

TRAKA RESOURCES LTD

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

Quarterly Activity Report **for the three months ended 30th September 2004**

OVERVIEW

Corporate:

- A newly discovered nickel shoot announced by Tectonic Resources NL (Tectonic) in mid-October at the RAV 8 nickel Mine (RAV8) is close to Traka's tenement boundary.
- An Option Agreement on new ground adjacent to the Ravensthorpe Gold Project expands the Company's gold and copper interest in the Ravensthorpe region.

Ravensthorpe Nickel Project:

- A new and untested ultramafic contact zone has been mapped recently on Traka's tenements adjacent to RAV 8, which has the potential to relate to the contact zone on which Tectonic has discovered their new Shoot 4 nickel resource. Traka will commence drill testing of this contact zone shortly.
- New drillhole intersections on the RAV 4 West and RAV 5 nickel shoots have continued to provide encouragement.
- A number of new gossans and targets on prospective ultramafic units have been found. A geochemical survey is underway to determine the extent of anomalism.

Corporate Activity:

Tectonic Resources NL. Consideration is being given regarding the course of action to be adopted should the newly discovered nickel Shoot 4 or similar mineralisation encountered at RAV 8 cross into and straddle the tenement boundary with Traka's ground (a description of the geological setting is provided in the "Geological Mapping" section of this report). The emerging potential recognized in this portion of the project is an exciting advance to the overall potential of the Ravensthorpe Nickel Project. Traka plans to commence drilling and further exploration as soon as possible.

Vistarise Ltd Option Agreement. Traka has entered into an Option to Purchase Exploration Licence EL 74/291 from a public unlisted company called Vistarise Ltd. This exploration licence abuts the western boundary of the Ravensthorpe Gold Project and is prospective for the same style of gold and copper mineralisation as already recognized in our own ground. The old abandoned Floater Mine the largest of the Western Group on Mines is within EL 74/291. The terms of the Option include a \$2000 Option Fee, maintenance of the tenement in good standing and a buy-out price anytime at Traka's election within 4 years of either \$100,000 cash or \$50,000 cash and \$80,000 worth of Traka's shares at Vistarise's election.

The Ravensthorpe Nickel Project:

Exploration work this quarter comprised reverse circulation (RC) and diamond drilling, geophysical and geochemical surveys as well as geological mapping. A summary of the progress and results in each of these activities is provided below:

RC AND DIAMOND DRILLING:

An RC and diamond drilling program comprising 9 holes for 995 metres was completed during the quarter. Drilling difficulties and delays in finalisation of geophysical survey and the receipt of assay results has slowed progress.

The RAV 5 Prospect. Diamond drillhole number RAVC113 intersected a massive sulphide nickel intersection of 0.85 metres @ 1.53% Ni at 175.0 meters depth down hole in the basal contact zone of a shallow south dipping ultramafic unit. This massive sulphide zone was also intersected in old drillhole RAVD101 (1.4 meters @ 1.98% Ni and 0.52 metres @ 1.80% Ni) about 50 meters to the west and another old drillhole (RVD1014) another 50 metres further west again (1.6 metres @ 1.60% Ni). The massive sulphide intersections in these holes are all at about the same depth as for the intersection at RAVC113 and account for the surface geophysical anomaly originally detected in this location as well as the various downhole geophysical surveys undertaken on these holes. A massive sulphide nickel shoot at least 100 meters wide is indicated by the drilling completed to date.

Old drill holes in a widely spaced uneven pattern occur up dip from the intersections quoted above over about a 700 meter long zone. Disseminated and massive sulphide intersections have been returned from some of the holes up dip and a gossan has been mapped on the contact zone. Nickel mineralisation remains open down dip. New

compilation of the data and geology is underway with a particular focus on locating a higher-grade shoot within the overall envelope of nickel mineralisation detected on the prospect as a whole.

The RAV 4 West Prospect. Two diamond drill holes were completed on this prospect. The first drillhole (RAVC114) intersected a narrow brecciated nickel sulphide zone on the basal contact zone of an ultramafic unit (0.35 metres @ 3.00% Ni at 69m vertical depth). This intersection was about 20 meters away from an old drillhole (RB4W/7 that returned 2.35 meters @ 6.45% Ni at 66 meters depth). The results from this hole and other old holes widely and unevenly spaced over a 700 metres long zone indicate that the nickel mineralisation on this prospect rapidly thins and thickens due to structural remobilisation and modification.

The second drillhole completed at RAV 4 West (RAVC121) was drilled about 250 meters further east of drillhole RAVC114. This hole was designed to test for the continuity of the ultramafic zone discussed above, the other side of a large cross-cutting dyke which intrudes through the ultramafic sequence. This hole passed through a shallow south dipping ultramafic unit but the favoured basal contact zone was stoped out by granite intrusive. The granite is strongly sheared and mineralised with strongly anomalous values for zinc and lead.

The geological complexity at RAV 4 West poses ongoing exploration problems but there are many positive indicators, not least of which is the good nickel grades returned at shallow depths, which will lead Traka to undertake more drilling. To date our work has defined a strongly mineralized nickel contact zone extending over about 500 metres in length and dipping gently south to about 100m vertical depth.

The RAV 2 Prospect. Four RC holes (RAVC 117,118,119 and 120) were completed on this target to test discrete zones of surface geochemical and geophysical anomalism along the basal contact zone of an ultramafic unit. Some zones of low grade disseminated mineralisation were intersected in the drilling and a strong off-hole anomaly has also been detected on drillhole RAVC 118. The geophysical survey on these holes is still underway and compilation of the data is required prior to drawing any conclusions.

The Jem 2 Prospect. Drill holes RAVC 115 and RAVC 116 were completed on this target. As with the RAV 2 prospect some low grade disseminated mineralisation was detected in the drilling but the geophysical survey is yet to be completed and compilation of the data is required before further comments can be made.

GEOLOGICAL MAPPING:

A systematic program of geological mapping has continued through the quarter period. Completion of the current mapping program is scheduled for the end of this year. This work continues to provide an important new perspective on the setting for nickel mineralisation on the Ravensthorpe Project as a whole. Numerous new targets including the discovery of new untested gossans have been generated by this work. Old targets are also being re-interpreted in light of the new geological data being

generated. All targets are being reviewed and ranked and they will be subject to follow up exploration work as soon as possible.

On the eastern tenement boundary of the RAV 8 Mine, owned by Tectonic, our mapping has highlighted the presence of an ultramafic unit and contact zone that appears to strike into the area that is being mined in a number of shoots within the RAV 8 underground mine workings (Figure 1). The recently announced discovery by Tectonic of a nickel Shoot 4 on the eastern side of their mine workings tends to confirm the new geological interpretations. Tectonic's new nickel shoot is at depth about 200 metres from Traka's tenement boundary and may come closer to it as the shoot continues up dip to shallower depths.

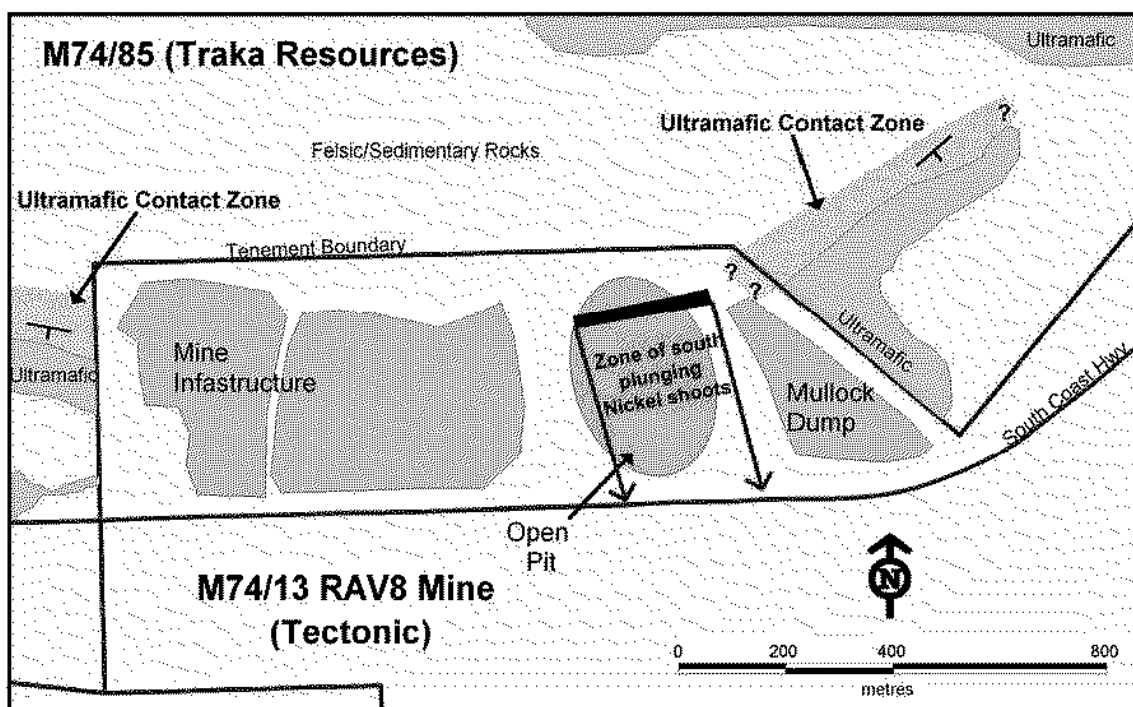


Figure 1. Schematic geology plan showing the position of mine workings and the ultramafic contact zone.

Traka's interpretation of the geological setting in this area has only recently been completed and as a consequence, despite the known proximity of the mine workings and the relatively high grade mineralisation at RAV 8 for many decades now, there has been no drilling of consequence ever completed to the east in the contact zone now being interpreted. Rock exposure in this area in general is poor and as a consequence definitive data is not possible without further drilling.

Given the proximity to Tectonic's recently extended mine workings exploration and drilling on the contact zone will commence as soon as possible.

GEOCHEMICAL SURVEYS:

A soil sampling program was commenced in the central portion of the Ravensthorpe Project during the quarter. This survey is systematic and in the first instance will cover about 7 kilometres of prospective ultramafic stratigraphy on several horizons. Several gossanous zones will be covered in the work currently underway and it is anticipated that extensions and infill of the geochemical survey will occur as the results of the geochemical program are received and geological mapping continues. The first assay results for this work are expected in a few weeks time.

The Capricorn Joint Venture:

An RC program and a downhole geophysical survey are scheduled to commence mid November.

Quarterly Exploration Expenditure:

Exploration Expenditure for the three month period ending September 2004 was \$218,000.

For any additional information please contact:

Mr Patrick Verbeek
Managing Director
29th October 2004

The technical information contained in this report is based on information compiled by Mr. P. A. Verbeek a Member of the Australasian Institute of Mining and Metallurgy. Mr Verbeek has more than five years experience on the field of activity being reported on and qualifies as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

TRAKA RESOURCES LIMITED

ACN or ARBN

103 323 173

Quarter ended ("current quarter")

30th September 2004

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(218)	(218)
	(b) development		
	(c) production		
	(d) administration	(97)	(97)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	35	35
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
	Net Operating Cash Flows	(280)	(280)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	--	()
	(b)equity investments		
	(c) other fixed assets	(1)	(1)
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)		
	Net investing cash flows	(1)	(1)
1.13	Total operating and investing cash flows (carried forward)	(281)	(281)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(281)	(281)
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 - Capital Raising Expenses		-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(281)	(281)
1.20	Cash at beginning of quarter/year to date	2564	2564
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2283	2283

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	65
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments for services by directors

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

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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

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+ 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	-
3.2 Credit standby arrangements	Nil	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	194
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	179	8
5.2 Deposits at call	0	56
5.3 Bank overdraft	0	0
5.4 Other - Term Deposit	2104	2500
Total: cash at end of quarter (item 1.22)	2,283	2564

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	Nil			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	EL74/291	Option to Purchase 100% Interest within 4 years.	0%	0%
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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)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 +Ordinary securities	31,700,000	23,400,000		
7.4 Changes during quarter (a) Increases through end of restriction period (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter				
7.7 Options (description and conversion factor)	2,000,000 Exercise Price 35 cents Expiry 10 October 2008			
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law 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: 29 October 2004
(Director)

Print name: PATRICK VERBEEK

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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+ See chapter 19 for defined terms.