



# TRAKA RESOURCES LIMITED

ABN 63 103 323 173

## Quarterly Activities Report

For the three months ended 30 June 2018

### Summary

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

Numerous targets have been identified for drilling in the current field season.

- Helicopter borne EM and magnetic surveys (XCITE) have highlighted 5 copper/cobalt targets along a 7 km section of the Fish River Fault Zone.
- A large Century style stratabound Pb and Zn target has been identified along a gossanous stratigraphic horizon traceable over a 6 km strike length.
- A large XCITE conductor coincident with gossanous, altered, brecciated rock and hyperspectral anomalies indicates the presence of a breccia pipe prospective for copper and cobalt mineralisation.
- A new tenement has been added to the project to capture more of the stratabound mineralisation potential.

#### ***Mt Cattlin North Joint Venture (Li2O)***

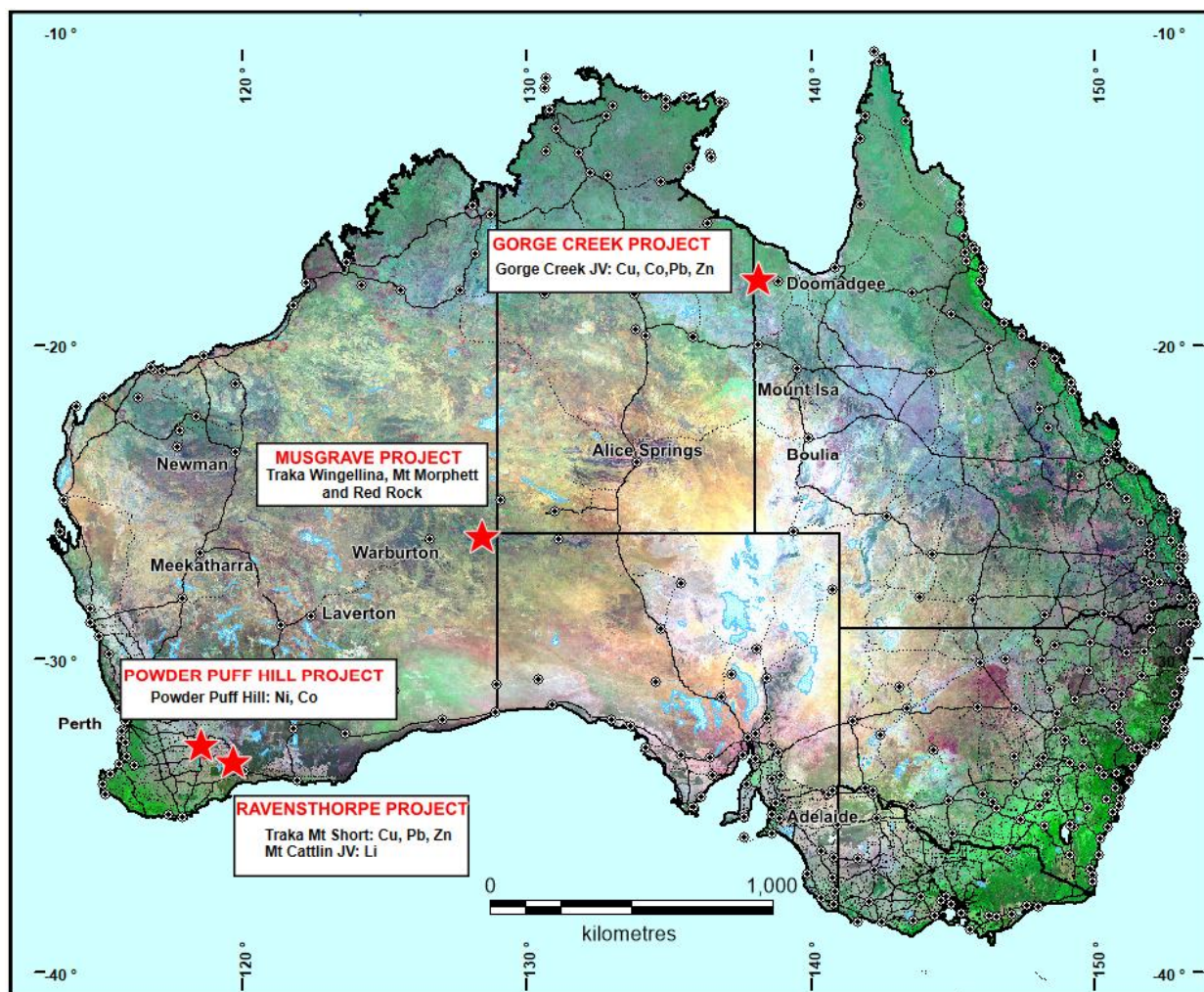
- Permitting activity is underway in preparation for drilling of 5 targets previously highlighted by Deep Ground Penetrating Radar surveys for lithium bearing pegmatites.

#### ***Mt Morphett Project- Musgraves (Ni, Cu, Co and PGE)***

- Permitting is underway to enable helicopter borne EM surveys on the Araplate Target.
- Traka was successful in receiving a \$150,000 EIS grant to assist with drilling on the Araplate target.

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

- Traka wins two out of three ballots for contested tenements abutting the Quicksilver nickel/cobalt project. Grant of the tenements to Traka is awaited ahead of initiating exploration programs.



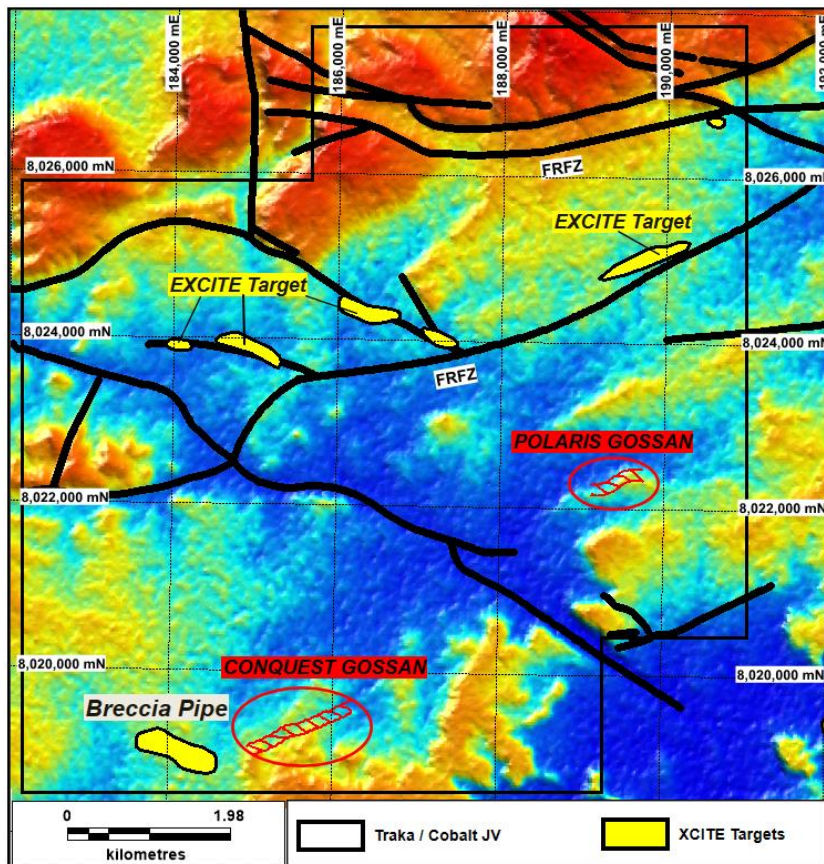
*Location plan of Traka's Projects*

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

Exploration activity has progressed on schedule with encouraging results.

A helicopter borne electromagnetic and aeromagnetic survey (XCITE) has been completed and geological mapping and geochemical sampling programs are underway. Anomalies associated with splay structures of the Fish River Fault Zone (FRFZ), as well as stratabound and sedimentary breccia targets, are being followed-up (Figure 1). A large backlog of analytical data is awaited but the progress of work remains on target and drilling within the current field season remains a realistic objective.

A description of the targets currently being evaluated follows:



**Figure 1. The Gorge Creek Project JV. Target locations shown on Digital Terrain Image**

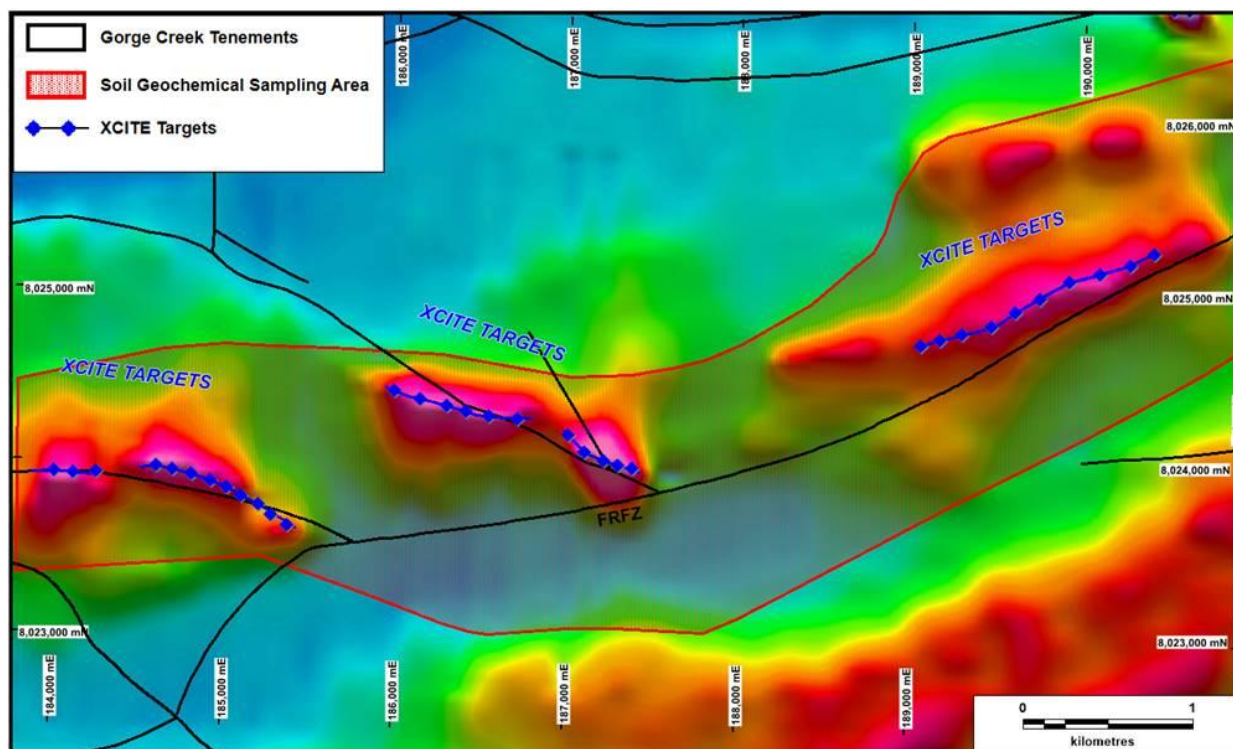
### ***The FRFZ Targets:***

Five anomalies on splay structures of the FRFZ were highlighted by the XCITE survey completed in June <sup>(1)</sup>. Geophysical modelling of the XCITE anomalies indicate they are all less than 100 meters from surface and within easy reach of a Reverse Circulation (RC) drill rig (Figure 2). Field inspections over the top of the XCITE anomalies and the prospective FRFZ in general found that no historic exploration has tested these anomalies. In addition the inspection located gossans and geochemical anomalies that did not relate to the XCITE targets but also remained untested and unaccounted for. To properly evaluate this mix of targets in what is clearly a fertile corridor of base metal mineralization, a program of detailed geological mapping and soil geochemical sampling was immediately initiated.

The initial soil geochemical program of 3000 samples was completed last week and assay results are expected for this work in about one month's time.

Further geochemical programs will depend on the results received for this initial work but geological mapping using all data sets continues to progress.



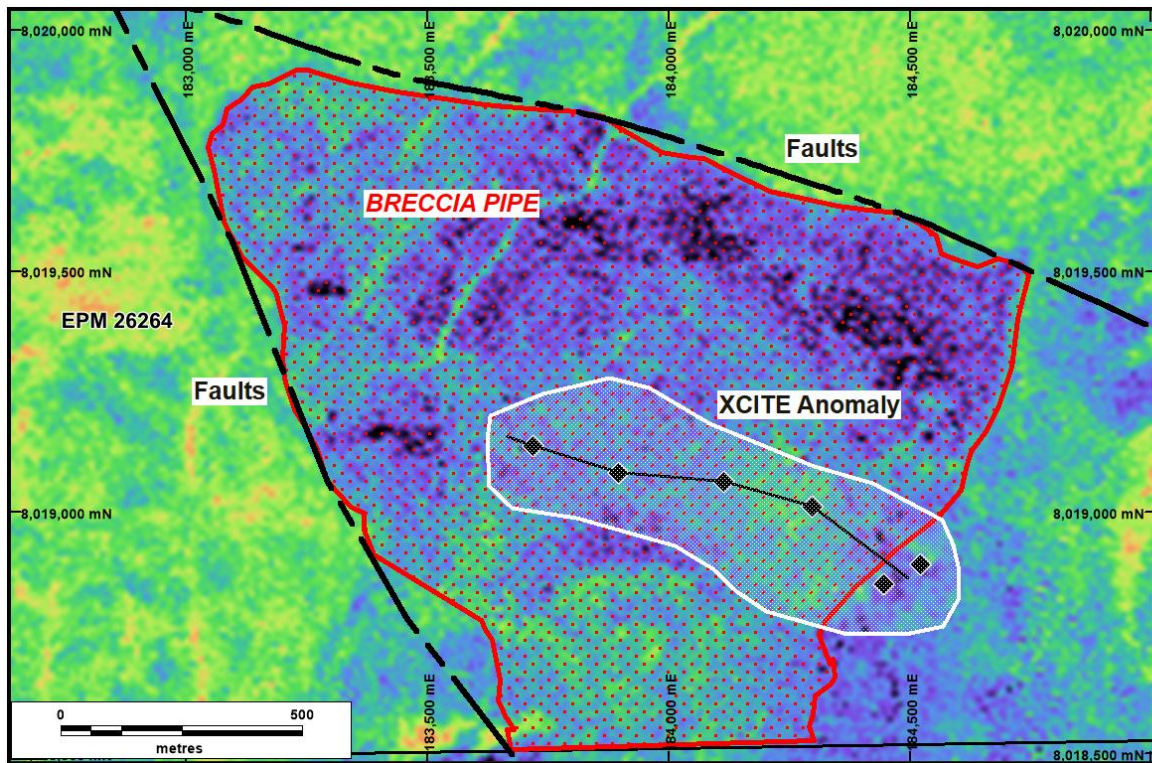


**Figure 2. An image of XCITE data showing the position of the 5 anomalies and the corridor of soil geochemical sampling.**

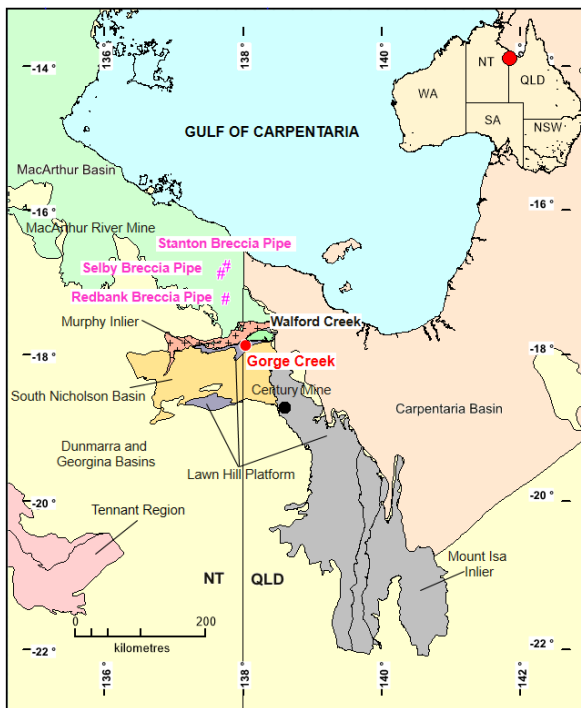
### ***The Gorge Creek Breccia Pipe:***

In the south-west corner section of EPM26264 the XCITE survey highlighted an anomaly that is not related to the FRFZ. This anomaly is large and modelled to be about 1000m long and 800m wide at about 200m depth below surface. It is coincident and wholly within a roughly oval shaped feature approximately 1500m long x 1000m wide and is prominent on hyperspectral images (Figure 3). The distinct sharp contact edges of this unconformable feature in an area of otherwise gently south dipping stratigraphy is a peculiarity which suggests the presence of a near vertical body possibly controlled by adjacent sub vertical faults. The breccia pipe interpretation is supported by the location of strongly silicified and brecciated rock with signs of epithermal alteration. Geochemical soil sampling has started over the breccia pipe and further geological reconnaissance and geological mapping is scheduled. However, the early signs are encouraging.

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 e.g. Redbank (Redbank Operations Pty Ltd) and Stanton (Northern Cobalt Ltd). They are not particularly unusual but more importantly they can be associated with copper, cobalt, lead and zinc mineralisation and are being actively targeted for exactly these metals (Figure 4). The mineralising process is epithermal 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 3. Hyperspectral image showing position of interpreted Breccia Pipe and XCITE anomaly.**



**Figure 4. Location of breccia pipes in the MacArthur Basin**

Drilling of the breccia pipe is contemplated and the details of this program will be finalized once assay data for the current geochemical sampling program is received and geological appraisals are complete.



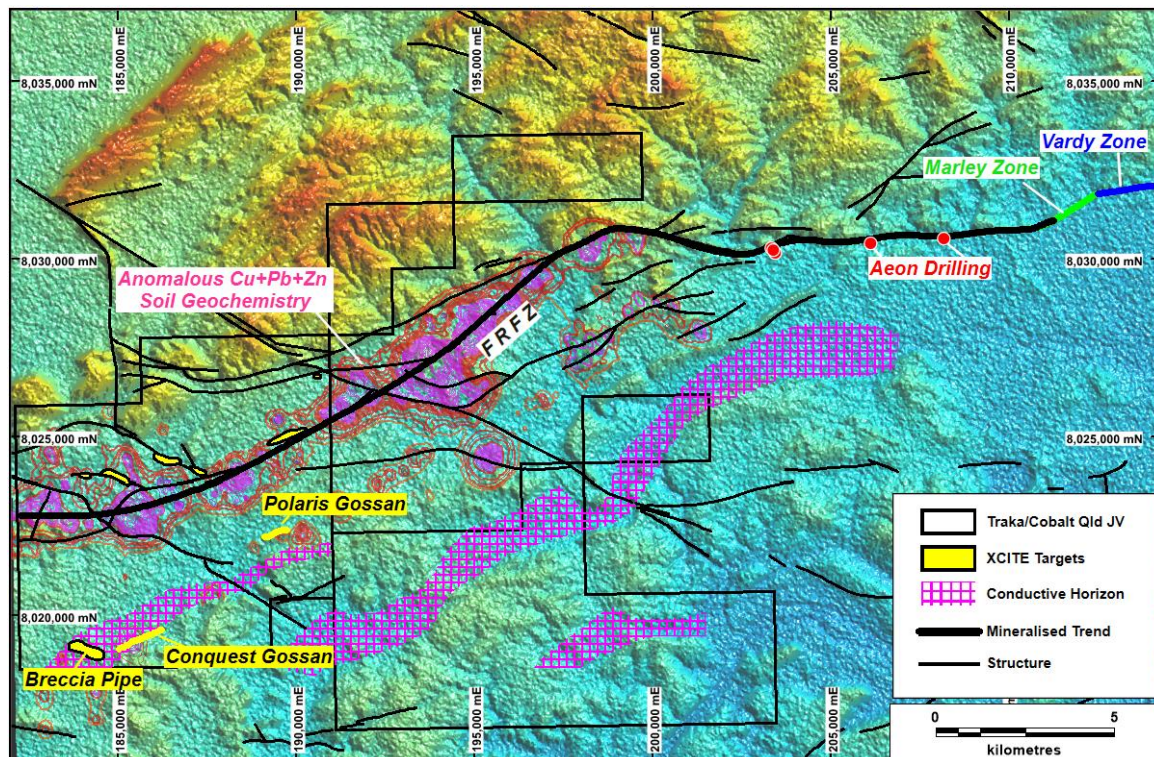
### ***The Conquest and Polaris Stratabound Zn- Pb Targets:***

Initial appraisal of Gorge Creek highlighted prospectivity for stratabound lead and zinc mineralisation along the southern section of EPM 26264 (Figure 5) (2). Historic stream sediment and rock chip sampling identified strong zinc-lead anomalism within the Doomadgee Formation in EPM 26264.

Geological reconnaissance has now highlighted the presence of lead and zinc bearing gossans along a stratigraphic unit which account for the earlier results. This discovery has significantly upgraded the prospects for this target. Sampling and geological appraisal is continuing but the two sections of this horizon first inspected, now called the Conquest and Polaris targets, indicate the presence of Century Mine style stratabound mineralisation in a shallow south dipping sedimentary rock sequence. The Conquest target extends over 2km in length and the Polaris target over 1.5km in length. They are most likely at the same stratigraphic level extending over 6km total length within EPM 26264, but more work is required to determine whether there is gossan persistent between the two. The gossan has the texture and appearance of zinc and lead rich bearing rock when weathered and includes veinlets with silica altered selvages, boxwork textures after sulphides, manganese staining and strong siderite alteration (Figure 6). These are characteristic features of the rocks that host deposits like Century. XRF analysis of some of the rock-chips collected confirms the presence of anomalous lead and zinc mineralisation but the bulk of sample results are yet to be received.

During the quarter period the adjoining ground to the south-east under application, EPM 26723, was included in the Gorge Creek joint venture. This EPM incorporates a significant portion of any down-dip extension of the stratabound mineralisation being investigated.

Although now too early in the exploration phase to design drill programs it is anticipated that the Conquest and Polaris targets, and perhaps the section in between, will be drilled at the same time as the FRFZ and Gorge Creek Breccia campaign.



**Figure 5. Gorge Creek JV EPM 26264 and 26723. Digital terrain image showing the XCITE and other targets**



**Figure 6. Photo of the Conquest Gossan**

## **The Ravensthorpe Project**

Traka has interests in two projects in the Ravensthorpe region (Figure 7):

- 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.

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

Galaxy Resources Ltd (“Galaxy”), the Manager of the joint venture, has informed Traka that they are currently undertaking Flora, Fauna, Archaeological and Ethnographic surveys over the joint venture tenements. This work is in advance of a drilling program to test the 5 Deep Ground Penetrating Radar (DGPR) targets previously highlighted (Figure 8). Drilling of these targets is expected to occur in the coming quarter period.



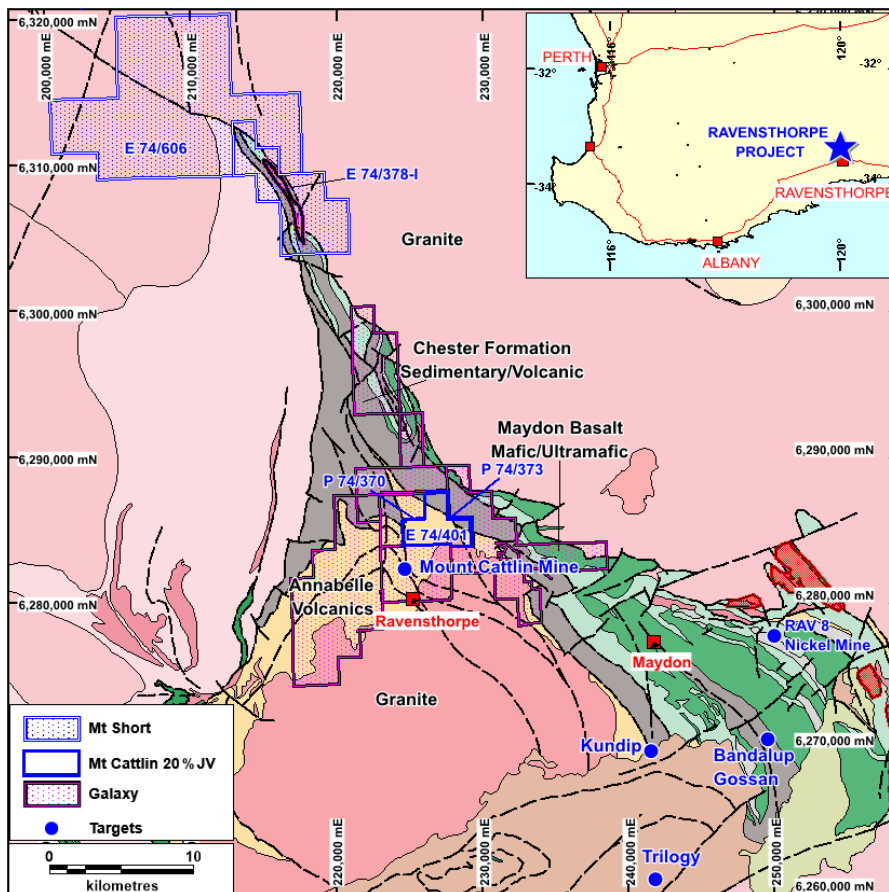


Figure 7. Location plan of the Ravensthorpe Project

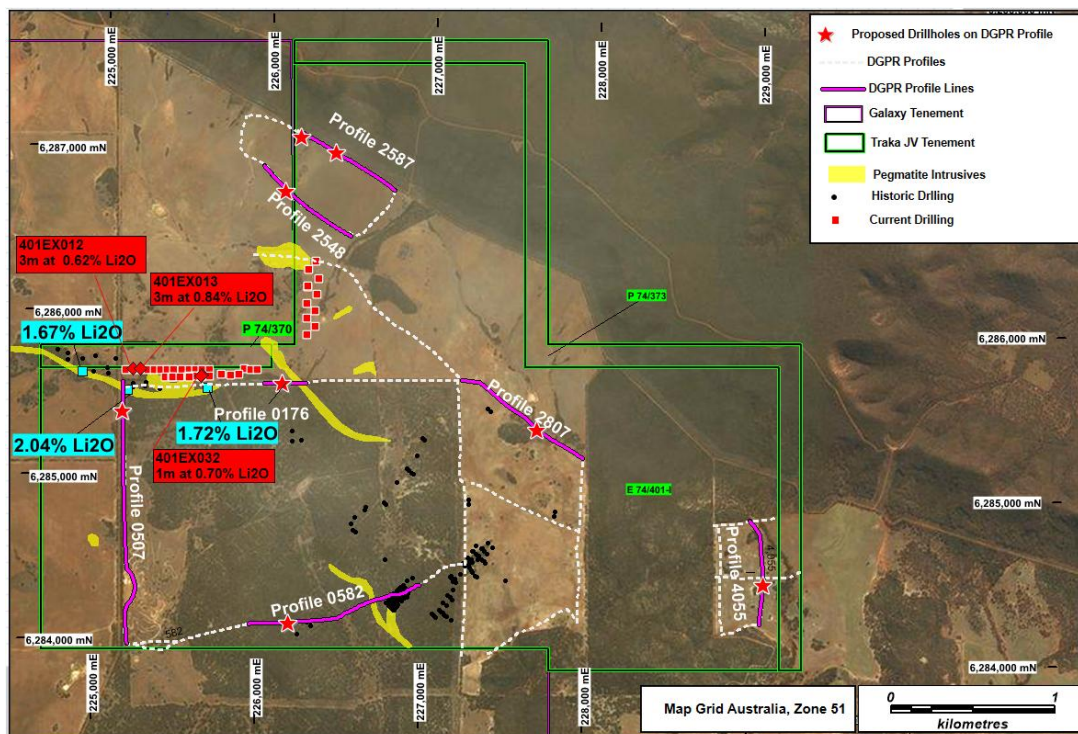


Figure 8. An image showing the position of the RC drilling, new drill targets and the DGPR traverses



The DGPR survey undertaken by Galaxy was a scout program undertaken to test the methodology for detecting flat lying bodies below surface characteristic of the mineralised pegmatites at Mt Cattlin. Further systematic DGPR and other follow-up work such as geochemical sampling is also planned with a gradual ramp-up of exploration anticipated.

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

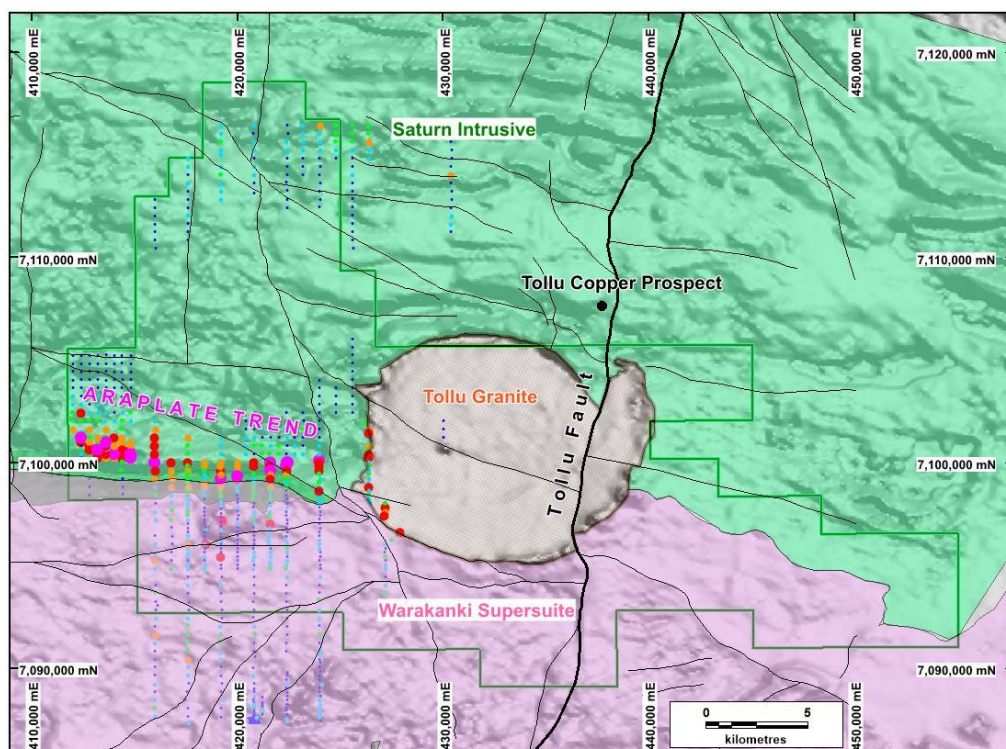
No activity was undertaken on this project over this quarter period.

### **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)<sup>(3)</sup> and the nickel and copper discoveries at Babel, Nebo and Succoth (OZ Minerals/Cassini Joint Venture)<sup>(4)</sup>.

Permitting activity is currently underway to gain access to the Mt Morphett Project (ELA 3490) east of the Babel, Nebo and Succoth discoveries held by Cassini and Oz Minerals (Figure 9). 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.

Traka has been successful in obtaining a \$150,000 grant under the State Government EIS scheme (Exploration Incentive Scheme). The schedule of work is to have permitting and the EM completed this field season so that drilling can be undertaken early in the 2019 field season.



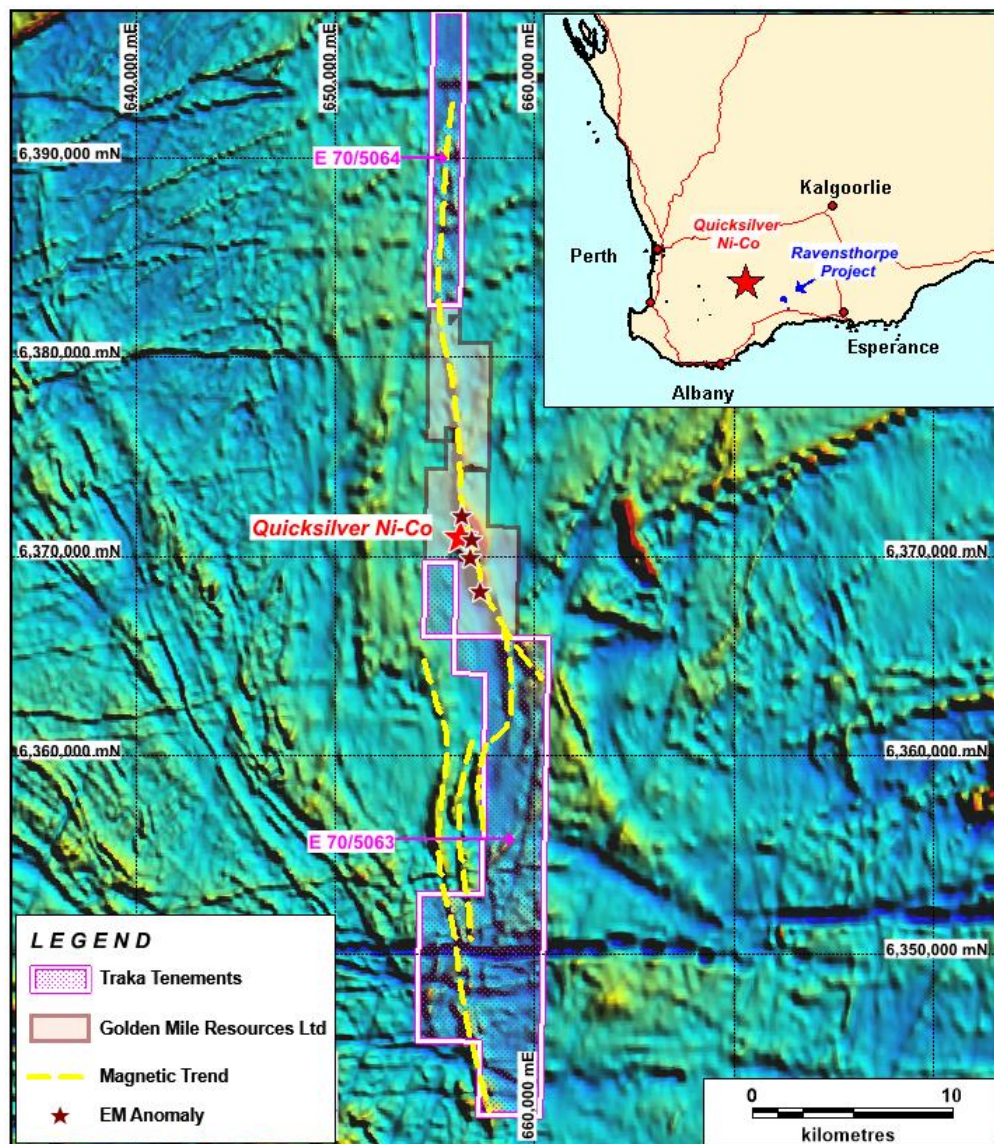
**Figure 9. The Musgrave Project showing Traka's tenement and the position Mt Morphett.**

## **Powder Puff Hill Project** **(Traka 100%)**

The Powder Puff Hill Project in the Lake Grace region of Western Australia and next to the Quicksilver nickel cobalt discovery (owned by Golden Mile Resources Ltd) has been included in Traka's portfolio of projects following success in winning a ballot on two key tenements <sup>(5)</sup>. One tenement EL70/5064 is on the northern strike extension of the narrow greenstone belt and the other EL70/5063 on the southern strike extension (Figure 10).

Very little historic work has ever been undertaken on Traka's new tenements which for the large part occur in flat lying regolith covered farming land. The tenements will now progress to grant in the normal course of Mines Department procedure and in this period an appraisal will be made to determine the best strategy forward.

The recent drilling results by Golden Mile for massive sulphide hosted cobalt mineralization at depth is of most relevance to Traka <sup>(6)</sup>. Massive sulphide nickel bodies typically occur as shoots which repeat along a geological trend. The northern boundary of EL70/5063 is within 1 kilometre of Golden Mile's principal resource.



**Figure 10. Aeromagnetic image show Traka's tenement 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**

17 July 2018

- (1) *Traka ASX Announcement – 19 June 2018. Gorge Creek JV – Exploration Update*
- (2) *Traka ASX Announcement – 23 April 2018. Gorge Creek JV – EM and Magnetic survey underway*
- (3) *MetalsX Ltd ASX release - 15 January 2018*
- (4) *Cassini Resources ASX Release - 14 January 2017*
- (5) *Traka ASX Announcement – 7 May 2018 – Successful ballot results*
- (6) *Golden Mile ASX Announcement 8 June 2018 – Quicksilver Discovery*

### **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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(322)	(708)
(b) development	-	-
(c) production	-	-
(d) staff costs	(40)	(187)
(e) administration and corporate costs	(93)	(335)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	27
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>(447)</b>	<b>(1,203)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$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>(1)</b>	<b>(1)</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	48	118
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(159)
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>46</b>	<b>1,851</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	1,904	855
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(447)	(1,203)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	46	1,851
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>1,502</b>	<b>1,502</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	152	204
5.2    Call deposits	-	-
5.3    Bank overdrafts	-	-
5.4    Other (provide details) Term Deposits	1,350	1,700
<b>5.5    Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,502</b>	<b>1,904</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 \$A'000
88
-

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

85

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 \$A'000
-
-



## 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	355
9.2 Development	-
9.3 Production	-
9.4 Staff Costs	58
9.5 Administration and corporate costs	87
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>500</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	E69/2592	Tenement surrendered	100%	0%
	E69/2610	Tenement surrendered	100%	0%
	E69/2817	Tenement surrendered	100%	0%
	EA69/3356	Application withdrawn	100%	0%
	E69/3399	Tenement surrendered	100%	0%
	E69/3421	Tenement surrendered	100%	0%
	EA 45/5085	Application withdrawn	100%	0%
	EA 45/5086	Application withdrawn	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EA69/3569	Application lodged	0%	100%
	EPM/26723	Application lodged	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: 17 July 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 30 June 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%
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:**

Type	Tenement	Location	Registered Holding		Beneficial Interest	
			From	To	From	To
EPM	26723	Gorge Creek, QLD	0%	**0%	0%	**0%
EA	69/3569	Musgrave, WA	0%	100%	0%	100%

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

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

Type	Tenement	Location	Registered Holding		Beneficial Interest	
			From	To	From	To
E	69/2592	Musgrave, WA	100%	0%	100%	0%
E	69/2610	Musgrave, WA	100%	0%	100%	0%
E	69/2817	Musgrave, WA	100%	0%	100%	0%
EA	69/3356	Musgrave, WA	100%	0%	100%	0%
E	69/3399	Musgrave, WA	100%	0%	100%	0%
E	69/3421	Musgrave, WA	100%	0%	100%	0%
EA	45/5085	Mulga Downs, WA	0%	0%	0%	0%
EA	45/5086	Mulga Downs, WA	0%	0%	0%	0%
EA	45/5110	Pinga Creek, WA	0%	0%	0%	0%
E	74/0606	Ravensthorpe, WA	100%	0%	100%	0%

**Key:**

E: Exploration licence  
EA: Exploration licence application  
P: Prospecting licence  
EPM: Exploration permit mineral