



# TRAKA RESOURCES LTD

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

## Quarterly Activity Report for the three months ended 30th June 2005

### **HIGHLIGHTS**

#### ***Ravensthorpe Nickel Project:***

- RC drilling is underway on a number of targets. Early results to hand show encouraging drill hole intersections have been returned from the RAV 4 West Target.

**RAVC137- 3metres of 2.22% Nickel and 0.13% Copper from 66metres down hole**

**RAVC138- 3metres of 1.47% Nickel and 0.15% Copper from 82metres down hole**

- A 2 kilometre long eastern strike extension of the RAV 8 nickel mine rock sequence has been mapped into Traka's tenements. Several very strongly anomalous zones of nickel and copper mineralisation accompanied by other pathfinder elements have been located in this area.
- A strong lead and copper base metal geochemical anomaly has been discovered north of Mt Short following completion of a RAB/aircore drilling program last quarter.

## The Ravensthorpe Nickel Project.

### **Reverse Circulation (“RC”) drilling program status:**

A 5000 metre Reverse Circulation (“RC”) drilling program commenced on the 17<sup>th</sup> June to test a number of the targets highlighted by previous exploration activity. About 3000 metres of this program, testing 5 targets, has been completed to date. A summary of the results received to date follow:

#### RAV 4 West (Figure) 1:

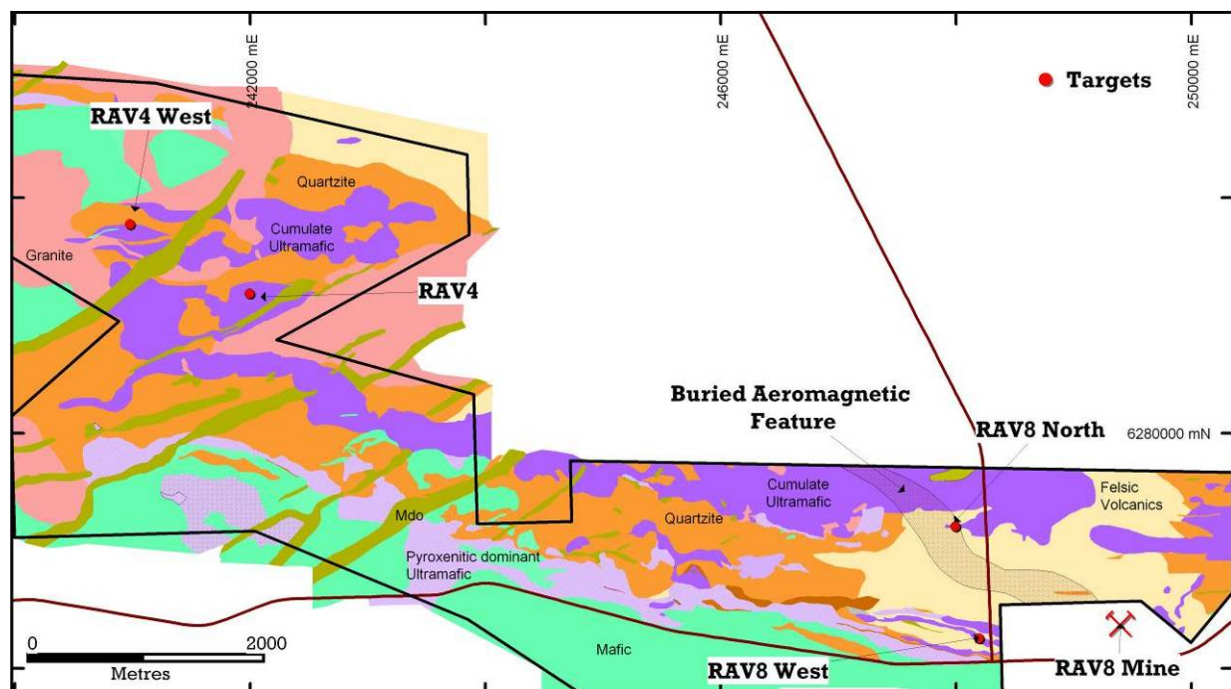
Seven RC holes have been completed on this target to date and 2 more are planned. Two of the drill holes (RAVC 137 and RAVC 138) intersected shallow, south dipping breccia and matrix sulphide mineralisation with encouraging grades (tabulated below). Assay data for the other drill holes is still awaited but logging of the drill chips allows some early observations to be made. A down hole electromagnetic survey (“DHEM”) of some of the drill holes is still to be completed.

#### **Drillhole Intersections:**

**RAVC137- 3metres @ 2.22% Nickel and 0.13% Copper from 66 metres depth**  
(AMG Coordinates 6281500N / 241000E)

**RAVC138- 3metres @ 1.47% Nickel and 0.15% Copper from 82 metres depth**  
(AMG Coordinates 6281540N / 241000E)

These intersections have doubled the extent of known mineralisation to about a 400 metre strike before appearing to terminate against intrusive mafic and granitic rocks at about 90 metres vertical depth. The intrusives are understood to have a limited thickness and further drilling is underway in search of extensions to the mineralisation down-dip beyond the intrusives.



**Figure 1** Jerdacuttup Targets

#### RAV 4 (Figure 1):

Three RC holes (RAVC 131, 132 and 141) have been completed at RAV 4 to test a 100 metre wide corridor below a known zone of nickel mineralisation extending over 500 metres strike length and dipping about 35° south. Wide spaced drilling to about 80 metres depth by previous explorers was used as a basis for their estimation of an Inferred Resource of 835,000 tonnes @ 0.7% Nickel (using a 0.5% bottom cut-off).

Traka drilled the centre portion of this zone to about a 130 metre vertical depth to test an embayment feature seen as a favourable host site for higher grade nickel mineralisation. Assay results are currently awaited; however logging of drill chips indicates a similar style and grade of mineralisation as intersected up dip. Nickel mineralisation is associated with a disseminated sulphide zone which progressively enriches over about 10 metres towards the basal contact of the host ultramafic unit. The basal contact appears to persist westward, around the embayment, for about 400 metres before appearing to terminate against the same intrusive that cuts through the mineralisation at RAV 4 West.

A DHEM survey of the three holes is awaited to test for the presence of off-hole conductors indicative of the presence of massive sulphides within the disseminated sulphide zone.

The drill programs at RAV 4 West and the nearby RAV 4 target continue to confirm the validity of Traka's new geological interpretations. As much of the ground around these targets remains untested there remains very good reasons and incentive to persist. The wider implications auger well for the project as a whole as the host rocks at RAV 4 West and RAV 4 are interpreted to strike for some 8 kilometres further east with no drilling ever having being undertaken.

#### RAV 8 West (Figure 1):

Two scout holes (RAVC 142 and 143) drilled 750 metres apart have been completed to test for the western strike extension of the ultramafic rock sequence hosting the RAV 8 nickel mine. These holes confirmed the presence of ultramafics and previously reported zones of anomalous nickel and copper in soil and rock-chip can now be linked to this stratigraphic horizon. Assay results of these drill holes are awaited and a DHEM survey is yet to take place; however a more comprehensive test of the favoured basal contact position of this ultramafic unit using an RC drill rig is already underway.

#### RAV 8 North (Figure 1):

Three drill holes (RAVC 133, 134 and 145) spread over 750 metres have been completed on this target. These are the first deep holes (approx. 300metre depth) ever to test the fresh bedrock portion of a large ultramafic unit that trends in an east-west direction and lies to the north of the RAV 8 mine. The holes tested an area of anomalous soil and rock-chip nickel and copper anomalism within the unit and proximal to of a large south-east trending buried aeromagnetic feature.

Each of the holes intersected thick undulating but shallow dipping cumulate ultramafic rock units within a felsic and sedimentary rock sequence. Minor disseminated pyrite and pyrrhotite sulphide mineralogy were commonly observed within the ultramafic units. Given the shallow dips of the ultramafics, it increasingly appears likely that these ultramafics are part of the same ultramafic unit that hosts the RAV 8 mine mineralisation to the south. The buried aeromagnetic feature, which trends south-east towards the mine from the just completed drill holes, is therefore an important focus for future exploration work.

Assays for the majority of the drill samples are awaited and DHEM survey of these holes is currently underway.

#### B1 (Figure2):

A single drill hole (RAVC 144) has been completed to test an off-hole DHEM anomaly identified in exploration work completed last year. No obvious visual explanation for the anomaly has been observed. Assay results, data collation and further DHEM surveys are awaited prior to drawing any conclusions.

#### Drill targets (Figure 2):

RC drilling in the current quarter will be extended to include programs on the Mt Short Gossan Prospect and a soil and rock-chip geochemical target north of the B1 target.

#### Far East Target

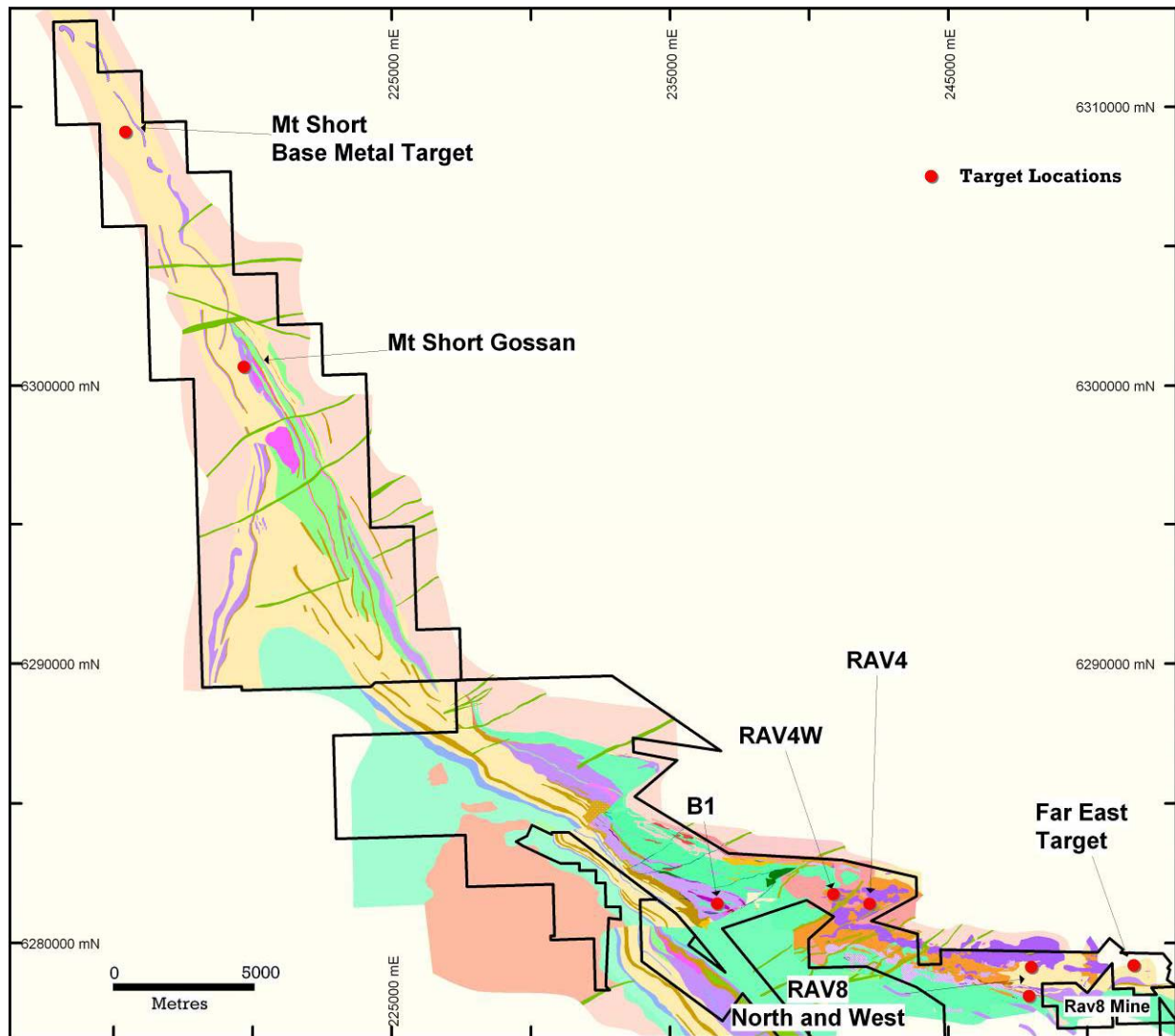
Mapping has now demonstrated that the ultramafic stratigraphy that hosts the RAV 8 mine continues for 2 kilometres to the eastern boundary of the project. This zone has not previously been recognized and has therefore never been drill tested. Several areas of strongly anomalous multi-element rock-chip geochemistry have been located on this ultramafic stratigraphic sequence. Sample values peak at 0.90% Nickel with the pathfinder elements ranging up to 1719ppm Copper, 30ppm Palladium and 108ppm Platinum. Other anomalous rock-chip anomalies in gold and arsenic have also been highlighted but the geological setting for these samples is yet to be assessed.

#### Mt Short base metal target

Mapping and a RAB/Aircore drilling program completed at Mt Short in the last quarter have highlighted the presence of an 800 metre long base metal target principally defined by lead anomalism in the near surface weathered rock zone (Figure 2). A linear contact zone between mafic and more felsic rocks is outlined by a 180 metre wide and 3000 metre long aeromagnetic feature but does not outcrop.

Four 200 metre spaced lines of drilling have been completed along this contact zone returning anomalous lead values ranging between 1000 and 5081ppm. Copper anomalism is also strong peaking at 981ppm but is less consistent. A 1 metre massive sulphide intersection at 32 metre depth (bottom of hole) assayed 4431ppm Pb and 602ppm Cu in one of the holes near the centre of the target.

Follow up work on this target is planned for the next quarter.



**Figure 2.** Ravensthorpe Targets

## The Capricorn Joint Venture

The results of an RC drilling program completed in the last quarter and the DHEM geophysical survey of these holes have been received. A number of low grade (<1% Ni) and narrow intersections on the Millipede Nickel Shoot were achieved. The shoot remains open at depth and to the east however, it appears the opportunity to discover an economic orebody early in the exploration phase of the project has diminished. As a consequence, Traka has withdrawn from the joint venture.

## **Quarterly Exploration Expenditure:**

Exploration Expenditure for the three month period ending June 2005 was \$387,000.

For any additional information please contact:

Mr Patrick Verbeek  
**Managing Director**

27th July 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

63 103 323 173

30 June 2005

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(387)	(1287)
(b) development		
(c) production		
(d) administration	(78)	(342)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	20	110
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	200	200
<b>Net Operating Cash Flows</b>	<b>(245)</b>	<b>(1319)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	(6)	(8)
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)		
<b>Net investing cash flows</b>	<b>(6)</b>	<b>(8)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(441)</b>	<b>(1517)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(441)	(1517)
<b>Cash flows related to financing activities</b>			
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		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(251)	(1327)
1.20	Cash at beginning of quarter/year to date	1488	2564
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1237	1237

**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	

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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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

	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	200
4.2 Development	
<b>Total</b>	

**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	1	86
5.2 Deposits at call	236	0
5.3 Bank overdraft		0
5.4 Other - Term Deposit	1000	1402
<b>Total: cash at end of quarter</b> (item 1.22)	1237	1488

**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	E52/1176	Earning up to 60 % interest in the Capricorn JV	Earning	Withdrawn

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

6.2 Interests in mining tenements acquired or increased	M74/204	Application	0%	100%
	M74/205	Application	0%	100%
	M74/206	Application	0%	100%
	M74/207	Application	0%	100%
	M74/208	Application	0%	100%
	M74/209	Application	0%	100%
	M74/210	Application	0%	100%
	M74/211	Application	0%	100%

**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 <b>Preference + securities</b> <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>+Ordinary securities</b>	31,700,000	24,825,000		
7.4 Changes during quarter (a) Increases through end of restriction period (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				

+ See chapter 19 for defined terms.

7.6	Changes during quarter				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	2,000,000 Exercise Price 35 cents Expiry 10 October 2008 50,000 Exercise Price 20 cents Expiry 31 December 2009			
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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 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: .....  
(Director)

Date: July 2005

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

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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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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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