



# TRAKA RESOURCES LTD

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

## Quarterly Activity Report for the three months ended 30<sup>th</sup> September 2007

### Highlights

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

- EM and drilling programs planned for the coming quarter period.

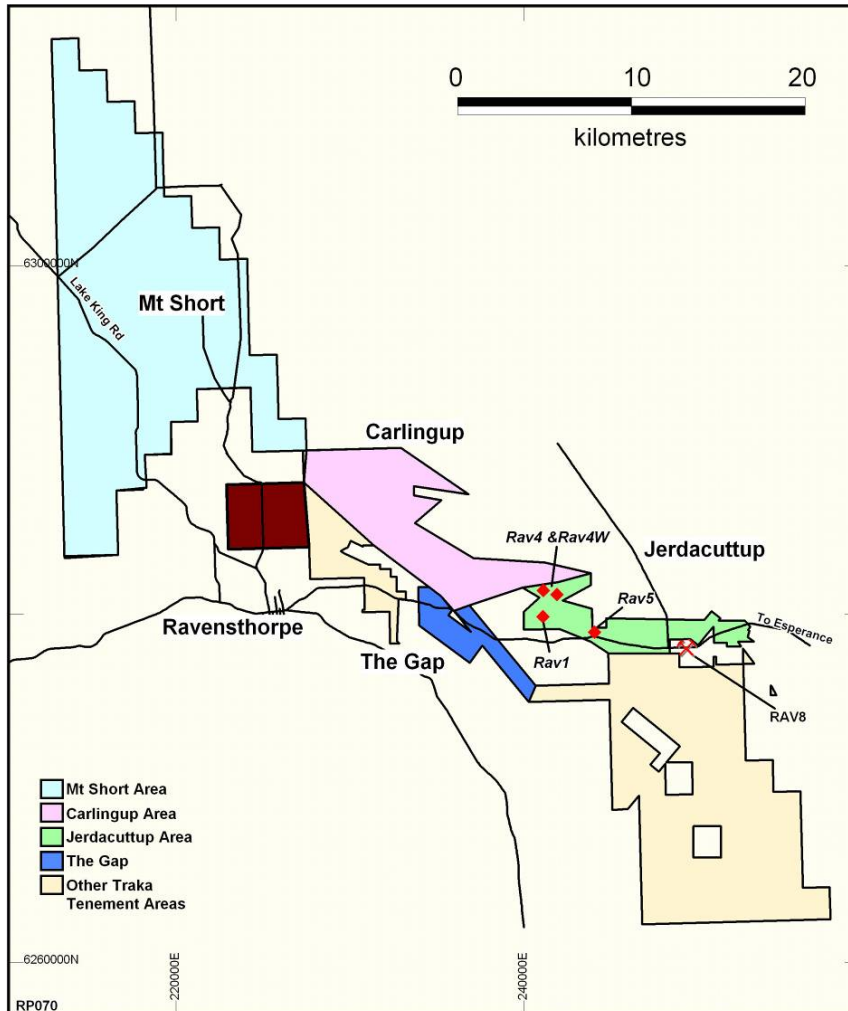
#### ***Ravensthorpe Iron Ore Project***

- An Exploration Alliance with the key tenements holders in the Ravensthorpe area has been formed.
- Drilling on Iron Ore targets on Traka's and the Alliance parties tenements will be undertaken as soon as possible.

## The Ravensthorpe Nickel Project:

(The Independence Group "IGO" Earning 51%)

The following report on the Ravensthorpe Nickel Project (Figure 1) has been provided to us by our joint venture partner the Independence Group ("IGO").



**Figure 1. The Ravensthorpe Nickel Project**

## Quote:

### RAVENSTHORPE OPTION (IGO EARNING 51% - EXCLUDING NICKEL LATERITE AND IRON)

IGO is earning a 51% interest in Traka Resources Limited's ("Traka") Ravensthorpe Nickel Project by spending \$5 million on exploration and/or development (excluding nickel laterite and iron ore rights).

The project covers about 60 kilometres of prospective ultramafic stratigraphy along strike from the RAV8 nickel sulphide deposit, which produced 443,000t at 3.46% Ni for 15,350t Ni (**Figure 2**).

- Scoping study

A scoping study to provide a preliminary appraisal of the viability of mining the shallow low-grade nickel mineralisation located at the RAV1, RAV 4, and RAV 4 West in the Jerdacuttup area indicates that they have marginal economics at projected longer term nickel prices. However the potential for higher grade extensions to these occurrences at depth is considered very good. In the upper zones of these occurrences the nickel sulphides are strongly violaritized and cannot be detected by conventional TEM surveying methods. It is expected that at depth this mineralisation will be present as more typical pyrrhotite-pentlandite and it is therefore planned to use IGO's high powered transmitted in the December quarter to delineate drill targets.

- Mt Short

At Mt Short in the north western portion of the project, TEM surveys testing an extensive covered ultramafic horizon have located a conductor (MS7) associated with RAB anomalies up to 0.6% Ni and 0.8% Cu within a broad area of surface anomalism. This high priority target will be drill tested once all access approvals are in place.

- Other Prospects

Prospective ultramafic and interpreted ultramafic stratigraphy yet to be tested by TEM for nickel sulphide mineralisation includes:

The Gap (7.7 strike km)  
Mt Short Eastern Limb (9.5 strike km)  
Mt Short Western Limb (8.2 strike km)  
Mt Short North (9.1 strike km).

A combination of rugged terrain, thick scrub, and cropping activities make these areas difficult to access for surface TEM surveys and consequently consideration is being given to a heliborne survey, tentatively scheduled for January 2008.

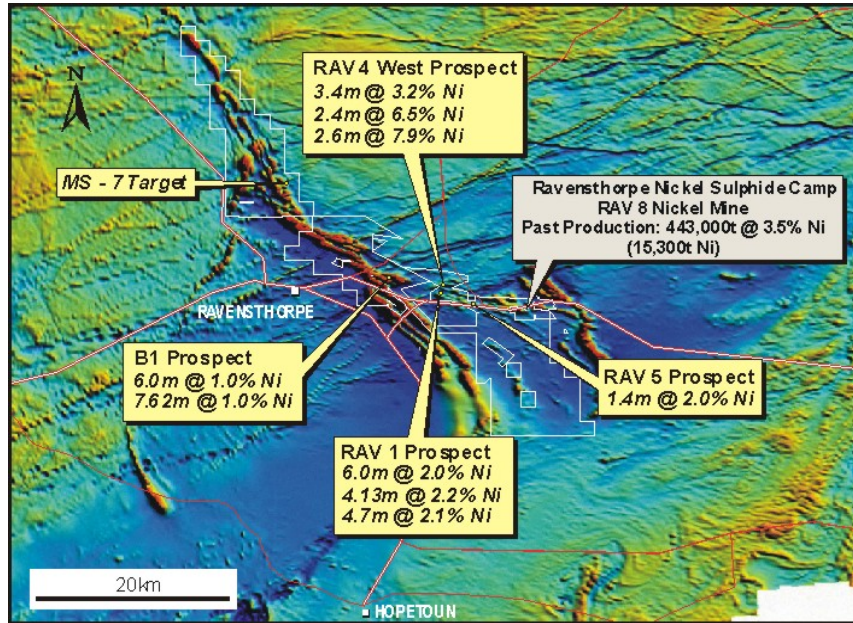


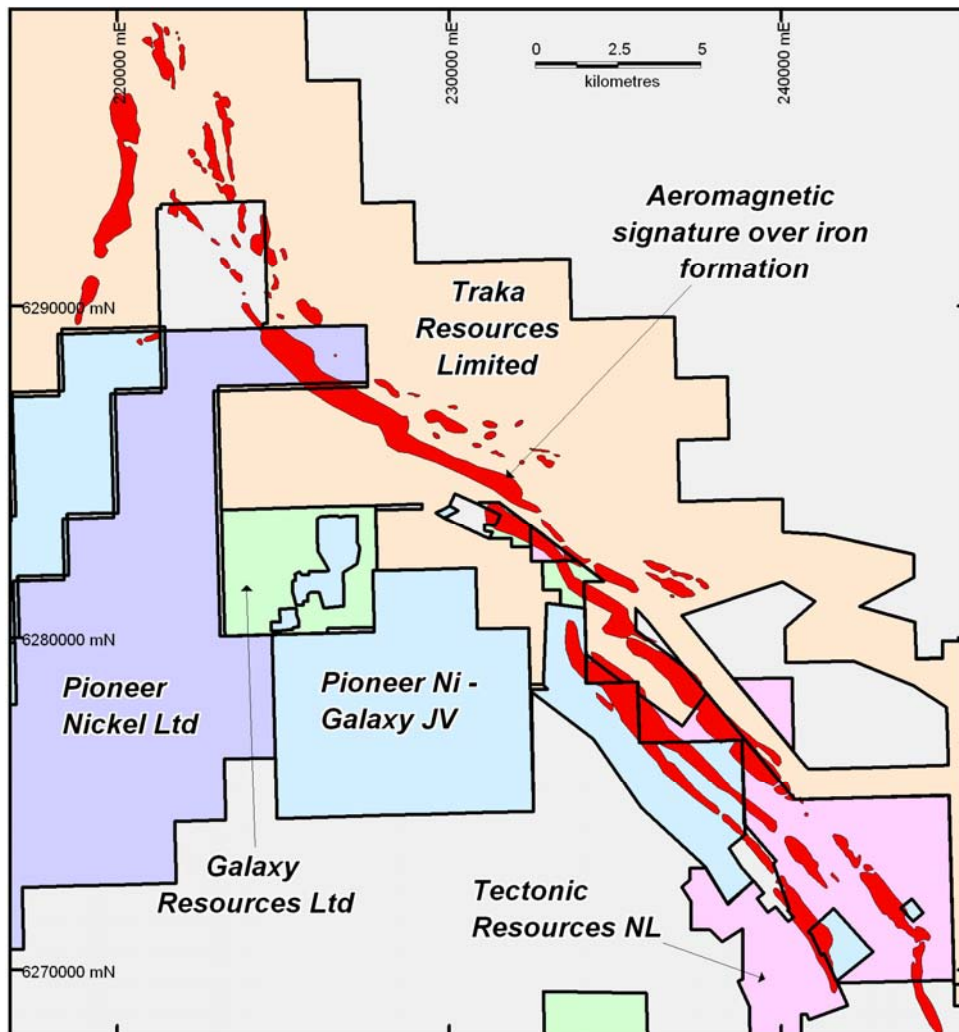
Figure 2: Ravensthorpe JV – Project Tenure over Magnetic Image Showing Prospects and Significant Intercepts

End of Quote.

## The Ravensthorpe Iron Ore Project:

During the last quarter period the key tenement holders with known iron ore potential in the Ravensthorpe region have decided to cooperate with ongoing exploration evaluation programs. An informal “Exploration Alliance” has been formed whereby data exchange relating to Iron Ore prospectivity and target generation activities are being coordinated.

The parties within the Exploration Alliance are Traka Resources Ltd, Tectonic Resources NL, Pioneer Nickel Ltd and Galaxy Resources Ltd (Figure 3). The four separate tenement holdings of the Alliance cover over 30 kilometres of prospective ground within the Ravensthorpe Ranges. Previous exploration work including aeromagnetic surveys and rock-chip sampling highlighted several prospective iron formations within the stratigraphic succession that passes through the holdings of the separate parties. Numerous rock-chip samples with strongly anomalous iron assays ranging between 50% Fe and 68% Fe range have been collected from these iron formations.



**Figure 3. Iron formation showing the “Exploration Alliance” tenement holdings.**

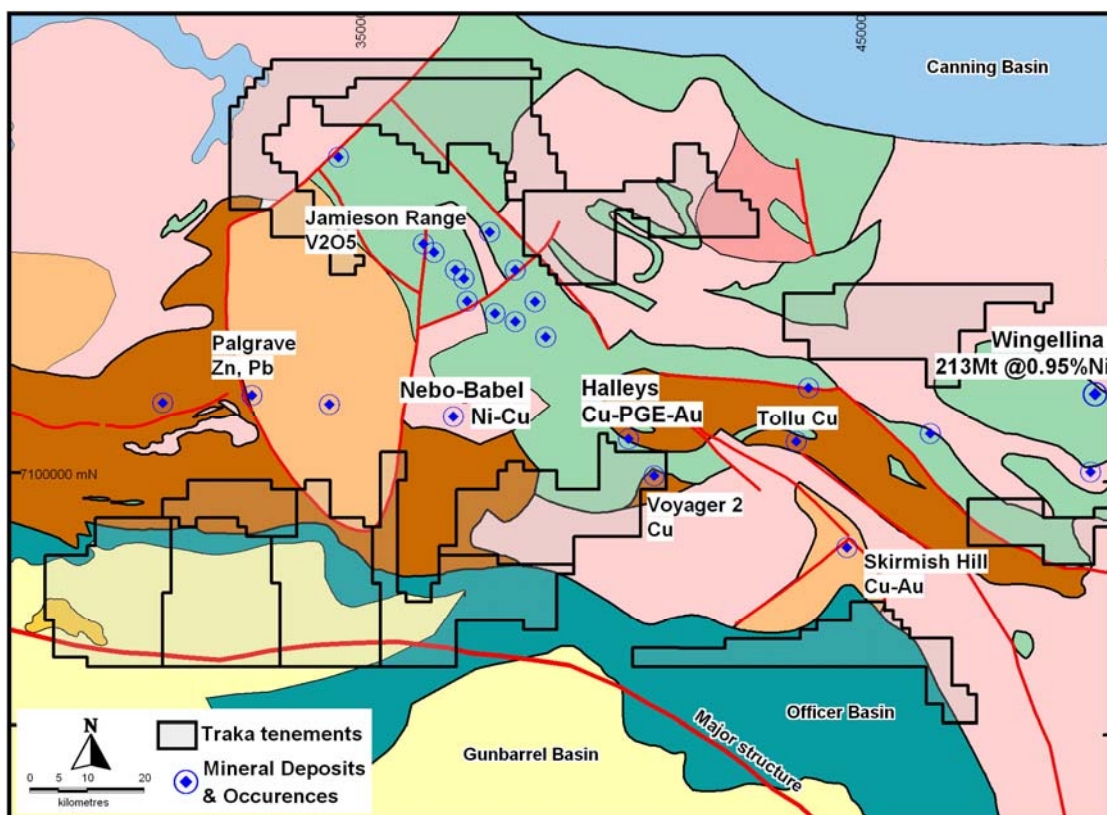
Each Alliance party is currently prioritizing drill targets on its own tenements in anticipation of mounting a coordinated drilling program in the coming summer period.

Although the Alliance relates to exploration only and does not contemplate shared ownership of resources, continued cooperation in relation to exploration will provide mutual benefits. Each party will separately fund its own exploration costs but will share and coordinate programs to secure drill rigs, minimize mobilization and logistics costs as well as remove the artificial constraints imposed by the complex tenement holdings.

## **The Musgrave Project.**

During the quarter period further negotiations with the Ngaanyatjarra Land Council including a meeting with some of the Aboriginal Elders on site were undertaken. Further negotiations are required as yet but it is also evident that it is now too late in the field season for any field work to start this year.

Traka now has 12 exploration licence applications in the project area covering 6500 square kilometres. These tenements are now in three separated geographic areas that have been named the Mt Blyth, Latitude Hill and Mt Holt areas (Figure 4).

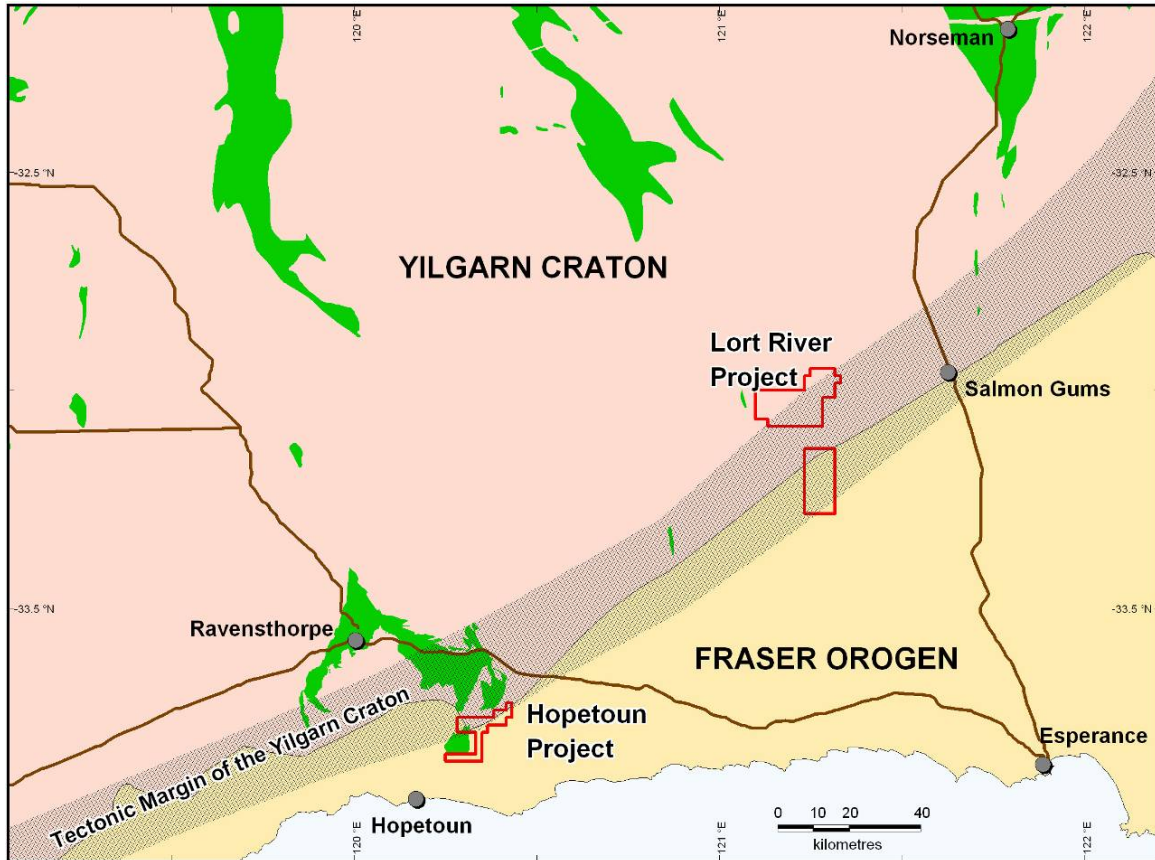


**Figure 4. Geology of the Musgrave Region.**

The company's relatively recent presence in the Musgrave region represents a highly significant new focus in an area which shows great potential in particular for nickel, copper, gold and PGE mineralisation. The projects are in areas that have had very limited or no exploration activity but are amenable to rapid and relatively low cost geochemical surveys. Target generation using this technique is therefore expected to comprise a significant part of the early phases of exploration work.

## **The Hopetoun and Lort River Projects.**

A desk-top study of all relevant geological and geophysical data is underway while awaiting grant of the tenements.



**Figure 5. Geological setting of the Lort River and Hopetoun Projects.**

## **Project Generation.**

Continuing efforts are being made to bring new projects into the company portfolio. A number of projects and joint venture opportunities in Australia and overseas are currently being assessed.

Mr Patrick Verbeek  
**Managing Director**

29<sup>th</sup> October 2007

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

**TRAKA RESOURCES LIMITED**

ABN

**63 103 323 173**

Quarter ended ("current quarter")

**30 September 2007**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) Exploration & evaluation *	(151)	(151)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(115)	(115)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	30	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material): Receipts	-	-
<b>Net Operating Cash Flows</b>	<b>(236)</b>	<b>(236)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(68)	(68)
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) Payment	-	-
<b>Net investing cash flows</b>	<b>(68)</b>	<b>(68)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(304)</b>	<b>(304)</b>



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

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1.13	Total operating and investing cash flows (brought forward)	(304)	(304)
	<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 (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>(304)</b>	<b>(304)</b>
1.20	Cash at beginning of quarter/year to date	2,087	2,087
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,783</b>	<b>1,783</b>

**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	66
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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

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

**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	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	<b>50</b>
4.2 Development	-
<b>Total</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	<b>1,558</b>	<b>1,862</b>
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Term Deposit	<b>225</b>	<b>225</b>
5.5 Other (Bank accepted bills)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,783</b>	<b>2,087</b>

**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	<b>Nil</b>			
6.2 Interests in mining tenements acquired or increased	<b>Nil</b>			

**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 <sup>+</sup>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>	<b>44,782,202</b>	<b>44,782,202</b>		Fully Paid
7.4 Changes during quarter (7) 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 (7) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>		-	<i>Exercise price</i>	<i>Expiry date</i>
	<b>2,000,000</b>		<b>35 cents</b>	<b>10 October 2008</b>
	<b>50,000</b>		<b>20 cents</b>	<b>31 December 2009</b>
	<b>1,000,000</b>		<b>20 cents</b>	<b>29 November 2010</b>
	<b>1,000,000</b>		<b>20 cents</b>	<b>28 December 2011</b>
	<b>200,000</b>		<b>25 cents</b>	<b>6 April 2012</b>
	<b>200,000</b>		<b>25 cents</b>	<b>6 April 2012</b>
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 Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

**Peter Rutledge**

Sign here: (Company secretary)

Date: **29 Oct 2007**

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 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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