

27 June 2024

## Acquisition of potentially transformative REE and Niobium projects

### **KEY HIGHLIGHTS:**

- **Traka Resources Limited (ASX: TKL) (Traka or the Company) has signed an exclusive 90-day option agreement to acquire an 80% interest in the Mavago and Meponda REE and Niobium projects in Mozambique (New Assets)**
- **The Mavago and Meponda Projects give the Company an exciting position in the highly prospective and emerging East African Rift Valley Zone which is host to other developing REE and Niobium projects**
- **The proposed acquisition (subject to completion of due diligence) offers existing and prospective shareholders highly differentiated exposure to the Niobium sector**
- **The likelihood of a carbonatite host for the mineralisation at Mavago is compelling**

Traka is pleased to announce that it has entered into an exclusive 90 day option agreement to acquire the Mavago and Meponda Rare Earth Element (REE) and Niobium (Nb) Projects in the Niassa Province of north-western Mozambique. The period of the option commences on the date that a grant of title has been received by the vendors for all tenements. Indicatively, we anticipate the tenements to be granted in approximately 90 days. These projects have geological setting similarities to other developing REE and Nb projects in the East African Rift Valley Zone.

## Background on Mozambique REE and Niobium Potential:

The East African Rift Valley is an emerging exploration and mining destination for intrusives related REE and Nb mineralisation.

Examples of the activity underway in this region are (Figure 1):

- Lindian Resources (Kangankunde Project, Malawi) - 261mt TREO @ 2.14% TREO carbonatite intrusive host rock. <sup>(1)</sup>
- Altona Rare Earths (Monte Muambe, Mozambique) - 13.06mt @ 2.42% TREO carbonatite intrusive host rock. <sup>(2)</sup>
- Chilwa Minerals (HMS/REE, Malawi) – 61.6mt @ 3.9% THM (Total Heavy Metals) Lake Shore sand hosted. <sup>(3)</sup>

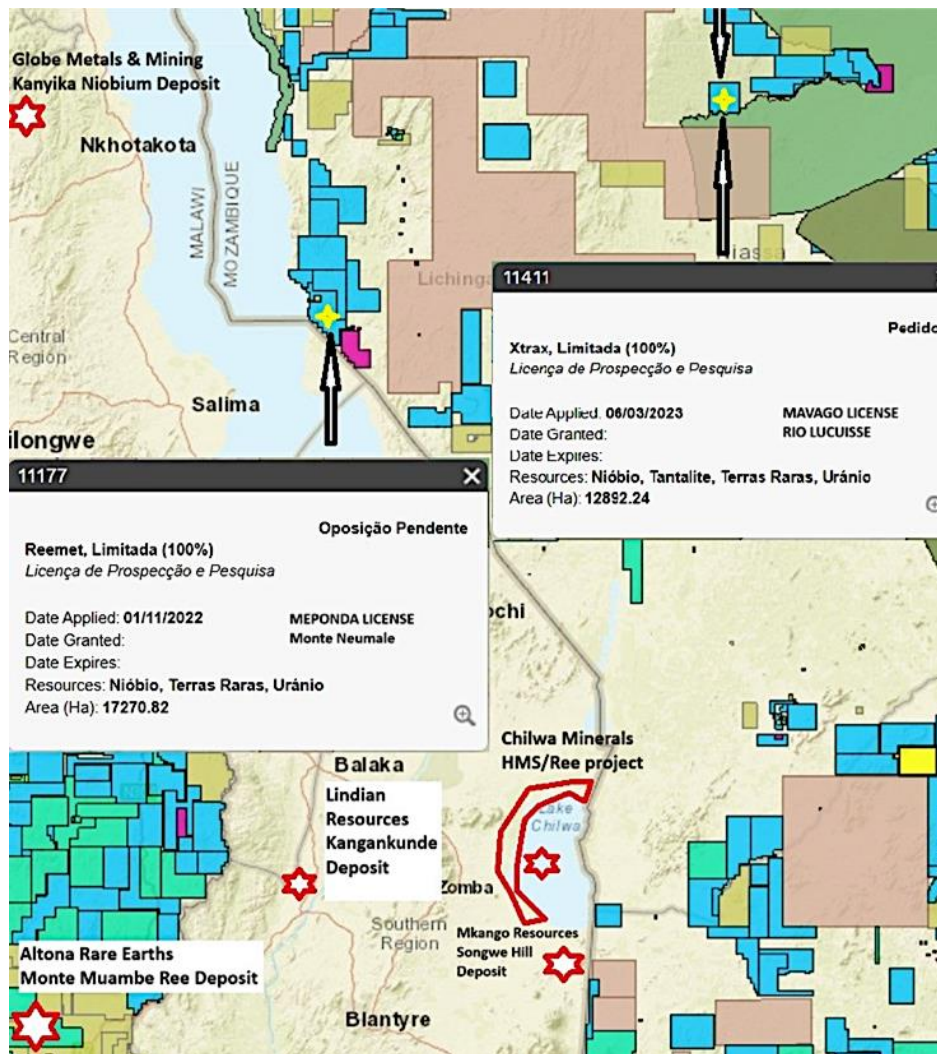


Figure 1. A map showing the location of REE and Niobium projects in the region.

## The Mavago Project

The Mavago Project is located 27 kms south of the town of Mavago in Niassa Province of northwestern Mozambique. The project is associated with a southwest dipping 3.6 kms long by approximately 300 meters wide pyroxenite intrusive within a gneissic alkaline granite (Figure 2). The project covers a radiometric anomaly that is a focus for exploration. The likelihood of a carbonatite host for the mineralisation at Mavago is compelling given the favourable geological setting.

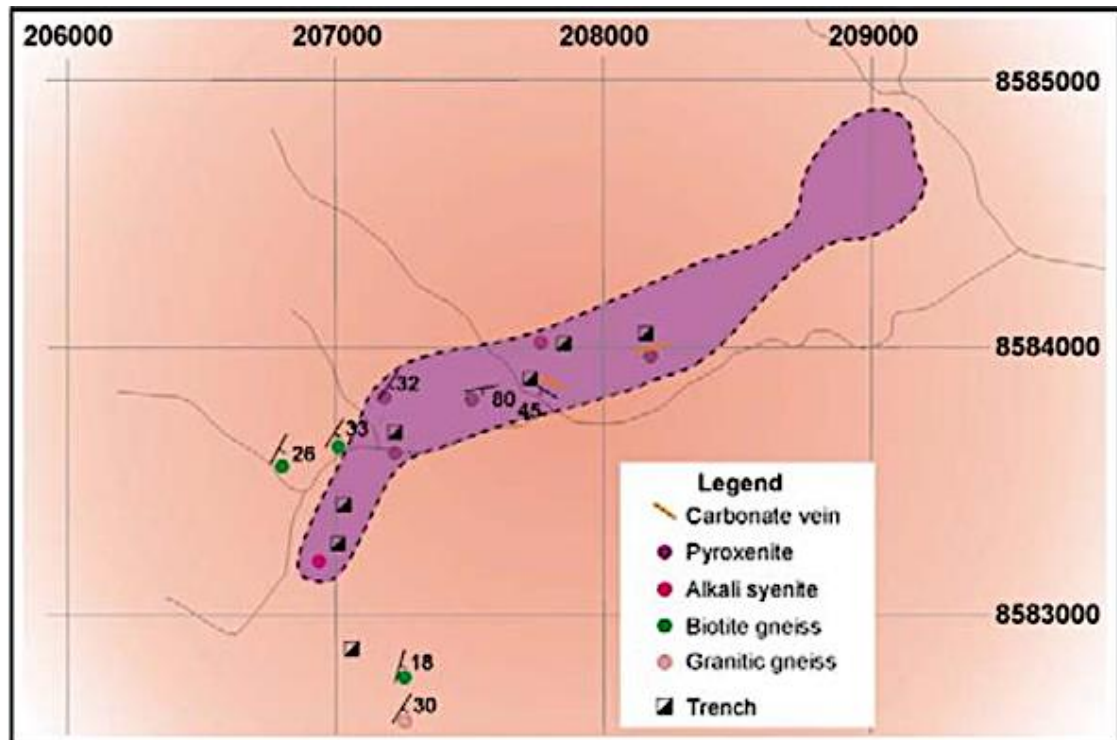


Figure 2. A simplified reconnaissance level geology map of the Mavago Project area showing the location of prospecting pits



Figure 3: A photo of a 3.5 m deep prospecting trench and brecciated altered pyroxenite

## The Meponda Project

The Meponda Project is hosted within a syenite intrusive complex that is approximately 6 kms long and 1 km wide extending over Mt Naumale at its southern end. The complex intrudes metamorphosed mafic rocks on the western margin of Lake Malawi (Figure 4). The exploration history in this area is sparse and now 20 to 30 years old however past results are very encouraging. They include strongly anomalous indicators for the REE of lanthanum, cerium, neodymium, praseodymium and samarium as well as Niobium. In 1984, the Yugoslavian Geological Survey excavated a few trenches. Omega Corp, a subsidiary of Mantra Resources, focused on the uranium and zircon potential of the area and developed the Nyota Uranium deposit. In 2009, a Geo Africa Consulting Service study noted the dominance of pyrochlore mineral from this project area.

**Pyrochlore has a very high niobium mineral content and 95% of the world's global niobium is produced from this source material.** Dr Anthony Mariano, a world-renowned geological expert in REE mineralization, observed the high potential for REE, niobium, tantalum and zircon values to be recovered of this project area.

As commented by Dr Mariano, parallels can be drawn between the Thor Lake HREE Zr, Ta, Nb deposit. Traka will carry out a thorough appraisal of the project to confirm its prospectivity during the option period.

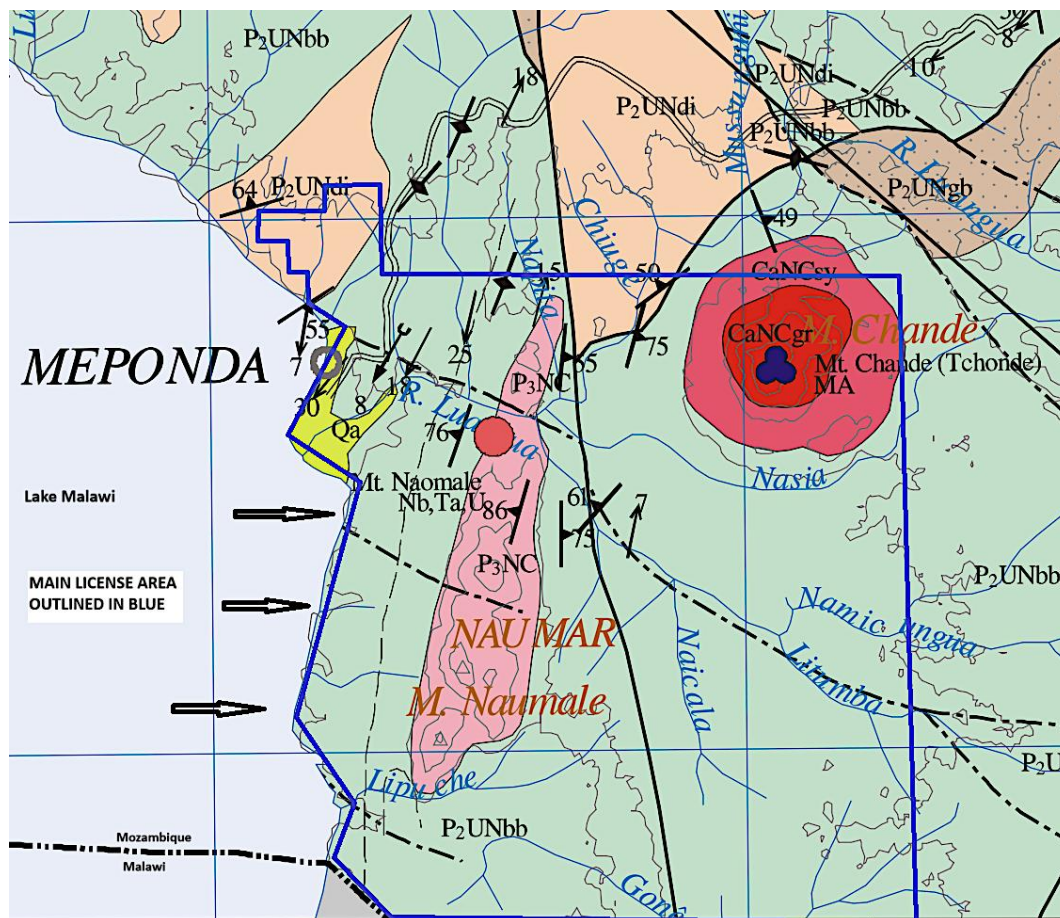


Figure 4. A geology map of the Meponda project area showing the syenite intrusive complex including Mt Naumale



## **Indicative newsflow**

Traka will move swiftly to commence due diligence work on the Mavago and Meponda projects and, on the basis of a positive outcome, will commence follow-up exploration work that will include geological mapping, geochemistry, geophysics and drilling.

## **Option agreement transaction overview**

A payment of a \$35,000 (from existing working capital) exclusive option fee provides Traka with a 90-day period (post the granting of the tenements) to complete due diligence on these projects. A positive due diligence outcome entitles Traka to acquire an 80% interest in the two projects on the following terms:

- (a) pay the vendor \$150,000 cash (Cash Consideration);
- (b) issue to the vendor 137,500,000 fully paid ordinary shares in the capital of the Company valued at \$275,000, to be escrowed for a period of 5 months from the date of issue;
- (c) issue to the vendor 137,500,000 fully paid ordinary shares in the capital of the Company, valued at \$275,000, to be escrowed for a period of 10 months from the date of issue;  
(together, the Consideration Shares)
- (d) issue to the vendor 250,000,000 performance shares which will vest upon a drill intercept of 10m true width at 2% Nb from the New Assets;
- (e) issue to the vendor 250,000,000 performance shares which will vest upon a 16mt indicated or inferred JORC resource of 2% Nb or TREO from the New Assets; and
- (f) subject to completion of the proposed transaction, grant the vendor a 2% net smelter return royalty in respect of all minerals produced from the New Assets.

All securities will be issued subject to shareholder approval at an EGM to be held at the appropriate time.

## **About the vendors**

The vendors are Xtrax Limitada (Xtrax) and Reemet Limitada (Reemet) (together, the Vendors), entities incorporated in Mozambique, are both unrelated parties of the Company and are the legal and beneficial owners of the tenements the subject of the New Assets.

## **Introducer Fee**

Subject to Traka exercising the option, the Company will issue the following securities to an unrelated third party, Torey Marshall (or his nominee/s), an unrelated third party, (the Introducer) for introducing the Company to the vendor:

- (a) 8,750,000 fully paid ordinary shares in the capital of the Company, valued at \$17,500 to be escrowed for a period of 5 months from the date of issue; and
- (b) 8,750,000 fully paid ordinary shares in the capital of the Company, valued at \$17,500 to be escrowed for a period of 10 months from the date of issue.  
(together the Introduction Consideration)

All securities will be issued subject to shareholder approval at an EGM to be held at the appropriate time.

## **Conditions Precedent**

The proposed conditions precedent, which must be satisfied prior to the Company exercising its option to acquire the projects, include:

- (i) Due diligence: completion of due diligence of the New Assets by the Company to its satisfaction; and
- (ii) Approvals: the Company obtaining all necessary regulatory, shareholder and third-party approvals to allow the Company to lawfully complete the proposed transaction.

Authorised by the Board.

Patrick Verbeek  
**Executive Director**

- (1) Lindian Resources ASX Announcement 3 August 2023
- (2) Altona Rare Earths LSE Announcement 25 September 2023
- (3) Chilwa Minerals Investor Presentation ASX Announcement 18 August 2023

## 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 who is the Executive Director of Traka Resources Limited. Mr Verbeek, who is a Competent Person and a Member of the Australasian Institute of Mining and Metallurgy, 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 this report of the matters based on the information in the form and context in which it appears.*

## **Annexure 1 – Material Terms of the Option Agreement**

- (a) Completion of the acquisition of the New Assets (Completion) will occur on that date which is five business days after the exercise of the option (Completion Date).
  
- (b) At Completion, Traka will:
  - (i) allot and issue the Consideration Shares to the Vendors (or its nominee/s) and deliver holding statements to the Vendors (or its nominee/s) for those securities;
  - (ii) pay the Cash Consideration to the Vendors (or their nominee/s);
  - (iii) allot and issue the Introduction Consideration to the Introducer (or its nominee/s) and deliver holding statements to the Introducer (or its nominee/s) for those securities.
  
- (c) At Completion, the Vendors must deliver to the Company:
  - (i) a signed counterpart of the escrow deeds signed by the Vendors (or its nominee/(s));
  - (ii) the instruments of title in respect of the tenements;
  - (iii) a duly executed transfer form, to be prepared by the Company and provided to the Vendors in advance of Completion, under which an 80% legal interest in each of the tenements is transferred from the Vendors to Traka;
  - (iv) such other permits, registrations, licences and documents held by the Vendors as are necessary to enable Traka to exercise ownership rights in relation to the tenements;
  - (v) evidence to the satisfaction of Traka of the removal of all encumbrances over the tenements,
  
- (d) At Completion, the Introducer must deliver to Traka a signed counterpart of the escrow deed signed by the Introducer (or its nominee/s).
  
- (e) Completion does not occur unless all of the obligations of the parties are complied with.