



TRAKA RESOURCES LIMITED

ABN 63 103 323 173

Quarterly Activity Report for the three months ended 31st December 2008

Highlights

The Musgrave Project

- An Option Agreement with Anglo American (Australia) Pty Ltd has secured funding and will accelerate exploration activity on this project.
- Strong multi-element geochemical anomalies in Platinum, Nickel, Copper and Gold have been highlighted.
- Geological and geochemical surveys will recommence in March and geophysical surveys using Anglo American's proprietary airborne and ground EM systems will be introduced.

The Musgrave Project

Corporate

An Option Agreement has been entered into with Anglo American Exploration (Australia) Pty Ltd (“AAE”) on the Musgrave Project. This agreement achieves the Company’s previously stated objective of introducing a major joint venture partner to assume the ongoing exploration costs and to provide additional momentum and expertise to future exploration programs.

The principal terms of the Option Agreement are:

1. AAE will contribute \$350,000 towards the exploration expenses incurred by Traka last year.
2. AAE can earn an initial 51% equity in the project by the expenditure of \$3 million in 3 years.
3. Upon earning its 51% equity AAE can elect to earn an additional 24% equity by expenditure of an additional \$6 million in the next 4 years.
4. The agreement is subject to approval by the Ngaanyatjarra Council.

The exploration planned by AAE in the Musgraves will continue the geochemical and geological based programs commenced by Traka but will now also include use of AAE’s highly specialised, proprietary airborne and ground based electromagnetic (“EM”) systems. The systematic application of this multi-disciplinary exploration approach to the Musgrave Project has never previously been applied.

Traka’s large tenement holding in the Musgrave region (6,547 square kilometres) stretches over a distance of more than 200 kilometres (Figure1). A number of geological terrains are included in this tenement package presenting a number of different opportunities and styles of mineralisation. The key focus for the joint venture will be the potential already shown in the work carried out by Traka in 2008 for the Platinum Group Elements (“PGE”), gold (“Au”) and base metals including nickel (“Ni”), copper (“Cu”), lead (“Pb”) and zinc (“Zn”).

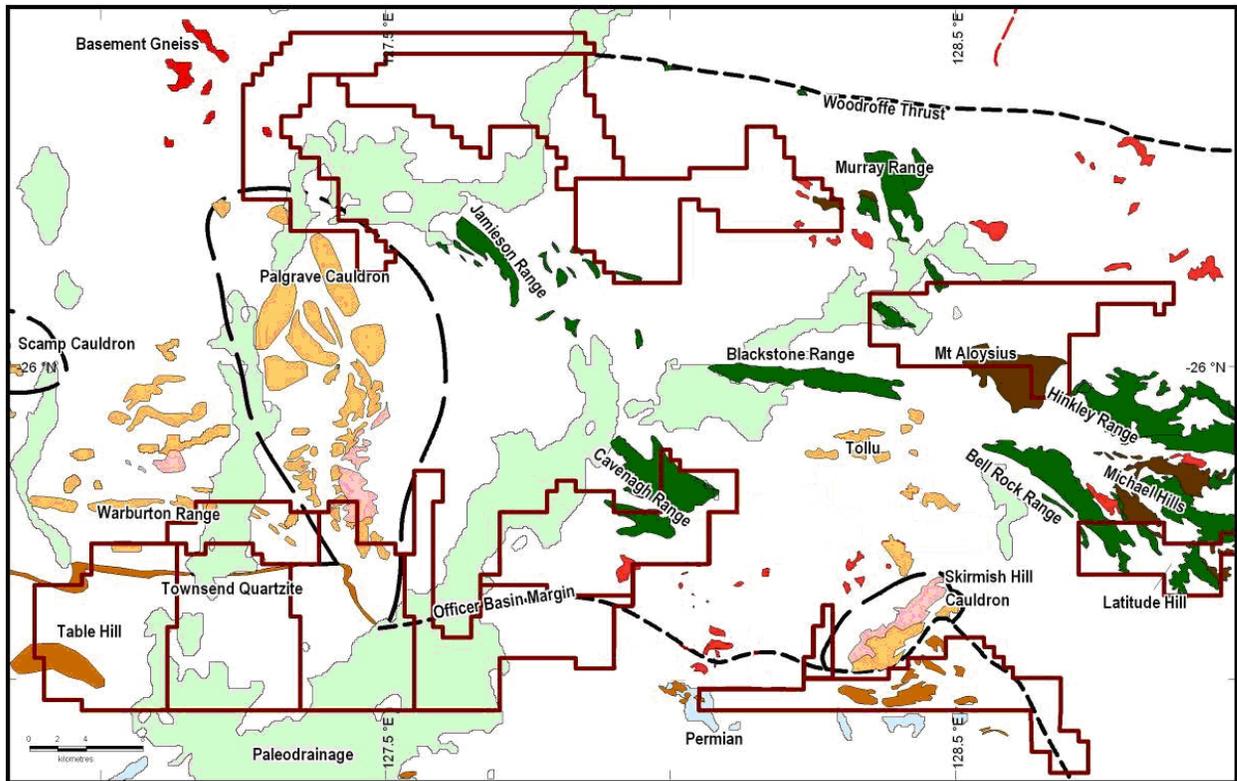


Figure 1. Location plan of the Musgrave Project showing Traka's tenements and the geological setting

Exploration Results

Geochemical and geological programs completed during the quarter have highlighted a number of targets. A summary of these targets is provided below.

The new data currently available for assessment of the project comprises 2,913 auger geochemistry samples and 33 rock-chip samples plus on ground geological reconnaissance information. All the auger samples have been screened for mineralisation by a portable XRF machine but at this stage only 349 of the samples have been assayed. The flow of information from the project is now continuous though and updates on the progress of work can now be expected to be received on a regular basis.

Target Summary:

- Strong multi-element auger geochemical anomalies, associated with the extensions of the Voyager 1 and 11 and the Halleys targets (Redstone Resources Ltd), have confirmed the prospectivity of this zone for PGE's, Ni, Cu and Au. Anomalism has been defined by broad spaced sampling on lines 800 metres apart. Interpretation of these results indicates that these targets are all part of one larger anomaly that has a strike length of about 8 kilometres within Traka's tenements. A coincident linear aeromagnetic feature underlies the Voyager targets but other geochemical anomalies have also been highlighted north of this feature all the way into the northeast corner of the tenement (Figure 2). Peak geochemical anomalism in the northeast corner includes, 18

parts per billion (“ppb”) Au, 1,152 parts per million (“ppm”) Cobalt (“Co”) and 240ppm Cu. On the Voyager target trend peak geochemical results include 36ppb Platinum (“Pt”), 30ppb Au, 368ppm Ni and 428ppm Cu. These geochemical results are all significantly above background values and are considered very encouraging.

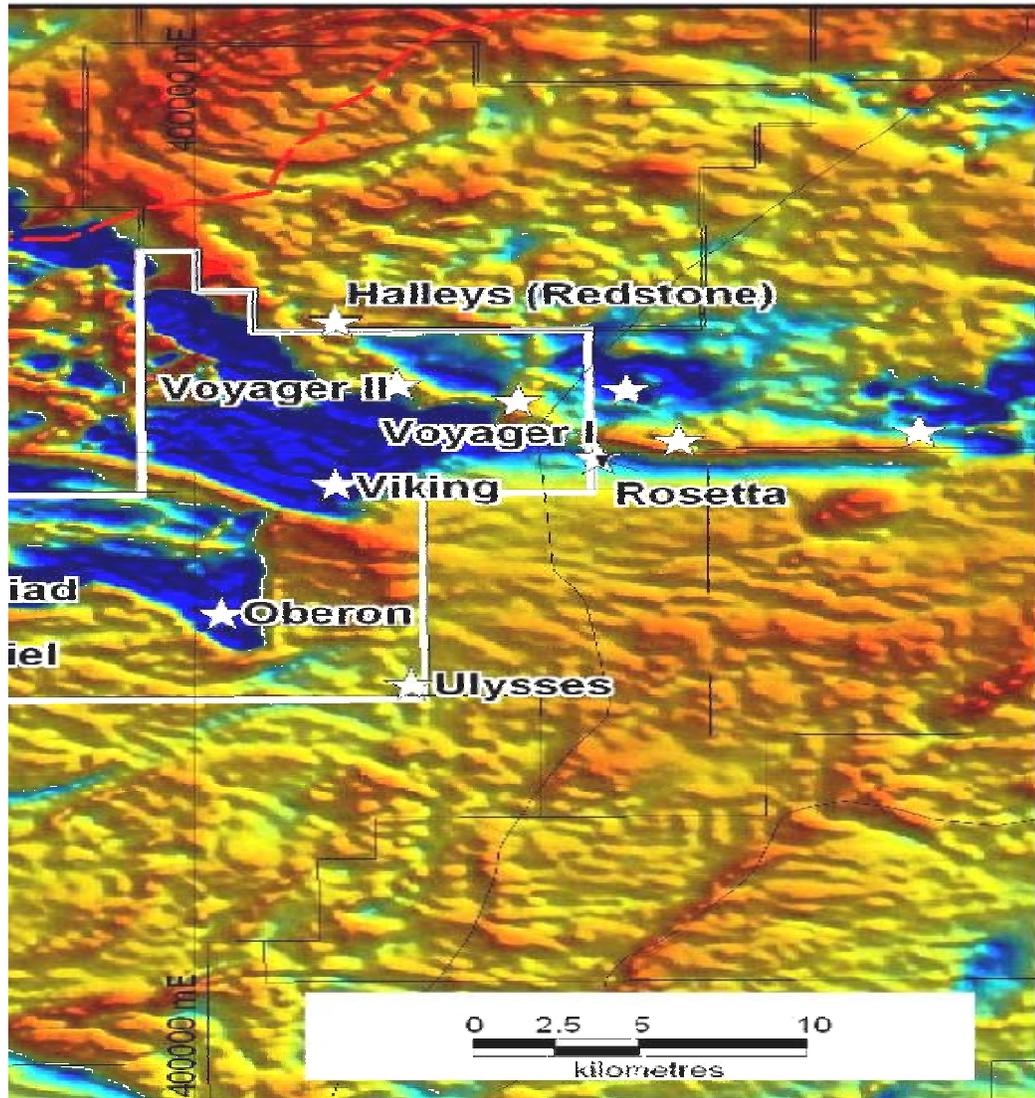


Figure 2. Aeromagnetic image showing Traka's tenement and the position of some anomalies in the region.

- Auger geochemical sampling has been undertaken over several areas between the Warburton and the Townsend Quartzite Ranges (Figure 1). Sampling was undertaken on 100 metre intervals on lines 800 metres apart and currently covers about 40% of this northern zone. The available XRF and assay results are still currently being assessed but it is clear a number of gold and base metal anomalies have been highlighted which merit follow-up. Gold anomalism ranges up 16ppb Au which is several orders of magnitude above background

values. The peak base metal values are moderately anomalous and peak at 791ppm Cu, 264ppm Ni, 30ppm Pb and 361ppm Zn.

Field exploration programs including geological mapping and auger geochemical sampling are planned to recommence in March. Geochemical sampling will comprise an 800 metre spaced reconnaissance program as well as higher density sampling in areas of anomalism. In the Voyager target area ground based EM surveys using AAE's proprietary Low Temperature Squid (LT Squid) system is also being considered. The strength of the anomalism and clearer association with linear features may allow effective use of the EM system to define drill targets as early in the field season as possible.

AAE are also planning to undertake an airborne EM survey in May using their proprietary Spectrum EM system, which will be particularly effective in locating any buried massive sulphide type targets. The planned EM surveys, in conjunction with the geochemical and geological based programs already underway, will subject the Musgrave Project to the first comprehensive modern exploration program ever undertaken in this area.

The Ravensthorpe Nickel Project

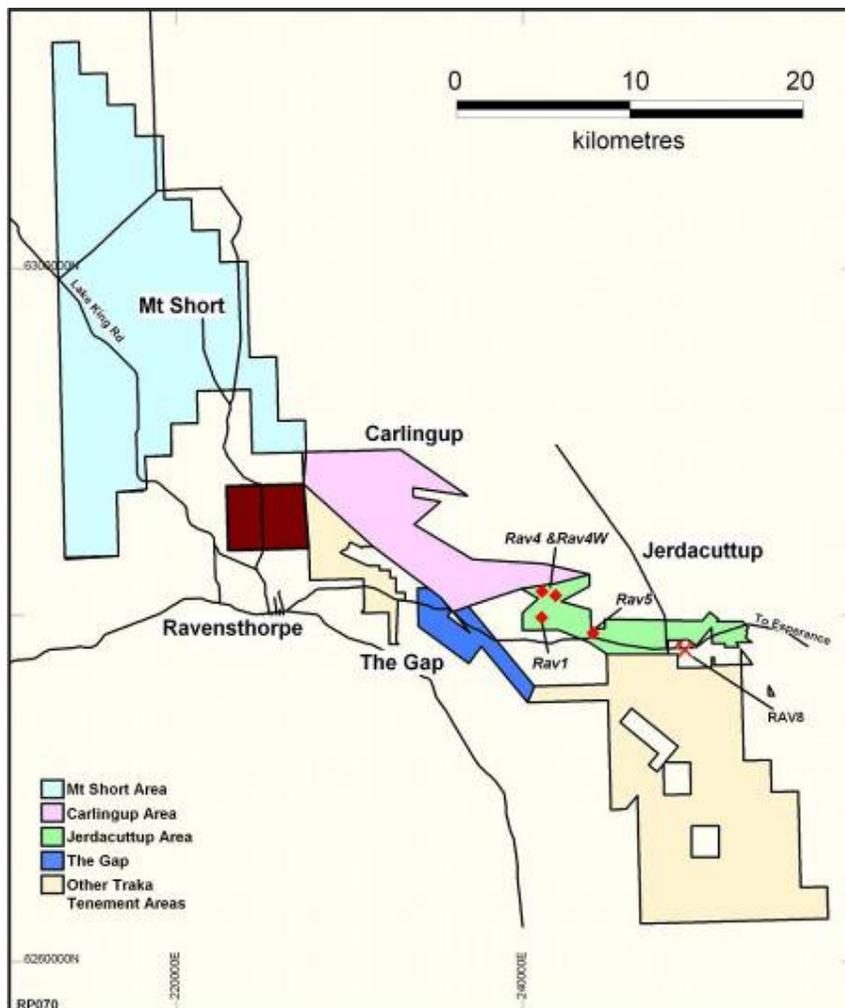


Figure 3. The Ravensthorpe Nickel Project

The Ravensthorpe Nickel Project (Figure 3) is in good standing and as a consequence of comprehensive exploration programs in the past is now an advanced exploration project with a number of targets ready for drilling (Figure 4). The nearby presence of the RAV 8 Mine (433,000 tonnes @ 3.46% Ni) on the same host stratigraphy as in Traka's tenements and the previous discovery of other smaller nickel prospects in the area attests to the grounds prospectivity.

A number of parties have expressed an interest in joint venturing into the Ravensthorpe Nickel Project. This option will be pursued to ensure the maximum possible pace of progress.

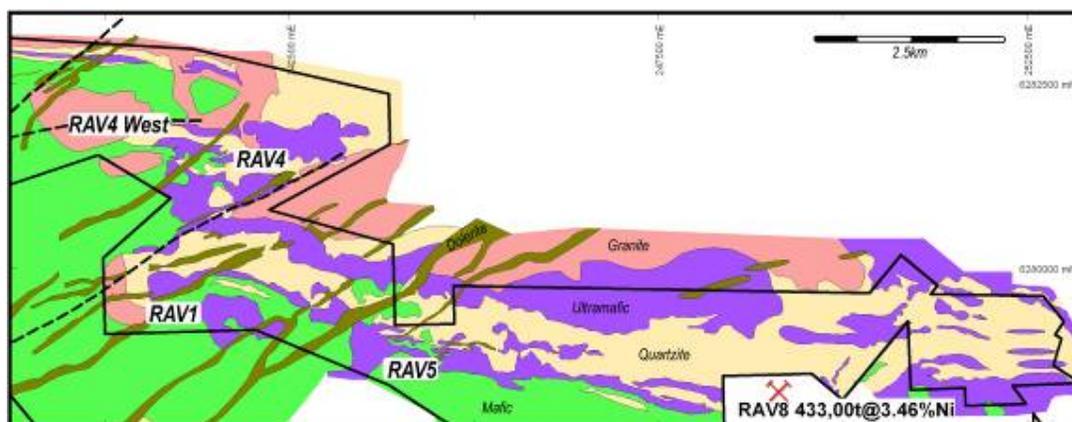


Figure 4. Geology plan of the Jerdacuttup area

The Hopetoun and Lort River Projects

Grant of the exploration licences comprising the Lort River and Hopetoun Projects is imminent which will allow exploration programs to commence (Figure 5). Geological mapping and geochemical surveys will commence in the first instance.

In the Lort River region the exploration activity being undertaken on gold geochemical targets located on our tenement boundary will be monitored. Australian Mineral Fields Ltd are currently evaluating a large gold soil geochemical anomaly (Figure 6) highlighted on our tenement boundary.

AMF have targeted a tectonic contact zone between the Archean aged Yilgarn Block to the west and the Proterozoic aged rocks to the east which has become the recent focus of a high level of exploration activity by a number of companies following the discovery by Anglo Gold and the Independence Group NL of the Tropicana Gold Project (4.05 million ounces) 600km to north-east. A number of other gold discoveries along the contact zone between Tropicana and Lort River Projects are positive signs for further success.

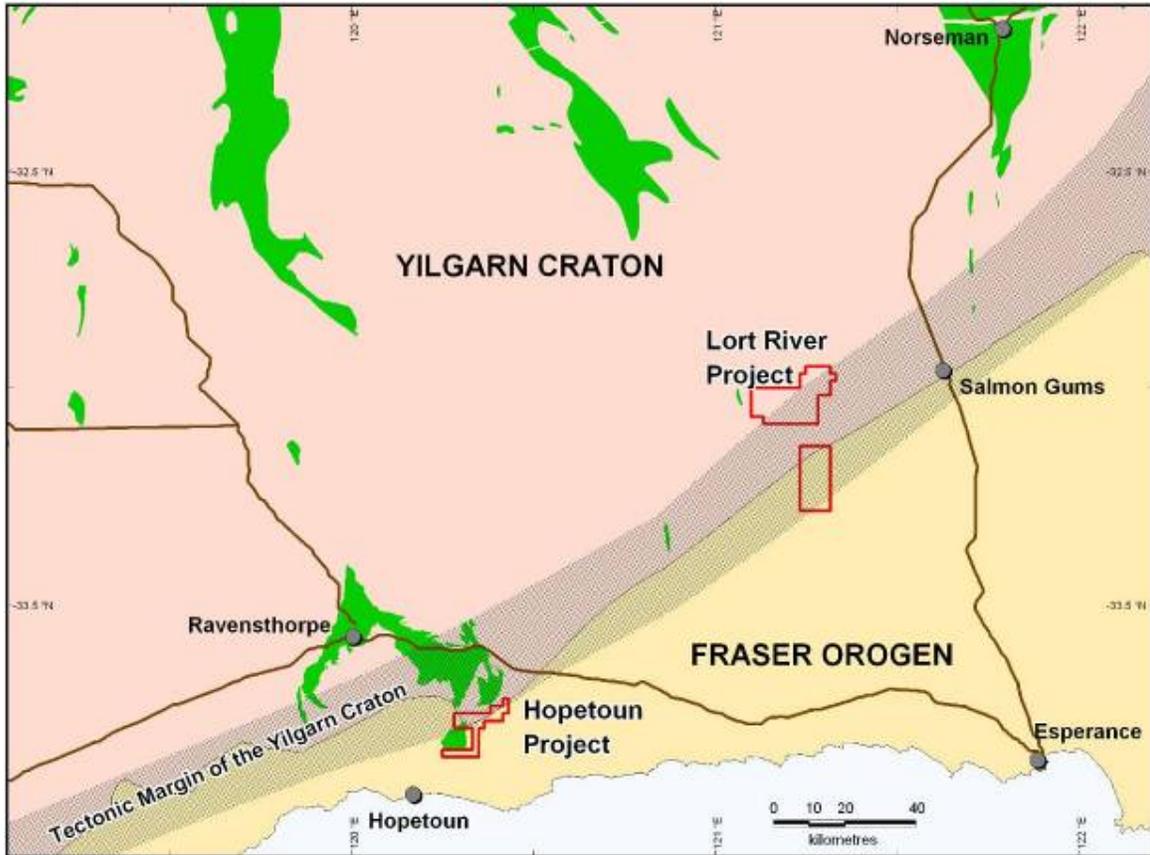


Figure 5. Location plan for the Lort and Hopetoun Projects

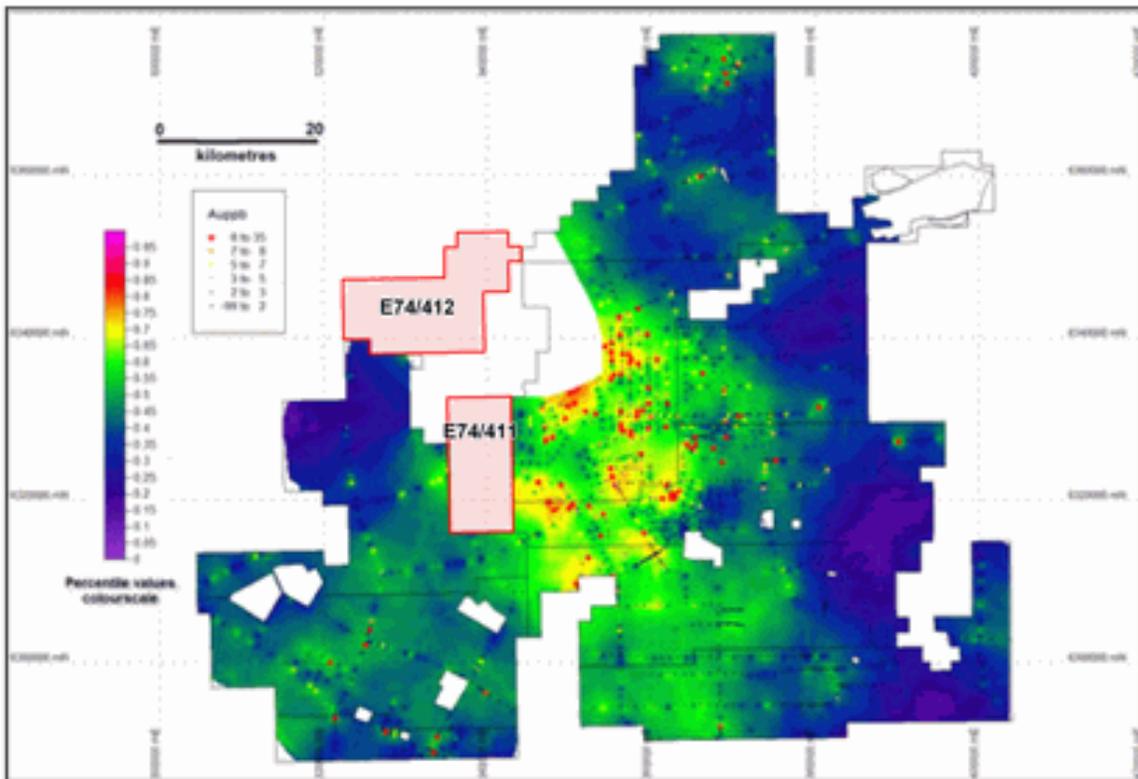


Figure 6. Traka's tenements with respect to the gold geochemical at Lort River.

Ravensthorpe Pyrite Project

Dialogue is continuing with a number of parties with particular expertise and interest in the elemental sulphur and sulphuric acid markets. Our intention remains that a joint venture is formed that advances this project in a logical manner. Drilling to better define the pyrite resource accompanied by metallurgical testing and pre-feasibility studies can be expected to comprise the next round of work.

Mr Patrick Verbeek
Managing Director

30 January 2009

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 they appear.

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")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) Exploration & evaluation *	(203)	(367)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(123)	(264)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material): Receipts	21	39
Net Operating Cash Flows	(295)	(564)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(11)
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	-	-
Net investing cash flows	(11)	(11)
1.13 Total operating and investing cash flows (carried forward)	(295)	(575)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(295)	(575)
	Cash flows related to financing activities		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(295)	(575)
1.20	Cash at beginning of quarter/year to date	811	1,091
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	516	516

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	76
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	50
4.2 Development	-
Total	

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	291	590
5.2 Deposits at call		-
5.3 Bank overdraft		(4)
5.4 Term Deposit	225	225
5.5 Other (Bank accepted bills)	-	-
Total: cash at end of quarter (item 1.22)	516	811

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	MLA74/130	Applicn withdrawn	100%	0%
	E74/144	Relinquished	100%	0%
	E74/209	Relinquished	100%	0%
	E74/73	Relinquished	100%	0%
	P74/294	Relinquished	100%	0%
6.2 Interests in mining tenements acquired or increased				

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 Preference ⁺securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	44,782,202	44,782,202		Fully Paid
7.4 Changes during quarter (7) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (7) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	50,000		20 cents	31 December 2009
	1,000,000		20 cents	29 November 2010
	1,000,000		10 cents	10 December 2011
	1,000,000		20 cents	28 December 2011
	200,000		25 cents	6 April 2012
7.8 Issued during quarter	1,000,000		10 cents	10 December 2011
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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: **30 January 2009**

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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