



# TRAKA RESOURCES LIMITED

ABN 63 103 323 173

## Quarterly Activities Report

for the three months ended 31 March 2018

### Summary

- XCITE helicopter magnetic/electromagnetic survey underway at the Gorge Creek copper cobalt project. Expansion of the joint venture area to investigate further base metal and rare earth anomalism.
- Exploration by joint venture partner Galaxy Resources is ramping up on the Mt Cattlin North lithium project.
- Two additional drill holes completed at the Mt Short base metal target.
- Chalice Gold Mines have withdrawn from the Lattitude Hill Joint Venture .
- Ballot results awaited for tenement applications in the Pilbara and Lake Grace regions

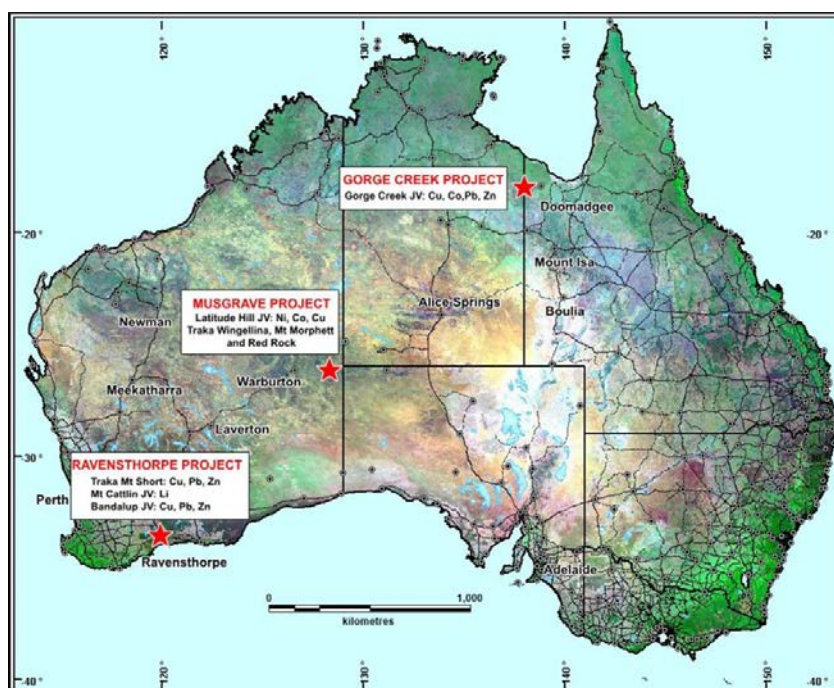


Figure 1. Location plan of Traka's Projects

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

The Gorge Creek Project Joint Venture (Gorge Creek) is Traka's prime exploration project targeting copper and cobalt mineralisation of the same style as recognized at the emerging Walford Creek discovery, owned by AEON Metals Ltd, 30 kilometres to the west (Figure 2).

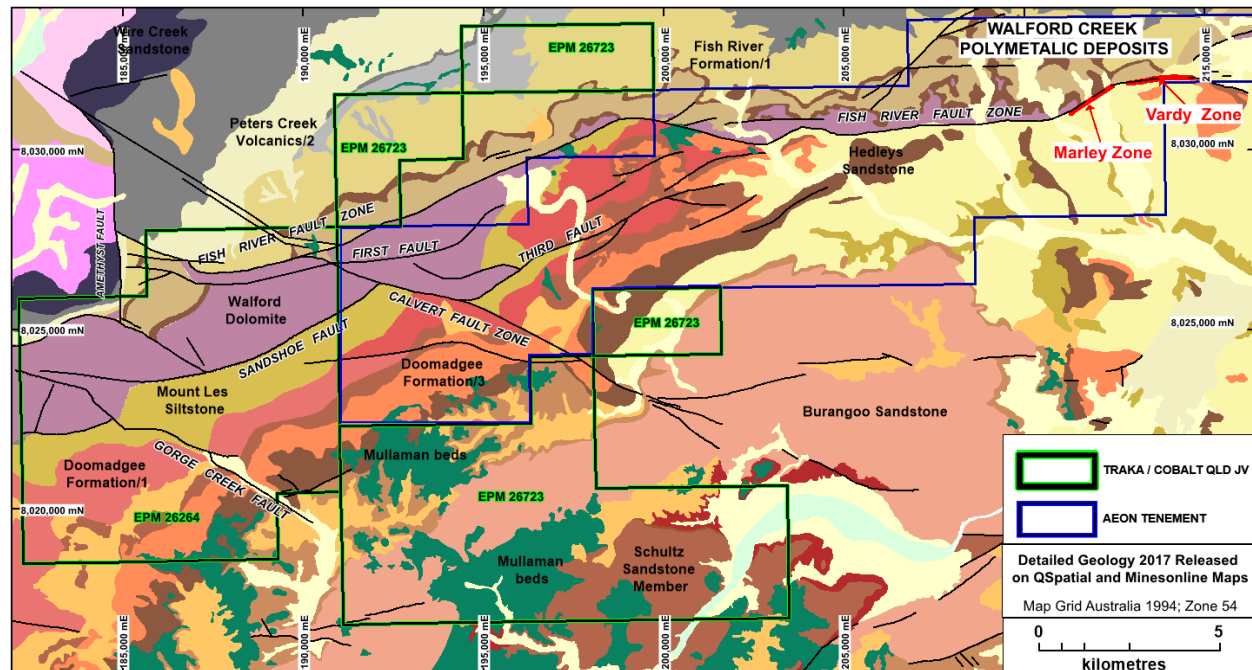


Figure 2. Regional geology showing the faults of the FRFZ and the stratigraphic sequence

This style of copper and cobalt mineralisation occurs at Walford Creek as sulphide rich bodies several hundred metres wide with long strike lengths within specific stratigraphic units of the Mount Les Siltstone where it terminates against the structures of the Fish River Fault Zone (FRFZ). The same stratigraphic sequence and the FRFZ at Walford Creek persist all the way through to Gorge Creek. There is 30 kilometres of the FRFZ within the Gorge Creek tenements and historic soil and rock-chip sampling shows the presence of anomalous copper, lead and zinc mineralisation associated with these faults. Cobalt was rarely sampled as its potential was not recognized. No drilling has ever been targeted to test the newly recognised copper cobalt style mineralisation being targeted (Figures 3 and 4). Most of the historic work at Gorge Creek is between 20 and 40 years old and targeted stratabound lead, zinc and copper mineralisation often kilometres away from the FRFZ. The stratabound style of mineralisation remains an important secondary however, but with the benefit of Aeon's recent success the faults of the Fish River Fault Zone provide a more immediate opportunity.

A helicopter borne magnetic and electromagnetic survey using the state of the art XCITE system commenced this week (2). The survey is the first of its type at Gorge Creek. The target model is of copper cobalt mineralisation occurring as massive sulphide expected to be electrically conductive. The XCITE system is well suited to highlight any anomalies for drilling early in the exploration cycle and within the current field season.

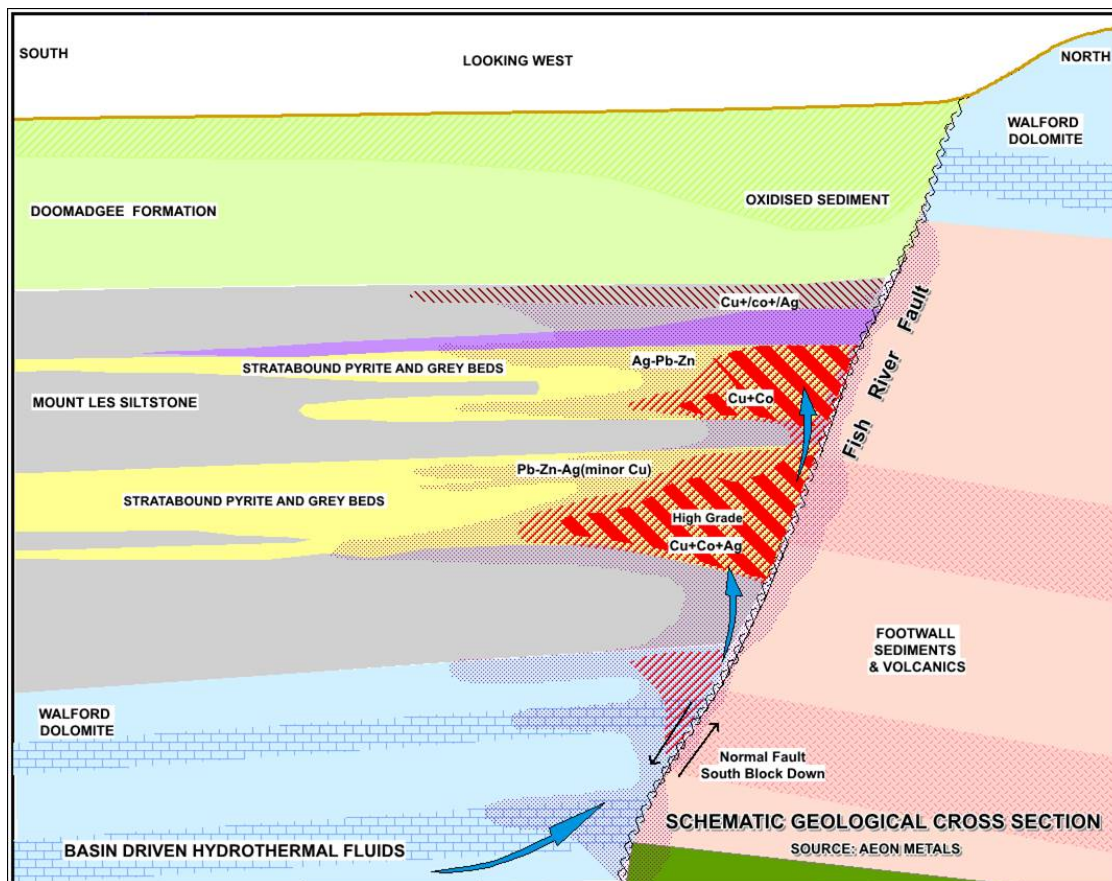


Figure 3. Schematic cross-section showing the geological model for mineralisation hosted within and immediately peripheral to the faults of the FRFZ

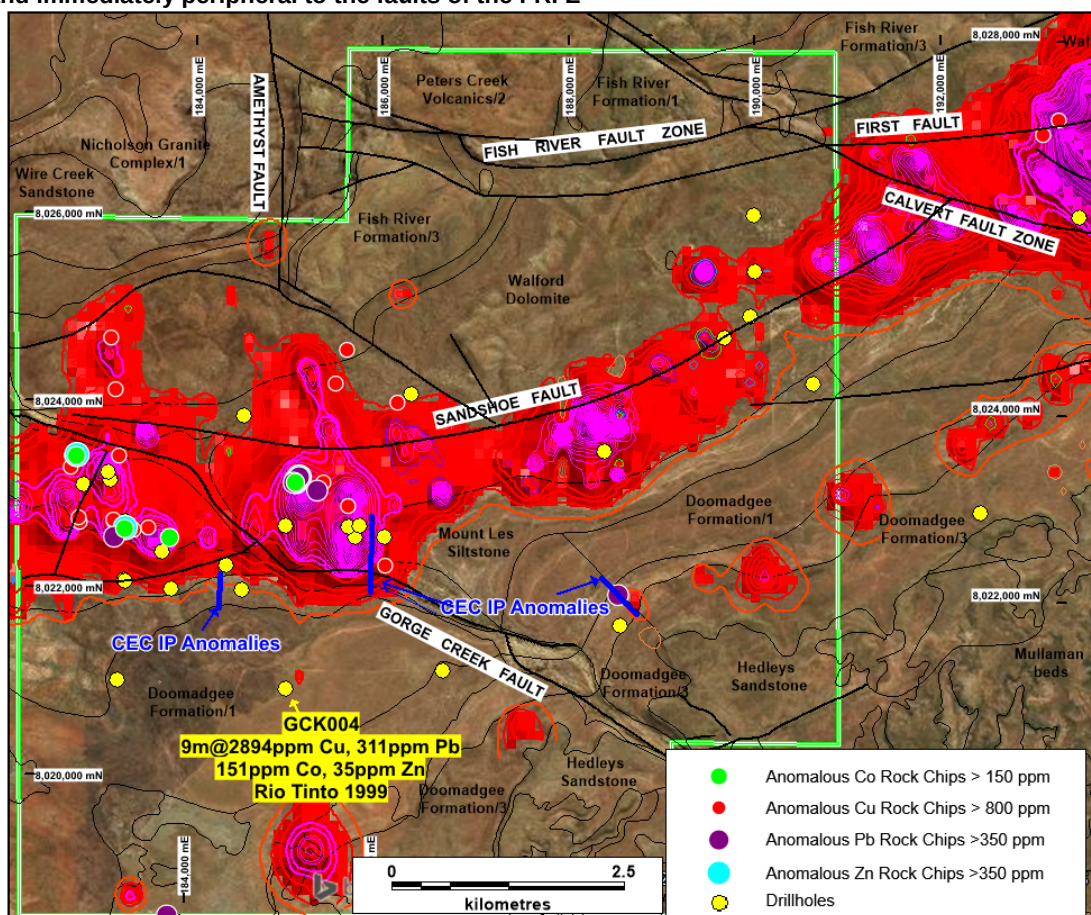


Figure 4. An image of the Gorge Creek tenement showing the various faults of the Fish River Fault Zone and anomalous soil geochemical results along the Sandshoe and Gorge Creek Fault.

In addition to commencement of the XCITE survey the joint venture has expanded the project footprint by including the new tenement EPM 26723. Anomalous base metal and rare earth element rock-chip and stream sediment are noted to coincide with conductive stratigraphic zones on the southern portion of EPM 26723 (Figure 5). This area has not previously been explored in any detail but provides the joint venture with an excellent opportunity to define further targets and consolidate its position in this very prospective region.

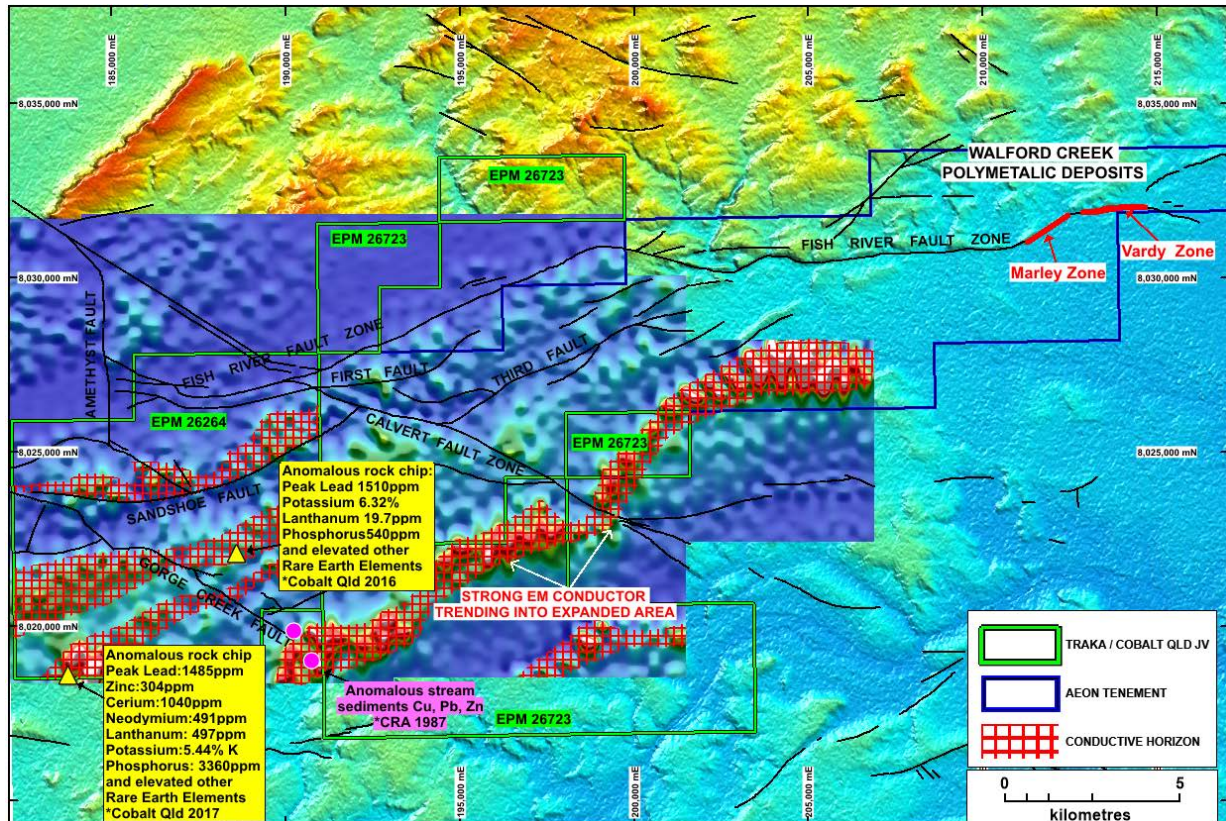


Figure 5. Gorge Creek JV EPM 26264 and 26723. GEOTEM image with conductive horizons stippled in red draped over Digital Terrain Model showing the FRFZ and the locations of anomalous rock and stream sediment geochemistry.

Traka has a minimum expenditure commitment of \$300,000 in the first year of the joint venture and can earn 51% by electing to incur additional expenditure of \$700,000 in the following 2 year period.

## The Ravensthorpe Project

Traka has interests in two projects in the Ravensthorpe region (Figure 6):

- The Mt Cattlin North Project involving a 20% lithium and tantalum joint venture interest free carried to production by Galaxy Resources Limited (Galaxy) in tenements that abut the Mt Cattlin Lithium Mine;
- The wholly owned Mt Short Base Metal Project.

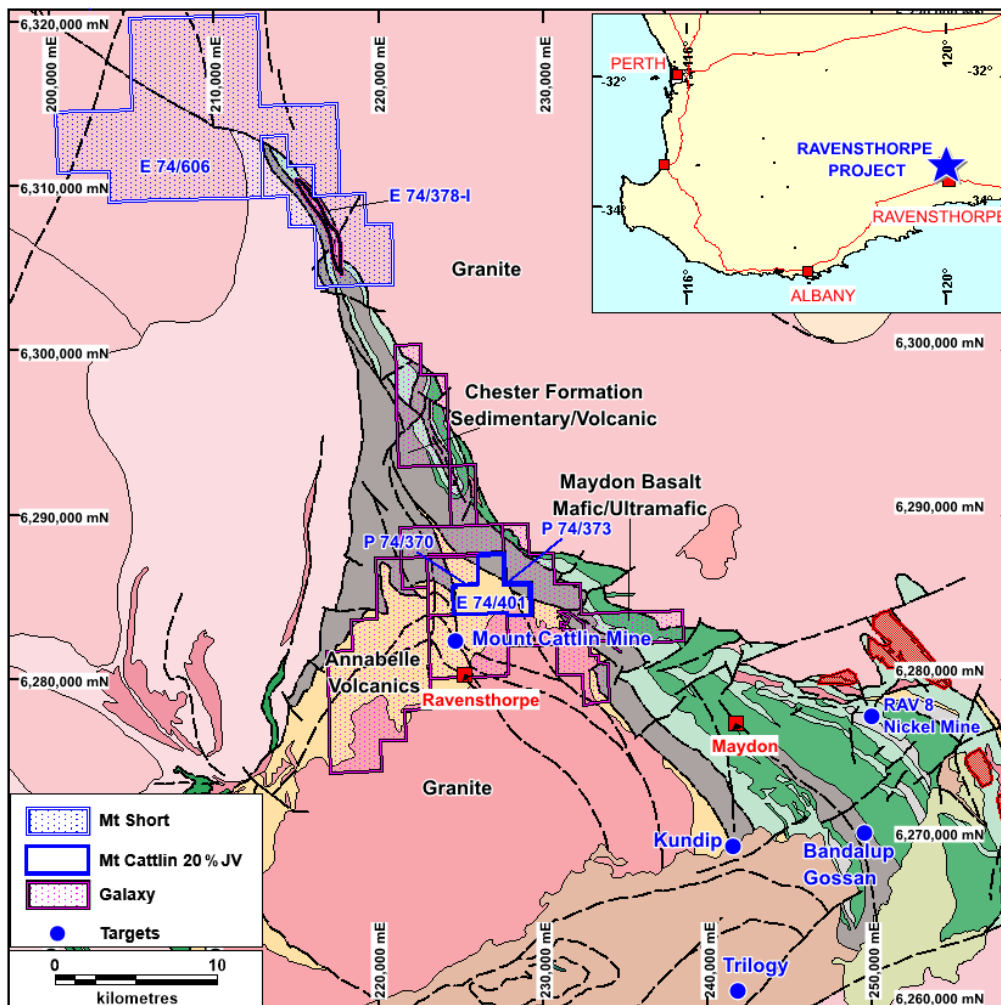


Figure 6. Location plan of the Ravensthorpe Project

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

Galaxy, the Manager of the joint venture, has commenced exploration programs on the various tenements surrounding the Mt Cattlin Lithium Mine (1). Within Traka's joint venture area of interest Galaxy completed 42 reverse circulation (RC) holes for a total of 4,153 metres and 13 kilometres of deep ground penetrating radar (DGPR) (Figure 7). The exploration program is at early reconnaissance level initially to test some lithium bearing pegmatites highlighted by historic work and to test the effectiveness of DGPR as an exploration technique.

Galaxy now report that this initial work program is to be followed-up as part of an expanded greenfields exploration program (3). An extract of Galaxy's quarterly report relating to these exploration plans follows:

*"Plans have now been finalized for an expansive regional targeted greenfield exploration campaign (up to 60,000m) over the next two years. This does not include ongoing RC drilling directed at grade control as part of the normal course of business, and resource development around the Mt Cattlin area. A number of prospective targets in close proximity to the existing operations have already been identified. This campaign will provide Galaxy with a comprehensive understanding of the regional geology and the lithium mineralogy of previously underexplored regions."*

Within the Traka area of interest drilling was limited to 2 traverses on the north-west side of the JV tenement area. Historic work identified the presence of outcropping lithium bearing pegmatites with a peak rock-chip result of 2.04% LiO<sub>2</sub>. Barren and mineralised pegmatites were intersected (peak intersection 2 metres @ 0.84% LiO<sub>2</sub>) in the vicinity but compilation of this drill data is yet to be completed.

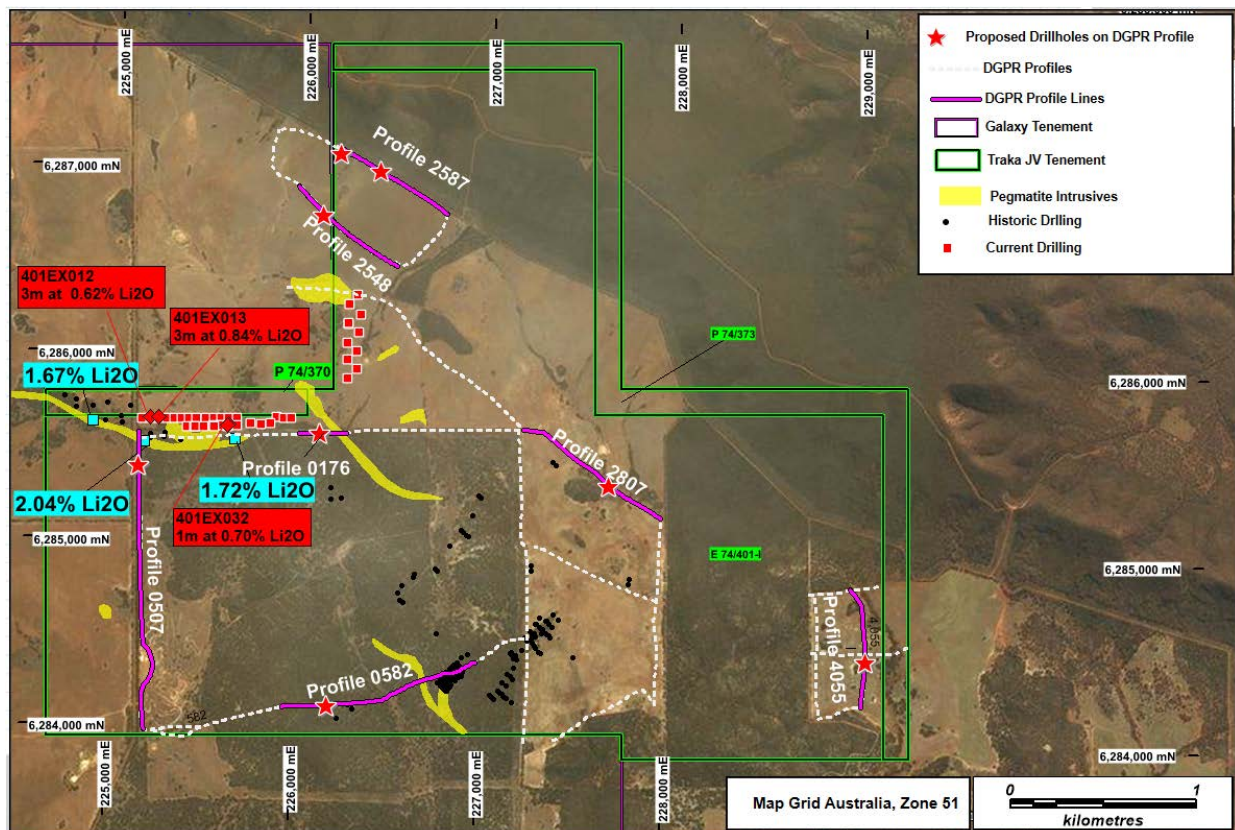
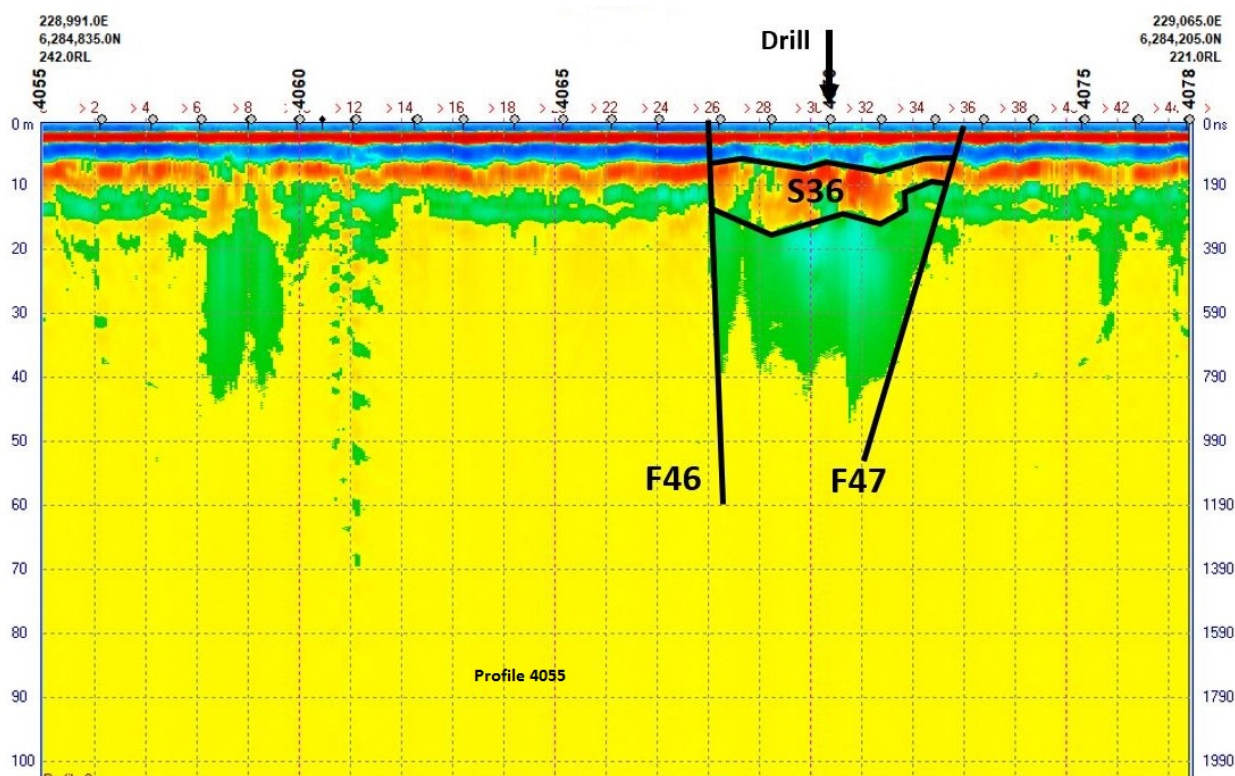


Figure 7. An image showing the position of the RC drilling, new drill targets and the DGPR traverses

Regarding the DGPR surveys completed, 5 anomalies were highlighted for drilling in various positions on the JV tenements. The DGPR was a scout program undertaken where good progress could be made in cleared paddocks and/or along bush tracks. Data from the existing DGPR traverses provide a 2-dimensional image in cross-section profile and in this instance the system is optimized to highlight flat-lying bodies characteristic of the mineralised pegmatites at Mt Cattlin (Figure 8). A more systematic DGPR gridded survey which enables 3D modelling is required to enable better definition of these targets but Galaxy has validated the DGPR's effectiveness and a combination of DGPR and follow-up drilling will be used to fully evaluate the potential.

Other geological features like faults and massive sulphide bodies can also be discerned by DGPR, but at this stage the data is not optimized to discern these features. Based on historic and current exploration activity there remains good scope for delineation of gold and copper structures. These structures were last worked by prospectors in the 1930's and are late stage features that can pass through the lithium bearing pegmatite bodies.

It is gratifying to see the commencement of exploration on Traka's JV tenements and encouraging to see the initial work starting to highlight targets for follow-up evaluation.



**Figure 8. Profile 4055.** An example of a DGPR plotted on section showing the interpreted position of a flat-lying fault bounded body about 100 metres wide and 50 metres thick.

## The Mt Short Base Metal Project

A diamond drill hole tested an Induced Polarisation (IP) target at Mt Short and intersected 8.59 metres @ 2.6% Zn (Zinc) and 1.7% Pb (Lead) (4). Two follow-up RC drill holes have subsequently been drilled to test below and along strike from the diamond hole intersection. The samples from the RC drill holes are still to be assayed but initial visual impressions indicate similar results to that first achieved. Previous work on this target, which is entirely under regolith cover in wheat paddocks, indicated the presence of massive and disseminated sulphide mineralisation within a sedimentary rock sequence.

## 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).

On the 3 April Traka announced that Chalice Gold Mines Limited (Chalice), had given notice to Traka that it was withdrawing from the joint venture on Latitude Hill. Chalice had an option after expenditure of \$1 million to earn 51% equity by the additional expenditure of \$5 million.

Chalice drill tested six airborne electromagnetic (Spectrem) targets with an RC drill program comprising 18 holes for a total of 3,576 metres. Copper mineralisation was intersected at the Manyas target where 5 holes were drilled for 956 metres (7). The best intersections were:

**Drill Hole LHRC010:**

- 17metres at 0.49% Cu from 214m
- o Including 1 metre at 2.23%Cu

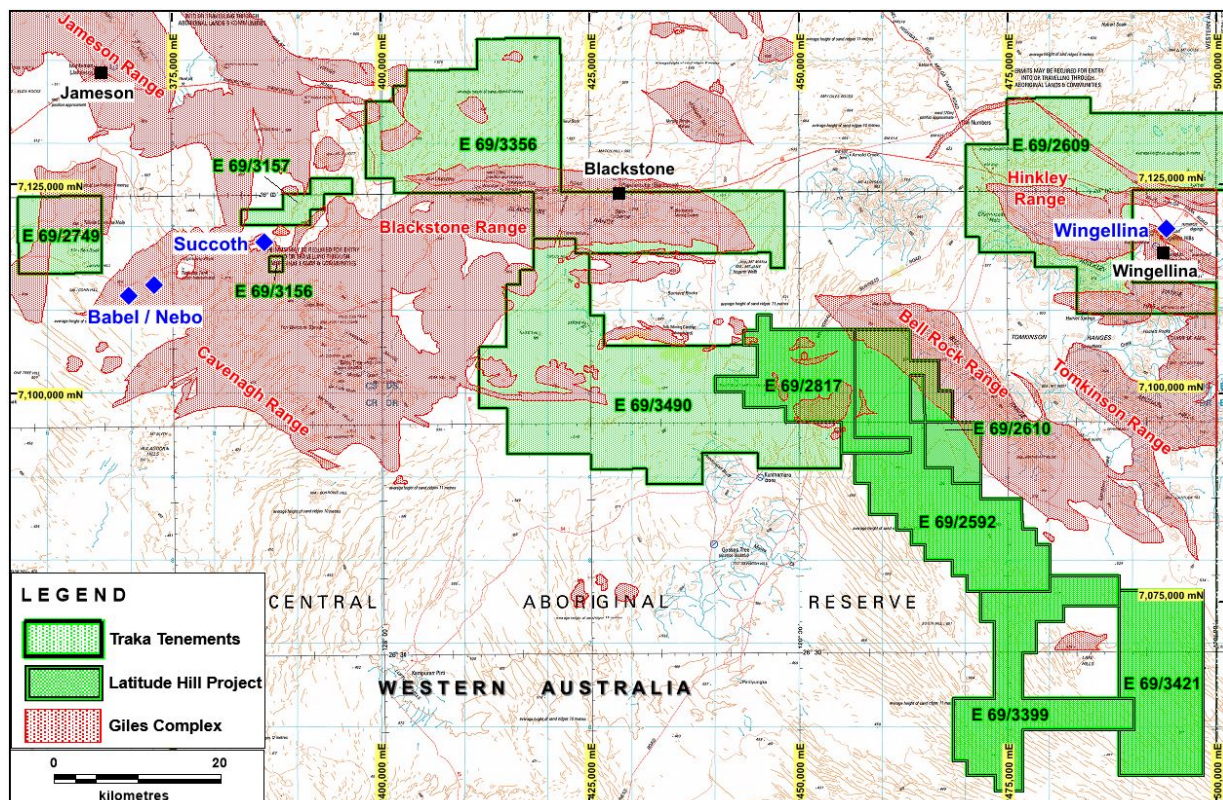
**Hole LHRC013:**

- 25 metres at 0.43% Cu from 50m
- o Including 2 metres at 1.2% Cu

**Hole LHRC015:**

- 12 metres at 0.47% Cu from 194m
- o Including 2 metres at 1.2% Cu

The copper mineralisation at Manyas is of hydrothermal origin and hosted in sheared sedimentary rock. The other Spectrem targets were attributed to the presence of electrically conductive carbonaceous rocks.



**Figure 9. Location plan of the Musgrave Project showing Traka's tenement holding & joint venture interests**

Traka's other tenement holdings in the Musgrave region comprise the Mt Morphett Project tenements (ELA 3490 and 3356) immediately north-west of the Latitude Hill Project. Of principal interest is 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. 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.

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 10).

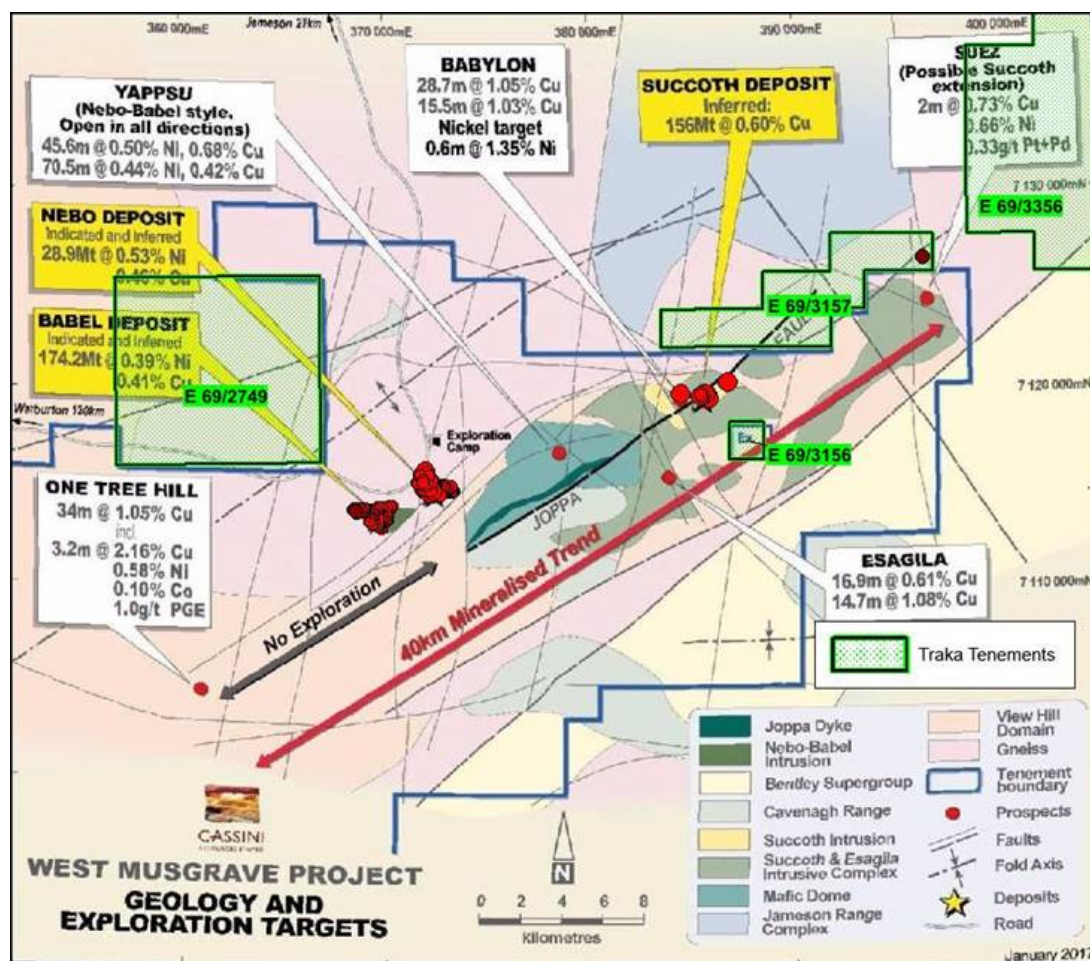


Figure 10. Location plan of the Jameson area showing the location of the mineral deposits, Traka's tenement holdings and key geological information.

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.

## 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.

Part of this activity has led to new tenement applications in the Lake Grace area (peripheral to Quick Silver nickel cobalt discovery) and the Pilbara areas. In these cases, all the applications have been contested by third parties and the results of ballots on them are yet to be made.

Patrick Verbeek  
Managing Director

30 April 2018

- (1) *Traka ASX Announcement – 20 April 2018. Mt Cattlin North JV Drilling results and exploration update*
- (2) *Traka ASX Announcement – 23 April 2018.*
- (3) *Galaxy Quarterly Activities Report Three Month Period Ended 31 March 2018*
- (4) *Traka ASX Announcement - 6 March 2018*
- (5) *Cassini Resources ASX Release - 14 January 2017*
- (6) *MetalsX Ltd ASX release - 15 January 2018*
- (7) *Traka ASX Announcement – 3 April 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 March 2018

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|-----------------------------------------------------------|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | -                          | -                                     |
| 1.2 Payments for                                          |                            |                                       |
| (a) exploration & evaluation                              | (111)                      | (386)                                 |
| (b) development                                           | -                          | -                                     |
| (c) production                                            | -                          | -                                     |
| (d) staff costs                                           | (52)                       | (147)                                 |
| (e) administration and corporate costs                    | (69)                       | (242)                                 |
| 1.3 Dividends received (see note 3)                       | -                          | -                                     |
| 1.4 Interest received                                     | 10                         | 19                                    |
| 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>(222)</b>               | <b>(756)</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                   | - | - |

| Consolidated statement of cash flows |                                                       | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--------------------------------------|-------------------------------------------------------|----------------------------|---------------------------------------|
| 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>3.</b>  | <b>Cash flows from financing activities</b>                                 |           |              |
| 3.1        | Proceeds from issues of shares                                              | -         | 1,892        |
| 3.2        | Proceeds from issue of convertible notes                                    | -         | -            |
| 3.3        | Proceeds from exercise of share options                                     | 56        | 70           |
| 3.4        | Transaction costs related to issues of shares, convertible notes or options | (4)       | (157)        |
| 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>52</b> | <b>1,805</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                             | 2,074        | 855          |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | (222)        | (756)        |
| 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)             | 52           | 1,805        |
| 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>1,904</b> | <b>1,904</b> |

| 5. <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| 5.1    Bank balances                                                                                                                                                           | 204                        | 124                         |
| 5.2    Call deposits                                                                                                                                                           | -                          | -                           |
| 5.3    Bank overdrafts                                                                                                                                                         | -                          | -                           |
| 5.4    Other (provide details) Term Deposits                                                                                                                                   | 1,700                      | 1,950                       |
| <b>5.5    Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                                                                        | <b>1,904</b>               | <b>2,074</b>                |

**6.    Payments to directors of the entity and their associates**

- 6.1    Aggregate amount of payments to these parties included in item 1.2
- 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

| Current quarter<br>\$A'000 |
|----------------------------|
| 89                         |
| -                          |

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

86

3

**7.    Payments to related entities of the entity and their associates**

- 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

| Current quarter<br>\$A'000 |
|----------------------------|
| -                          |
| -                          |

**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<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|----------------------------------------------------|-------------------------------------------|
| -                                                  | -                                         |
| -                                                  | -                                         |
| -                                                  | -                                         |

|  |
|--|
|  |
|--|

| 9. Estimated cash outflows for next quarter | \$A'000    |
|---------------------------------------------|------------|
| 9.1 Exploration and evaluation              | 215        |
| 9.2 Development                             | -          |
| 9.3 Production                              | -          |
| 9.4 Staff Costs                             | 45         |
| 9.5 Administration and corporate costs      | 70         |
| 9.6 Other (provide details if material)     | -          |
| <b>9.7 Total estimated cash outflows</b>    | <b>330</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 | E74/0522                        | Tenement surrendered | 20%                              | 0%                         |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased           | EPM26264                        | Tenement acquired    | 0%                               | **0%                       |

**\*\*Earning up to 51%**

### **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 April 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 March 2018**

| *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%                |
| E     | 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     | 74/0606  | Ravensthorpe, WA | 100%               |  | 100%                |
| EPM   | 26264    | Gorge Creek, QLD | **0%               |  | **0%                |

\* Subject to ballot

\*\* Earning up to 51%

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

|  | Tenement  | Location         | Registered Holding |      | Beneficial Interest |      |
|--|-----------|------------------|--------------------|------|---------------------|------|
|  |           |                  | From               | To   | From                | To   |
|  | EPM 26264 | Gorge Creek, QLD | 0%                 | **0% | 0%                  | **0% |

\*\* Earning up to 51%

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

|  | Tenement  | Location         | Registered Holding |    | Beneficial Interest |    |
|--|-----------|------------------|--------------------|----|---------------------|----|
|  |           |                  | From               | To | From                | To |
|  | E 74/0522 | Ravensthorpe, WA | 20%                | 0% | 20%                 | 0% |

**Key:**

E: Exploration licence

EA: Exploration licence application

P: Prospecting licence

EPM: Exploration permit mineral