



TRAKA RESOURCES LIMITED

ABN 63 103 323 173

Quarterly Activities Report for the three months ended 30 September 2012

SUMMARY

- Discussions with third parties are continuing to enable funding and acceleration of exploration activity in the Musgrave Project.
 - Negotiations are taking place for introduction of a third party to the company's interests in the Ravensthorpe Project.
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EXPLORATION

The Musgrave Project

Traka Resources Limited (“Traka”) has a dominant position in the West Musgraves with interests in 31 exploration licences extending over 9,750 square kilometres (Figure 1). This portfolio comprises a mixture of granted and priority licence applications and interests in 5 joint ventures (Figure 2). Traka is the Manager and has, or is entitled to, majority equity in 4 of these joint ventures i.e. the Polaris, Rubicon, Amex and Sammy Joint Ventures. The 5th joint venture is with Anglo American Exploration (Australia) Pty Ltd (“AAE”) and in this case, AAE is the Manager and has the rights to earn majority equity.



Figure 1. Musgrave Project location plan

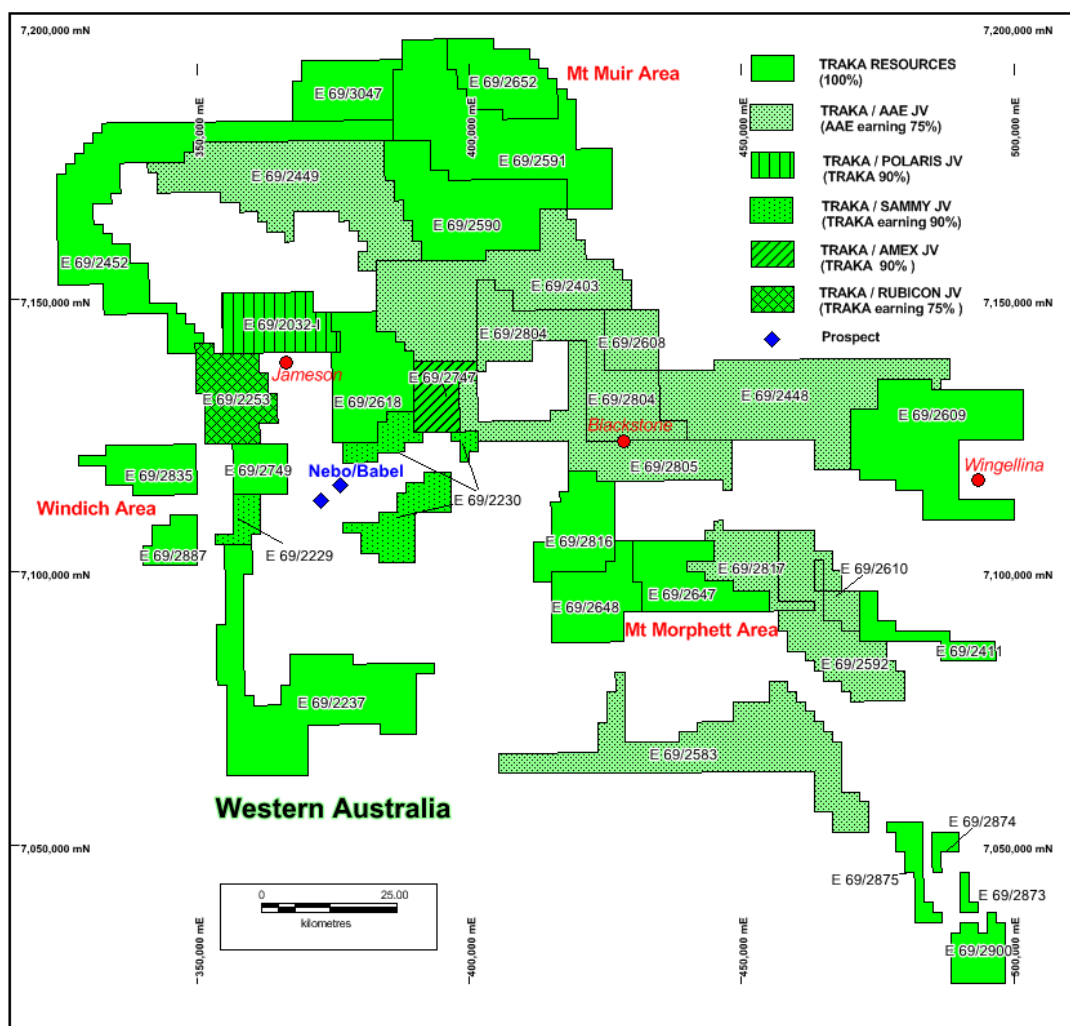


Figure 2. Musgrave Project location plan showing equity holding and tenement locations

A separate summary of exploration activity undertaken by AAE and Traka is provided in the following text:

The Musgrave Project - Anglo American (Australia) Pty Ltd managed
(AAE earning up to 75%)

AAE have maintained an active exploration program during the quarter. A summary of the exploration activity and the results received to date follows:

Skirmish Hill:

An 8 hole reverse circulation (“RC”) drill program at Skirmish Hill was completed in September. The drill program was designed to test two coincident and coherent geophysical and nickel (“Ni”), copper (“Cu”) and platinum (“Pt”) anomalies. No assay results for this drilling are available at this point in time but the intersection of visually low percentages of disseminated sulphide mineralisation does not indicate the likelihood of economic levels of mineralisation.

Morgans Range:

A vacuum geochemical sampling program comprising 1705 samples has been completed over two portions of exploration licences EL69/2403 and 2488 (Photo 1 & Figure 3). The assay data for this program is currently being collated.



Photo 1. Vacuum drilling program

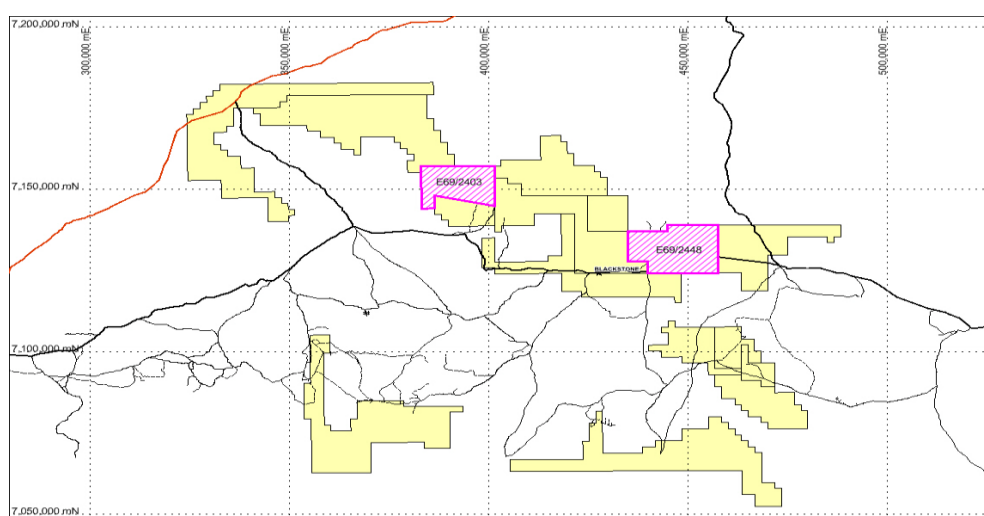


Figure 3. Location in pink of vacuum drilling program

Spectrem:

A Spectrem survey over Block 12 (Figure 4), designed to screen the prospective tenements E69/2817, 2610 and 2592, that host several coincident magnetic-gravity anomalies, took place in early September. The survey covered more than 4000 line kilometres and took approximately 12 days to complete in good weather conditions. The provisional results have highlighted a number of targets with final data and results expected within the next few weeks.

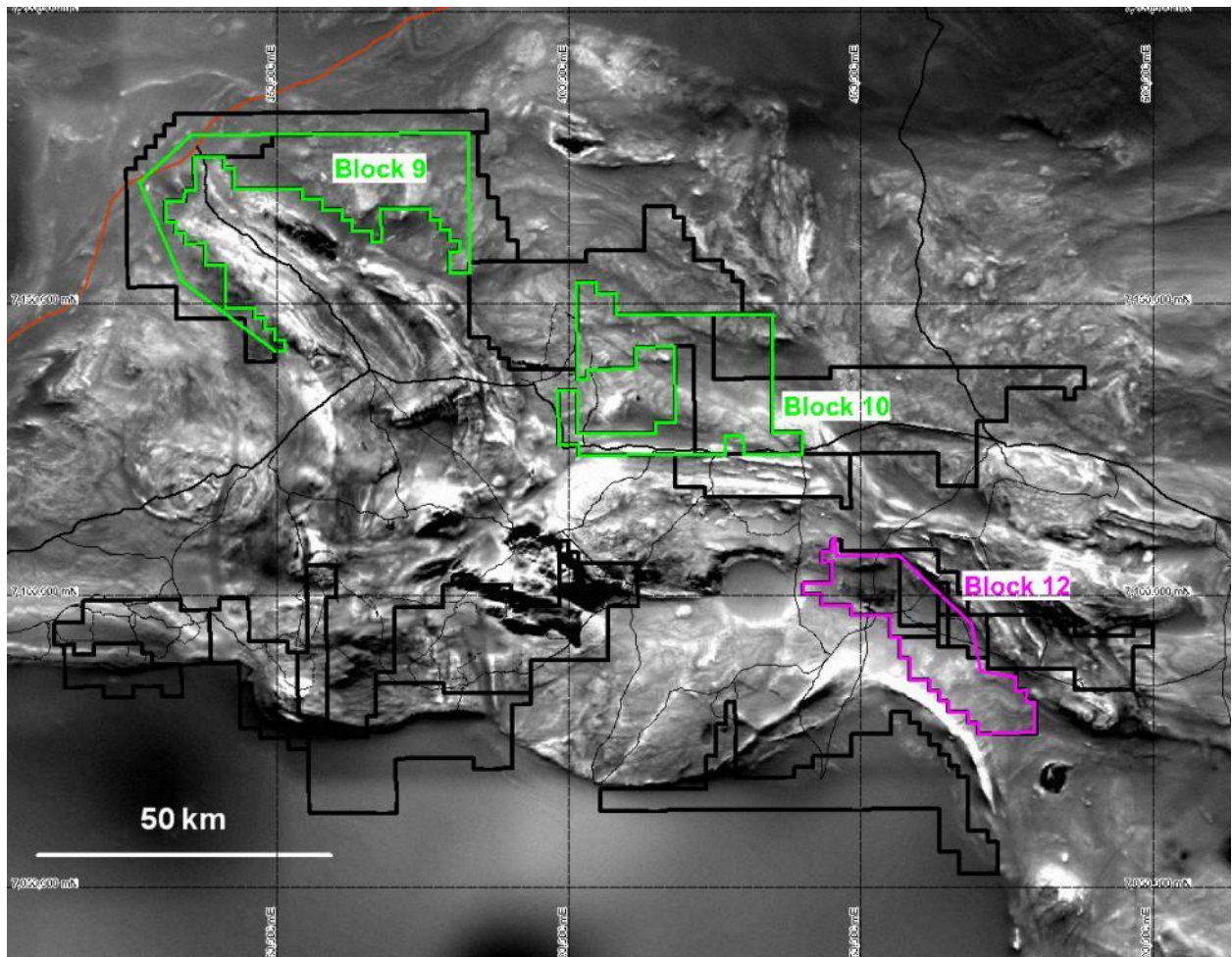


Figure 4. Location of Spectrem survey in Block 9, 10 and 12 within the Musgrave Project

Tenement Relinquishments:

AAE's joint venture with Traka currently includes 11 exploration licences. During the quarter AAE relinquished their interests in three licences where they had completed exploration activity. One of these (EL69/2236) has been subsequently surrendered by Traka and the other two (EL69/2411 and EL69/2237) retained awaiting further independent assessment.

The Musgrave Project - Traka managed

The Company's activity this quarter principally revolved around discussions with a number of third parties potentially interested in a joint venture on the Traka managed portion of the Musgrave Project. Exploration programs and budgets, compilation of project data and ongoing tenement management and administration duties continue to the extent necessary to maintain the tenement portfolio in good standing as well as in anticipation of timely restart to future exploration programs in the next field season.

The status of the exploration program is summarised below:

- 1. The Jameson tenements:** Exploration activity on these tenements, comprising geochemistry, geophysics and drilling, has highlighted a number of targets to follow up (Figure 5).

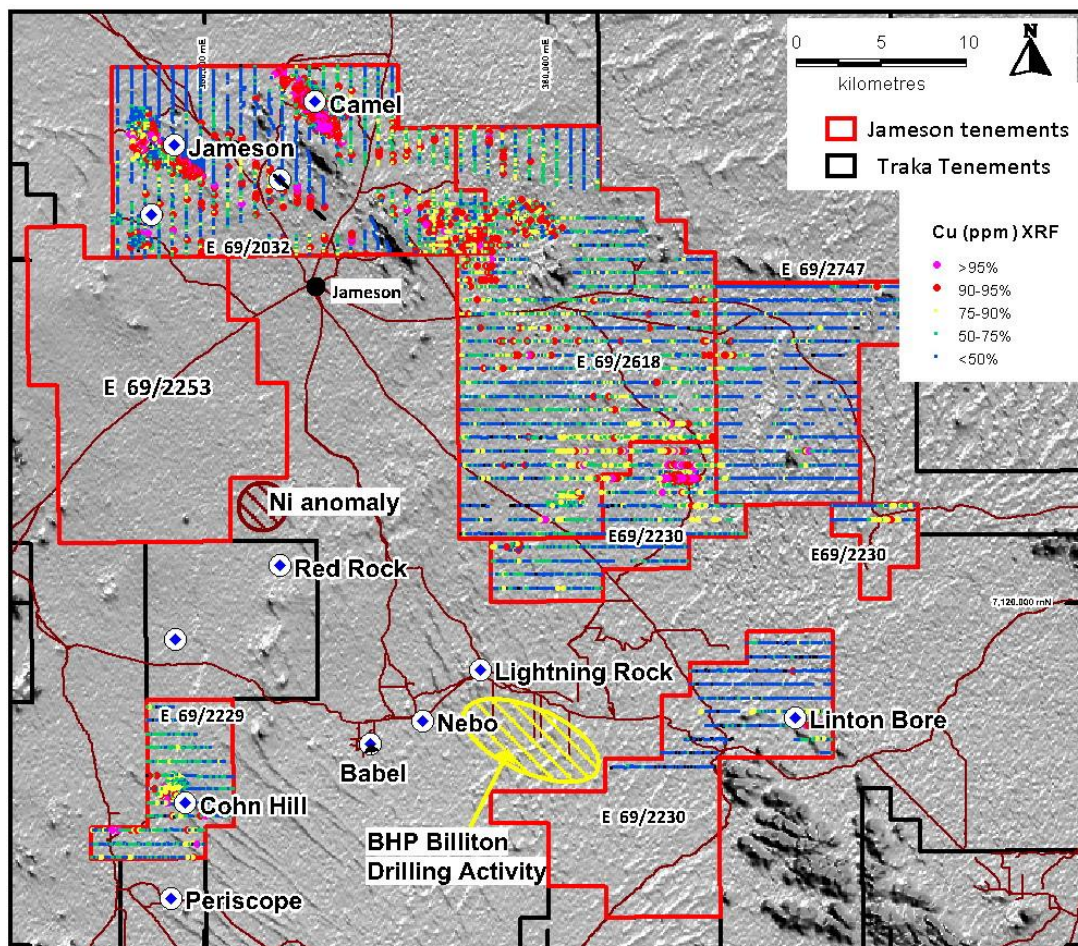


Figure 5. Jameson area tenement showing XRF copper geochemistry results over a digital Terrain image

Targets like Camel and Jameson have had some reconnaissance drilling completed previously and copper dominant mineralisation located at these sites has been shown to be related to magmatic and hydrothermal sources. Follow-up drilling is recommended at these sites. Numerous geochemical anomalies in the Jameson area relate to the repeated layers of copper rich titaniferous magnetite rock ("TMR") that characterises the Jameson mafic intrusive. The TMR layers have a known copper association but are more noteworthy for the very strong levels of the Platinum Group Elements ("PGE"),

titanium and vanadium. The evidence for the presence of large scale and strong grades of such mineralisation within the TMR is compelling and therefor a staged program of geological mapping, drilling and metallurgy on the TMR is warranted.

2. **The Caesar Hill Joint Venture:** This licence overlies a prospective area north of the Babel-Nebo resource owned by BHP Billiton. Ten priority helicopter born electromagnetic targets (“VTEM”) plus a number of basemetal and PGE geochemical anomalies have been identified (Figure 6). Some of the VTEM and geochemical targets appear to be associated with the position of late phase Alcurra Intrusives in a similar manner to that hosting mineralisation at Babel-Nebo. All formalities required to gain access to this tenement have been completed and exploration work on this tenement can commence immediately in the new field season.

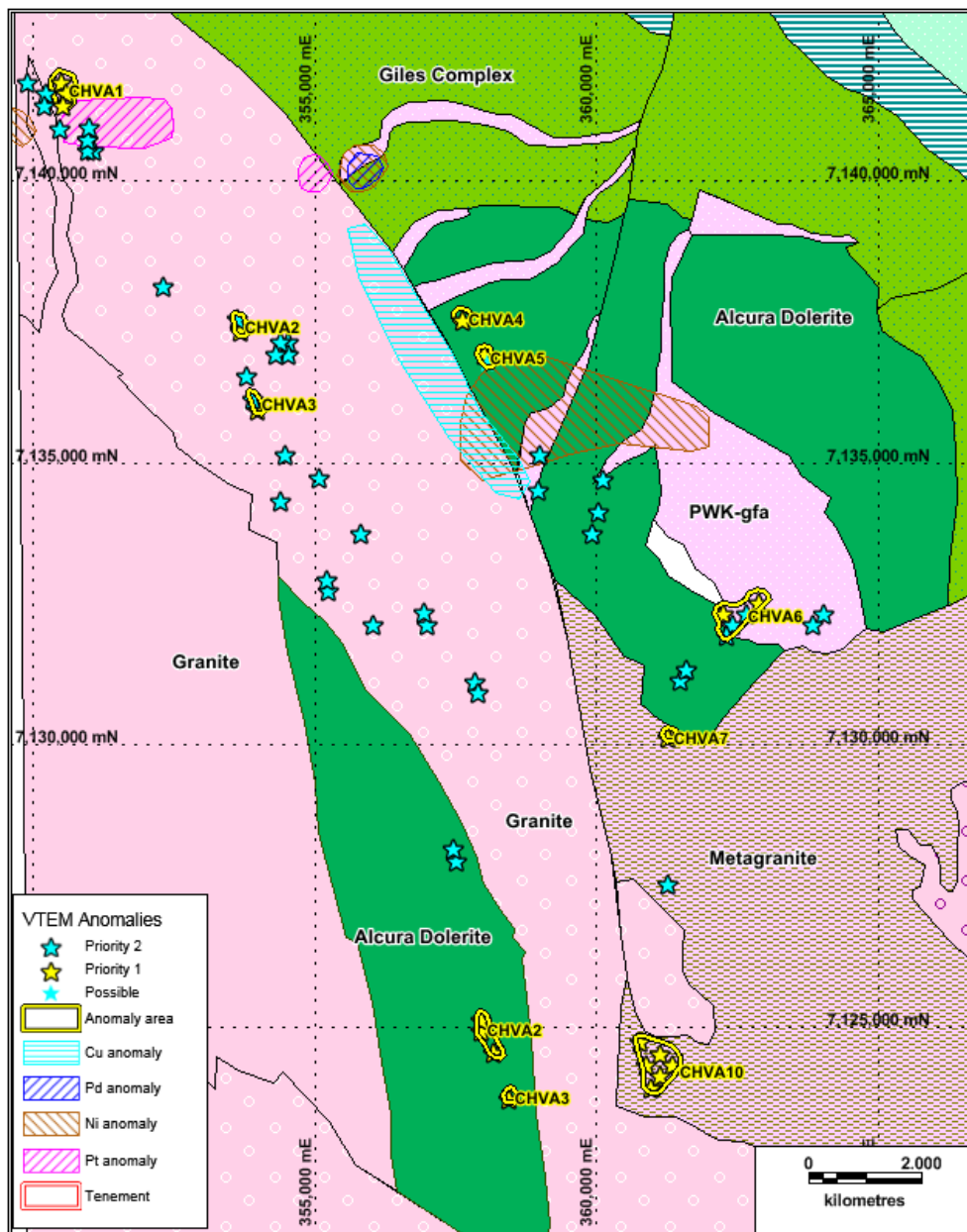


Figure 6. Geological map of the Caesar Hill Project showing the position of the VTEM and geochemical anomalies.

3. **The Mt Morphett tenements:** The three tenement applications that make up the Mt Morphett Project have a number of coincident aeromagnetic and geochemical targets present which can provide an immediate focus for exploration activity (Figure 7). These targets are postulated to provide an excellent opportunity for the location of magmatic and hydrothermal copper, nickel and platinum mineralisation. The presence of some limited historic exploration work on these tenements is fortuitous as it allows an immediate focus, but the tenements are otherwise largely unexplored and considered to be highly prospective.

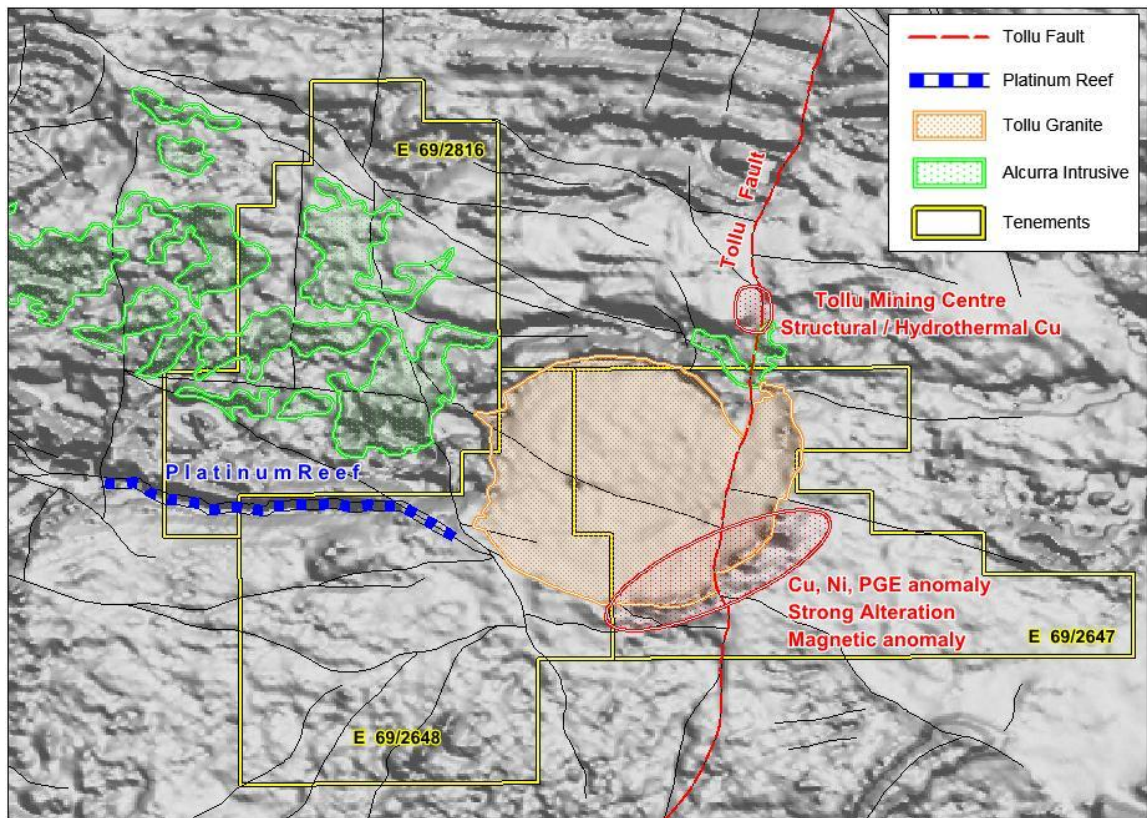


Figure 7. Mt Morphett tenements showing the position of some of the targets displayed over an aeromagnetic image

4. **Other Musgrave Project tenements:** The Company's tenement holdings in the Wingellina, Mt Muir and Windich areas provide considerable further scope for base metals and gold exploration. Very substantial portions of the Mt Muir and Wingellina areas have never been explored. All the areas are amenable to fairly rapid first pass screening exploration strategies. The first mover opportunity for a discovery in a prime area of Proterozoic aged terrain remains with the company through its very substantial tenement holding.

The Ravensthorpe Project

Negotiations are continuing for the introduction of a new participant in the Company's Ravensthorpe exploration properties (Figure 8). This strategy is consistent with the Company's wish to focus its resources and attention on the Musgrave Project.

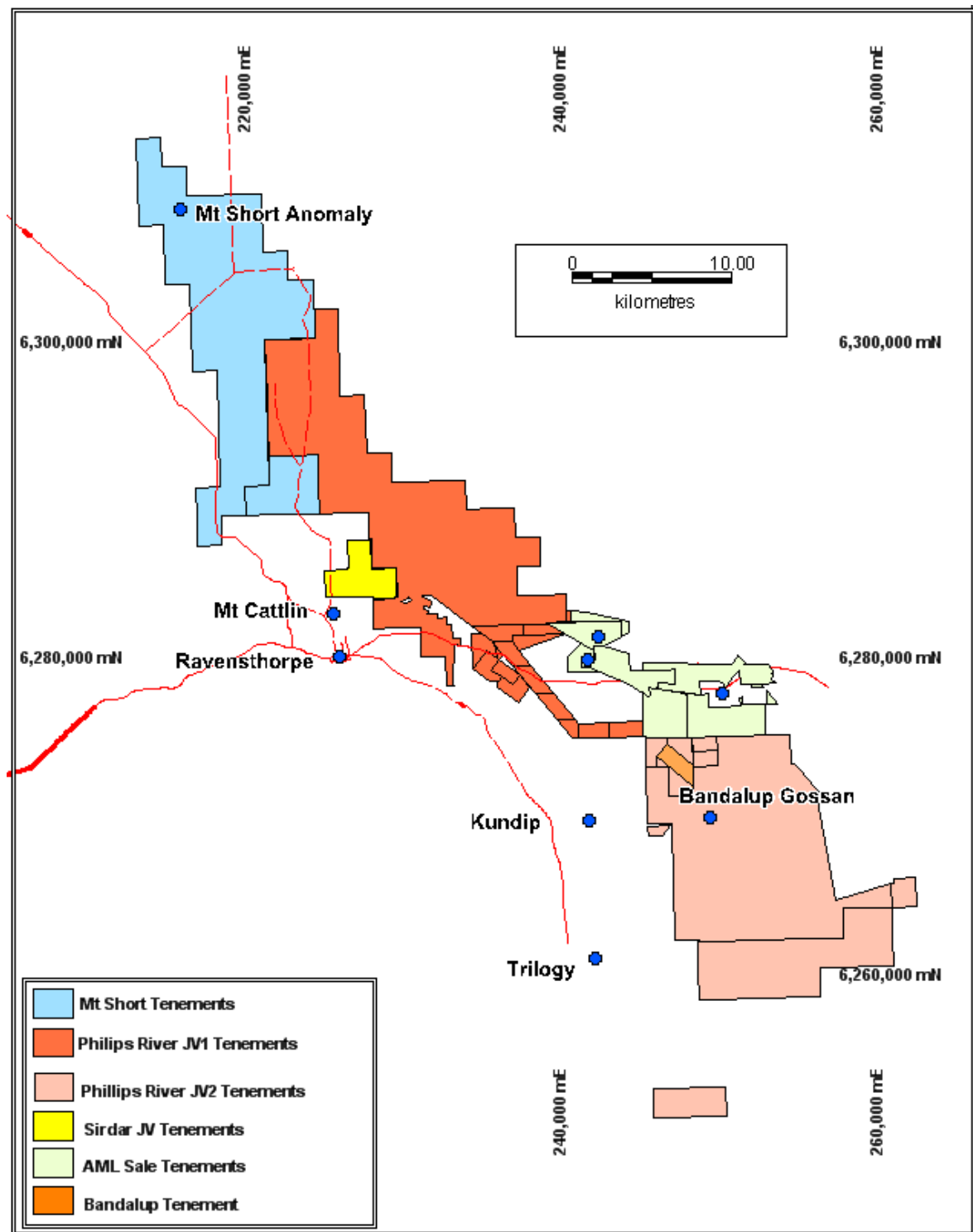


Figure 8. Location plan of the Ravensthorpe Project

Sirdar Joint Venture

(Galaxy 80%; Traka free carried)

No updated information is available for this joint venture.

Mr Patrick Verbeek
Managing Director

31 October 2012

JORC Compliance Statement

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 Limited. Mr 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 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 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

TRAKA RESOURCES LIMITED

ABN

63 103 323 173

Quarter ended ("current quarter")

30 September 2012

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	(135)	(135)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(150)	(150)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) Receipt	(7)	(7)
GST Rec'd	-	-
Payment	-	-
GST Paid	-	-
Net Operating Cash Flows	(291)	(291)
Cash Flows Related to Investing Activities		
1.8 Payment for purchases of: (a) Prospects	-	-
(b) Equity investments	-	-
(c) Other fixed assets	-	-
1.9 Proceeds from sale of: (a) Prospects	-	-
(b) Equity investments	-	-
(c) Other fixed assets	-	-
(d) Tenements	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material) Receipt	-	-
Payment	-	-
Net Investing Cash Flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(291)	(291)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(291)	(291)
Cash Flows Related to Financing Activities			
1.14	Proceeds from issues of shares, options, etc.	908	908
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	50	50
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net Financing Cash Flows	958	958
Net Increase (Decrease) in Cash Held		667	667
1.20	Cash at beginning of quarter/year to date	61	61
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at End of Quarter	728	728

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	86
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	200	200
3.2 Credit standby arrangements	-	-

Estimated Cash Outflows for Next Quarter

	\$A'000
4.1 Exploration and evaluation	122
4.2 Development	-
4.3 Production	-
4.4 Administration	121
Total	243

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	28	61
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Term Deposit	700	-
5.5 Other (detail)	-	-
Total Cash at End of Quarter (item 1.22)	728	61

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	E69/2236	Surrendered	100%	0%
	E69/2238	Surrendered	49%	0%
	E69/2239	Surrendered	49%	0%
	E69/2378	Surrendered	49%	0%
6.2 Interests in mining tenements acquired or increased	E74/0522	Tenement granted	0%	100%

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 (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 ⁺ Ordinary securities	92,806,559	92,806,559		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	23,201,510 -	23,201,510 -	4cents	Fully Paid
7.5 ⁺ Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	2,650,000 1,100,000		<i>Exercise price</i> 21.250 cents 20.625 cents	<i>Expiry date</i> 17 November 2013 15 November 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ 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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Peter Rutledge
Company secretary

Date: 31 October 2012

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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