

# TRAKA RESOURCES LTD

(A.B.N. 63 103 323 173)

## Quarterly Activity Report for the three months ended 30<sup>th</sup> September 2005

### **HIGHLIGHTS**

#### ***Corporate:***

- An Option Agreement has been entered into with the Independence Group NL on the Ravensthorpe Nickel Project. An acceleration of exploration programs on the project will result as a consequence of the agreement.

#### ***Ravensthorpe Nickel Project:***

- An RC drillhole result of **3 meters @ 2.97 % Nickel** was returned from the RAV 4 West prospect. The intersection is shallow and open at depth.
- Geophysical, geochemical and geological surveys are underway in anticipation of further drilling programs in the New Year.

#### ***The Ravensthorpe Iron Ore Project:***

- Resource Mining Corporation have confirmed and identified new areas of iron enrichment at Ravensthorpe and are preparing for drilling programs to test some of these areas in the New Year.

## **Corporate**

### ***Option Agreement with the Independence Group NL***

On the 26<sup>th</sup> October 2005 Traka Resources Ltd (“Traka”) entered into an Option Agreement with the Independence Group NL (“IGO”) on the Ravensthorpe Nickel Project. The agreement with IGO puts in place an important exploration funding strategy on what is the Company’s principal asset. The agreement with IGO links Traka and IGO in a co-operative venture where the exploration experience and resources of each company is pooled.

IGO is a very successful mid-tier nickel mining company with operations in the Kambalda area of Western Australia. The Company has the capacity to fund an aggressive ongoing exploration program as well as to advance any mining project that result from the discovery of economic mineralisation.

Traka has the opportunity to retain a very significant equity position in a joint venture with IGO and as a consequence the Ravensthorpe Nickel Project can be expected to remain the most important asset of the company.

Under the terms of the Option Agreement, IGO has the Option upon meeting a minimum expenditure commitment of \$1,500,000 by the 31<sup>st</sup> December 2006 to enter into a Joint Venture with Traka on the Ravensthorpe Nickel Project. During the Option Period, being within the formative start-up time frame Traka will provide management of the project whilst working in close cooperation with IGO personnel.

Upon exercise of the Option IGO will enter into a Joint Venture on the Ravensthorpe Nickel Project on the following terms:

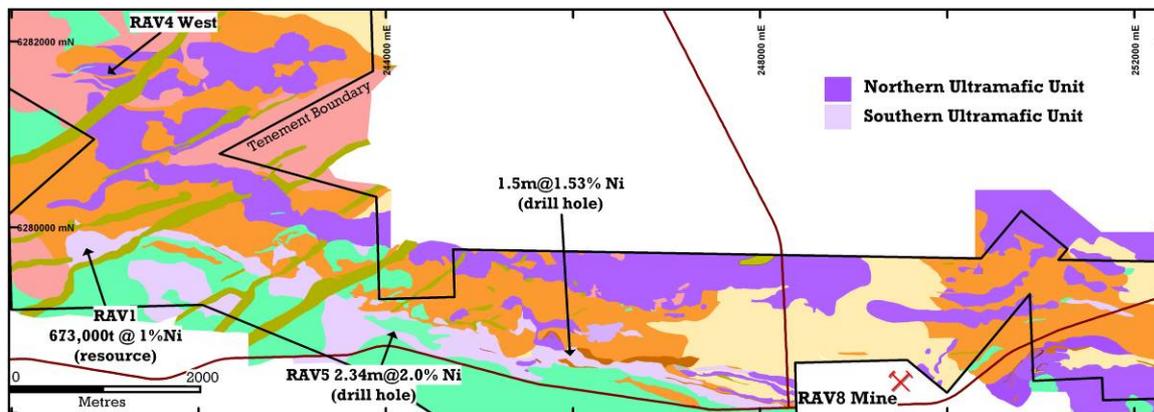
1. IGO can earn 51% equity in the joint venture by the minimum additional expenditure of \$5,000,000 by the 31<sup>st</sup> December 2009.
2. Upon IGO earning 51% equity Traka can elect to contribute to expenditure at the 49% level or reduce its equity to 30% and be free carried through to a decision to mine.
3. Traka’s royalty interests in the nickel laterite potential of the area as well as any iron ore development on the project tenements remain with Traka.

## The Ravensthorpe Nickel Project.

Over the past two quarters Traka completed a Reverse Circulation (RC”) drilling program that tested a number of targets generated from completion of earlier geological, geochemical and geophysical surveys. The drill program produced some very encouraging results on specific prospects but the over-riding significance is the manner in which the scope of the project as a whole has improved. Continuation of active and expanded exploration is therefore readily merited and the agreement and introduction of IGO into the project achieves this objective.

### ***The Jerdacuttup Area:***

In the southern Jerdacuttup portion of the Ravensthorpe Nickel Project we now recognize two very prospective ultramafic horizons striking over about 12 kilometres in length.(Figure 1).



**Figure 1.** Jerdacuttup Geology

The nickel mineralisation at the RAV 8 Mine is interpreted to be associated with the northern ultramafic horizon, which is a broad very gently undulating south dipping stratigraphic horizon that we now interpret to link the RAV 8 Mine rock sequence with that at RAV 4 West. Previous geological interpretations had linked the RAV 8 Mine with the southern ultramafic horizon which for the most part is thinner and has a steeper southerly dip. A cross section through the RAV 4 West prospect (Figure 2) is an example of the nature of the geological setting on the northern unit. The figure also shows the setting and encouragement obtained from the drillhole RAVC148 which had an intersection of 3 meters @ 2.97% Nickel. Mineralisation is open at depth on RAV 4 West.

It has become clear that the ultramafic horizon hosting the highest grade nickel yet discovered at Ravensthorpe (the RAV 8 Mine and RAV 4 West) remains largely untested. Old soil geochemical surveys over part of the northern unit highlighted a series of anomalies but these have only been considered in light of the near surface laterite mineralisation and not of the underlying nickel sulphide potential (Figure 3).. Exploration of this horizon is now of course a high priority and infill soil geochemical surveys and systematic Moving Loop Electromagnetic (“MLEM”) programs will commence immediately to define drill targets.



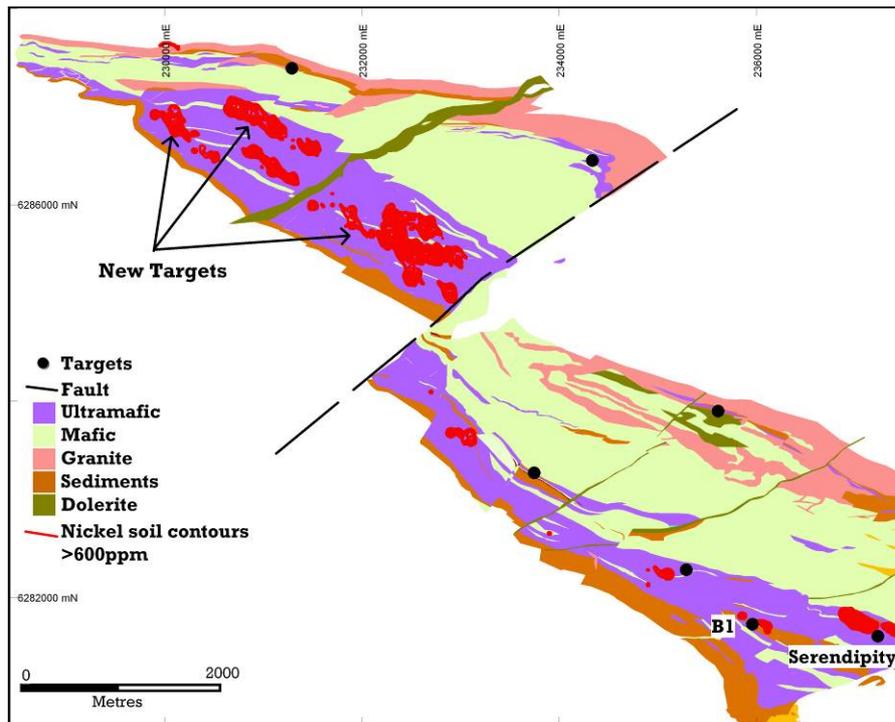


Figure 4. Carlingup Geology

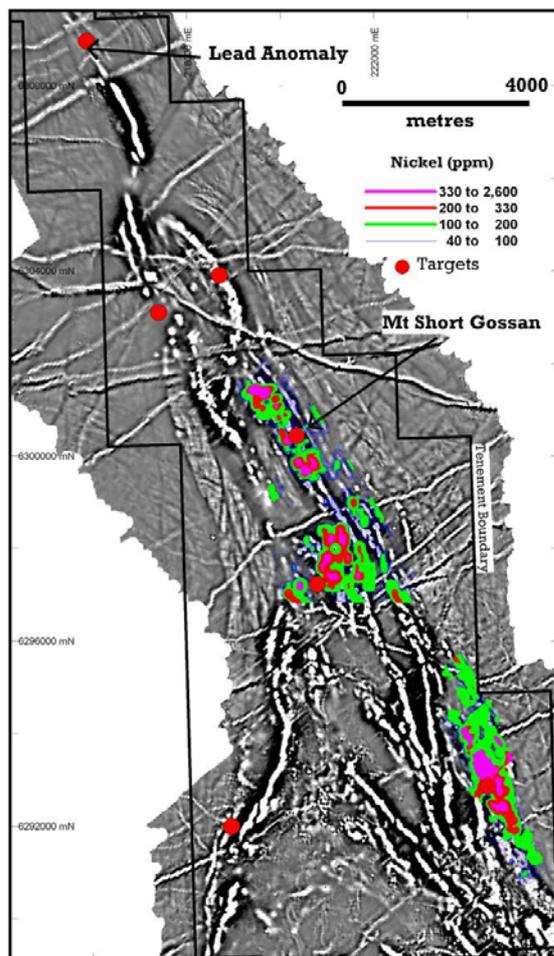


Figure 5. Mt Short Nickel soil contours over an aeromagnetic image.

#### ***The Mt Short Area:***

The northern portion of the Ravensthorpe Nickel Project is in the same position as Carlingup in that numerous geological, geochemical and geophysical targets have been identified (Figure 5). All of these targets are yet to be drill tested. Follow-up MLEM programs plus the continuation of geology and geochemical surveys where not already complete will continue ahead of further drilling planned for the New Year.

The Ravensthorpe Nickel Project has matured into an advanced exploration project with prospectivity now identified over its' entire 60 kilometre strike length. The project, the geological setting and the mineralised targets identified indicates that the prospectivity at Ravensthorpe is equal to some of the better known nickel camps. Traka's dominant land holding at Ravensthorpe in combination with Traka and IGO's resources should enable a rapid advance and exploitation of any economic discovery.

## **The Ravensthorpe Iron Ore Project.**

The following information on the Ravensthorpe Iron Ore Project was supplied by Resource Mining Corporation Limited.

“Resource Mining Corporation Limited and Traka Resources Limited announced on 24 May 2005 that agreement has been reached for the establishment of an iron ore joint venture to explore for iron ore on Traka’s Ravensthorpe project in south western Western Australia.

RMC has paid \$200,000 and will expend a minimum of \$500,000 in the first 12 months to earn an option to earn up to 51% equity in the joint venture by expenditure of \$5 million over 5 years (inclusive of the \$500,000 to earn the option). Once RMC has earned its 51% interest, Traka can elect to contribute pro-rata or be Free Carried for a 30% interest to a Decision to Mine. In the event RMC earns a 70% equity Traka may contribute on a pro- rata basis or elect to covert its interest into a 2% Royalty interest.

The Ravensthorpe Iron Ore Project area lies within the layered Archaean greenstone succession of the Ravensthorpe Range north of Ravensthorpe in south-western Western Australia.

The Ravensthorpe Range greenstones comprise a sequence of mafic and felsic volcanics, ultramafic rocks and sediments (shale, siltstone, conglomerate and banded iron-formation). The greenstone succession is located within a faulted south-plunging and overturned syncline. The area is overlain by a thick lateritic profile.

Martite-goethite iron enrichment is observed in a number of localities within the banded iron-formation lithologies within the Bandalup Ultramafics and is heavily goethitised in the lateritic profile. Recorded enrichment outcrop occurs in fourteen separate areas over the JV area and in areas adjacent. Individual areas of identified enrichment mineralisation are reported from prospecting of the area during the 1960’s to vary in strike length between 100m and 2000m with widths varying from 20 to 180m.

The mineralisation exhibits textures consistent with iron enrichment in other areas of the Archaean in Western Australia. In lateritised surface samples, goethite is the dominant mineralogy with subordinate hematite. It is inferred that the enrichment mineralisation below lateritic cover is a martite-goethite ore, typical of that seen in enrichment ores in the Yilgarn and Pilbara regions of WA.

Little exploration has been undertaken in the area other than costeaning and a number of shallow percussion drill holes, the latter appearing to be limited to the laterite profile.

During the quarter the following activities were undertaken:

- Acquisition of all pertinent data relating to the iron ore areas held by Traka Resources Limited including digital geology, aeromagnetics, topography and aerial photography;
- Project scale mapping of the iron enrichment and banded iron-formation (BIF) units within the Carlingup Terrane;



- Rock chip and grab sampling of apparent iron enrichment from within the laterite profile.

Banded iron-formations observed within the Bandalup Ultramafics are of the chert-magnetite-type and as such are amenable to enrichment by supergene and/or hydrothermal processes. The magnetic signatures of these BIF's are observed in regional aeromagnetics.

The area has been subjected to intense lateritisation and only in rare instances has dissection of the laterite profile allowed observation of weathered bedrock.

Project area mapping by RMC has indicated a number of possible zones of BIF enrichment within the BIF's of the Bandalup Ultramafics north of the Cordingup Fault and several south of this fault (Figure 6).

Further work will include detailed mapping of the BIF units and BIF enrichment, with additional outcrop sampling for chemistry and petrology.

RMC is now planning a reconnaissance drilling program to commence early in the first quarter of 2006. A Flora Survey is currently being undertaken in the area of the proposed reconnaissance drilling as the first stage of seeking a clearing permit for access preparation."

### **Quarterly Exploration Expenditure:**

Exploration Expenditure for the three month period ending June 2005 is \$724,000.

For any additional information please contact:

Mr Patrick Verbeek  
**Managing Director**

31<sup>st</sup> October 2005

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 Ltd. Mr. P. A. 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. P. A. 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 quarterly report

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

Name of entity

TRAKA RESOURCES LIMITED

ACN or ARBN

63 103 323 173

30 September 2005

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(724)	(724)
(b) development		
(c) production		
(d) administration	(132)	(132)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	13	13
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	0	0
<b>Net Operating Cash Flows</b>	<b>(843)</b>	<b>(843)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	(81)	(81)
(b)equity investments		
(c) other fixed assets	(1)	(1)
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)		
	(82)	(82)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(925)	(925)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(925)	(925)
<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 - Capital Raising Expenses		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(925)	(925)
1.20	Cash at beginning of quarter/year to date	1418	1418
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	493	493

**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	64
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments for services by directors

**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

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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

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**Financing facilities available**

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

+ See chapter 19 for defined terms.

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

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		-
3.2 Credit standby arrangements		-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	
<b>Total</b>	50

**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		418
5.2 Deposits at call	2	1,000
5.3 Bank overdraft	(9)	
5.4 Other - Term Deposit	500	
<b>Total: cash at end of quarter</b> (item 1.22)	493	1418

**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		No changes		

+ See chapter 19 for defined terms.

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

6.2 Interests in mining tenements acquired or increased	E74/366	Application	0%	100%
	M74/212	Application	0%	100%
	M74/213	Application	0%	100%
	M74/214	Application	0%	100%
	M74/215	Application	0%	100%
	M74/216	Application	0%	100%
	M74/217	Application	0%	100%
	M74/218	Application	0%	100%

**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 + securities</b> <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>+Ordinary securities</b>	31,700,000	24,825,000		
7.4 Changes during quarter (a) Increases through end of restriction period (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				

+ See chapter 19 for defined terms.

7.6	Changes during quarter				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	2,000,000 Exercise Price 35 cents Expiry 10 October 2008 50,000 Exercise Price 20 cents Expiry 31 December 2009			
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 Law [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....  
(Director)

Date: 31 October 2005

Print name: PATRICK VERBEEK

**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

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+ See chapter 19 for defined terms.

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

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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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