



# TRAKA RESOURCES LIMITED

ABN 63 103 323 173

## Quarterly Activities Report

for the three months ended 31 December 2017

### Summary

- A placement to sophisticated investors successfully raises \$1.89 million
- The results of Mines Department ballots for contested tenement applications near the Quicksilver nickel cobalt discovery in the Lake Grace area plus tenements prospective for lithium and gold in the Pilbara region are awaited.
- Drilling by joint venture partner Galaxy Resources Limited on several lithium pegmatite targets is underway on the Mt Cattlin North Project.
- Drilling on the Mt Short MS5 lead zinc target is expected in the near future and awaiting drill rig availability.
- Copper mineralisation intersected by drilling on the West Musgrave Project at the Manyas target is being evaluated by Chalice Gold Mines, Traka's joint venture partner.
- Traka has entered into a joint venture agreement with a private company to earn up to 51% in the very prospective Gorge Creek copper cobalt project in Queensland.

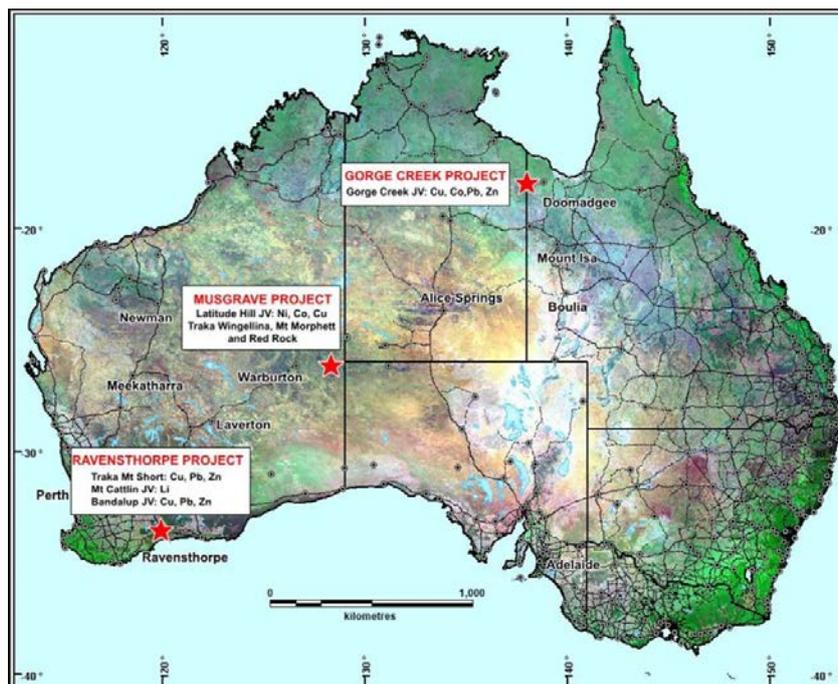


Figure 1. Location plan of Traka's Projects

## Corporate

1. On 29 November 2017 the Company announced a placement of 42,044,000 ordinary shares in the Company at 4.5 cents per share to raise \$1,891,000 before costs (1). The Placement was to sophisticated and professional investors, clients of Veritas Securities Limited, Alto Capital and Dolphin Partners. Following the issue the new shares represented 12.9% of the total increased share capital of the Company.

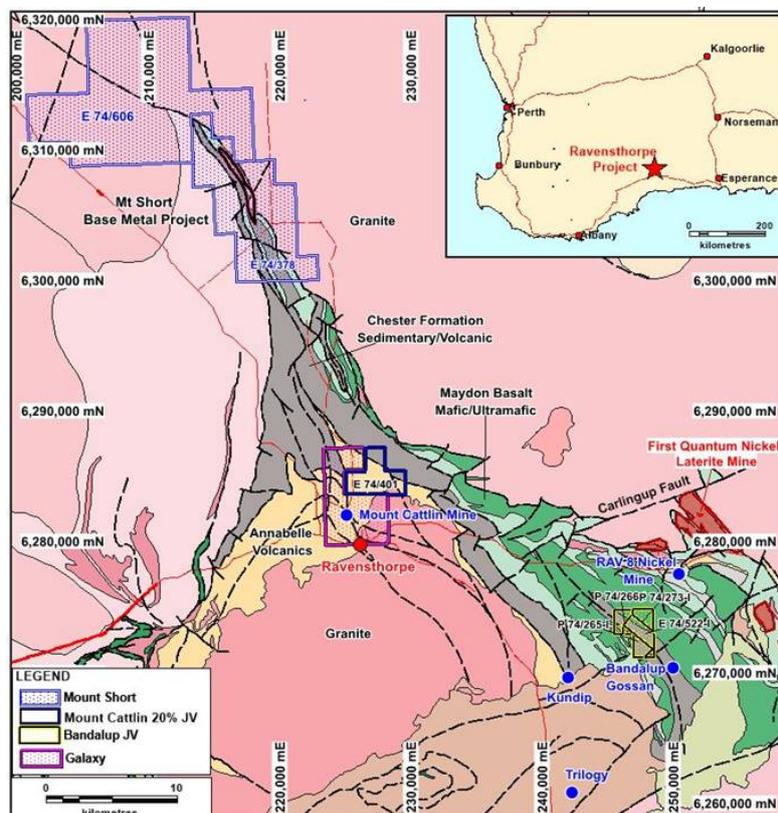
The Company will use the proceeds of this capital raising for ongoing exploration of the West Musgrave, Mt Short and Gorge Creek projects.

2. In addition to work on existing projects, Traka continues to pursue other opportunities. During the quarter under review this activity included two applications for tenements north and south of the Quicksilver nickel cobalt discovery made by Golden Mile Resources (2) in the Lake Grace region and three tenements prospective for gold and lithium in the Pilbara region. All applications are contested by other applicants and the company is awaiting notice from the Mines Department as to the outcome and/or ballot results.

## The Ravensthorpe Project

Traka has interests in three projects in the Ravensthorpe region (Figure 2):

- The Mt Cattlin North Project involving a 20% joint venture interest free carried to production by Galaxy Resources Limited (Galaxy) in a tenement that abuts the Mt Cattlin Lithium Mine;
- The wholly owned Mt Short Base Metal Project;
- The Bandalup Project in which Traka has a 20% free carried interest in a joint venture with ACH Minerals Pty Ltd (ACH).



**Figure 2. Location plan of the Ravensthorpe Project**

# The Mt Cattlin North Project (Traka 20% Free Carried)

Shortly after the end of the quarter, Galaxy informed Traka that 8 kilometres of Ground Penetrating Radar (GPR) had been completed and that a scout drilling program was commencing to test a number of pegmatite targets (3). A further 5 kilometres of GPR has been completed since and drilling is continuing. The initial results of drilling are expected in mid-February.

The pegmatite dykes at Mt Cattlin and in the adjoining Traka joint venture tenements are peripheral intrusions related to a large granitic body east of the Mt Cattlin joint venture tenements (Figure 3). This late stage intrusive body is postulated to have been the heat, pressure and fluid source for the lithium and tantalum bearing pegmatite mineralisation.

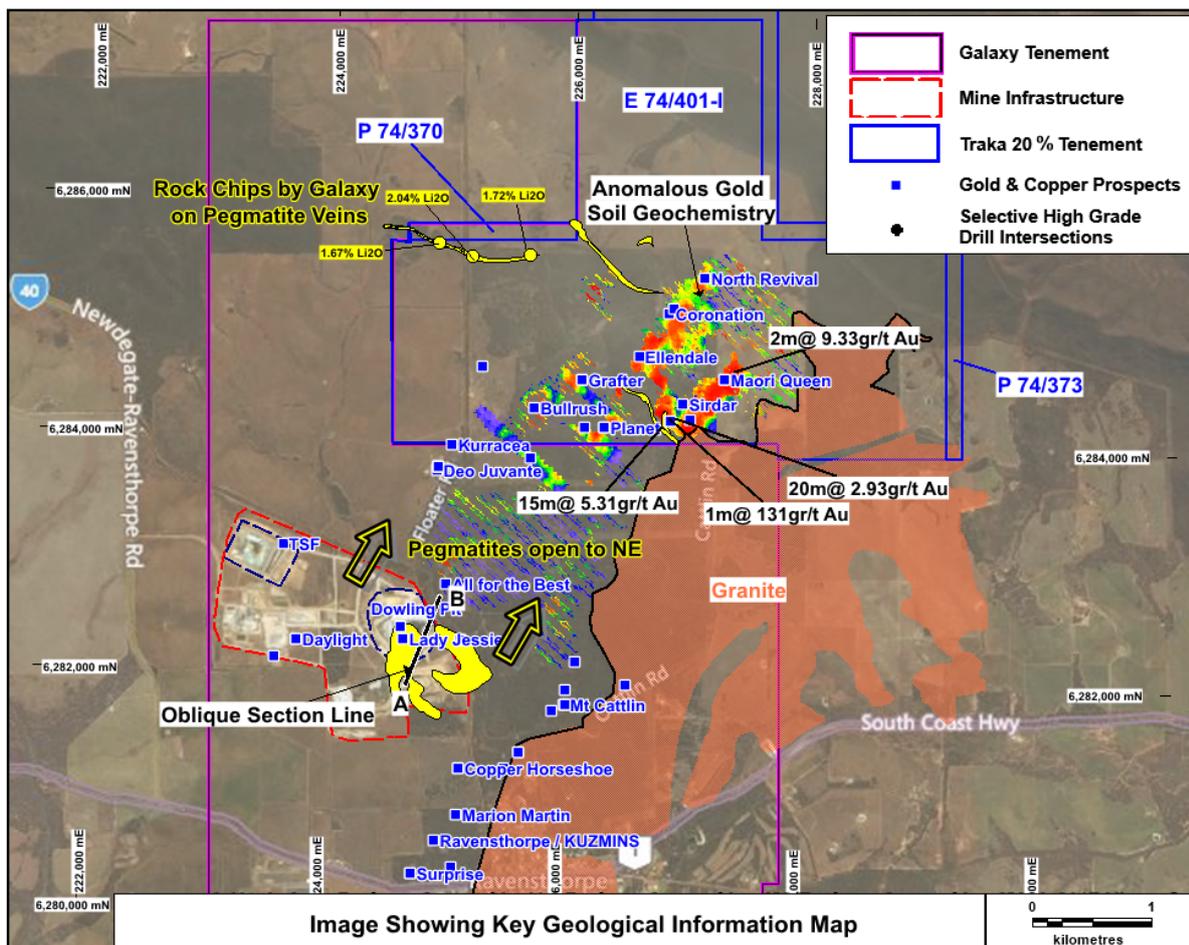


Figure 3. The Mt Cattlin Lithium Mine within the Galaxy mine tenements plus Traka's 20% joint venture tenement in the north-east quarter

In addition to lithium potential recognised on the 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.

# The Mt Short Base Metal Project

An Induced Polarisation (IP) geophysical survey was completed and a strong anomaly under near-surface lead and zinc mineralisation was highlighted (Figure 4). Previous work on this target, which is entirely under regolith cover in wheat paddocks, showed the presence of massive and disseminated sulphide mineralisation within a sedimentary rock sequence. The disseminated lead and zinc mineralisation detected in earlier drilling (peak values 5 metres @ 2.38% Pb, 0.66% Zn) is 700 metres south of where the IP anomaly suggests stronger mineralisation may be occurring (4). The IP anomaly is open to the north and at depth and the sedimentary rock sequence hosting the mineralisation is now thought to extend over 13 kilometres in length. In a sequence of this magnitude there is significant scope for hosting volcanogenic and/or sedimentary hosted style deposits (Figure 5).

Drilling of the IP anomaly is now being planned for the summer period when this year's harvest has been completed.

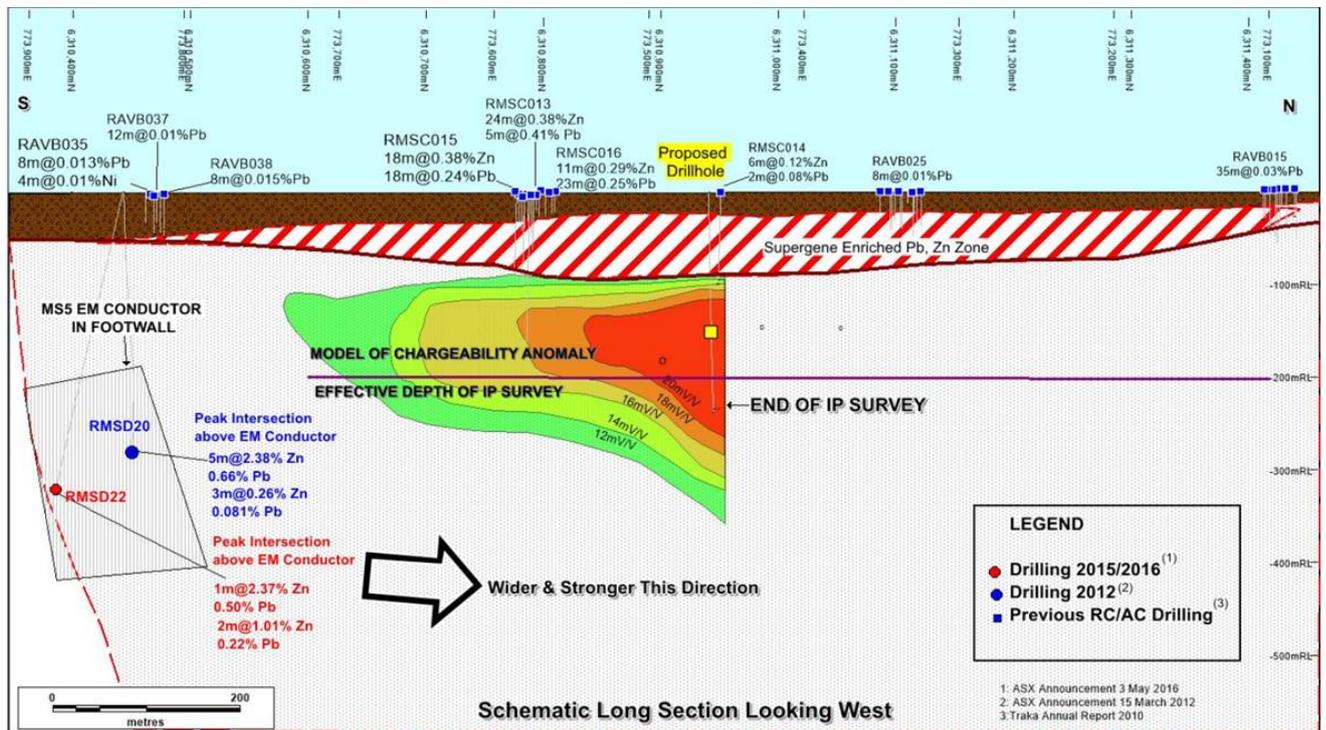


Figure 4. Schematic long section showing the position of the MS5 IP anomaly under near surface lead and zinc mineralisation

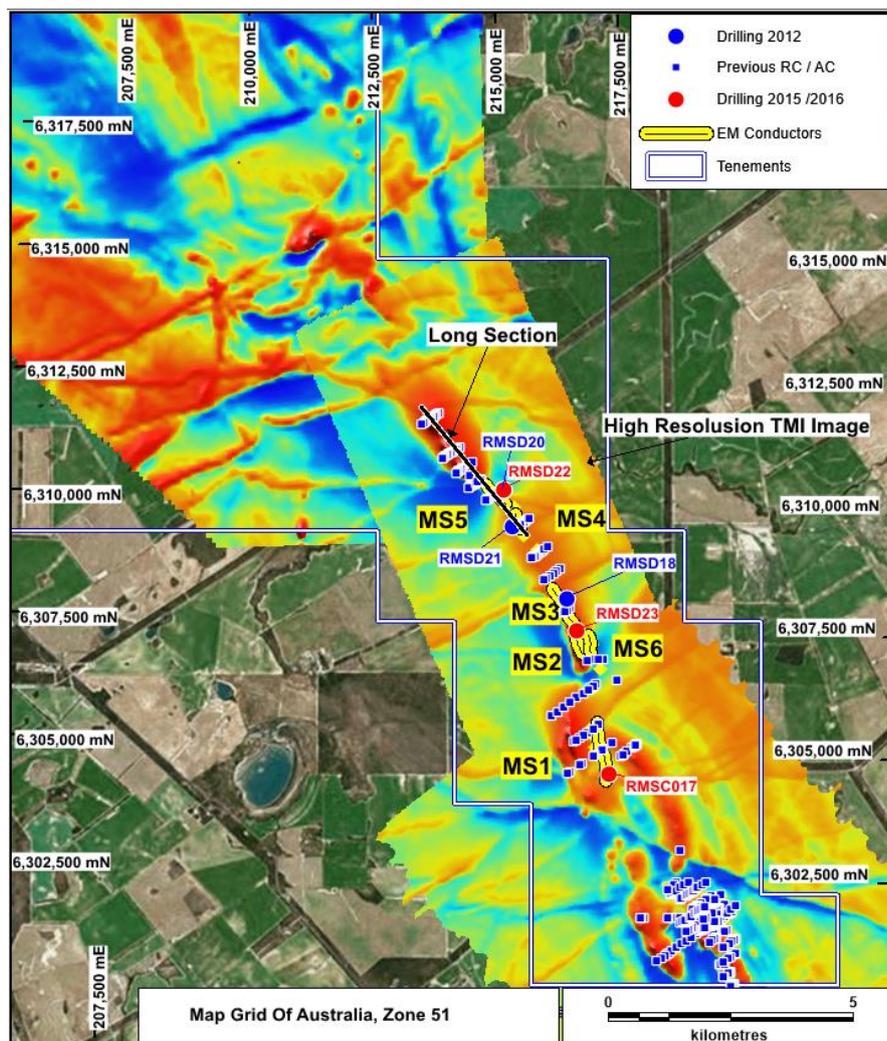


Figure 5. An aeromagnetic image draped over the land surface showing the EM and IP targets plus historic drill hole locations

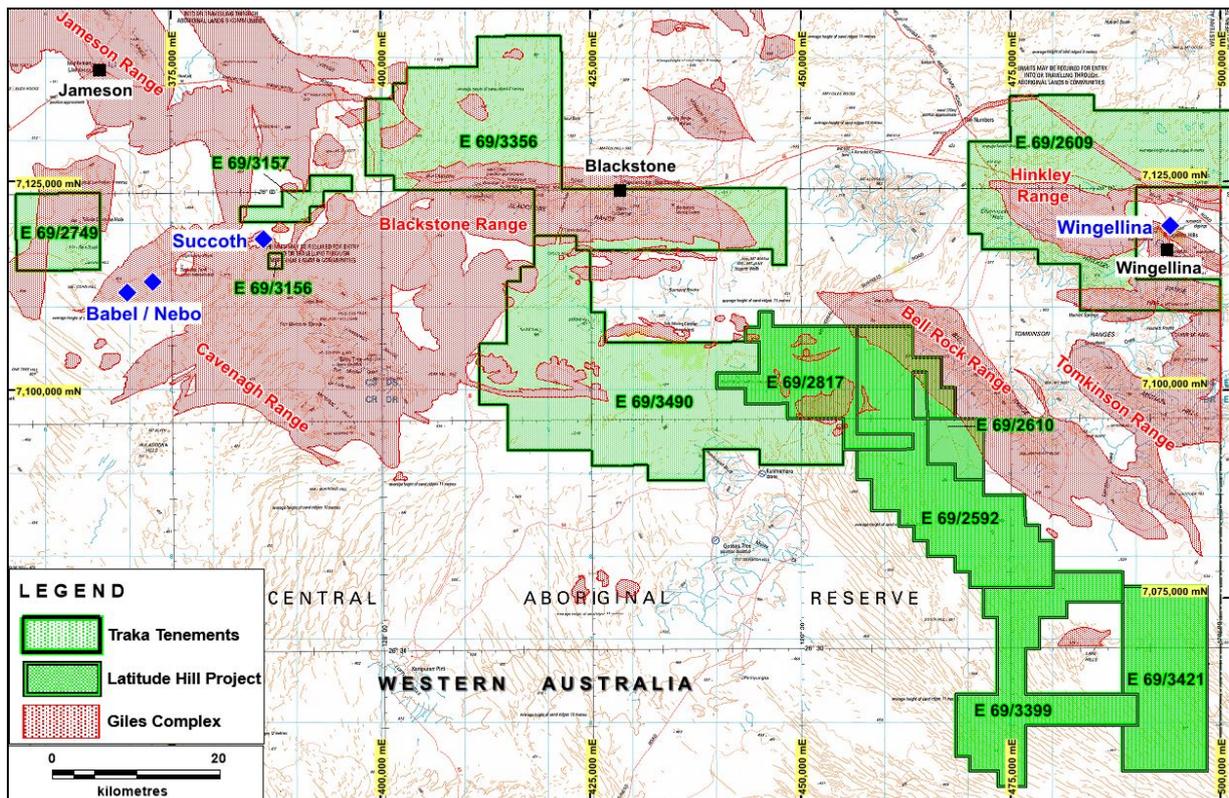
## **Bandalup Joint Venture (Traka Free Carried 20%)**

No joint venture activity was reported for the quarter by the project manager, ACH.

## **The Musgrave Project (Traka's 100%)**

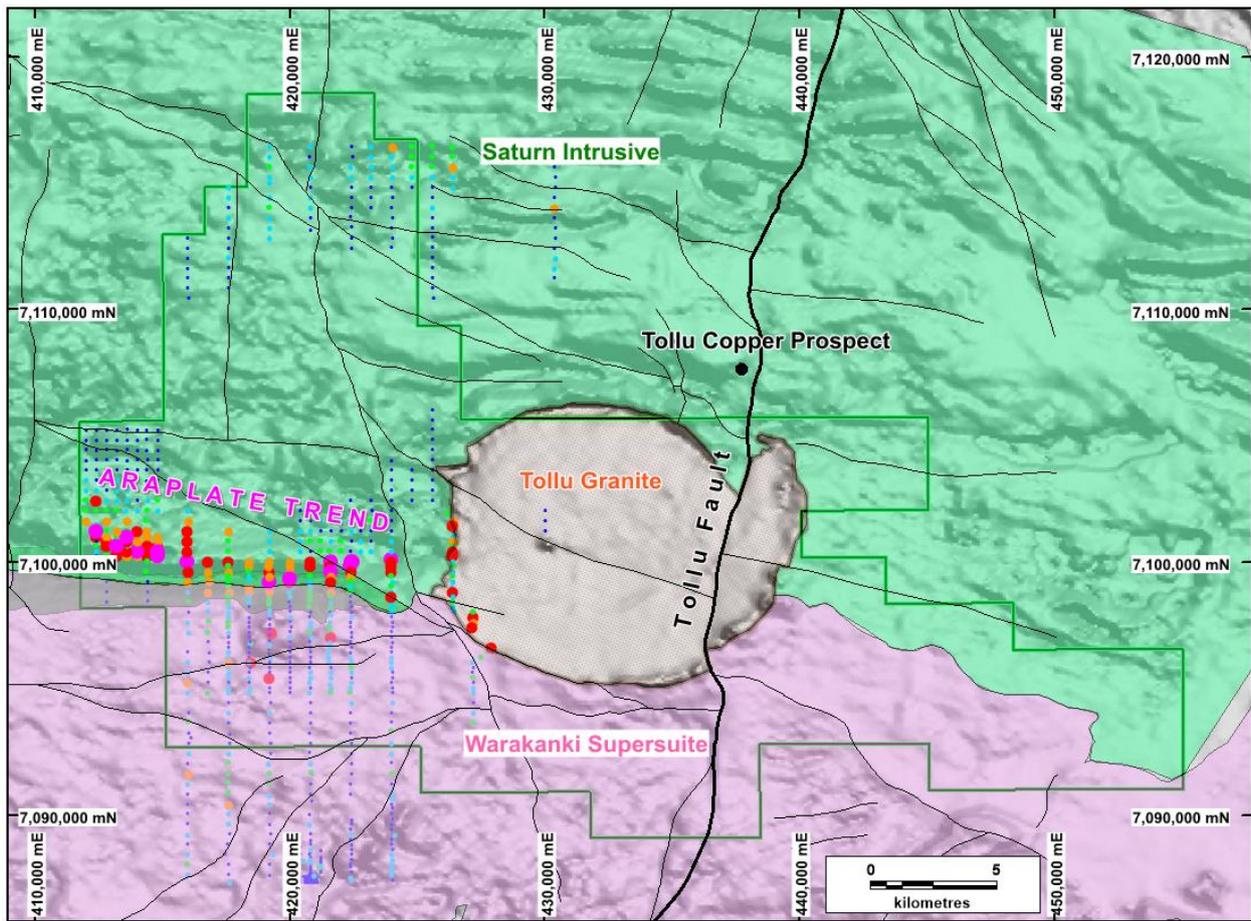
Traka continues to maintain a large exploration portfolio in the West Musgraves and, with recent market and commodity price improvements, is in an improved position to advance its holding. The company's holdings are peripheral to the emerging nickel cobalt resources defined at Wingellina (MetalsX) (5) and the nickel and copper discoveries at Babel, Nebo and Succoth (OZ Minerals/Cassini Joint Venture) (6).

In the Latitude Hill area the company, in joint venture with Chalice Gold Mines Ltd (Chalice), continues to investigate the recent discovery of copper mineralisation on the Manyas target (Figure 6).



**Figure 6. Location plan of the Musgrave Project showing Traka's tenement holding & joint venture interests**

The Mt Morphett Project tenements lie immediately west of the Latitude Hill Project and cover the 12 kilometre long copper-nickel-PGE (Platinum Group Elements) Araplate Prospect in addition to IOCG (Iron Oxide Copper Gold) and hydrothermal copper targets associated with the Tollu Granite Intrusive and Fault (Figure 7). 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.



**Figure 7. An aeromagnetic image showing main geological features and the Araplate Prospect**

In the Jameson area Traka has a number of tenements near the Babel/Nebo and Succoth nickel copper prospects. The geological setting in Traka's tenements is the same as for those deposits (Figure 8).

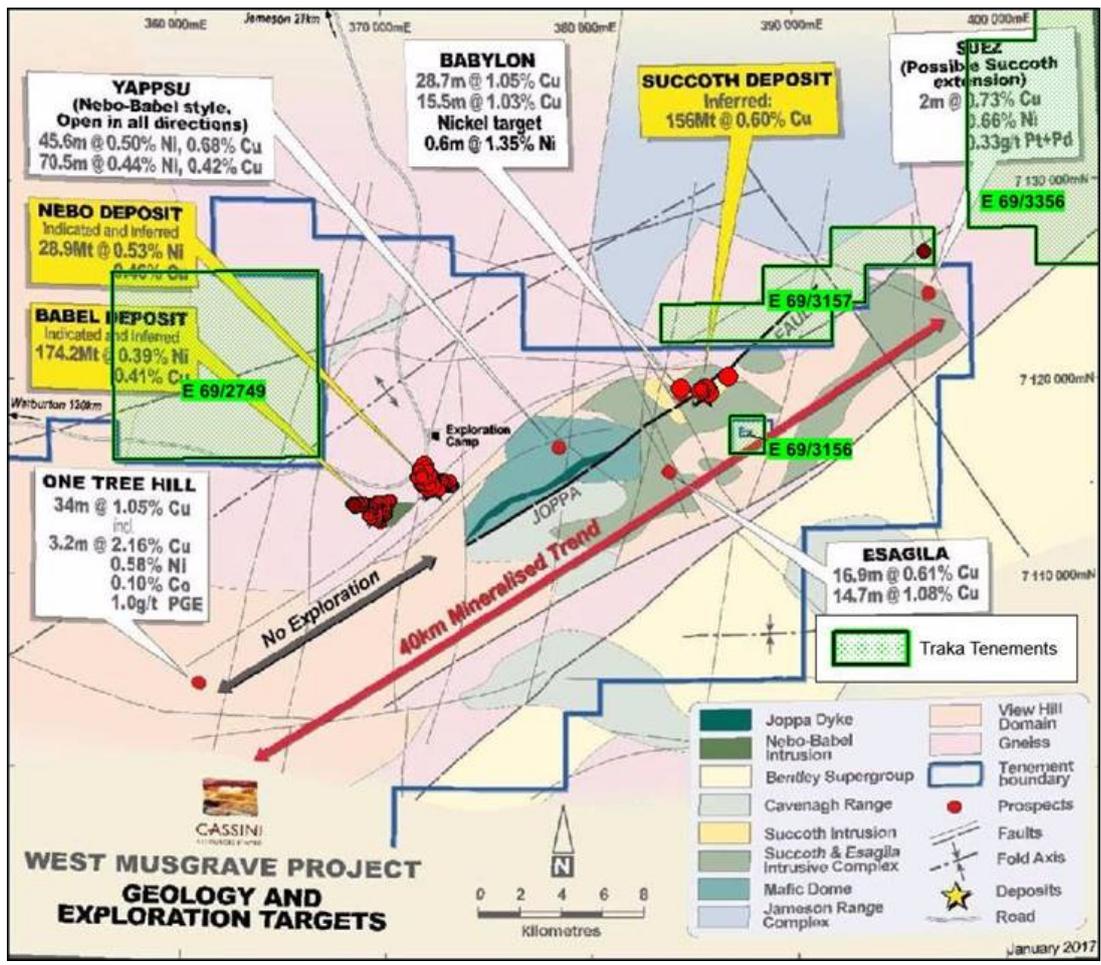
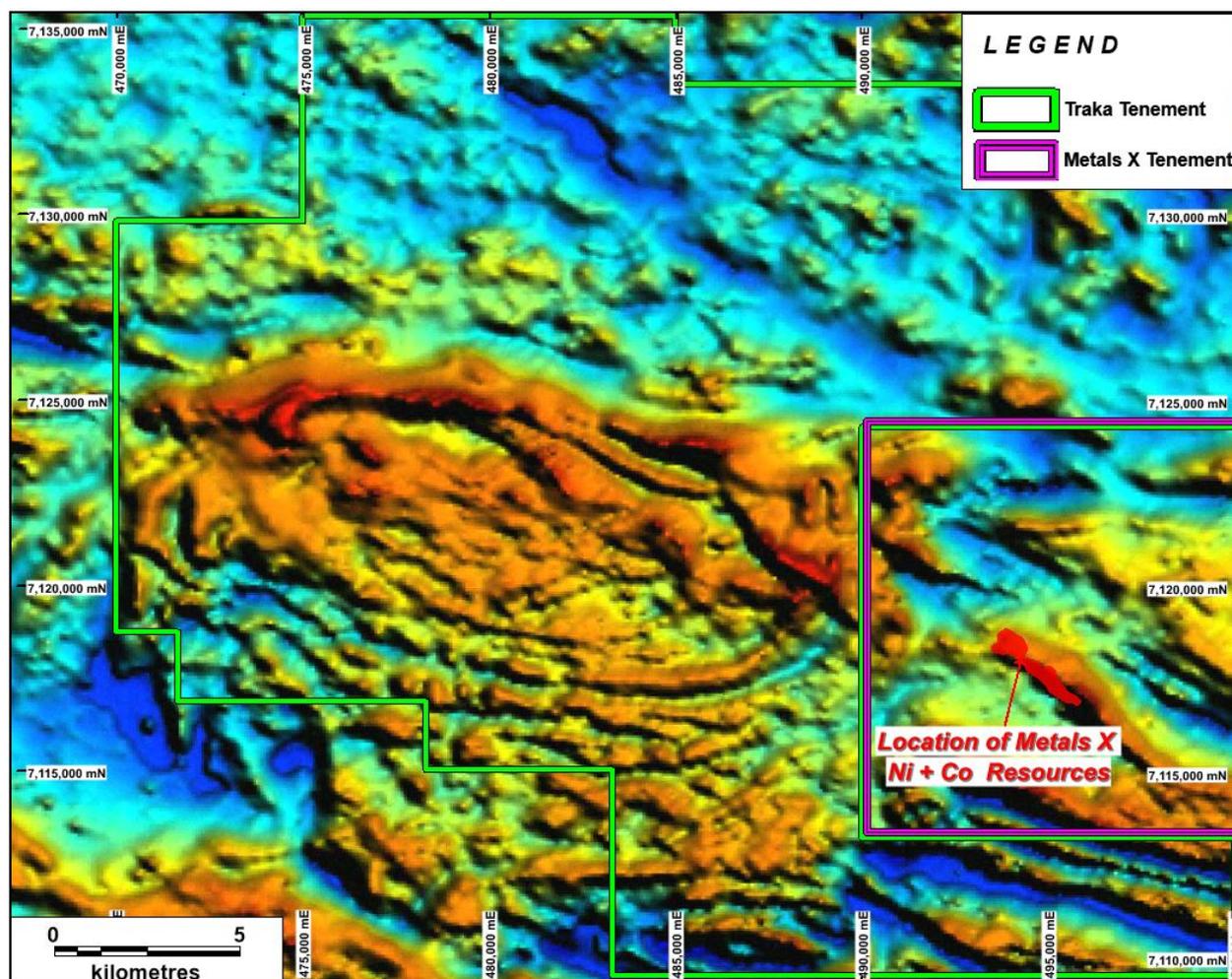


Figure 8. Location plan of the Jameson area showing the location of the mineral deposits, Traka's tenement holdings and key geological information.

In the Wingellina area Traka has a tenement application surrounding the Wingellina deposit on three sides with practically no modern exploration undertaken despite its prospectivity and the presence of the same host rocks to the nickel and cobalt mineralisation hosting Wingellina itself (Figure 9).



**Figure 9. Aeromagnetic image showing the location of Traka's tenement and position of various Ni and Co resources.**

Access to all tenements is dependent on access agreements and heritage surveys. These permitting considerations continue to be taken into account and negotiated ahead of the exploration activity.

## **The Latitude Hill Joint Venture (Chalice earning 51%)**

Chalice, as Manager of the Latitude Hill Joint Venture, (Figure 10) has provided the following information:

*During the quarter, Chalice completed its planned program to test the six priority moving-loop electro-magnetic (MLEM) targets. A program of RC drilling commenced in September 2017 and continued into the December quarter with a total of 3,576m completed. A total of 15 RC drill-holes targeted and successfully tested each of the nine targets.*

*Results from drilling show that the interpreted MLEM conductors represent zones of strongly graphitic gneiss or metasediments hosted within either basement gneiss or dominantly metasedimentary sequences, both of which are poorly exposed in the region. Although minor disseminated sulphides are recognised at each locality, the MLEM conductors are explained by the strong abundance of graphite. Unfortunately, no significant nickel results were observed.*

A zone of copper mineralisation was identified at the Manyas target in drill hole LHRC010, which returned 19m at 0.45% Cu from 214m including 1m @ 2.23% Cu. The mineralisation was immediately followed-up with four additional holes to test potential strike and dip extensions, resulting in similar intersection of low-grade mineralisation to the west and up-dip of LHRC010. The Company is continuing to assess the results from the drilling.

Chalice must incur \$1 million on exploration expenditure within the first 12 months from the grant of the tenements. Chalice has the right, after meeting the minimum commitment, to earn a 51% interest by expenditure of \$5 million (including the minimum commitment) within 3 years of commencement.

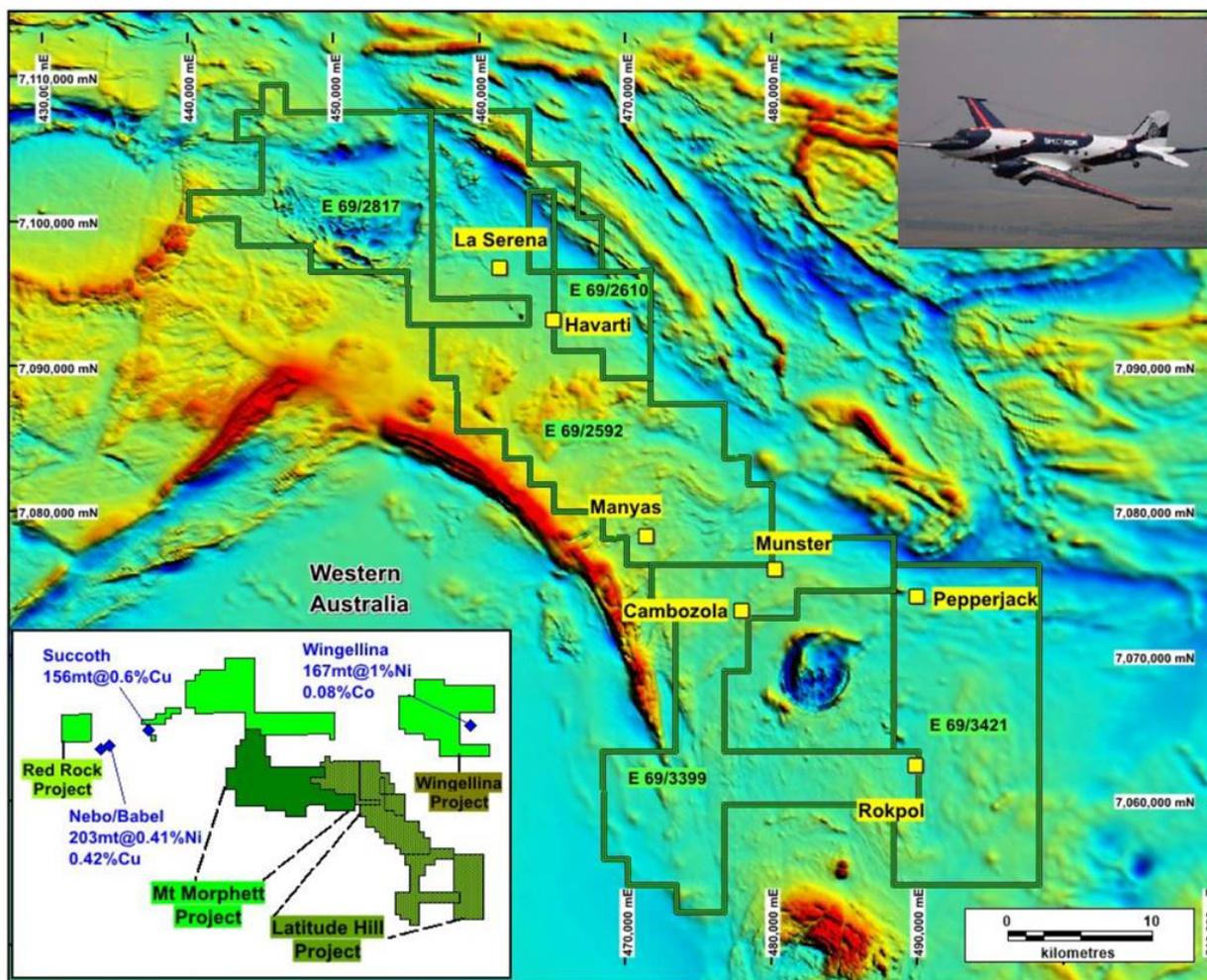


Figure 10. Aeromagnetic image showing the location of the Latitude Hill joint venture tenements and the seven Spectrem targets

## The Gorge Creek Project (Traka earning 51%)

On 23 November 2017 Traka announced that agreement had been reached whereby Traka would have the right to earn a joint venture interest of 51% from a private company, Cobalt QLD Pty Ltd (Cobalt), on the Gorge Creek Project (7). The Gorge Creek Project is particularly prospective for sulphide copper and cobalt mineralisation of the same style as that currently being delineated at the emerging Walford Creek discovery (Aeon Metals Limited) 30 kilometres to the west.

Traka exercised its exclusive Option to acquire the interest by payment of \$40,000 shortly after the end of the quarter (8) and now has an ability to earn 51% equity in the project on the following key terms:

1. Traka to commit to \$300,000 expenditure within the first year;
2. Upon expending \$300,000, Traka may withdraw with no interest or proceed to earn 51% joint venture equity by the additional expenditure of \$700,000 in the following 2 year period;
3. Upon Traka earning 51% equity, an unincorporated joint venture to be formed with Cobalt and all joint venture expenditure subsequently met by pro-rata contributions of 51% Traka and 49% Cobalt.

Gorge Creek is located in the highly prospective Mt Isa Inlier and Carpentaria Province, host to a number of Tier 1 base metal mines (Figure 11). This area in general and specifically at Gorge Creek has been previously explored for sedimentary rock hosted copper, lead and zinc mineralisation of the same nature as at the large Century Mine and McArthur River Mine.

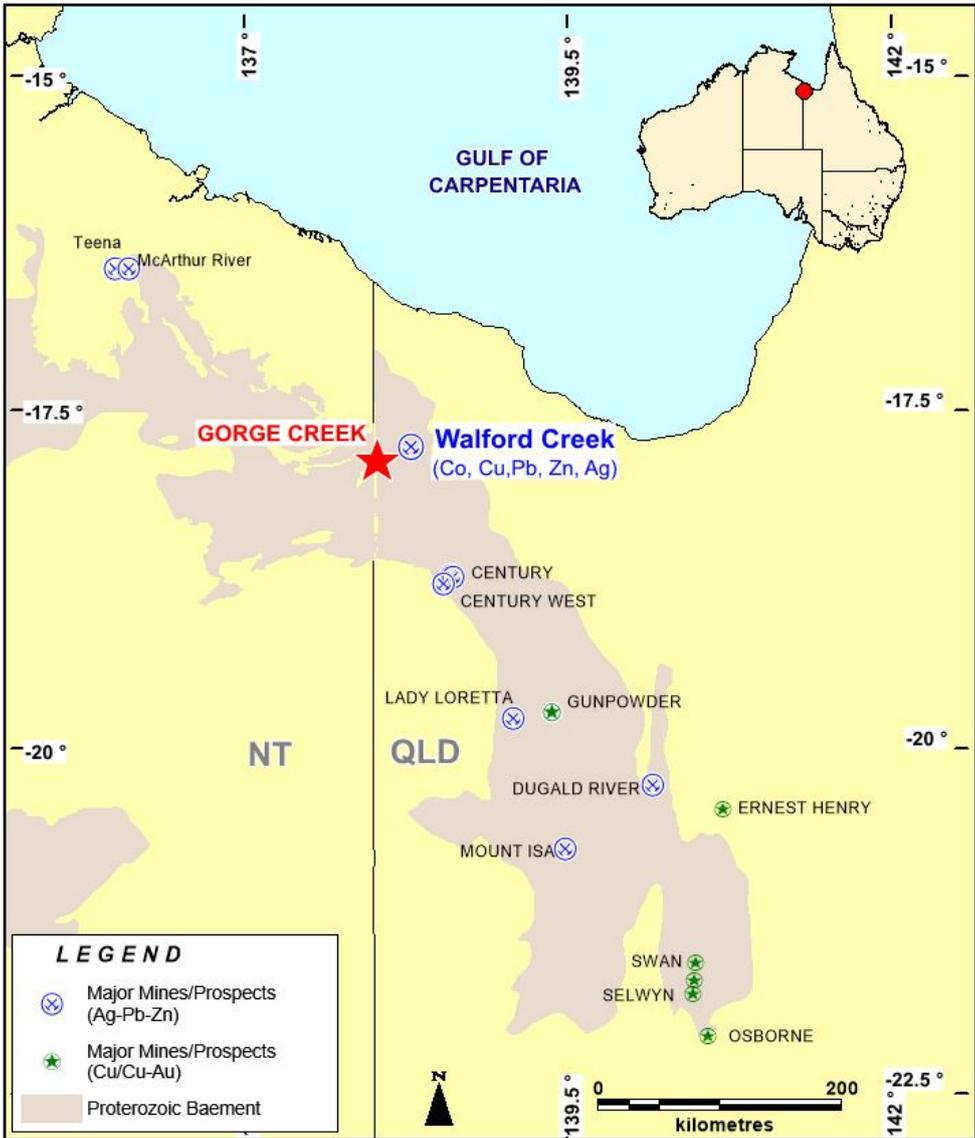


Figure 11. Location plan of the Gorge Creek joint venture ground.

At Gorge Creek most of the historic work is between 20 and 40 years old and carried out for laterally extensive strata bound lead, zinc and copper mineralisation without the benefit of the recent Walford Creek experience linking copper and cobalt mineralisation in proximity to the large faults passing through the project (Figure 12). The regional scale FRFZ (Fish River Fault Zone) and the sedimentary host rocks to mineralisation found at Walford Creek are mapped all the way through to Gorge Creek. There are 30 kilometres of known but untested FRFZ structures in the Gorge Creek project area, with anomalous soil and rock geochemistry already indicating good prospectivity (Figure 13)

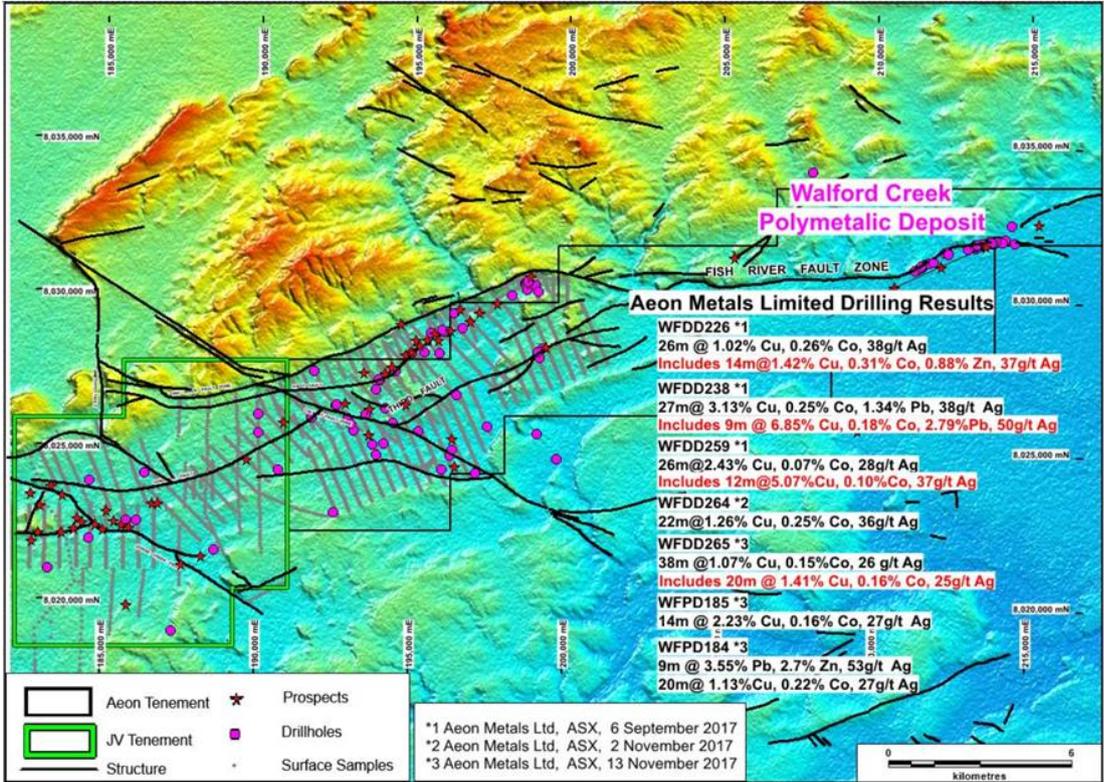
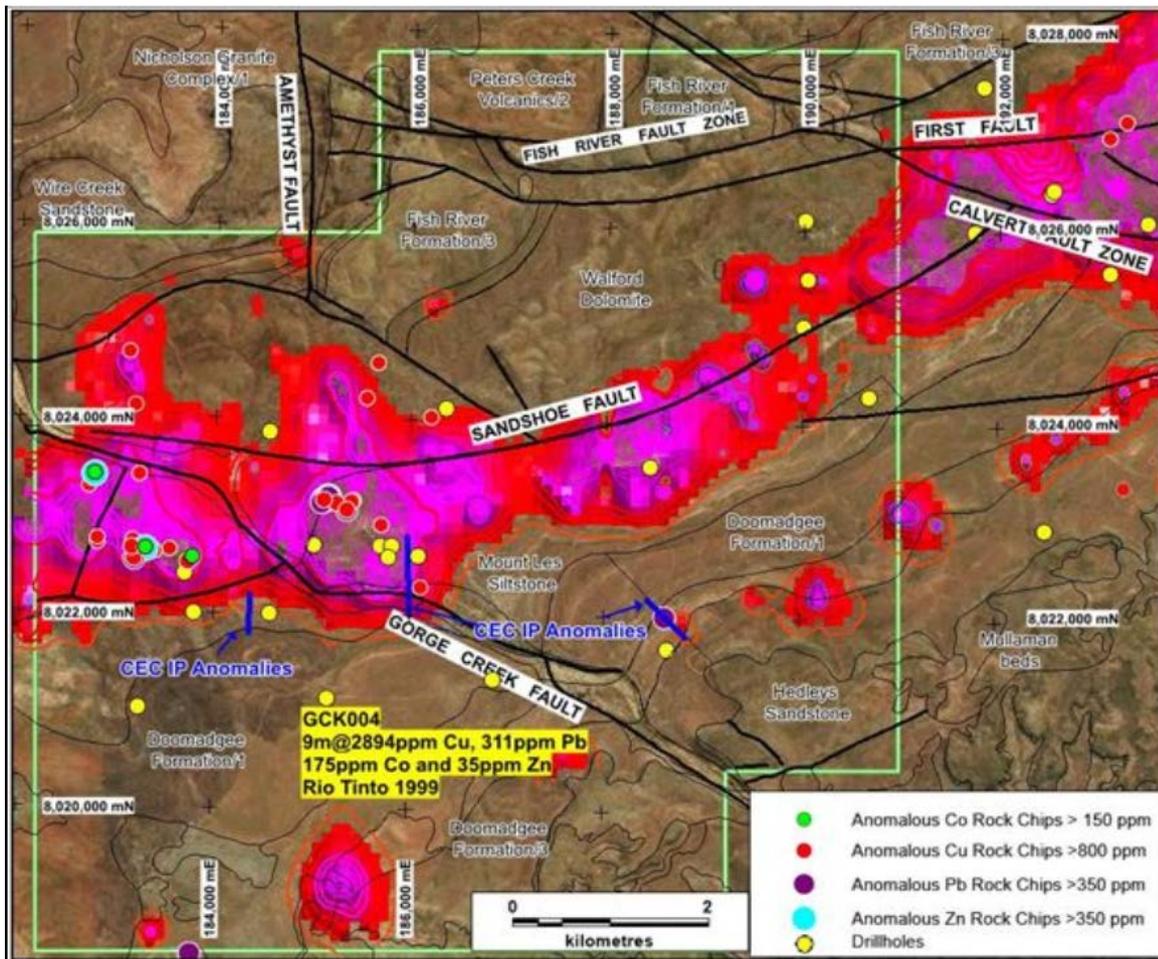


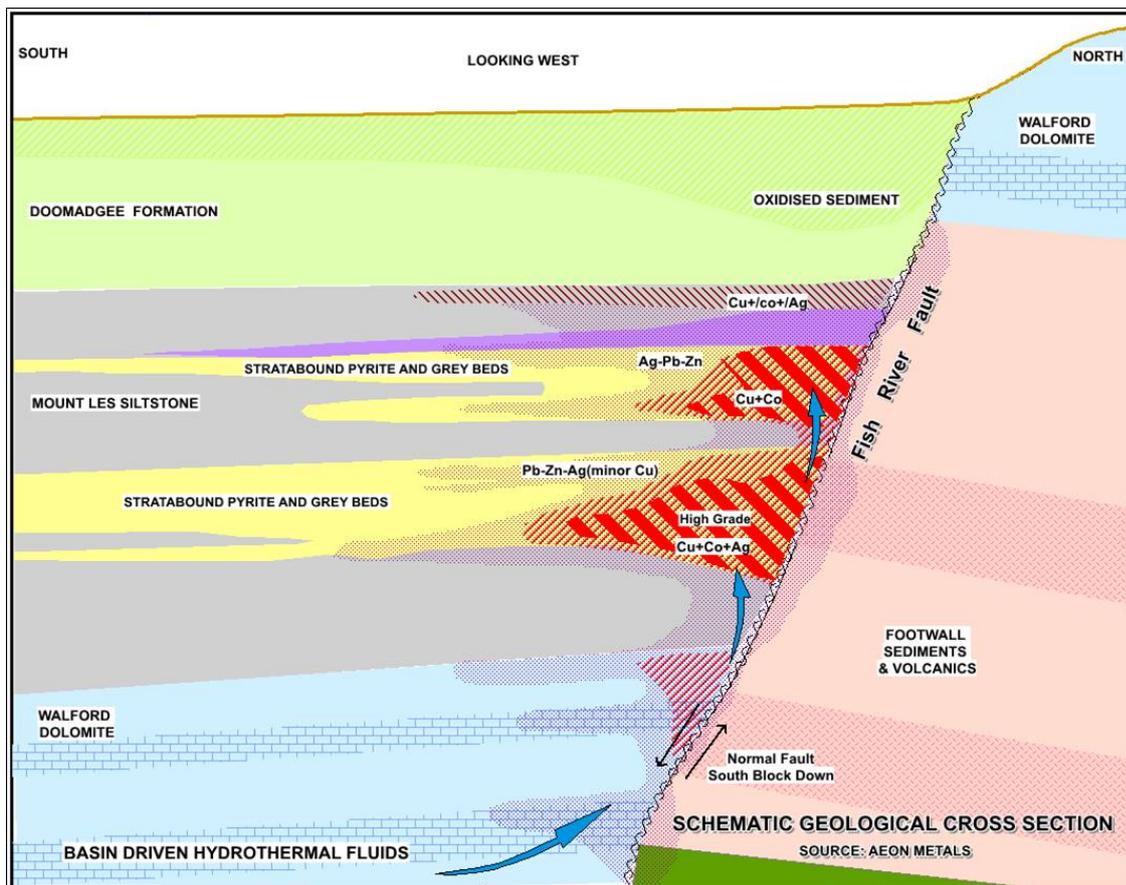
Figure 12. A digital terrain image showing the position of the Gorge Creek tenement, the Fish River Fault Zone and Aeon's Walford Creek discovery.



**Figure 13. An image of the Gorge Creek tenement showing the various faults of the Fish River Fault Zone and anomalous soil geochemical results along the Sandshoe and Gorge Creek Fault.**

Traka was attracted to the project because no systematic modern drilling has been undertaken to test a number of large structures particularly prospective for copper and cobalt, despite abundant historic exploration work, including geochemistry and drilling, demonstrating that they are mineralised.

Traka has commenced preparatory work on this project to enable the start of field work after the current wet season. Historic exploration data, including geophysics, is being reviewed and re-processed in light of the newly found information linking high grade copper and cobalt mineralisation to specific sedimentary rock units where they terminate against structures of the FRFZ (Figure 14).



**Figure 14. Schematic cross-section showing the geological model for mineralisation hosted within and immediately peripheral to the faults of the FRFZ.**

## **New Project Development**

Whilst the Company is busy on several projects, ongoing efforts will continue to be made to identify other good opportunities to expand the company's exploration portfolio.

**Patrick Verbeek**  
**Managing Director**

30 January 2018

- (1) *Traka Placement Announcement - 29 November 2017*
- (2) *Traka AGM Presentation Announcement - 29 November 2017*
- (3) *Traka ASX Announcement - 8 January 2018*
- (4) *Traka ASX Announcement Exploration Program Update - 19 Sep 2017*
- (5) *MetalsX Ltd ASX Release - 15 January 2018*
- (6) *Cassini Resources ASX Release - 14 January 2017*
- (7) *Traka ASX Announcement - 23 November 2017*
- (8) *Traka ASX Announcement - 4 January 2018*

### 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")**

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(172)	(274)
(b) development	-	-
(c) production	-	-
(d) staff costs	(47)	(95)
(e) administration and corporate costs	(92)	(173)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	9
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):		
Receipt:	-	-
Payment:	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(307)</b>	<b>(533)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,892	1,892
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	14	14
3.4	Transaction costs related to issues of shares, convertible notes or options	(154)	(154)
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)	-	-
<b>3.1</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,752</b>	<b>1,752</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	629	855
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(307)	(533)
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)	1,752	1,752
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,074</b>	<b>2,074</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	124	129
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) Term Deposits	1,950	500
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,074</b>	<b>629</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	88
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	

6.1	Remuneration of executive and non-executive directors	85
	Storage rent paid to director related entity	3

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
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	

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## Mining exploration entity and oil and gas exploration entity quarterly report

**8. Financing facilities available**

Add notes as necessary for an understanding of the position

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	126
9.2 Development	-
9.3 Production	-
9.4 Staff Costs	58
9.5 Administration and corporate costs	68
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>252</b>

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	EA45/5085	Application lodged	0%	*
	EA45/5086	Application lodged	0%	*
	EA45/5110	Application lodged	0%	*
	EA70/5063	Application lodged	0%	*
	EA70/5064	Application lodged	0%	*

\* subject to ballot

**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: 30 January 2018  
(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 31 December 2017**

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

Type	Tenement	Location	Registered Holding		Beneficial Interest	
E	69/2592	Musgrave, WA	100%		100%	
EA	69/2609	Musgrave, WA	100%		100%	
E	69/2610	Musgrave, WA	100%		100%	
EA	69/2749	Musgrave, WA	100%		100%	
E	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%	
E	69/3399	Musgrave, WA	100%		100%	
EA	69/3421	Musgrave, WA	100%		100%	
EA	69/3490	Musgrave, WA	100%		100%	
EA	45/5085	Mulga Downs, WA	*		*	
EA	45/5086	Mulga Downs, WA	*		*	
EA	70/5063	Lake Grace, WA	*		*	
EA	70/5064	Kulin, WA	*		*	
EA	45/5110	Pinga Creek, WA	*		*	
P	74/0370	Ravensthorpe, WA	0%		20%	
P	74/0373	Ravensthorpe, WA	0%		20%	
E	74/0378	Ravensthorpe, WA	100%		100%	
E	74/0401	Ravensthorpe, WA	20%		20%	
E	74/0522	Ravensthorpe, WA	20%		20%	
E	74/0606	Ravensthorpe, WA	100%		100%	

\* Subject to ballot

**Mining tenements and beneficial interests acquired during the quarter, and their location:**

	Tenement	Location	Registered Holding		Beneficial Interest	
			From	To	From	To
EA	45/5085	Mulga Downs, WA	0%	*	0%	*
EA	45/5086	Mulga Downs, WA	0%	*	0%	*
EA	70/5063	Lake Grace, WA	0%	*	0%	*
EA	70/5064	Kulin, WA	0%	*	0%	*
EA	45/5110	Pinga Creek, WA	0%	*	0%	*

\* Subject to ballot

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

**None**

Key:

E: Exploration licence  
EA: Exploration licence application  
P: Prospecting licence