Traka Resources Limited ABN 63 103 323 173

ASX Shareholders Report

Enquiries regarding this announcement and company business may be directed to:

Patrick Verbeek
Managing Director

Ground Floor
43 Ventnor Avenue
West Perth 6005
Western Australia
Tel: (+61) 8 9322 1655
Fax: (+61) 8 9322 9144

Web:
www.trakaresources.com.au

Investor enquiries:
traka@trakaresources.com.au

ASX Code: "TKL"

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The Manager Companies
Australian Securities Exchange
Level 10, 20 Bond Street
Sydney NSW 2000

Sale Agreement - 80% of a Lithium, Tantalum and Gold Project in Ravensthorpe

The Company is pleased to announce that Sale and Joint Venture Agreements have been entered into between the Company and Galaxy Resources Limited ("Galaxy") on tenements contiguous to Galaxy's newly developing Mt Cattlin Lithium Tantalum Project (Figure1). These tenements comprise a relatively small portion of the Company's holding in the Ravensthorpe area but have a similar geological setting and potential for spodumene (lithium) bearing pegmatites as found at the Mt Cattlin tenements of Galaxy. Traka's tenements also host the historic Western Group of Gold Mines and are therefore also prospective for gold.

The agreements with Galaxy provide the Company with an excellent opportunity to participate at no cost in an advanced lithium tantalum project being fast tracked by Galaxy whilst receiving a cash sum up front. The details of the Sale Agreement follow.

Terms of Sale Agreement:

The Sale Agreement with Galaxy provides Galaxy with an 80% equity in Traka's Exploration Licence EL74/401, and Prospecting Licences PL74/309 and PL74/310 under the following key terms:

- Galaxy to make a $145,000 cash payment to Traka upon execution of the Sale Agreement.
- Traka 20% joint venture equity is Free Carried to Production on any mine development based on lithium and tantalum operations on the tenements.
- Traka's 20% joint venture equity is Free Carried to completion of a Feasibility Study on gold or any other commodity that is not associated with lithium and tantalum.

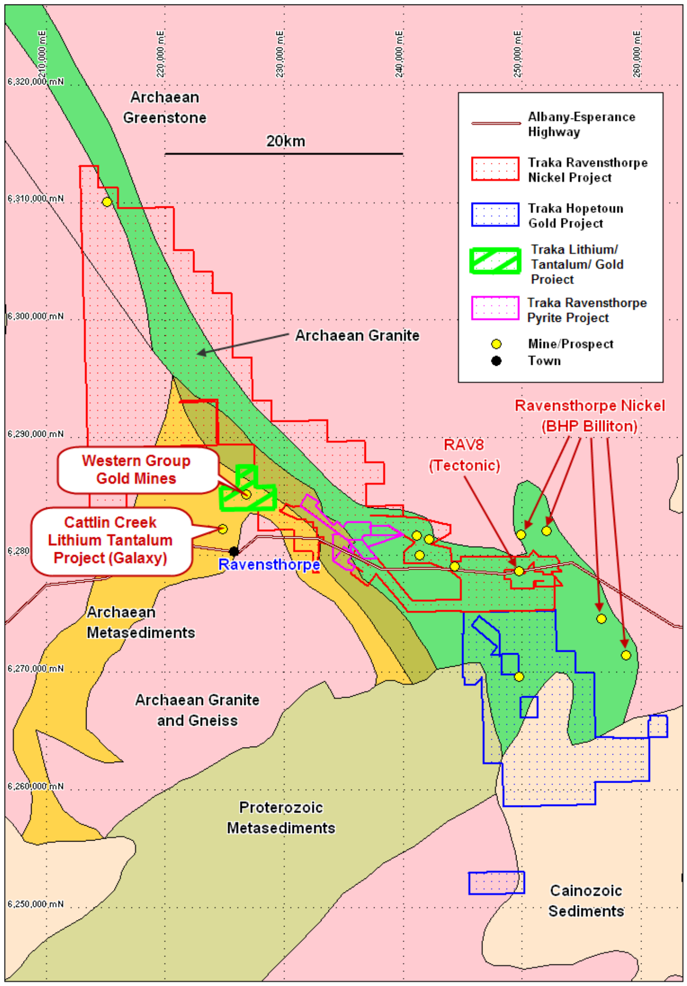

Figure 1: Project location plan

Galaxy Resources Ltd:

Galaxy has provided the following information pertaining to the Mt Cattlin Lithium Tantalum Project:

> Galaxy is an Australian mining and chemical company focusing on lithium and tantalum production. Galaxy has completed a definitive feasibility study ("DFS") which suggests the Mt Cattlin Lithium Tantalum Project is commercially viable based on a processing rate of 1 million tonnes per annum over 15 years mine life. Galaxy reported a resource of 14.4M tonnes at 1.08% Li_2O and 153ppm Ta_2O_5 (ASX release dated 27 May 2009).
>
> Galaxy is planning to commence the development of the mine and the construction of a mineral processing plant in the third quarter of 2009 with first concentrate production scheduled for the third quarter of 2010. Galaxy has also commenced a pre-feasibility study into the value-adding downstream production of lithium carbonate and plans to establish a 17,000 tonnes per annum lithium carbonate plant in China due to lower associated capital and operating costs as well as being close to developing strategic growing battery markets in Asia.
>
> Galaxy has secured more than $150 million in funding from private Chinese investment firm Creat Group ("Creat"). Under the terms of an Agreement with Creat, Creat will subscribe to

19.9% of Galaxy's expanded capital resulting in the raising of at least \$26 million and provide debt financing of approximately \$130 million.

Lithium:

Lithium concentrate and lithium carbonate raw materials are forecast to be in short supply and face high future demand growth due to advances in long life batteries and sophisticated electronics in hybrid and electric vehicles, mobile phones and computers.

Project Potential for Traka:

Previous and recent work on Traka's tenements highlights the presence of lithium and tantalum bearing pegmatite dykes both on and below the surface originally detected in mapping and drilling programs directed at testing the gold potential. Galaxy report rock-chip sampling of pegmatite outcrops in the west of the tenements returning strongly anomalous lithium values ranging between 0.70% Li_2O and 2.04% Li_2O on an outcropping pegmatite striking over 500 metres length (Figures 2, 3 and 4). Galaxy intends to systematically drill test all these occurrences. It is possible that in some specific instances the gold and lithium potential will juxtapose and an assessment for exploitation of both commodities will be made.

The gold potential of the project is associated with a number of relatively small high grade gold mines last worked in the 1930's. A previous assessment of the gold potential by Traka looked at combining the remaining potential of these mines to achieve a project size suitable for exploitation by a publicly listed company. Some very good drillhole intersections were achieved but the critical size required was still not achieved at the time. The current higher gold price and the possible development of a lithium project on the same ground may provide a better opportunity for exploitation of the gold potential in the future.

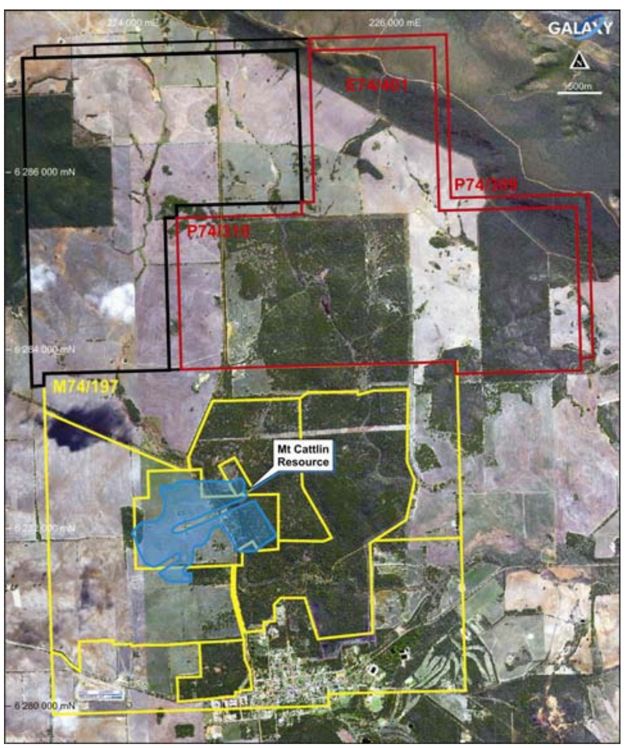

Figure 2: Galaxy tenure, with tenements acquired from Traka outlined in red - from related Galaxy ASX release

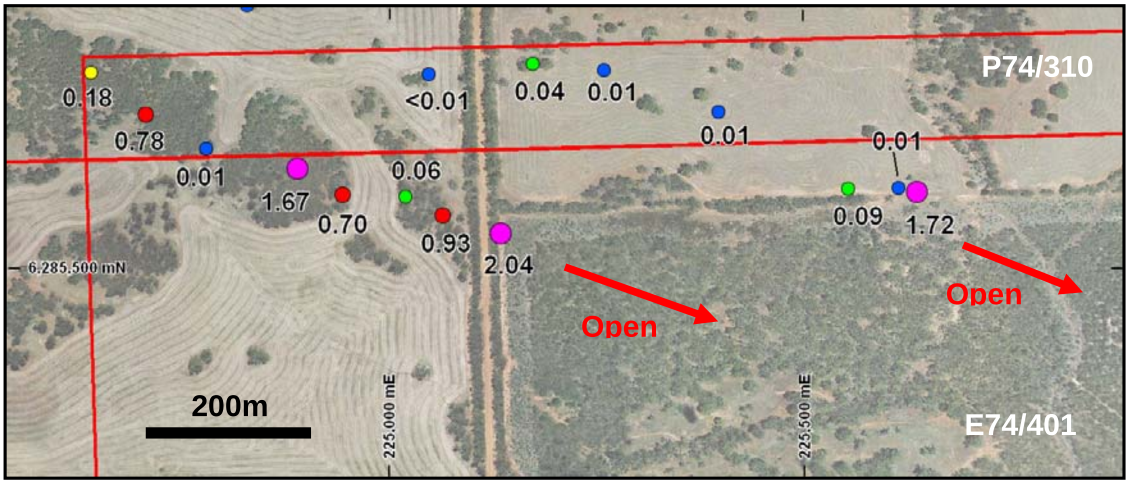

Figure 3: Galaxy reported Rock chip sample results (Li20%) – from related Galaxy ASX release

Figure 4: Spodumene (lithium)-bearing pegmatite on Galaxy tenements acquired from Traka – from related Galaxy ASX release

Patrick Verbeek
Managing Director

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 Ltd. 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.