



# TRAKA RESOURCES LIMITED

ABN 63 103 323 173

## Quarterly Activities Report

for the three months ended 31 December 2018

### Summary

#### ***Gorge Creek Joint Venture (Cu, Co, Pb and Zn)***

- Drilling of ten targets is planned for Gorge Creek as soon as access is possible after the wet season.
- The planned scope of work for the Gorge Creek Project has expanded from what was originally contemplated. The focus on structure related Walford Creek style copper and cobalt mineralisation remains a priority but breccia pipe and stratabound targets are now also highlighted.

#### ***Mt Cattlin North Joint Venture (Li<sub>2</sub>O)***

- Drilling for near surface lithium/tantalum bearing pegmatite targets highlighted by ground penetrating radar surveys (GPR) has been undertaken. The GPR has proved to be a very effective technique. Several drillhole intersections have been returned for the work completed to date, but considerable extra GPR surveys and follow-up drilling are still required.

#### ***Musgraves (Ni, Cu, Co and PGE)***

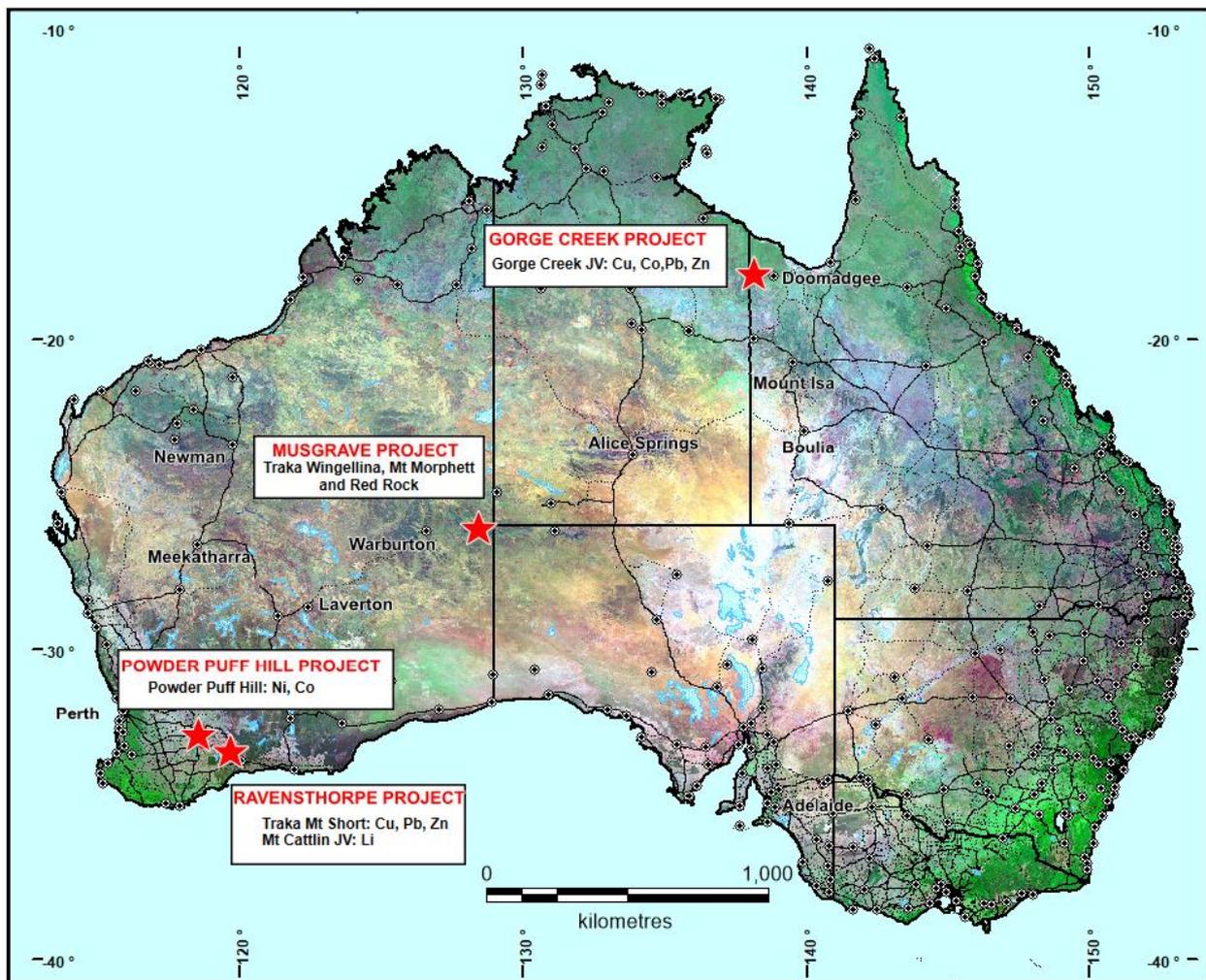
- Negotiations are ongoing which would enable recommencement of exploration activity. Priority is being given to access the Mt Morphett project area.

#### ***Powder Puff Project - Lake Grace (Ni, Co)***

- A wide-spaced reconnaissance level geochemical sampling program has been completed on the northern tenement of the project. This tenement is along strike of the Quicksilver nickel and cobalt discovery. Assay results are awaited.

#### ***Mt Short Lake Grace (Au, Cu, Pb and Zn)***

- A wide-spaced geochemical sampling program for gold and base metal potential has been completed on the northern extensions of the Ravensthorpe Greenstone Belt. Assay results are awaited.



*Location plan of Traka's Projects*

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

Exploration work completed on the Gorge Creek Project during the field season in 2018 has resulted in the selection of ten drill targets for copper (Cu), cobalt (Co), lead (Pb) and zinc (Zn) mineralisation (Figure 1). Six of these targets are on the Fish River Fault Zone (FRFZ) prospective for structurally controlled Walford Creek style mineralization, the same as is currently being evaluated by Aeon Metals Ltd (Aeon) 30 km to the east (1). Three other targets are prospective for Pb and Zn mineralisation in stratabound sedimentary rocks similar to those found at the Century Mine. The remaining target is a possible breccia pipe target.

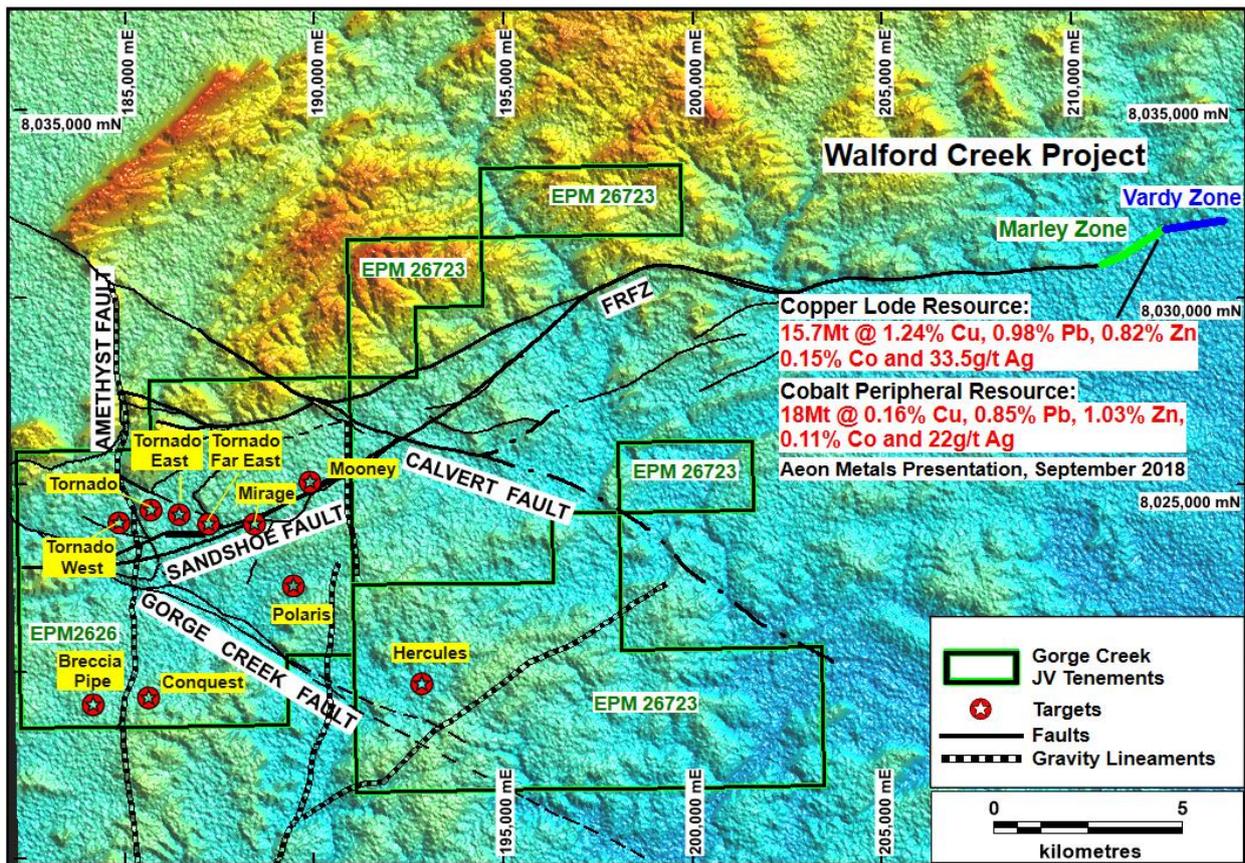


Figure 1. Gorge Creek JV EPM 26264 and 26723. A Digital Terrain Model showing the FRFZ and the locations of the targets currently being evaluated.

### The FRFZ Cu, Co, Pb and Zn drill targets:

Within the Gorge Creek area, the primary FRFZ structure gives rise to the Sandshoe Fault and several south-west trending splays which include the Gorge Creek and Calvert Faults. The FRFZ is a large deep-seated crustal feature which acts as a conduit for mineralising fluids. The faults juxtapose and cut through the Mt Les Siltstone and Walford Dolomite stratigraphic units which are the favoured host rocks for mineralisation at Walford Creek.

Six targets have been selected for drilling of which five are already permitted and cleared for drilling. These targets are defined by varying combinations of geological, geochemical and geophysical attributes. In some instances, they are areas of surface soil and/or rock-chip geochemical anomalism coincident with FRFZ structures -eg the Tornado and Mirage targets (2). Others are XCITE (helicopter borne electromagnetic) anomalies coincident with FRFZ fault structures and/or magnetic and gravity anomalies e.g. Tornado West, Tornado East, Tornado Far East and Mooney (Figure 2).

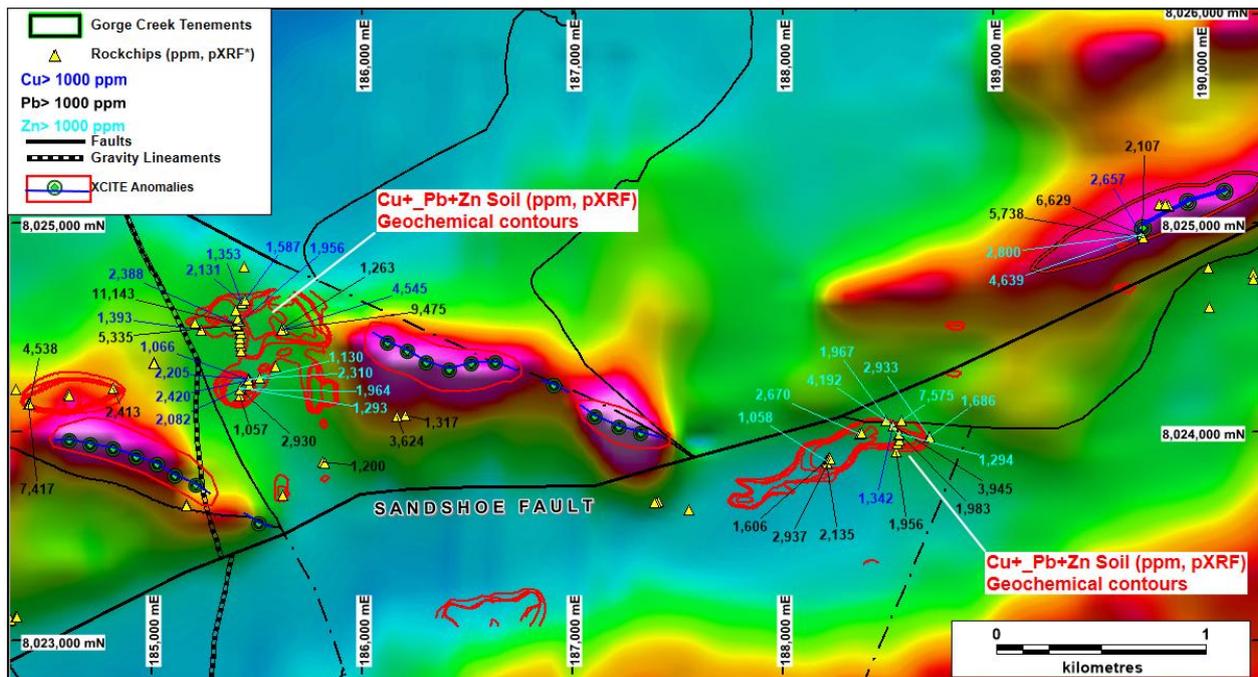


Figure 2. Gorge Creek: An XCITE image showing the locations of the targets selected for drilling.

### The Stratabound Zn - Pb Targets:

Prospectivity for stratabound lead and zinc mineralisation has been highlighted by the XCITE survey in addition to geological mapping and geochemical surveys (Figure 3).

Pb and Zn bearing gossans have been located at the Conquest (1.5km length) and Polaris (2km length) targets which are located at the base of the shallow south dipping Doomadgee Formation. These gossans have the texture and appearance of zinc and lead rich bearing rock when weathered. They have veinlets with silica altered selvages, boxwork textures after sulphides, manganese staining and strong siderite alteration. Numerous high-grade rock-chip samples have been returned from sampling the gossans. The Polaris and Conquest targets coincide with thickening in gently folded sections of the stratigraphy in proximity to the large Gorge Creek and Amethyst Faults. These geological features are some of the important parameters for channeling and concentrating mineralised fluids into the stratigraphic sequence.

The Hercules target has no surface expression but is noted to be down-dip from Polaris, immediately east of the Gorge Creek Fault and north of a south west trending fault as defined by a gravity lineament.

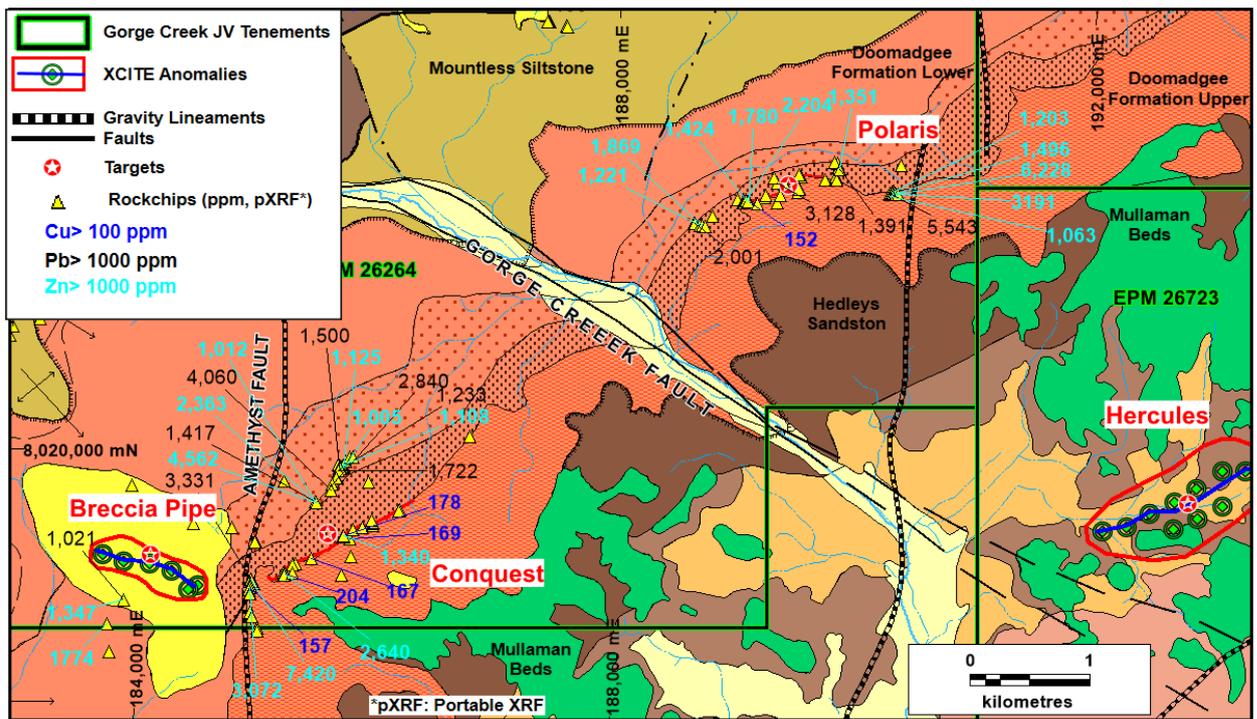


Figure 3. Gorge Creek: A geological map showing selective geochemical data plus the Conquest, Polaris and Hercules targets.

### The Gorge Creek Breccia Pipe

This postulated breccia pipe is a large vertical roughly oval shaped body about 1.0 x 0.8km in size within a gently southeast dipping sequence of fine-grained gently folded sedimentary rocks (Figure 4). It is coincident with both an XCITE and a gravity anomaly and on the eastern side is in contact with the north trending Amethyst Fault. Conglomeratic rocks form a caprock over much of the breccia pipe preventing confirmation of the true nature of the underlying feature without drilling, but the presence of some strongly silicified brecciated rock with signs of epithermal alteration is encouraging. In this geological setting the less resistant fractured/alterated state of the rocks within the breccia pipe, when contrasted with the surrounding rocks, creates a depression which the conglomerate has infilled.

Breccia pipes are known to occur to the north of Gorge Creek in the MacArthur Basin in similar geological terrain to that at Gorge Creek - for example Redbank (Redbank Operations Pty Ltd) and Stanton (Northern Cobalt Limited). They are not particularly unusual, but more importantly they can be associated with Cu, Co, Pb and Zn mineralisation and are being actively targeted for exactly these metals. The mineralising process is epithermal in style and involves saline fluids passing upwards from the underlying stratigraphic sequences to precipitate sulphides in the breccia matrix at about 200m or more below the original surface. The Mt Les Siltstone stratigraphic unit, which hosts mineralisation at Walford Creek, is about 200m beneath the epithermal breccia outline at Gorge Creek and could provide a suitable host rock for base metal mineralisation.

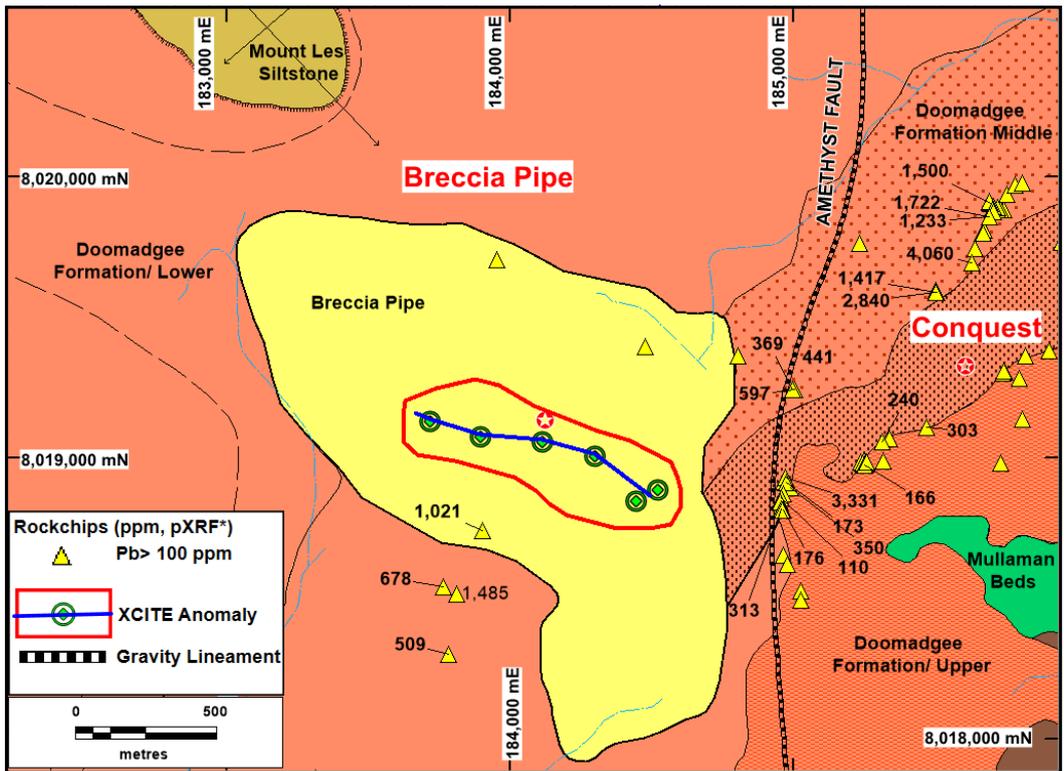


Figure 4. Gorge Creek: A geological map showing the Breccia Pipe position and selective rock-chip pXRF data.

### The Ravensthorpe Project

Traka has interests in two projects in the Ravensthorpe region (Figure 5):

- 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.

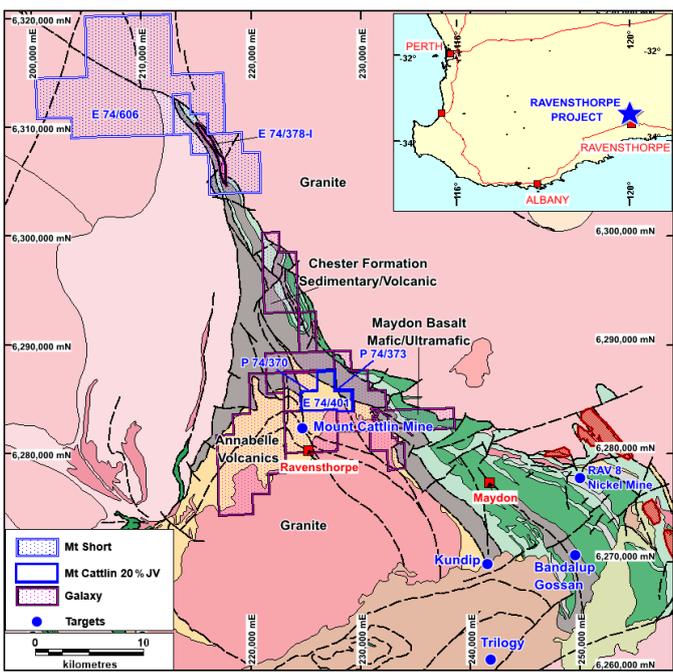


Figure 5. Location plan of the Ravensthorpe Project

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

Galaxy, the manager of the Mt Cattlin North joint venture, has provided the following information regarding exploration activity on the Mt Cattlin North Joint Venture:

*In the quarter, 15 RC (reverse circulation) drill holes for a total of 1824m were completed on the Mt Cattlin North Joint Venture tenements (EL70/401, PL74/370 and PL74/371). The drilling targeted pegmatites under cover following a limited ground penetrating radar (GPR) survey completed last summer plus follow-up on historical rock chip and drilling data (3) (Figure 6 and Table 1)*

*In the eastern section of exploration licence EL74/401 and P74/370 four of seven drill holes (GPRC 1 to 7) intersected pegmatite. Drillhole GPRC4 intersected 10m of pegmatite from 63m downhole and GPRC2 intersected 6m of pegmatite from 4m. Numerous, mostly 1m to 2m thick, fine to medium grained, aplitic stringers with traces of spodumene was characteristic of the drilling in this area. No significant (>0.3 % Li<sub>2</sub>O) lithium and tantalum (Ta<sub>2</sub>O<sub>5</sub>) assays were returned from these drill holes. Further evaluation of this area of complex pegmatite veining and intrusives will be undertaken as part of the ongoing project evaluation.*

*In the northeast part of exploration licence EL74/401 and PL74/371 six out of eight RC holes (GPRC8 to GPRC15) intersected blind pegmatite intrusives under surface cover. Of these the most significant result was from drillhole GPRC013 which intersected 3m @ 0.77 % Li<sub>2</sub>O from 66 m downhole. GPRC015 recorded anomalous niobium (Nb – 120 parts per million) and cesium (Cs-124 parts per million) assay, but no significant lithium or tantalum mineralisation. No other significant intersections were returned but follow-up evaluation is planned.*

*Galaxy has been encouraged by the effectiveness of GPR as a target generator for pegmatites that have no surface expression i.e. are blind to surface exploration methods. Over 100km of regional traverses have been completed over the last two summer field seasons, with ongoing target generation and interpretation underway. Galaxy has several drilling applications in progress and will advise when these are granted by State regulators.*

The exploration work completed by Galaxy is encouraging in that it shows that even limited first pass activity is highlighting the presence of shallow lithium bearing pegmatites. The majority of the joint venture tenement remains untested and only two of the 5 GPR anomalies already highlighted have been drilled.

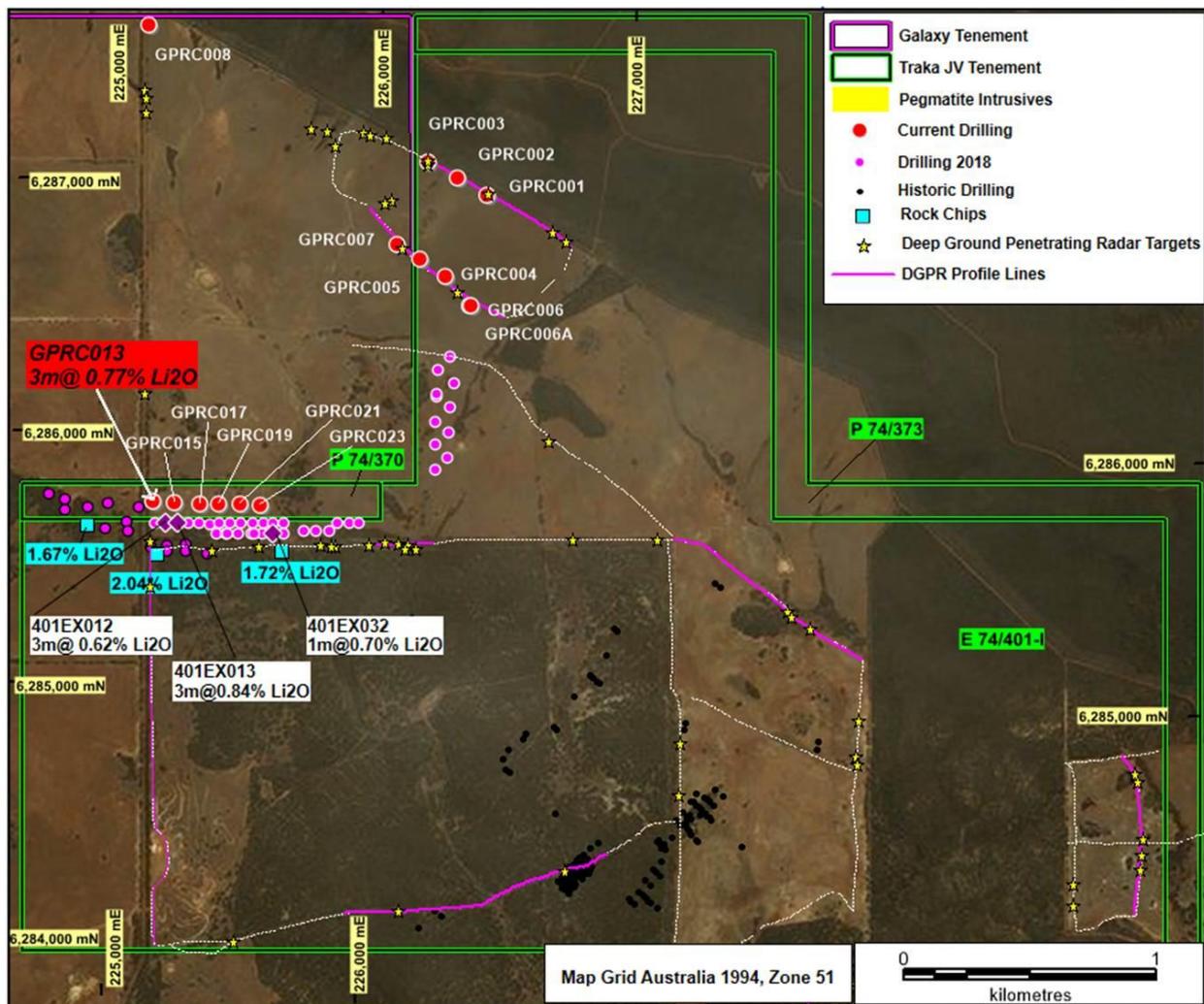


Figure 6. Mt Cattlin: An image showing the position of the RC drilling, new drill targets and the GPR traverses

Drill Hole ID	Length (m)	Easting	Northing	Azimuth	Dip	From (m)	To (m)	Li2O_pct	Ta2O5_ppm	Nb2O5_ppm	Cs_ppm
GPRC001	162	226,426	6,286,989	0	-90						
GPRC002	120	226,309	6,287,052	0	-90						
GPRC003	154	226,191	6,287,114	0	-90						
GPRC004	150	226,272	6,286,664	0	-90						
GPRC005	120	226,171	6,286,729	0	-90						
GPRC006A	42	226,373	6,286,546	0	-90						
GPRC006	138	226,375	6,286,546	0	-90						
	886										
GPRC007	122	226,076	6,286,784	0	-90						
GPRC008	120	225,077	6,287,626	0	-90						
GPRC013	120	225,146	6,285,740	180	-60	66	69	0.77	56	103	58
GPRC015	120	225,229	6,285,737	190	-66						
GPRC017	126	225,329	6,285,735	184	-63						
GPRC019	120	225,405	6,285,735	187	-69						
GPRC021	120	225,491	6,285,736	185	-63						
GPRC023	90	225,570	6,285,737	185	-67						
	938										
Datum – MGA94 Zone 51											

Table 1. The list of drill holes and their locations on the Mt Cattlin North JV tenements

## **The Mt Short Base Metal Project**

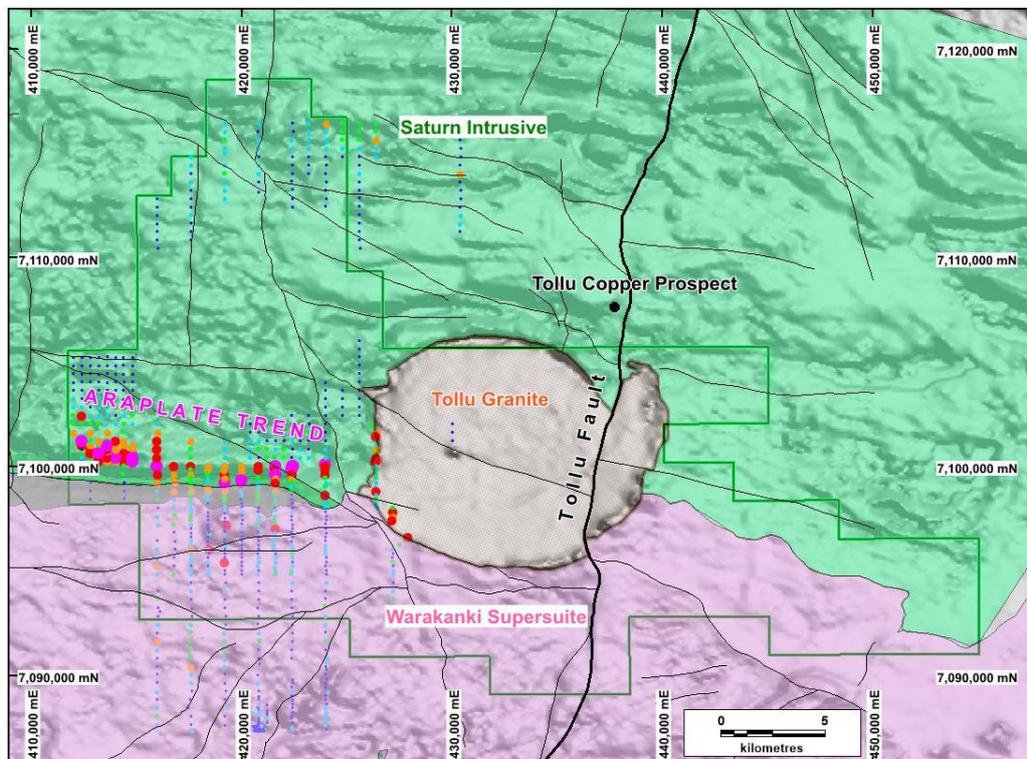
A wide space reconnaissance soil geochemical program has been completed at Mt Short to test for gold and base metal mineralisation on the northern extensions of the Ravensthorpe Greenstone Belt. This northern part of the project is entirely blanketed by regolith cover and is within cropped farming land. The summer period after harvest and before seeding provides the window of opportunity to undertake this rapid first pass style of evaluation. Assay results for this work is awaited.

## **The Musgrave Project**

***(Traka 100%)***

Traka continues to maintain a large exploration portfolio in the West Musgraves with tenements peripheral to the emerging nickel cobalt resources defined at Wingellina (MetalsX Limited) (4) and the nickel and copper discoveries at Babel, Nebo and Succoth (Oz Minerals Limited/Cassini Resources Limited Joint Venture) (5).

Negotiations are ongoing to gain access to the Mt Morphett Project (ELA 69/3490) east of the Babel, Nebo and Succoth discoveries held by Cassini and Oz Minerals (Figure 7). Of principal interest is the 12km long copper-nickel-PGE (Platinum Group Elements) Araplate Prospect on the southern basal margin of the Saturn Intrusive. The Saturn Intrusive is one of the large layered mafic bodies of the Giles Intrusive Complex host to the large known nickel, copper, cobalt discoveries in the Musgraves. The model for mineralisation is sulphide hosted magmatic copper, nickel and PGE deposits in the basal layer of the intrusive. Historic geochemical sampling has highlighted anomalism along the entire southern contact, but no drilling has ever been undertaken. The initial program of work planned is a helicopter-borne electromagnetic survey (EM) to look for sulphide conductors.



**Figure 7. The Musgrave Project showing Traka's tenement and the position of Mt Morphett**

## Powder Puff Hill Project (Traka 100%)

A wide spaced reconnaissance level geochemical survey has been completed on the mining tenement EL70/5064 (Figure 8). This survey was undertaken over privately owned farming land in the summer period when there are no crops in the field. The geochemical survey covered the northern strike extension of the narrow greenstone belt and a coincident aeromagnetic lineament striking north from the Quicksilver nickel cobalt resource owned by Golden Mile Resources Ltd (Golden Mile). The assay results for this survey are awaited.

The recent drilling results by Golden Mile (6) for massive-sulphide-hosted cobalt mineralisation at depth are of most relevance to Traka. Massive-sulphide nickel bodies typically occur as shoots which repeat along a geological trend.

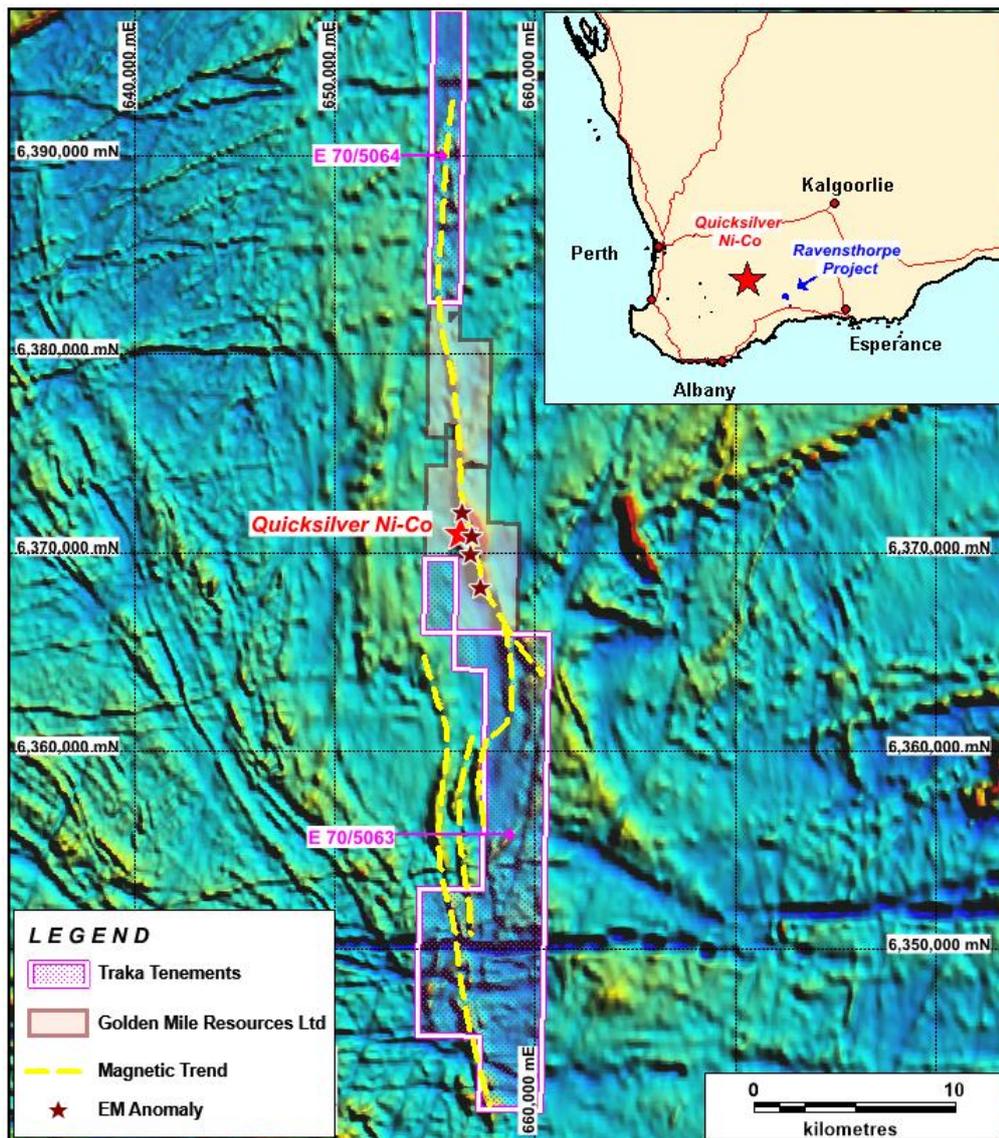


Figure 8. Powder Puff Hill: Aeromagnetic image showing Traka's tenements north and south of Quicksilver

## **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**

31 January 2019

- (1) *Aeon Metals MD Presentation- 12 November 2018*
- (2) *Traka Quarterly Report September 2018*
- (3) *Traka ASX Announcement 20 April 2018*
- (4) *MetalsX Ltd ASX release - 15 January 2018*
- (5) *Cassini Resources ASX Release - 14 January 2017*
- (6) *Golden Mile ASX Announcement 25 July 2018 – Drilling Commences...*

### 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 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 undertaken 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 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(144)	(277)
(b) development	-	-
(c) production	-	-
(d) staff costs	(53)	(102)
(e) administration and corporate costs	(79)	(168)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	13
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>(270)</b>	<b>(534)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(7)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<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 Net cash from / (used in) investing activities</b>	-	(7)

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

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,232	1,503
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(270)	(534)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(7)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>962</b>	<b>962</b>

<b>5. 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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	112	182
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) Term Deposits	850	1,050
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>962</b>	<b>1,232</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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

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

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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	130
9.2 Development	-
9.3 Production	-
9.4 Staff Costs	44
9.5 Administration and corporate costs	66
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>240</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

### **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: 31 January 2019  
(~~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 2018**

Type	Tenement	Location	Registered Holding	Beneficial Interest
EA	69/2609	Musgrave, WA	100%	100%
EA	69/2749	Musgrave, WA	100%	100%
EA	69/3156	Musgrave, WA	100%	100%
EA	69/3157	Musgrave, WA	100%	100%
EA	69/3490	Musgrave, WA	100%	100%
EA	69/3569	Musgrave, WA	100%	100%
EA	70/5063	Lake Grace, WA	100%	100%
EA	70/5064	Kulin, WA	100%	100%
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%
EA	74/0636	Ravensthorpe, WA	0%	20%
EPM	26264	Gorge Creek, QLD	**0%	**0%
EPM	26723	Gorge Creek, QLD	**0%	**0%

*\*\* Earning up to 51%*

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

None

**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  
EPM: Exploration permit mineral