



Traka Resources Limited

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ASX Shareholders' Report

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ASX

AUSTRALIAN SECURITIES EXCHANGE

ASX Code: "TKL"

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Western Areas elects to proceed to Stage 2 of the Musgrave Joint Venture and announces that drilling is to commence

Traka Resources Ltd ("Traka" or the "Company") has been notified by Western Areas Limited (WSA), its Musgrave Joint Venture (JV) partner, that WSA has expended the initial \$1.3 million expenditure commitment to earn a 30% interest under the JV and has elected to proceed to Stage 2, whereby WSA can acquire an additional 21% interest in Traka's tenement interests be expending a further \$2.5 million within 18 months. In the event that WSA earns this additional interest it may acquire a further 19% equity by expending at least \$5 million within the next 5 years and free carrying Traka to the completion of a Feasibility Study.

WSA has advised Traka as follows:-

"Current JV Activities:

- **Initial RC drilling program of at least 2000m to commence at prospective Musgrave Joint Venture tenements with Traka Resources**
- **RC drilling follows completion of heritage, flora and fauna surveys and geophysical surveys returning a number of high quality conductive targets."**

"RC drilling will commence early next week with statutory approval now being received following completion of heritage, flora and fauna surveys of the drill target areas. It is anticipated that drilling will continue through to mid-January with a short break during the Christmas period.

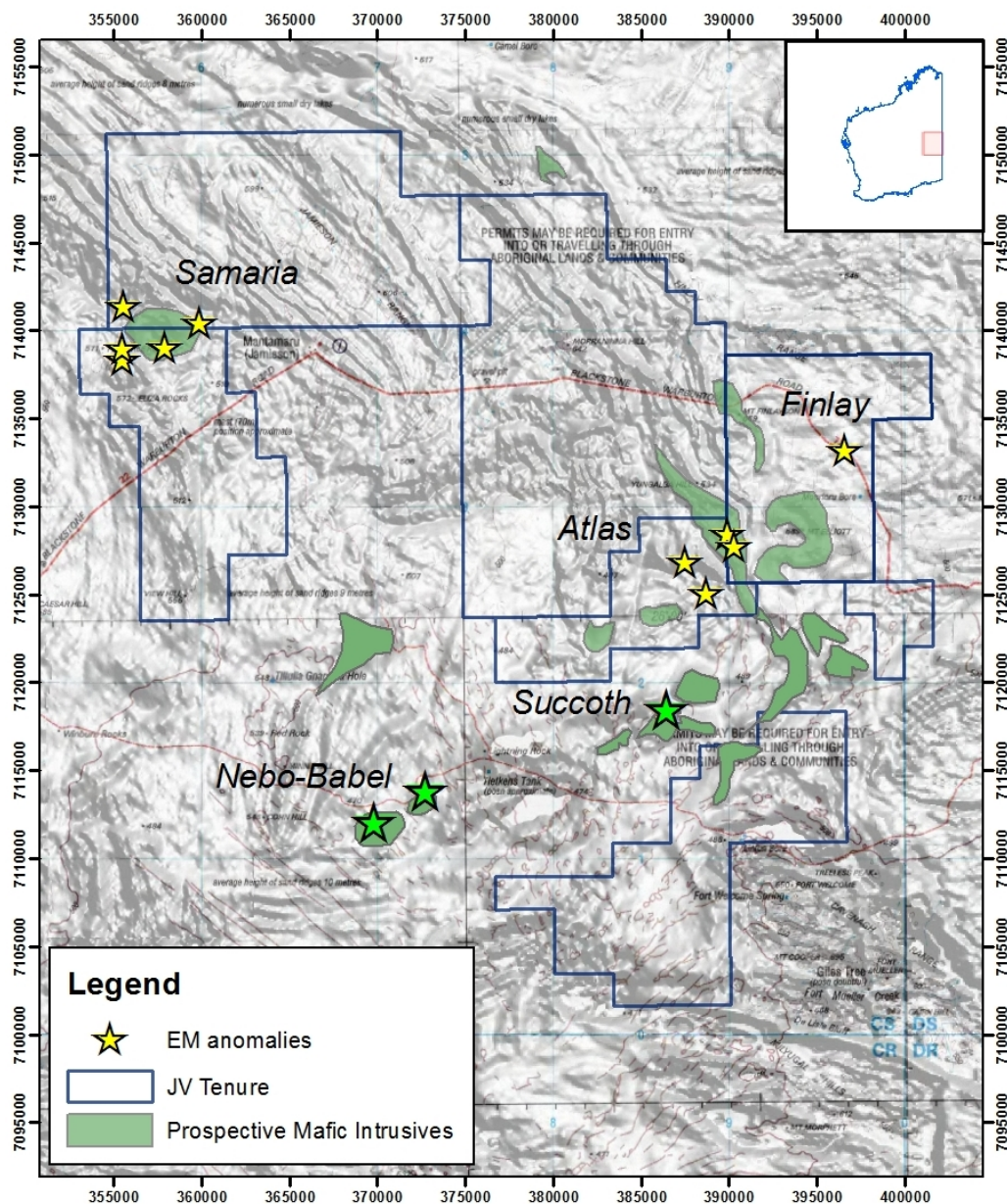


Figure 1: Plan showing JV tenure (blue), known Ni-Cu deposits (green stars), and recently defined EM anomalies (yellow stars) over TMI magnetic.

“The survey data has returned a number of highly conductive targets which are located on or adjacent to interpreted mafic intrusions in two key areas, Atlas and Samaria (see Figure 1). A number of these conductors are also located in areas of previously defined nickel and copper geochemical anomalism. Given their favourable nature and interpreted geological setting, the discovery of these conductive anomalies is extremely encouraging for the presence of nickel and/or copper sulphides.



“Modelling of the conductive responses has been undertaken with the conductors identified for drilling showing high time constants that do not appear to be associated with surficial features or paleochannels. Modelled depths to the top of the conductors range from 100m to 230m. Priority drilling is expected to comprise a six to eight hole programme for 2000m, but this may be expanded depending on the results from the initial drilling.

“Recent exploration activities have been dominated by ground geophysical surveys of priority targets areas focusing on the discovery of higher grade mafic hosted ore-bodies. Initial wide spaced survey lines were completed and then reduced to 200m line spacing with 100m station spacing where conductive anomalies were detected. Ultimately, follow up fixed loop surveys of 100m line spacing with 50m station spacing were conducted at three of highly responsive targets.”

Musgrave Region of Western Australia

The Musgraves represent a highly prospective, underexplored base metals region of Western Australia. The region is known to contain significant amounts of nickel, copper and PGEs, namely within the giant Nebo-Babel and recently discovered Succoth deposits.

The area also contains lesser known (and smaller), but equally significant, high-grade nickel and copper deposits. Ongoing academic, exploration and targeting work is also making significant progress in understanding the links between the similarly aged and tectonically related Musgraves (Nebo/Babel and Succoth) and Albany-Fraser Orogens (Nova/Bollinger), as well as other worldwide examples of mafic intrusive related deposits. These styles of deposits are different from the komatiitic hosted deposits at Forrestania with individual deposits being typically larger and multi-commodity (nickel, copper and +/-PGEs).

New Tenement Acquisition

Traka has been notified recently that it has won in ballot two new exploration licences (ELA 69/3156 and ELA69/3157) within the strategic northeast trending corridor of ground between the Succoth discovery and the Atlas and Finlay targets. These new tenements (which are subject to the JV), being within and/or close to known centres of exploration activity and mineralization, are a valuable adjunct to, and will further consolidate, the key holdings of the Company in the Musgrave Area (see Figure 2).

The northeast trending corridor of ground referred to includes the Babel-Nebo deposit (BHP Billiton) on the west side and new discoveries like Succoth (BHP Billiton) and the electromagnetic (“EM”) targets at Atlas and Finlay (WSA/Traka) on the east side.

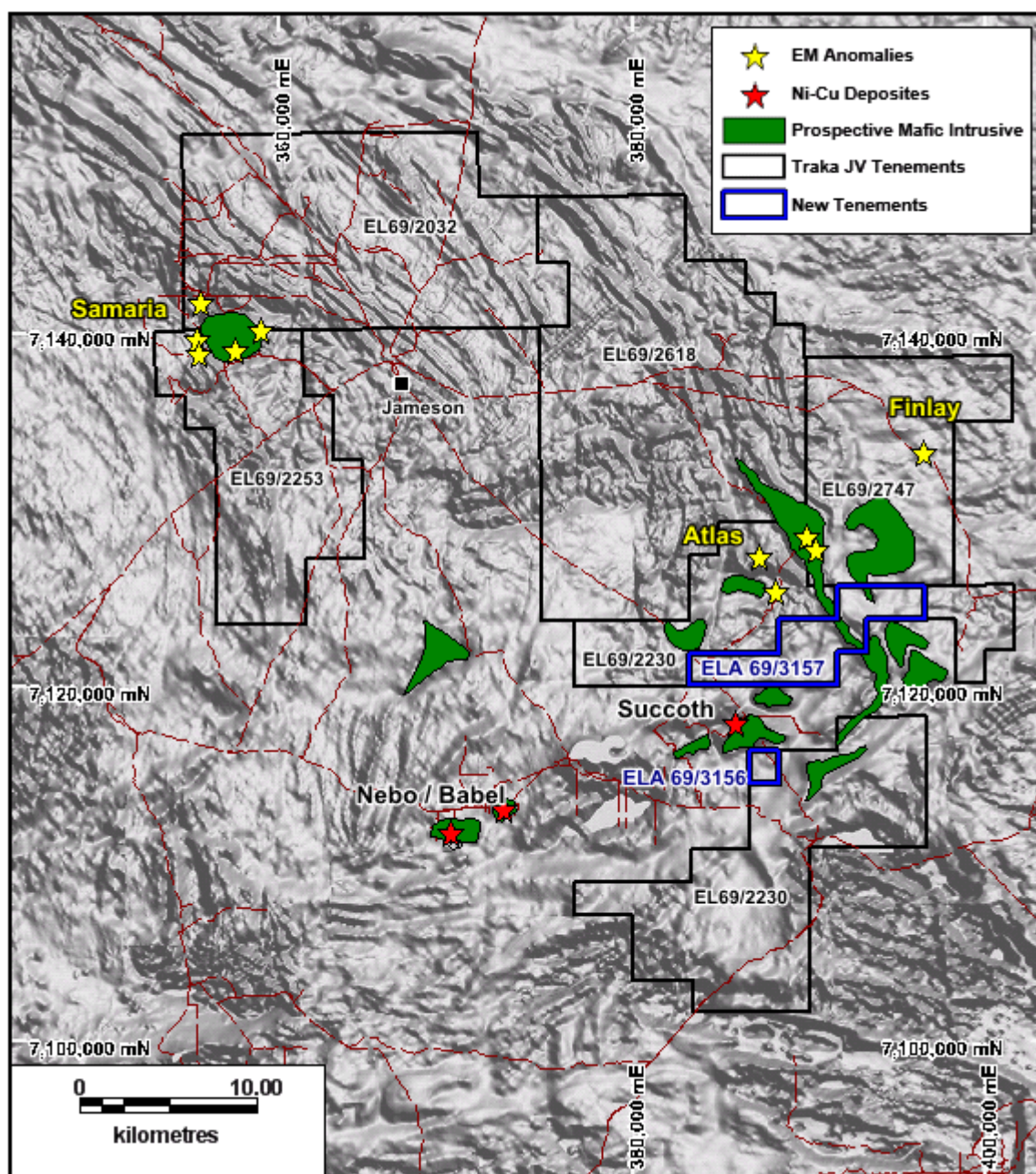


Figure 2. An aeromagnetic image showing the new licences with respect the prospect and target locations

QA-QC STATEMENT IN RESPECT OF INFORMATION PROVIDED BY WSA AND QUOTED IN THIS REPORT: The information within this report as it relates to geological and drilling data is based on information compiled by Mr Charles Wilkinson of Western Areas Ltd. Mr Wilkinson is a member of AusIMM and is a full time employee of the Company. Mr Wilkinson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Wilkinson consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.