



## ASX Shareholders' Report

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# ASX

AUSTRALIAN SECURITIES EXCHANGE

ASX Code: "TKL"

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Company Announcements Office  
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### **Musgrave Project – Farm-in and Joint Venture Agreement with Western Areas Limited (ASX: WSA)**

The Company is pleased to announce that a Farm-in and Joint Venture Agreement ("Agreement") have been entered into with Western Areas Limited ("Western Areas") covering five exploration licences in the strategic Jameson area which forms part of Traka's large Musgrave Project.

Western Areas has identified the Musgraves as a highly prospective underexplored base metals region. The Agreement will result in an immediate acceleration of exploration activity particularly focused on the discovery of higher grade, intrusive-related nickel and copper deposits. A number of prospective targets and areas have already been identified and work will initially focus in these locations (Figure 1). The area covered by the Agreement includes key ground around the known mineralised trend which hosts the Nebo-Babel and Succoth deposits held by BHP Billiton.

The Agreement introduces a partner into Traka's Musgrave Project with both the resources and expertise to pursue and exploit the higher grade style of poly-metallic mineralisation being sought. Western Areas has a remarkable track record of discovery and mine development in the Forrestania area of Western Australia and Traka will obviously benefit from this experience.

The Agreement with Western Areas relates to the exploration licences EL69/2032, 2230, 2253, 2618 and 2747. Western Areas may earn in to Traka's interests in these tenements as follows:

Western Areas is to make an initial \$200,000 payment to Traka as partial reimbursement of Traka's incurred exploration expenditure.

**Stage 1:** Western Areas may earn the right to 30% equity by expending \$1.3 million within 18 months of the date of the Agreement, with a committed expenditure of \$1 million. Western Areas may withdraw after expending the committed expenditure without retaining any residual interest.

**Stage 2:** In the event that Western Areas earns a 30% equity, it can elect to earn an additional 21% equity by further expending \$2.5 million within an additional 18 month period. If Western Areas elects to cease expenditure during this stage, a joint venture will be formed with Traka having 70% equity and Western Areas having 30% equity.

**Stage 3:** If Western Areas earns 51% equity by having expended a total of \$3.8 million, it can elect to increase its equity to 70% by the expenditure of a further \$5 million within an additional 3 year period and agreeing to free-carry Traka through to completion of a Bankable Feasibility Study ("BFS").



# Traka Resources Limited ABN 63 103 323 173

The effect of this earning provision is that Western Areas would carry Traka for a minimum of \$5 million expenditure even if it completes a BFS prior to completing that expenditure. If completion of the BFS requires Western Areas to incur costs in excess of \$5 million Traka would be carried for such additional expenditure.

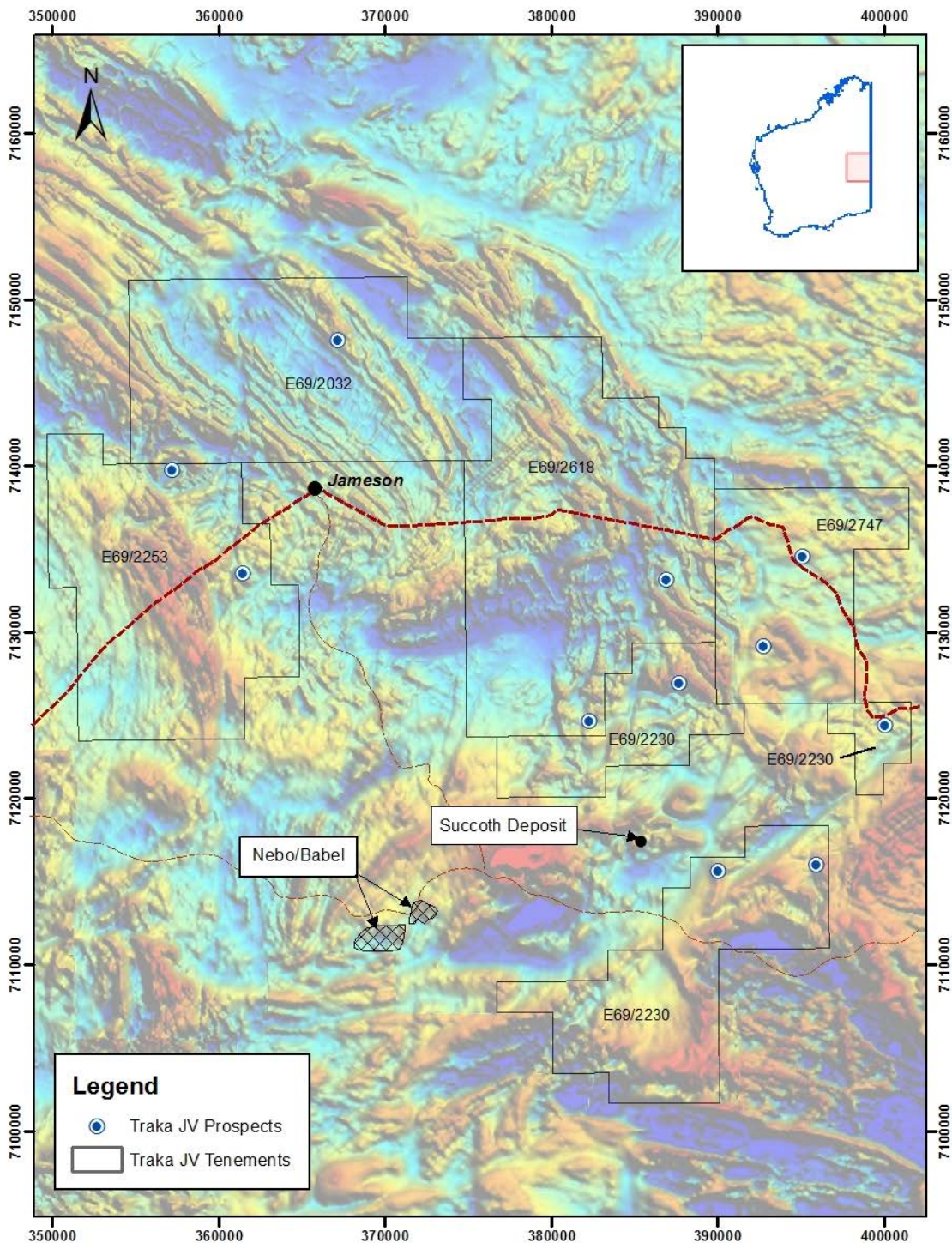


Figure 1. Aeromagnetic image showing Western Areas Agreement tenement and prospect locations



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The introduction of Western Areas into Traka's Musgrave Project represents a significant step in the Company's long term exploration effort in the Musgrave region. We encourage you to refer to Western Areas' News Release announcing the Agreement as it provides an excellent description of the exploration opportunity and of their geological perspective.

The new phase of exploration activity to be undertaken by Western Areas is additional to the work being undertaken by Traka itself and the continuing exploration program of Traka's joint venture with Anglo American (Australia) Pty Ltd. As such it promises an exciting period of activity for Traka's overall Musgrave Project. Traka is the dominant stake holder in the Musgrave region of Western Australia and could benefit significantly from exploration success from one of a number of opportunities and targets currently being prioritised in the region (see Figure 2).

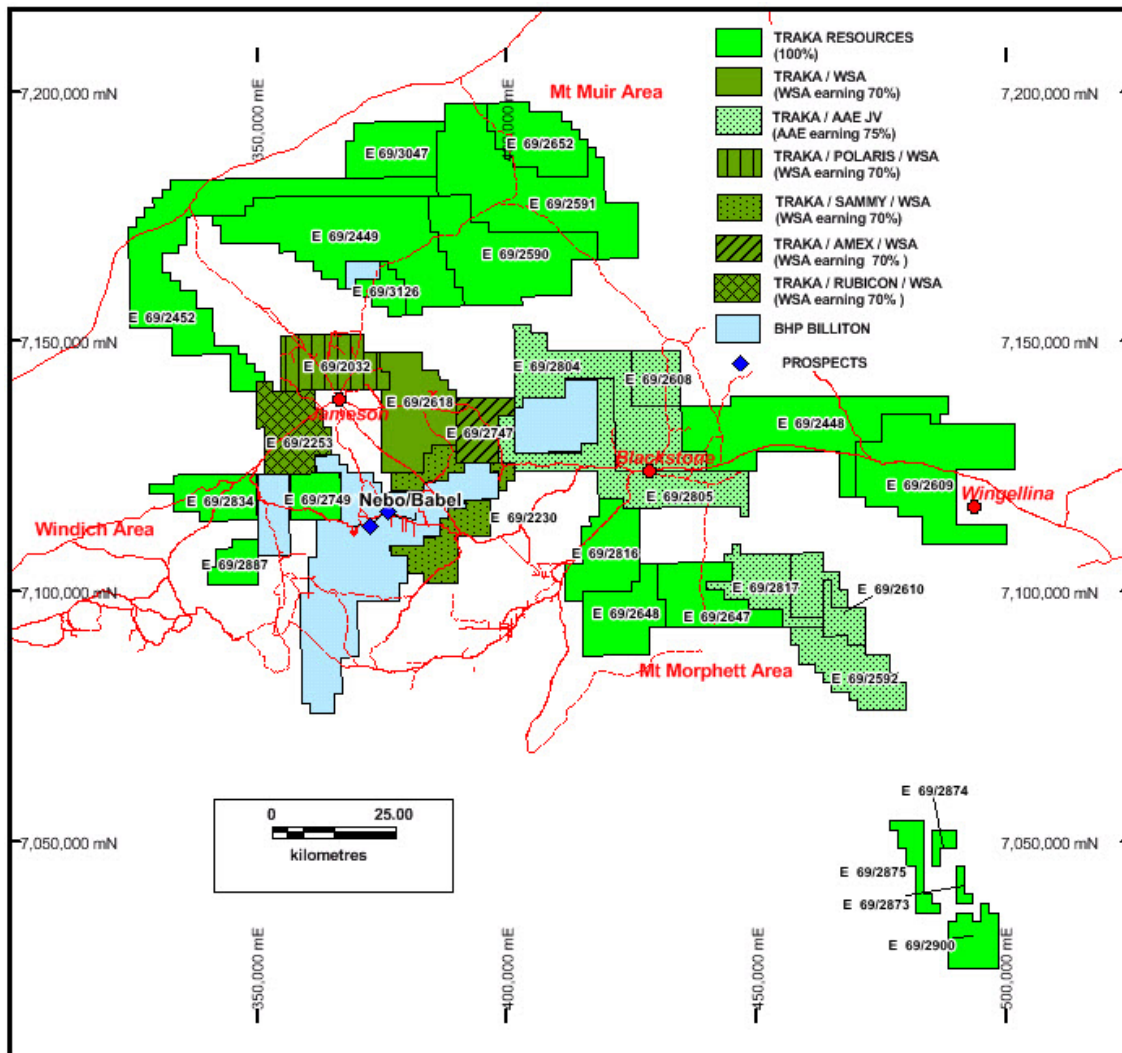


Figure 2. The Musgrave Project showing Traka's interests including the Western Areas Agreement tenements

**N Tomkinson**  
Chairman