Traka Resources Limited ABN 63 103 323 173

Exploration agreement on the Ravensthorpe Nickel Project

The Company is pleased to announce that an Option Agreement has been entered into with Independence Group NL ("IGO") on the Ravensthorpe Nickel Project.

Under the terms of the Agreement, in consideration of the grant of an Option to earn a joint venture interest in Traka's Ravensthorpe nickel tenements as detailed below, IGO has committed to spend not less then $1,500,000 by 31st December 2006 ("the Option Period"). The exploration work program in the Option Period will be carried out under Traka's management working in close co-operation with IGO to pool both resources and experience to achieve the most effective outcome.

Upon IGO meeting the $1,500,000 expenditure commitment, IGO may elect to exercise the Option and enter into a joint venture with Traka on the following terms:

1. IGO can earn 51% equity in the joint venture by the minimum additional expenditure of $5,000,000 by 31st 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 interests in the nickel laterite and iron ore potential on the Ravensthorpe Nickel Project are excluded from the agreement.

The introduction of IGO into the Ravensthorpe Nickel Project will enable acceleration of the exploration programs underway on the project. The numerous high calibre targets that have been identified will continue to be advanced ahead of drilling programs recommencing in the New Year. Geophysical, geochemical and geological surveys on the target areas will commence immediately.

IGO have a proven track record in the exploration and mining of nickel sulphides and have the resources and expertise to bring new discoveries into production quickly and efficiently.

The co-operative nature of this agreement with IGO will place each company in the best possible position to take advantage of buoyant market conditions for nickel in existence at the moment.

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Shareholders' Report

Enquiries regarding this announcement and company business may be directed to:

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