



TRAKA RESOURCES LTD

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

Quarterly Activity Report for the three months ended 31st December 2004

OVERVIEW

Corporate:

- An Option Agreement on "The Gap Project" at Ravensthorpe expands the company's nickel interest in the district.

Ravensthorpe Nickel Project:

- Highly prospective ultramafic units and disseminated nickel mineralisation have been intersected at the RAV 8 Extended Prospect to the east of the RAV 8 mine workings.
- Strong nickel soil geochemical anomalies are being highlighted by the geochemical surveys commenced last quarter.

The Capricorn Joint Venture

- RC drilling on the Millipede prospect has intersected a massive sulphide intersection of 2 meters @ 1.36% Nickel at 54 meters depth. A nickel shoot within a layered mafic rock complex is indicated and geological and geophysical data indicates that the mineralisation extends at depth. Further drilling is planned as soon as possible.

The Ravensthorpe Iron Ore Project

- The Ravensthorpe Range contains iron ore formations which are prospective for commercial grade mineralisation. Plans to test this potential are currently being considered.

Corporate Activity:

Option Agreement “The Gap Prospect”. Traka has recently entered into an Option Agreement with Mr. K. Piper and Mr J. Kelly on “The Gap Prospect”. The Gap Prospect occurs in a faulted off portion of the stratigraphy package extending from Traka’s prospective B1 area. Systematic exploration programs of the same nature as are underway on the rest of the Ravensthorpe Nickel Project will commence at The Gap Prospect immediately.

The terms of the Option Agreement include a \$3000 Option Fee for an exclusive 12 months Option Period, maintenance of the tenements in good standing, and the ability to extend the Option Period for an additional 2 years by a further payment of \$10,000. The Option can be exercised by Traka at any time by a payment of \$60,000 to acquire 90% of the prospect and an undertaking to Free Carry the 10% retained equity of Mr. Piper and Kelly through to completion of a Bankable Feasibility study.

The Ravensthorpe Nickel Project:

Exploration work this quarter comprised reverse circulation (RC) drilling of the RAV 8 Extended prospect, geophysical and geochemical surveys and geological mapping. A summary of the progress and results in each of these activities is provided below:

RC drilling on the RAV 8 Extended Prospect:

An RC drilling program, comprising 8 holes for 1583 metres plus downhole electromagnetic surveys (“DHEM”) was completed during the quarter to test the newly identified ultramafic contact zone located immediately east of Tectonic Resources NL’s (“Tectonic”) RAV 8 nickel mine.

Two shallow south dipping ultramafic units with disseminated sulphide nickel mineralisation were intersected over a 300 meter wide zone (Table 1). The geometry, stratigraphic position and nature of these units resembles that of the RAV 8 Mine and they are almost certainly the same host rocks for the high grade shoots being mined by Tectonic. The disseminated nickel sulphide mineralisation intersected in this drill program is an encouraging sign but in this instance no higher grade nickel shoots were intersected in the drilling , nor indicated by the DHEM work completed. Drill sections were about 100 meters apart and the ultramafic units remain open at depth and along strike to east.

The geological setting and results achieved to date are encouraging and further work on this portion of the project is being planned.

Table 1. RAV 8 Extended RC drillhole intersections

Prospect	Hole	North	East	Dip	Az	From (m)	To (m)	Width (m)	Ni %
RAV8Ext	RAVC122	6278342	249874	-60	0	122	124	2	0.63
						127	130	3	0.86
RAV8Ext	RAVC123	6278419	249770	-60	0	79	80	1	0.54
RAV8Ext	RAVC124	6278257	249972	-60	0	185	188	3	0.58
						189	190	1	0.58
RAV8Ext	RAVC126	6278441	249872	-60	0	72	81	9	0.54
					incl	77	78	1	0.87
					and	80	81	1	0.94
RAV8Ext	RAVC127	6278519	249778	-60	0	29	31	2	0.52
RAV8Ext	RAVC128	6278351	249664	-60	0	132	135	3	0.57

All co-ordinates are in AMG84 Zone 51

GEOLOGICAL MAPPING:

A program of geological mapping was continued through the quarter period. This work is currently being collated and upon completion will be used to assist in the planning of new drill programs on both old and new targets.

The geological mapping completed to date continues to provide very positive information and prospective zones of ultramafic rocks have been followed into areas not previously seen as being particularly prospective. New nickeliferous gossans have been located and sampled in a few locations and geochemical programs commenced in the last quarter period have been extended to cover the new areas of interest. Seventy three rock chip samples on gossans have been collected during the quarter. This data is currently being collated.

GEOCHEMICAL SURVEYS:

A total of 2658 soil geochemistry samples have been collected on a 200 meter x 20 meter spacing over about 7 kilometres of prospective stratigraphy in the centre of the Ravensthorpe Nickel Project. This program is ongoing and it is anticipated that a further 5000 samples or more are yet to be taken covering a further 15 kilometres of prospective ground. Higher density sampling patterns have also been completed and initiated in a few locations where gossans were located and where obvious areas of anomalism were detected early in the program. Receipt of the assay results for the geochemistry survey is continuous and as a consequence, other than to point out the positive nature of results received to date, it is too early to make definitive comments on much of the program.

In the few areas where sampling is complete the best result received to date is on a new target located near the B1 Prospect drilled by Traka last year. This anomaly extends over 800m in length and is associated with a gossan zone at the basal contact of cumulate ultramafic rocks. The nickel values in soils peak in the order of 2000 to 2500 parts per million nickel about 10 times above background values. Coincident but

less coherent patterns of anomalism in the indicator elements copper, chrome, cobalt and gold are associated with this anomaly.

The range of anomalous elements and the geological setting for this target compares very favourably with the other known nickel accumulations at Ravensthorpe. Drilling and other follow up work on this target will be scheduled as soon as a possible.

The Capricorn Joint Venture:

An RC drilling program comprising 4 holes for 798 meters and a downhole electromagnetic survey ("DHEM") of these holes was completed during the quarter.

Three of the RC holes tested geological features and DHEM anomalies previously highlighted on a target called the Millipede Prospect. A promising drillhole intersection was returned on drillhole CP007 (Table 2).

Table 2. RC drillhole intersection details on the Millipede Prospect.

Hole	North	East	Dip	Azimuth	From (m)	To (m)	Width (m)	Ni(%)	Cu(%)
CP007	7403275	203040	-67	354	54	56	2	1.36	0.62

The intersection is associated with a mineralised shoot in one of two steeply south dipping parallel ultramafic units (about 80 meters apart) within a layered mafic rock complex. Discrete geophysical anomalies and other weaker zones of mineralisation previously intersected on the first of these ultramafic units correlate with the intersection. The latest DHEM surveys completed on this drillhole also indicate the presence of further anomalism at depth.

Given the encouragement received to date further drilling to test the DHEM target and extensions of the mineralised shoot is now being planned and will commence as soon as a drill rig has been sourced.

The fourth RC drillhole completed on the Capricorn Project was drilled on a DHEM target about 1.5 kilometers west of the Millipede Prospect. This hole failed to detect the source of the DHEM anomaly but the subsequent geophysical survey undertaken confirms the target is further to the west. Additional drilling will now also be planned to complete testing of this target.

Ravensthorpe Iron Ore Project:

Recent preliminary investigations by Traka on its Ravensthorpe mining tenements indicates that the Ravensthorpe Range of hills is prospective for iron ore mineralisation. The mineralisation abuts the ultramafic units that Traka is actively exploring for nickel and can be traced by aeromagnetic signature for a strike length of 15 kilometres within Traka's tenements.

Traka is currently considering a number of strategies to expedite rapid and effective testing of the iron ore potential at Ravensthorpe.

Quarterly Exploration Expenditure:

Exploration Expenditure for the three month period ending December 2004 was \$303,000.

For any additional information please contact:

Mr Patrick Verbeek
Managing Director
28th January 2005

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

31st December 2004

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 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	(303)	(522)
	(b) development		
	(c) production		
	(d) administration	(70)	(167)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	34	69
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
	Net Operating Cash Flows	(339)	(620)
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)	(340)	(621)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(340)	(621)
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		(340)	(621)
1.20	Cash at beginning of quarter/year to date	2283	2564
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1943	1943

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	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
-
- 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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Financing facilities available

+ See chapter 19 for defined terms.

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	280
4.2 Development	
Total	280

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	2	179
5.2 Deposits at call	0	0
5.3 Bank overdraft	(9)	0
5.4 Other - Term Deposit	1950	2104
Total: cash at end of quarter (item 1.22)	1943	2283

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			
6.2 Interests in mining tenements acquired or increased	E74/335 E74/336 P74/254	Application Application Application	0% 0% 0%	100% 100% 100%

+ See chapter 19 for defined terms.

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)				
7.12 Unsecured notes (totals only)				

Compliance statement

+ See chapter 19 for defined terms.

- 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: 28 January 2005
(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.