



# TRAKA RESOURCES LIMITED

ABN 63 103 323 173

## Quarterly Activity Report for the three months ended 31 December 2009

### **HIGHLIGHTS**

#### ***Musgrave Project Joint Venture with Anglo American***

- The strong Navigator Copper, Nickel and Platinum Group Elements target is being prepared for a drilling program in the first quarter of 2010.
- The Spectrem airborne EM survey is progressing well and 2 new EM targets have been identified for follow up investigation.
- Infill sampling on two gold targets has been completed.

#### ***Musgrave Project Traka Managed***

- Terms of access have been agreed for 4 new exploration licences in the Jameson area and exploration work programs are being prepared for commencement in the first quarter of 2010.
- Two airborne EM anomalies on Copper, Nickel and Platinum Group Elements style of target have been identified in the Jameson licences that will provide an immediate focus for exploration when field work recommences.
- Very strong and extensive zones of vanadium mineralisation associated with titaniferous magnetite layers in the Jameson Range Intrusive Complex have been identified. This opportunity will be investigated along with the Cu, Ni and PGE targets in the same area.

#### ***The Sirdar Joint Venture***

- Drill assays are awaited from the testing of a spodumene bearing pegmatite body north of the main Mt Cattlin Lithium Tantalum Mine being developed by Traka's joint venture partner, Galaxy Resources Ltd.

#### ***The Ravensthorpe Project***

- Drilling programs are being prepared for the testing of nickel sulphide targets in the Jerdacuttup Area and a strong lead anomaly at Mt Short.

## **EXPLORATION**

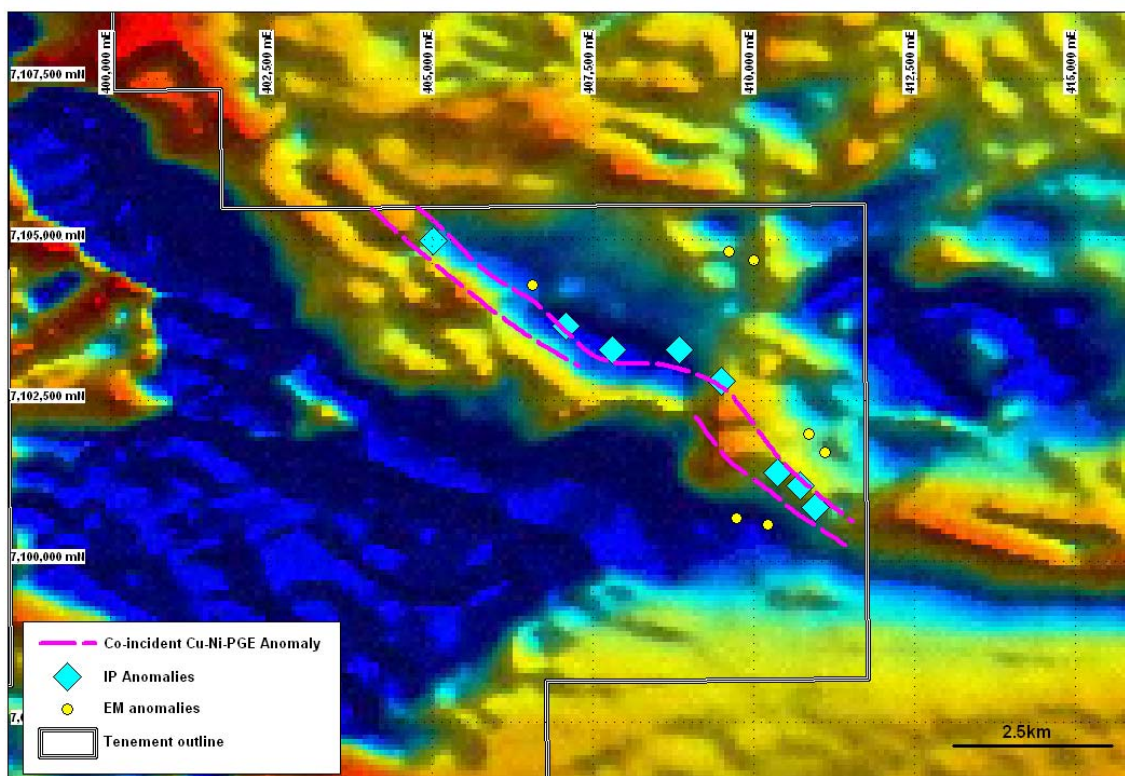
### **The Musgrave Project in Joint Venture with Anglo American**

*(Anglo American Exploration (Australia) Pty Ltd earning up to 75%)*

Field based exploration activity comprising geological, geochemical and geophysical surveys plus heritage and environmental surveys continued up to the end of November 2009. The results to date have been encouraging and as a consequence a busy work program is planned for the March start of the field season. A summary of the targets and comments on the overall status of the project follows:

#### ***The Navigator Target***

This very prospective target comprises a strong multi-element geochemistry anomaly extending over 7.5 kilometres with a number of coincident Induced Polarization ("IP") and Electromagnetic ("EM") anomalies within it (Figure 1). A drilling program to test some of the key areas of anomalism is currently being planned to commence around April or May. A Heritage Survey for the drill program has been completed and Environmental approval is currently awaited.

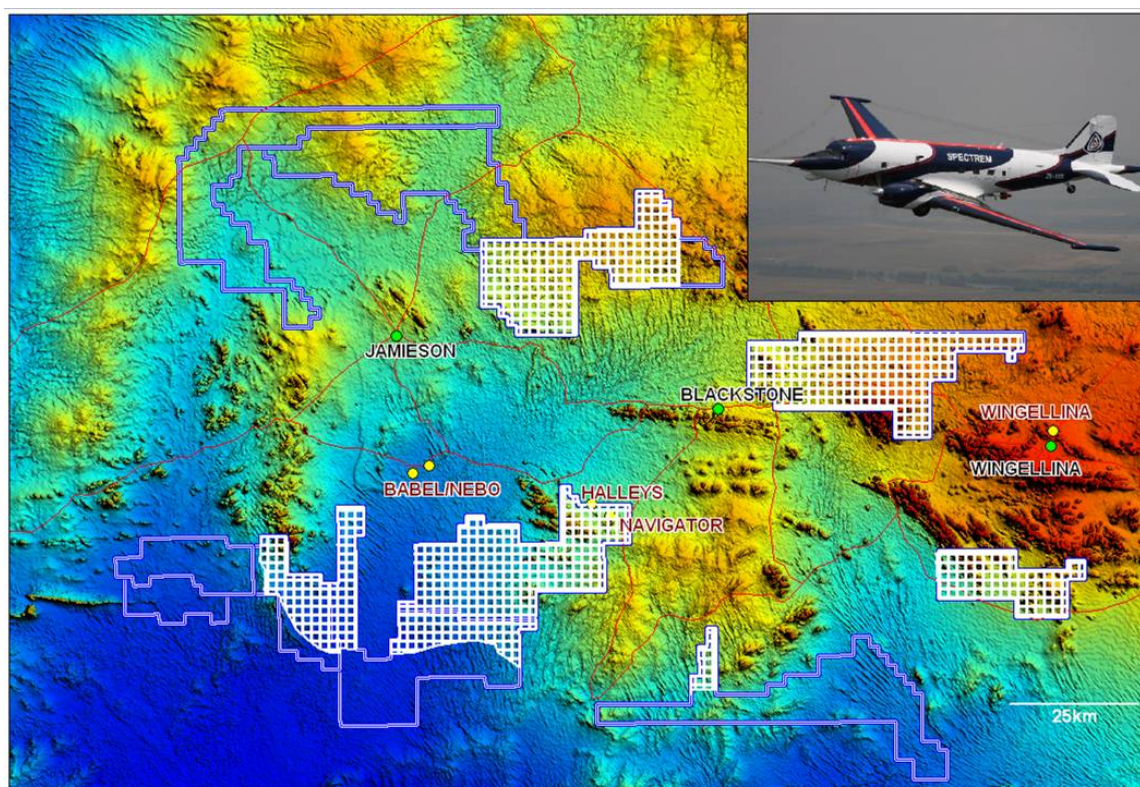


**Figure 1: Plan showing coincident zone of copper, nickel and the Platinum Group Elements anomalism plus the position of IP and EM targets**

#### ***The Spectrem Survey***

The airborne EM Spectrem survey that was underway before the Christmas break finished surveying the area extending southwest from the Navigator Target (Figure 2). A preliminary appraisal of this data highlighted 2 new EM anomalies. These anomalies are located below sand dune cover and will be verified by drilling and/or ground based EM surveys.

Further detailed interrogation of the Spectrem data may highlight other more subtle anomalies, but in the meantime the Spectrem survey is expected to recommence flying on the 10<sup>th</sup> January. The survey will cover the remaining 5 areas highlighted with white hatching in Figure 2 and it is expected to be finished entirely by the end of February.



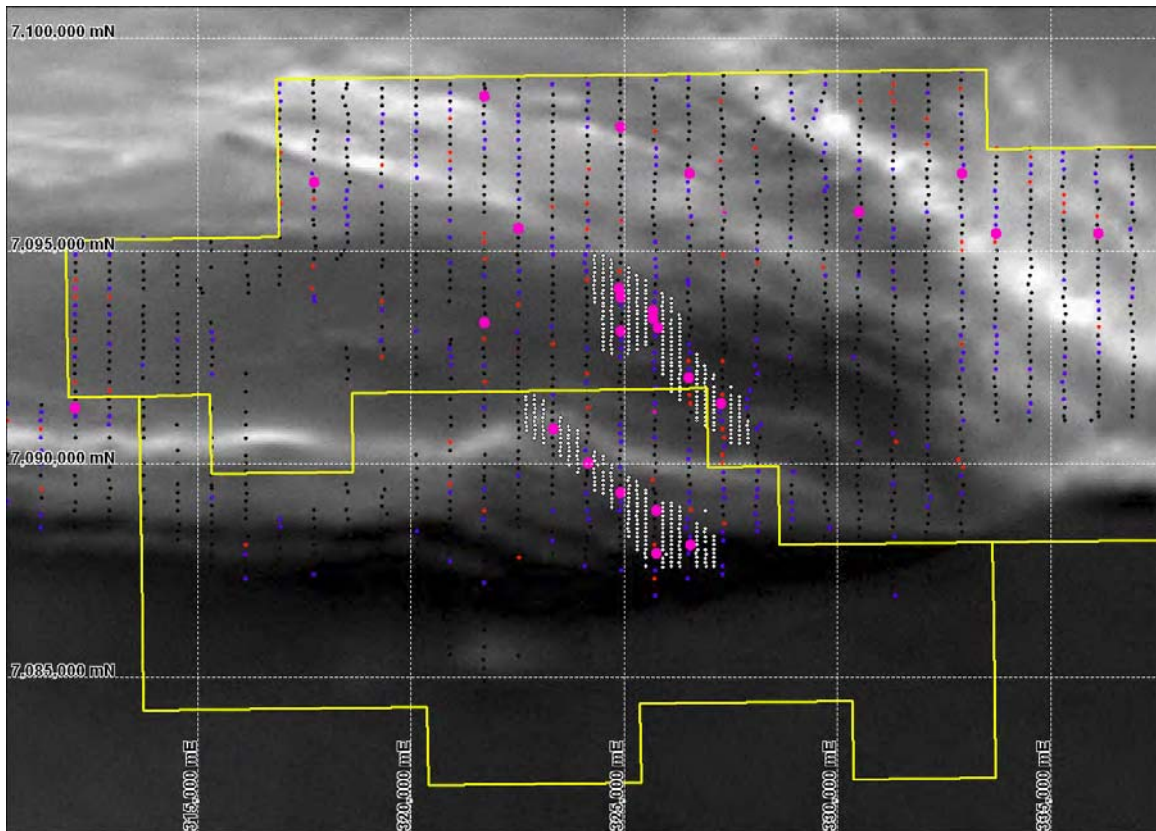
**Figure 2: Plan showing tenure and Spectrem Survey with plane over digital terrain model**

### ***Western tenement gold anomalies***

Infill auger geochemical sampling at 200 metre line spacing has been completed on two geochemical gold anomalies in the western portion of the project (Figure 3). Further assay results are awaited for confirmation but these anomalies each appear to extend over about 4 kilometres strike distance. A better appreciation as to the significance of these anomalies will be possible once all outstanding assays are received.

The recent discovery of gold anomalism by Beadell Resources Ltd (“Beadell”) on exploration licences contiguous to our northern boundary is being monitored for its relevance and applicability to our own exploration plans. The underlying geological setting and host rocks for Beadell’s new gold discovery is common across the shared licence boundary but there is insufficient information available at this stage to deduce the target potential of our land holding in this area.





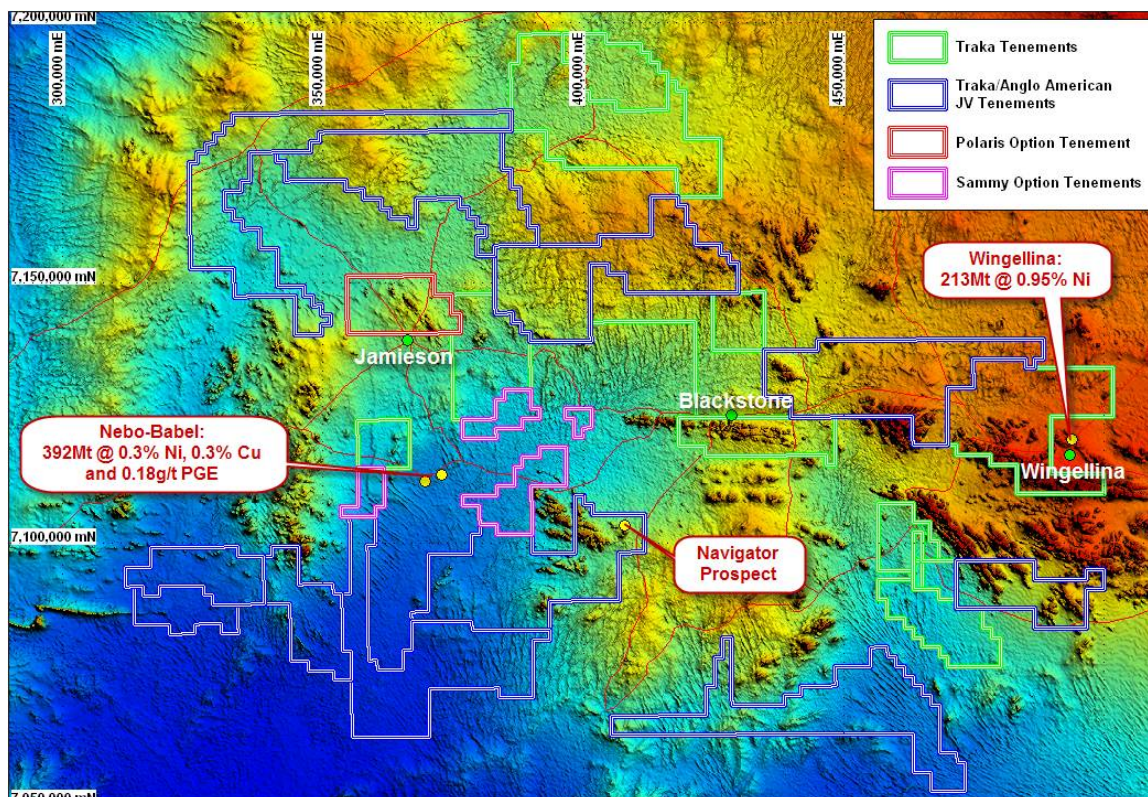
**Figure 3:** Centres of coincident gold, arsenic and mercury anomalism (Magenta points) and sample locations shown on grey scale aeromagnetic image. Infill sampling on the two anomalies in the centre of the image is shown in white.

### **Musgrave Project Traka managed**

During the course of the year and independent of the Company's Joint Venture interests with Anglo American Traka has applied for 11 additional exploration licences covering 3,260 square kilometres (Figure 4). These licences result in Traka having a very significant position in the Musgrave region as they are in addition to the Company's joint venture interests with Sammy Resources Pty Ltd ("Sammy") and Polaris Metals NL ("Polaris"). This acquisition of exploration tenure in the Musgrave region is consistent with the company's strategic focus in one of the most prospective and least explored regions in Australia.

A summary of the status of Traka's Musgrave Project follows:

In November 2009 a consolidated agreement was reached with the traditional owners and the Ngaanyatjarra Council for access to the Sammy and Polaris tenements as well as one of Traka's own tenements located between the two (Figure 4). This agreement allows exploration programs to be conducted efficiently without the artificial constraints of individual licence boundaries. The formalities with the respect to this Access Agreement are currently being attended to and it is anticipated that they will be finalized in time for field exploration programs to start early in the field season.



**Figure 4: Tenement plan over Digital Terrain Model**

Compilation of historic and newly acquired geophysical data has highlighted a number of specific targets in the licences subject to the new access agreement.

A number of discrete airborne electromagnetic (“EM”) anomalies have been highlighted north of Jameson. These anomalies may indicate the presence of sulphide hosted copper, nickel and PGE mineralisation, currently the prime focus of exploration in the Musgraves by Traka and in other parts of the project by our joint venture partner Anglo American. Modelling and incorporation of the EM data into the company’s data base is underway and field based follow up programs to evaluate these targets is being planned.

North and east of Jameson within Polaris’ and Traka’s tenement extensive zones of high grade vanadium mineralisation have been highlighted. Collation of the historic assay results and accurate location of this data onto modern aeromagnetic survey data shows good correlation of the vanadium mineralisation with titaniferous magnetite zones within the very large layered Jameson Range Intrusive complex. This geological setting is analogous with the geological setting for other titaniferous magnetite hosted projects held by other companies in Western Australia like that at Barrambie (39 million tonnes @ 0.82% Vanadium Pentoxide  $V_2O_5$ ), the Windimurra Project (176 million tonnes @ 0.46%  $V_2O_5$ ) and Balla Balla (437 million tonnes @ 0.65%  $V_2O_5$ ).

The historic soil and rock-chip data at Jameson shows that the vanadium anomalism ranges between 0.8% and 3.0%  $V_2O_5$  and is associated with several discrete layers in the intrusive complex each extending over 15 kilometres strike distance. In one area the widths of surface vanadium anomalism extends to greater than 2 kilometres.

The historic data and the very significant dimensions of the vanadium mineralisation at Jameson compare it favourably with other vanadium projects of this nature at this early stage of assessment. An evaluation of the vanadium mineralisation at Jameson will be undertaken alongside the programs being planned for the copper, nickel and the Platinum Group Elements.



## **The Sirdar Joint Venture**

(Traka Resources Limited Free Carried 20%)

A joint venture agreement with Galaxy Resources Ltd ("Galaxy") in the Sirdar area provides Traka with a good opportunity to participate in the Mt Cattlin Mine operation officially opened on the 6<sup>th</sup> November 2009. The joint venture licence abuts and is immediately north of Galaxy's solely owned licence which is currently the main focus of Galaxy's activity.

A reverse circulation ("RC") drilling program of fourteen holes totalling 700 metres was completed on a prospect several kilometres north of Galaxy's main open pit development. The program targeted an outcropping spodumene-bearing pegmatite which had previously returned strongly anomalous lithium values from rock chip grab samples ranging between 0.70% Li<sub>2</sub>O and 2.04% Li<sub>2</sub>O. The drilling intersected a pegmatite horizon which varies from around 2 to 7 metres thick, containing spodumene in some intervals. Assay results are awaited.



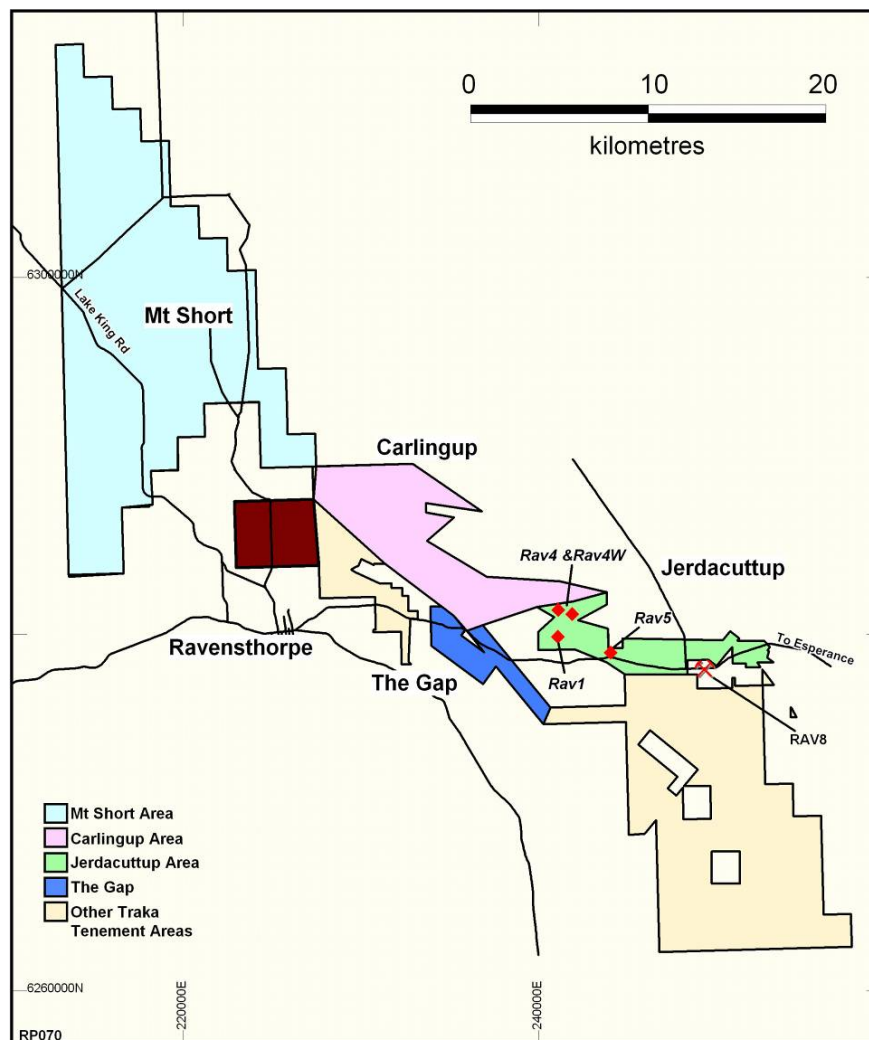
**Figure 5. Rock chip samples (lithium grades expressed as % Li<sub>2</sub>O) and drill hole locations (red dots).**

## **The Lort River Project**

Geological mapping of the two tenements that comprise this project was completed in December. This data is currently being collated and referenced against available gold geochemistry ahead of a decision for follow up work.

## The Ravensthorpe Nickel Project

Discussions are continuing with a number of parties regarding the possibility of a joint venture on this project but preparations are being made for drill programs on several prospects.



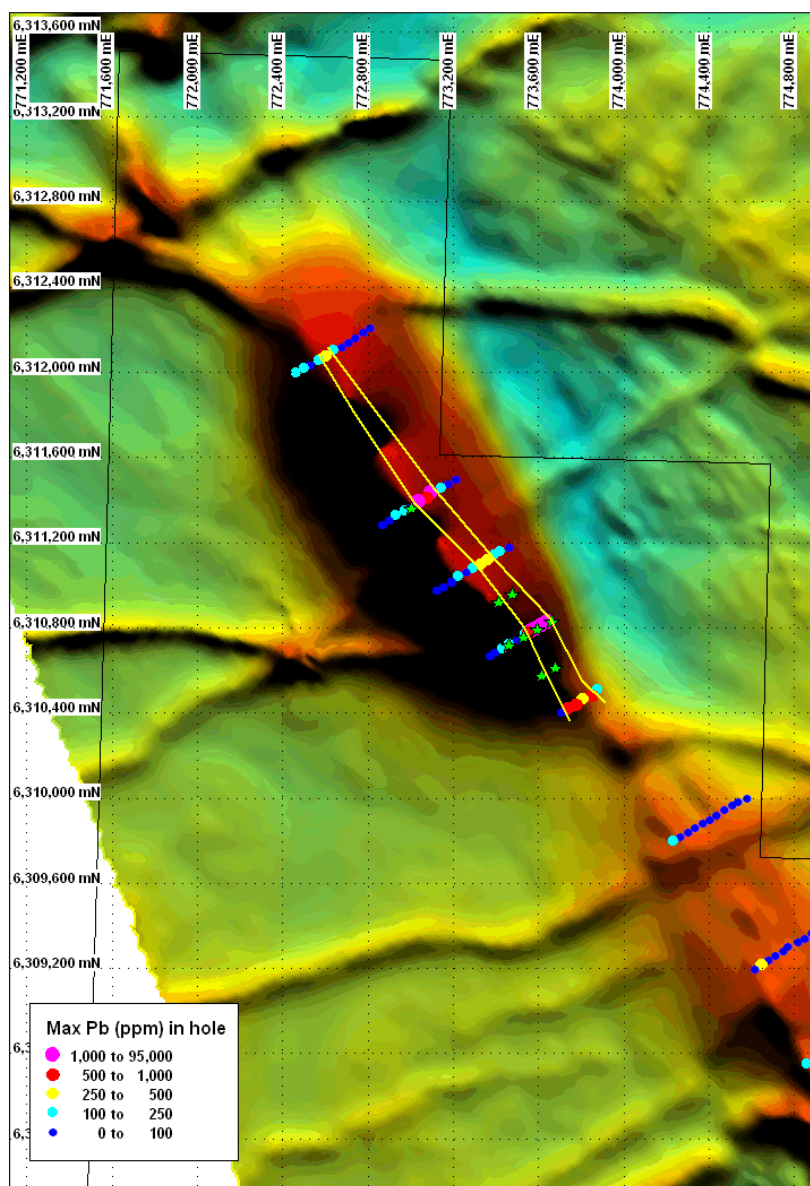
**Figure 6. Location diagram of the Ravensthorpe Nickel Sulphide Project**

In the Jerdacuttup Area a drilling program to test the down-dip and footwall positions of nickel mineralisation on the RAV 8, RAV 4 and RAV 4 West prospects is being prepared. The RAV 8 footwall zone has not been subject to drill testing despite being in immediate juxtaposition to the abandoned RAV 8 Mine (16,129 tonnes nickel @ 3.45% nickel owned by Tectonic Resources Ltd). The zone has un-tested EM anomalies and an aeromagnetic feature indicating the presence of a buried but favourable ultramafic host rock.

At RAV 4 and RAV 4 West the drill program is being prepared to test the down dip continuation of known nickel mineralisation at relatively shallow depths. Geological complexity and the presence of large structures and granitic intrusives have discouraged previous explorers from persisting on these prospects. The more recent experience in the industry, particularly in the Forrestania Greenstone Belt to the north, clearly highlights the merits of drilling at greater depths through and past the granite intrusive and geological structures.

In the northern area a drill program has been prepared to test the Mt Short Lead Anomaly which was located a few years ago but remained untested as a consequence of the previous exclusive focus on nickel. The Mt Short Lead Anomaly (Figure 7) is strong with a peak air core drill result of 21 metres

assaying 3,197 parts per million lead with lower order copper and zinc association. The air core drill anomaly is coincident with a distinct linear aeromagnetic anomaly which can be traced for over 2 kilometres. A weak EM anomalism occurs over part of the strike length too. Lower order geochemical anomalism and continuation of the aeromagnetic feature to the south suggest some further scope for extension of the mineralized zone. The Mt Short Lead Anomaly occurs entirely within wheat paddocks and there is no surface expression or feature that allows effective evaluation of this target without drilling.



**Figure 7. The Mt Short lead anomaly showing anomalous geochemistry over an aeromagnetic image.**



## **The Hopetoun Project**

No further work was completed on this project during the quarter.

## **CORPORATE**

As previously disclosed a short term loan facility of \$500,000 has been entered into between the Company and two of its non executive directors to provide working capital ahead of key decisions with respect to future funding requirements.

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

18 January 2010

The information in this report that relates to Exploration Results is based on information compiled by Mr P A Verbeek the Managing Director of Traka Resources Limited. Mr Verbeek is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Verbeek consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

**TRAKA RESOURCES LIMITED**

ABN

**63 103 323 173**

Quarter ended ("current quarter")

**31 December 2009**

### Consolidated statement of cash flows

#### Cash flows related to operating activities

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) Exploration & Evaluation	(53)	(111)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(79)	(243)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material): Receipts	5	33
<b>Net Operating Cash Flows</b>	<b>(122)</b>	<b>(315)</b>

#### Cash flows related to investing activities

1.8 Payment for purchases of:	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9 Proceeds from sale of:	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10 Loans to other entities		-	-
1.11 Loans repaid by other entities		-	-
1.12 Other (provide details if material) Payment		-	-
<b>Net investing cash flows</b>		<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)		<b>(122)</b>	<b>(315)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

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1.13	Total operating and investing cash flows (brought forward)	(122)	(315)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(122)	(315)
1.20	Cash at beginning of quarter/year to date	215	408
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>93</b>	<b>93</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	76
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest



### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities <b>Short term unsecured loan facility provided by companies associated with two of Traka Resources Limited's directors as announced on 4 November 2009</b>	<b>500</b>	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	<b>90</b>
4.2 Development	
<b>Total</b>	<b>90</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	<b>18</b>	<b>100</b>
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	<b>(110)</b>
5.4 Term Deposit	<b>75</b>	<b>225</b>
5.5 Other (Bank accepted bills)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>93</b>	<b>215</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	M74/105	<b>Relinquished</b>	<b>100%</b>	<b>0%</b>
6.2 Interests in mining tenements acquired or increased	E69/2237	<b>Granted</b>	<b>0%</b>	<b>100%</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference <sup>+</sup>securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	<b>44,782,202</b>	<b>44,782,202</b>		Fully Paid
7.4 Changes during quarter (7) Increases through issues  (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (7) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	<b>1,000,000</b>		<b>20 cents</b>	<b>29 November 2010</b>
	<b>1,000,000</b>		<b>10 cents</b>	<b>10 December 2011</b>
	<b>1,000,000</b>		<b>20 cents</b>	<b>28 December 2011</b>
	<b>150,000</b>		<b>25 cents</b>	<b>6 April 2012</b>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

**Peter Rutledge**

Sign here: (Company secretary)

Date: **18 January 2010**

Print name: **Peter Rutledge**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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