

# TRAKA RESOURCES LTD

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

## Quarterly Activity Report for the three months ended 30<sup>th</sup> June 2006

### HIGHLIGHTS

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

(Under Option to IGO)

- *Drilling on high priority geophysical and geological targets is scheduled to recommence in the near future. This work includes drill programs on the very prospective RAV4 West and Mt Short target areas.*

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

- *Drilling programs on a number of high grade hematitic iron ore horizons are currently being planned. This work will commence as soon as a drill rig and site access has been completed.*

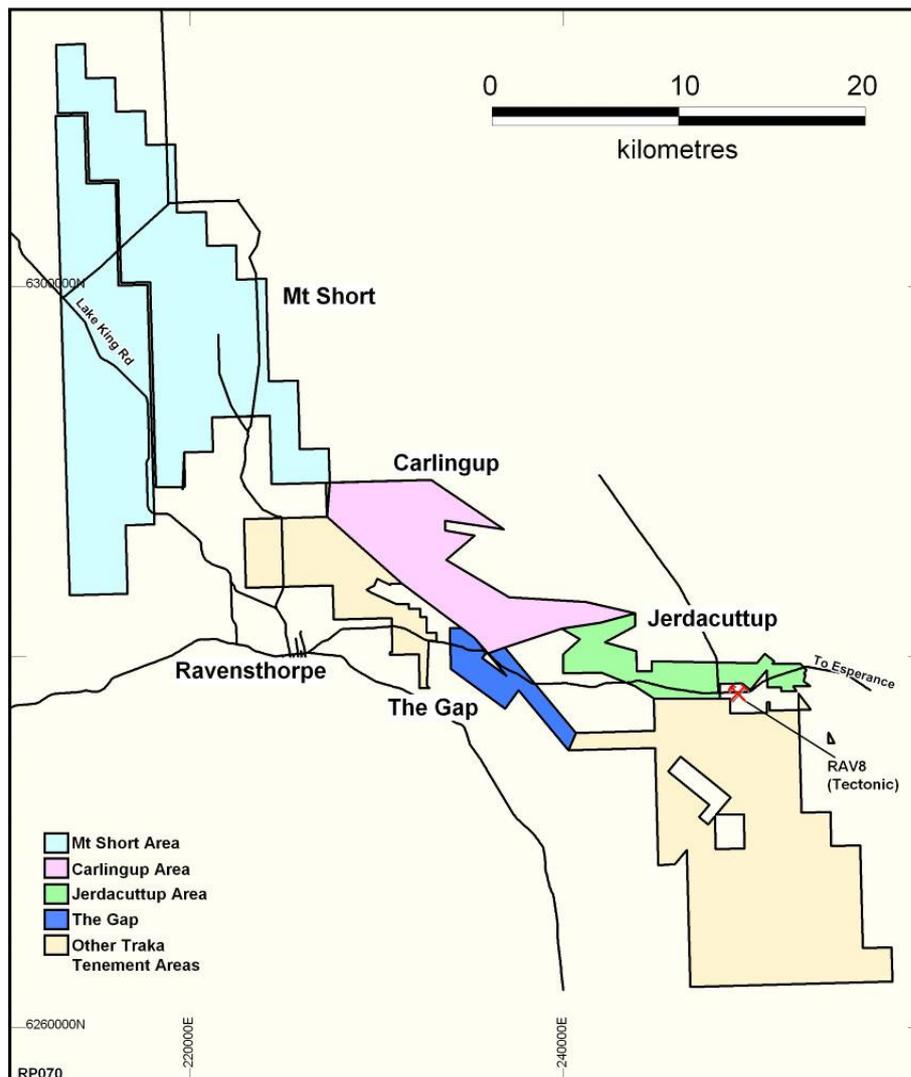
#### **The Mt Blyth Project:**

- *Traka has recently applied for exploration licences in the Musgrave region of Western Australia. The project is prospective for nickel, copper, gold and uranium.*

## The Ravensthorpe Nickel Project.

(Under Option to IGO)

Exploration programs principally comprising geophysics and geology surveys were completed during the quarter at Ravensthorpe (Figure 1). A report of this activity is provided in the statement following, which is jointly released by Traka and the Independence Group NL (IGO):



**Figure 1. The Ravensthorpe Nickel Project**

### *Joint statement of activity:*

“IGO has an option to earn a 51% interest in Traka Resources Limited’s (“Traka”) Ravensthorpe Nickel Project (except for the nickel laterite and iron ore rights). IGO has committed to spend \$1.5 million on the project by December 2006.

The Ravensthorpe Project contains widespread nickel sulphide mineralisation and covers about 60 strike kms of prospective ultramafic stratigraphy within the Ravensthorpe Greenstone Belt (**Figure 7**).

The project tenure is immediately adjacent to the RAV8 deposit, which produced 443,000t at 3.46% Ni for 15,350t Ni (*Tectonic Quarterly Report 30 June 2005*).

The Ravensthorpe Greenstone Belt is interpreted to be equivalent stratigraphically to the Forrestania Greenstone Belt, which contains numerous deposits including the Flying Fox T5 nickel deposit (Probable Ore Reserve of 843,000t @ 5.9% Ni containing 49,500t of nickel metal (*Western Areas NL website*)).

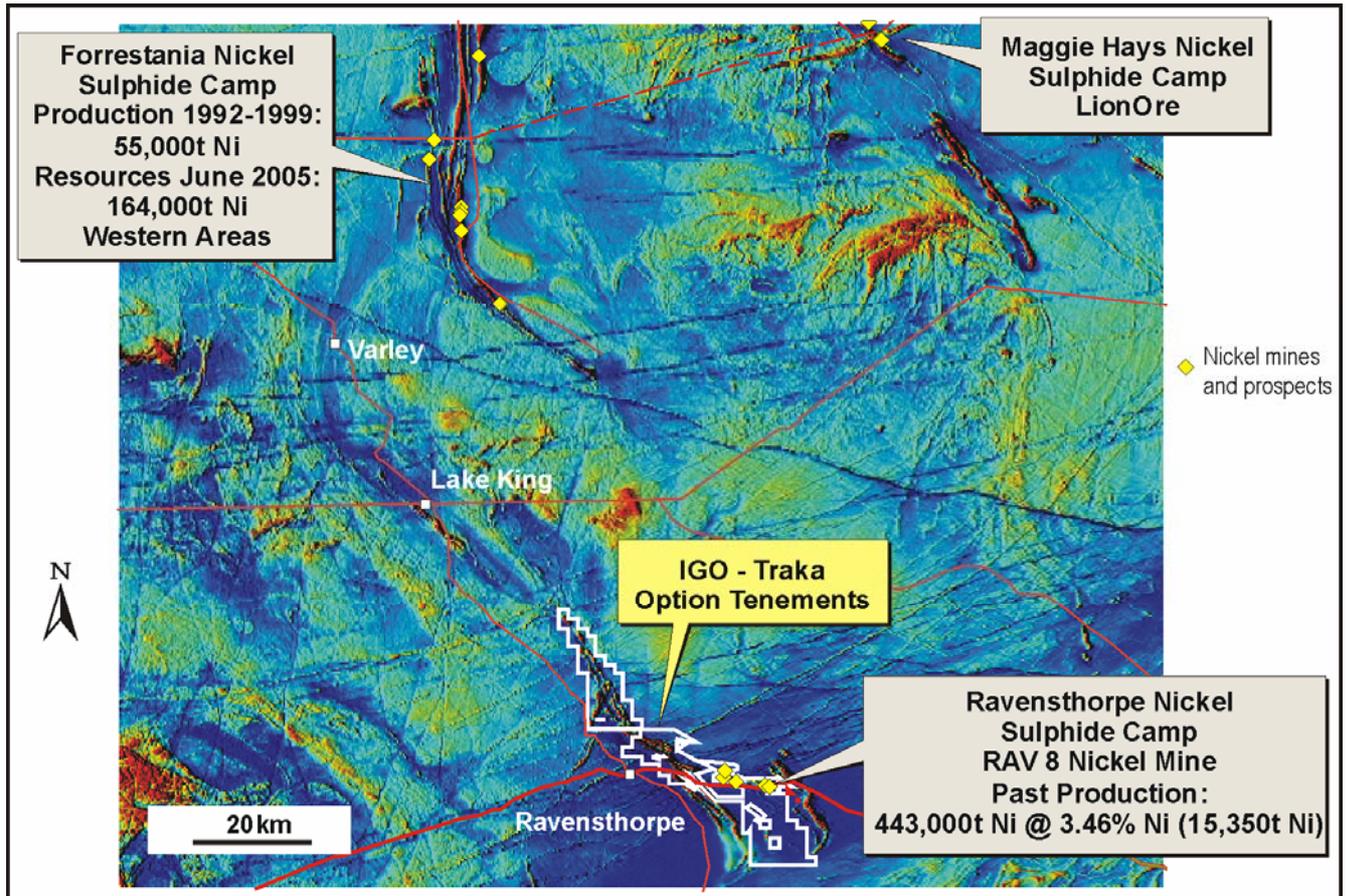


Figure 7: Aeromagnetic Image Showing Location of Ravensthorpe and Forrestania Greenstone Belts

Historic work in the project area has identified numerous prospects containing nickel sulphides, many of which have been inadequately tested or closed off by drilling. Similarly much of the ultramafic stratigraphy, particularly in the NW portion of the project area, has yet to be tested for nickel mineralisation using modern techniques.

During the quarter follow-up EM was completed over geological, geophysical and geochemical targets in the Mt Short and Jerdacuttup areas to assist in drill hole targeting.

It has been determined that nickel sulphide mineralisation in the Jerdacuttup area including the RAV8 ore body has undergone widespread supergene alteration to violarite. This alteration has little effect on the economic properties of mineralisation but it does significantly reduce its conductivity and therefore its response to EM. Nickel

mineralisation may only produce subtle EM responses necessitating close integration with other data sets to discriminate targets. A total of 5 targets from 13 anomalies followed up have been selected for drill testing. These targets are all located to the south east and west of the RAV4 West prospect.

Further drilling (10 holes for 1100m) is also planned at RAV4 West where previous intercepts include **3.4m @ 3.2% Ni, 2.4m @ 6.5% Ni and 2.6m @ 7.9% Ni**. Mineralisation is open both up and down dip and the prospect is considered to have good potential for shallow mineralisation that could be economically exploited.

At Mt Short, where supergene alteration is believed to be less prevalent, 19 detailed follow-up EM traverses have been completed. From this work 14 bedrock conductors have been selected for drill testing.

Drill testing of all targets is scheduled for the September quarter. “

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

Late in the quarter Traka reached agreement with Resource Mining Corporation Ltd (“RMC”) whereby RMC agreed with Traka to withdraw from the Option Agreement on the Ravensthorpe Iron Ore Project. RMC paid Traka \$120,000 as consideration for such withdrawal from their commitments under the agreement so as to be able to concentrate on their own projects.

Traka now intends to accelerate the iron ore exploration program on this project. The limited exploration work completed to date highlights good potential for hematitic iron ore. Rock-chip samples of several intermittently exposed stratigraphic horizons, some extending over 1000 meters in length highlight peak grades between 58% and 68% Iron. Drilling programs of a scouting nature are currently being prepared as a first pass test of these prospective zones. Drilling will commence as soon as a suitable drill rig can be obtained.

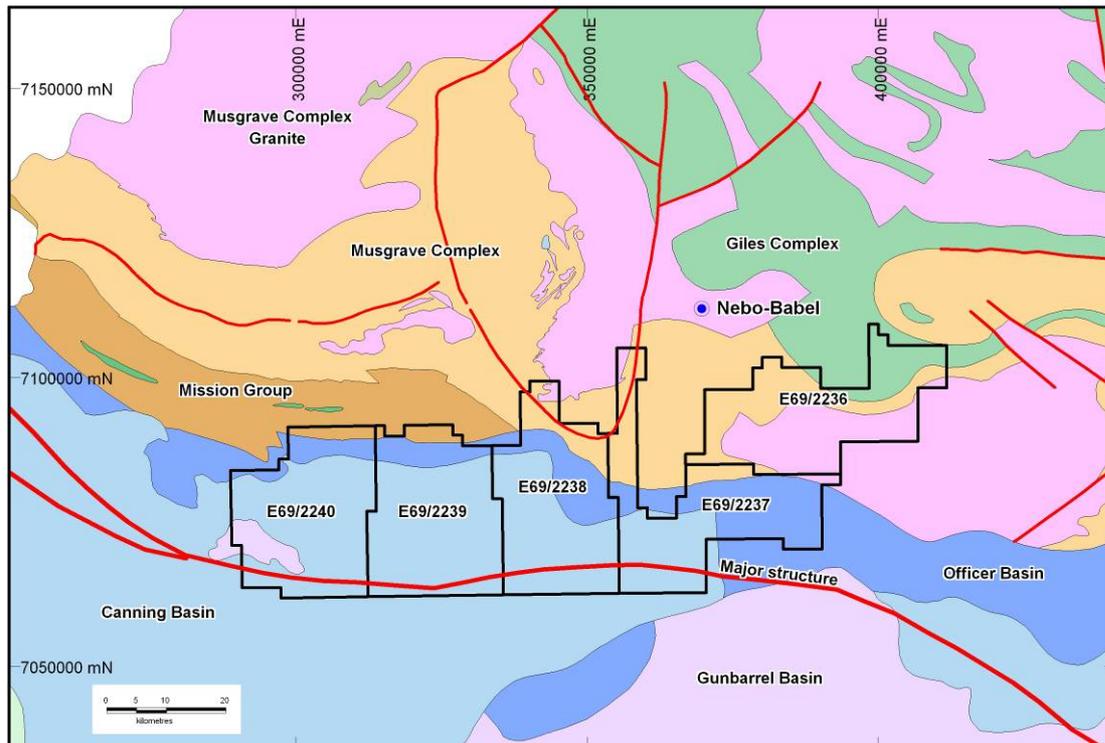
## **The Mt Blyth Project.**

During the quarter Traka applied for exploration licences on a very large tract of land in the Musgrave region of Western Australia (Figure 2). The project straddles the contact zone between the Musgrave/Giles Complex rocks to the north with the Officer Basin stratigraphy rocks to the south. The Mt Blyth Project, being very large (3,077sq kms) is prospective for a number of commodities in several different geological settings.

Within the Giles Complex rocks there is significant potential for nickel (Ni), copper (Cu), cobalt (Co) and the Platinum Group of elements (PGE) within the layered mafic-ultramafic intrusions. The discovery by WMC in 2000 of sulphide mineralisation in the nearby Babel and Nebo Prospects in this setting attests to the potential (Drillhole intersections of 26.55 meters @ 2.45% Ni, 1.78% Cu, 0.09% Co and 0.74 grams per tonne PGE plus 148.9 meters @ 0.30% Ni, 0.42% Cu, 0.01% Co and 0.29 grams per tonne PGE. *WMC announcement May 2000*).

A number of very large regional scale structures including the contact zone between the Musgrave Complex Rocks and the Officer Basin rocks present other exploration targets. Copper gold uranium targets in the style of Olympic Dam Mine (Oxide Iron Copper Gold type) is one further exploration model as is Unconformity and Calcrete style uranium deposits.

The Mt Blyth Project occurs within Aboriginal Lands administered through the Ngaanyatjarra Land Council. Access agreements are required prior to exploration work commencing. These requirements are currently being attended to while historic exploration data is being compiled and future exploration plans formulated.



**Figure 2. Geological setting of the Mt Blyth tenements.**

## **Quarterly Exploration Expenditure:**

Exploration expenditure during the quarter on Traka's tenements was \$416,000 of which \$280,000 was provided by IGO as part of the committed funds to the Ravensthorpe Nickel Project.

For any additional information please contact:

Mr Patrick Verbeek  
**Managing Director**

26<sup>th</sup> July 2006

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, 30/9/2001.

Name of entity

<b>TRAKA RESOURCES LIMITED</b>
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ABN

<b>63 103 323 173</b>
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Quarter ended ("current quarter")

<b>30 June 2006</b>
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12... 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	(136)	(1,174)
(b) development	-	-
(c) production	-	-
(d) administration	(53)	(243)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – JV contributions (see Clause 2.2)	(280)	-
<b>Net Operating Cash Flows</b>	<b>(464)</b>	<b>(1,383)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	(86)
(b)equity investments	-	-
(c) other fixed assets	-	(5)
1.9 Proceeds from sale of:		
(a)prospects	120	120
(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)	-	-
<b>Net investing cash flows</b>	<b>120</b>	<b>29</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(344)</b>	<b>(1,354)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(344)	(1,354)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	283
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 (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	283
	<b>Net increase (decrease) in cash held</b>	(344)	(1,071)
1.20	Cash at beginning of quarter/year to date	691	1418
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	347	347

**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	63
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

All transactions with directors are on normal commercial terms

**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

NIL

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

Re Clause 1.7

Under Traka's Option Agreement with the Independence Group Limited (IGO) that Company is currently sole funding exploration on the Ravensthorpe Nickel Project. A total of \$280,000 was incurred on behalf of IGO by Traka during the quarter, which amount was reimbursed pursuant to the provisions of the Option Agreement by IGO in July 2006.

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

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

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	
<b>Total</b>	<b>100</b>

### 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	47	224
5.2 Deposits at call		167
5.3 Bank overdraft		
5.4 Other (provide details)	300	300
<b>Total: cash at end of quarter</b> (item 1.22)	<b>347</b>	<b>691</b>

### Changes in interests in mining tenements

	Tenement Reference	Nature of Interest	Interest at beginning of qtr	Interest at end of qtr
6.1 Interests in mining tenements relinquished, reduced or lapsed	E74/335	Application	100%	0%
	E74/336	Application	100%	0%
	E74/366	Application	100%	0%
	P74/254	Application	100%	0%
6.2 Interests in mining tenements acquired or increased	Es 69/2236 To 69/2240	Applications	0%	100%
	Ps 74/262 To 74/275	Applications	0%	100%

+ See chapter 19 for defined terms.

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

**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>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	33,586,652	33,586,652		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,000,000 50,000 1,000,000		<i>Exercise price</i> 35 cents 20 cents 20 cents	<i>Expiry date</i> 10 October 2008 31 December 2009 21 December 2010
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>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 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: ..... Date: 17 July 2006  
Company secretary

Print name: Desmond Kelly

## 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 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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