladium and gold with peak values at this point time being 131ppm Ni, 13ppb Pt, 71ppb Pd and 77ppb Au.

Infill auger geochemical sampling and some orientation ground EM surveys are currently being undertaken on the Camel Prospect to provide more detailed information.

The Ravensthorpe Project

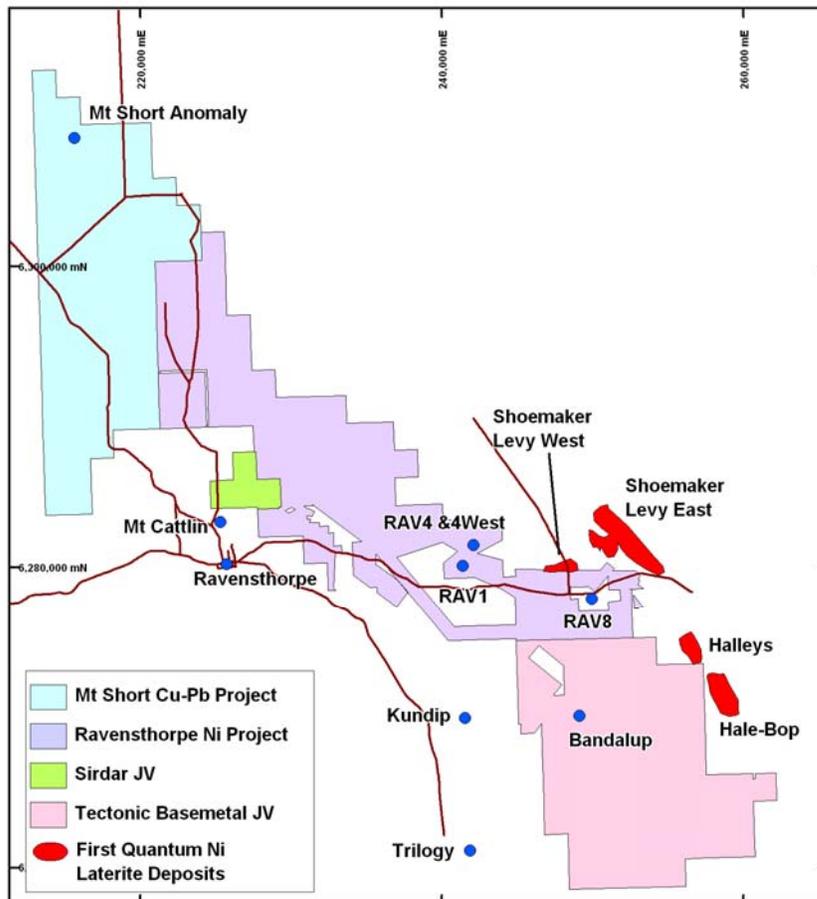


Figure 5: Location plan of the Ravensthorpe Project.

Drilling on the Mt Short Lead Anomaly

A 5 hole Reverse Circulation (“RC”) drilling program on the Mt Short Lead surface geochemical anomaly has revealed the presence of a large mineralized lead, zinc and copper supergene blanket over a mixed sequence of weathered sedimentary and volcanic rocks (Table 1). The supergene blanket occurs between 15 and 50 metres vertical depth and, as was expected, overlies a distinct linear aeromagnetic feature that extends over two kilometres distance to the north. Several other magnetic anomalies to the south indicate further potential may lie in this direction as well.

The limited extent of drilling in the fresh rock below the supergene blanket is inconclusive with respect to providing a source for the lead, zinc and copper mineralisation. Some minor shear and vein hosted mineralisation was observed which perhaps provides some explanation but it is clear that further work is required to resolve this matter. The indicated potential is sufficiently encouraging to lead to further exploration evaluation now being scheduled for the coming summer period after harvesting has been completed.

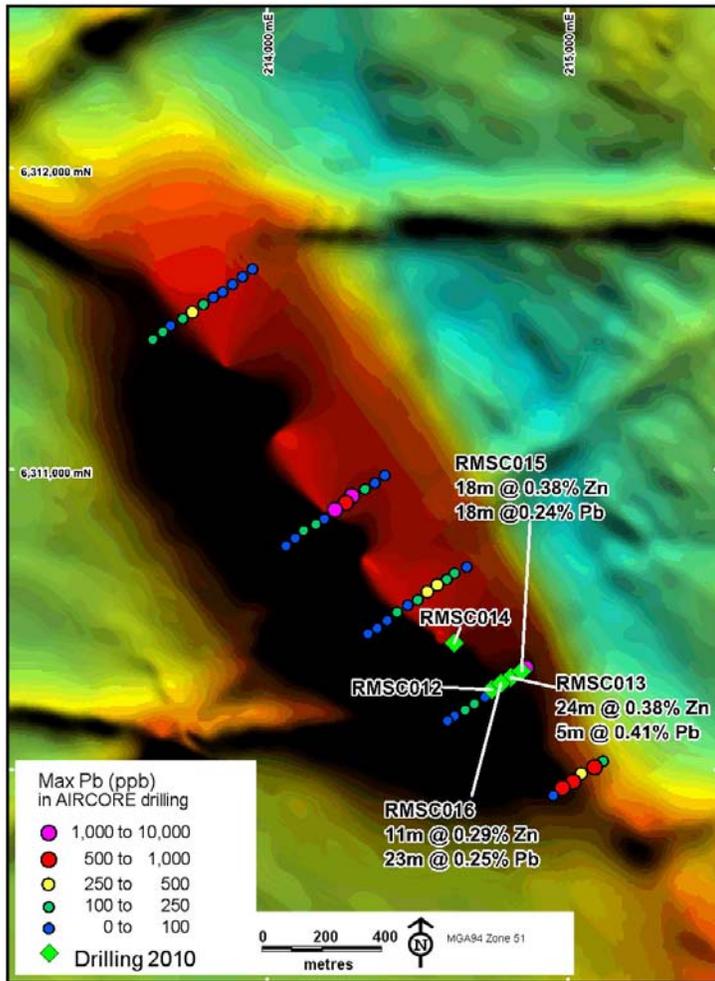


Figure 6: Mt Short Lead geochemical anomaly over an aeromagnetic image

Table 1. Summary of drilling intersections on the Mt Short Lead Anomaly

Hole	East	North	From	To	Intersection
RMSC013	773592	6310793	18 17	42 22	24m @ 0.38% Zn 5m @ 0.41% Pb
RMSC015	773630	6310811	41 33	59 51	18m @ 0.38% Zn 18m @ 0.32% Pb
RMSC016	773558	6310774	35 23	46 46	11m @ 0.29% Zn 23m @ 0.25% Pb

Co-ordinates in MGA94 Zone 50

The Sirdar Joint Venture with Galaxy Resources Ltd
(Traka Free Carried 20%)

No updated information is available for this joint venture.

Joint Venture with Tectonic Resources NL
(Tectonic earning 70%)

No updated information is available for this joint venture.

The Ravensthorpe Nickel Project

No updated information is available for this joint venture.

The Lort River Project

No further work has been completed on this project over the quarter.

Mr Patrick Verbeek
Managing Director

27 July 2010

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 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

TRAKA RESOURCES LIMITED

ABN

63 103 323 173

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (12 months) \$A'ooo
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(389)	(545)
(b) development	-	-
(c) production	-	-
(d) administration	(99)	(459)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) Security Deposit	35 (14)	109 (14)
Net Operating Cash Flows	(464)	(899)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(1)
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)	-	-
Net investing cash flows	(1)	(1)
1.13 Total operating and investing cash flows (carried forward)	(465)	(900)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(465)	(900)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,108	2,108
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	50	250
1.17	Repayment of borrowings	(250)	(250)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,908	2,108
	Net increase (decrease) in cash held	1,443	1,208
1.20	Cash at beginning of quarter/year to date	173	408
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,616	1,616

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	76
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.14 The Company's non-renounceable 1 for 2 rights issue closed on 28 April, Acceptances and shortfall applications raised a total of \$2.1 million.

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

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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

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+ See chapter 19 for defined terms.

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	
4.3 Production	
4.4 Administration	170
Total	520

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	16	98
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) Term Deposit	1,600	75
Total: cash at end of quarter (item 1.22)	1,616	173

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	E69/2618	Tenement granted	0%	100%
	E74/448	Tenement granted	0%	100%
6.2 Interests in mining tenements acquired or increased	E74/401	Interest transferred	100%	20%
	P74/309	Interest transferred	100%	20%
	P74/310	Interest transferred	100%	20%

+ See chapter 19 for defined terms.

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	58,914,147	58,914,147		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	14,131,945	14,131,945	15 cents	Fully Paid
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>			Exercise price	Expiry date
	1,000,000		20 cents	29 November 2010
	1,000,000		10 cents	10 December 2011
	1,000,000		20 cents	28 December 2011
	150,000		25 cents	6 April 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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Compliance statement

- 2 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 4).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: **Peter Rutledge**
(Company secretary)

Date: **27 July 2010**

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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+ See chapter 19 for defined terms.