



TRAKA RESOURCES LTD

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

Quarterly Activity Report for the three months ended 31st December 2005

HIGHLIGHTS

Ravensthorpe Nickel Project:

(Under Option to IGO)

- New high order geophysical targets have been identified in the Jerdacuttup area. Some of these targets coincide with geochemical and geological anomalies and therefore ranked highly.

The Ravensthorpe Iron Ore Project:

(Under Option to RMC)

- Geological and geophysical surveys have highlighted the presence of iron rich target horizons and preparation for drill testing of these target horizons is underway.

The Ravensthorpe Nickel Project.

(Under Option to IGO)

On the 26th October 2005 Traka Resources Ltd (“Traka”) entered into an Option Agreement on the Ravensthorpe Nickel Project with the Independence Group NL (“IGO”). The agreement with IGO has facilitated the continuation of an aggressive exploration program. The exploration program comprises geological, geophysical and geochemical surveys using the combined resources and expertise of Traka and IGO. Reverse Circulation (“RC”) and diamond drilling programs are scheduled to recommence in two months time to test a number of the targets highlighted by the exploration programs completed to date.

The status of the exploration program at the current time is presented below (Figure1):

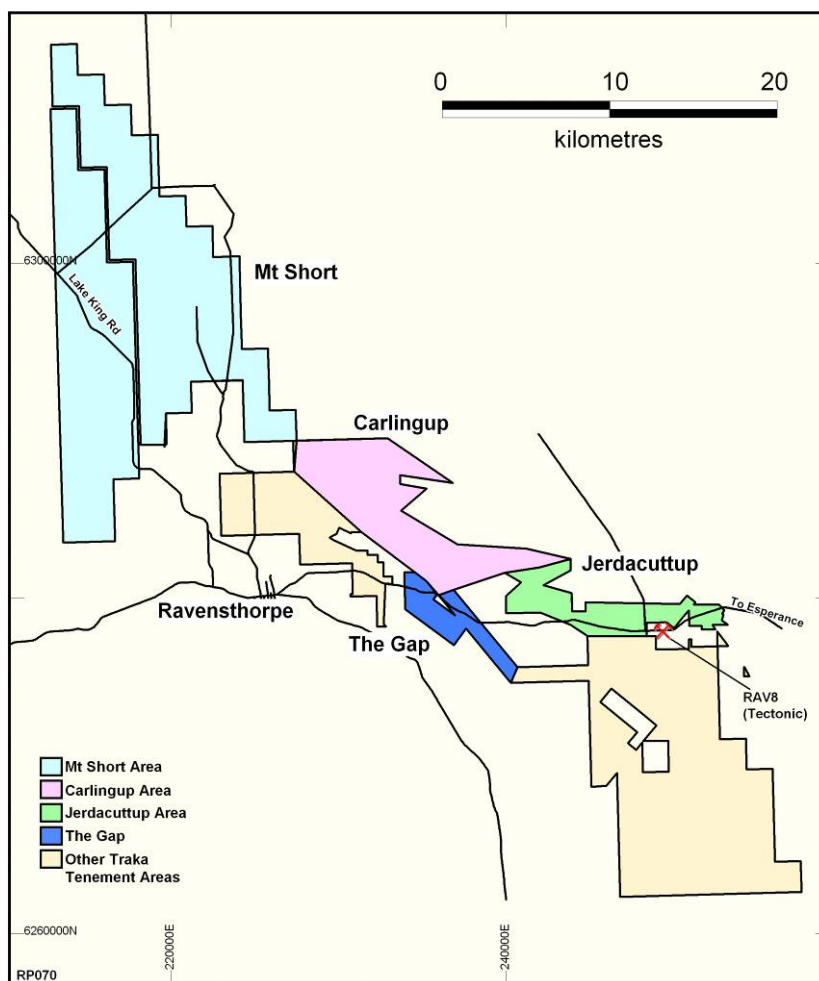


Figure1. The Ravensthorpe Nickel Project

The Jerdacuttup Area:

Geophysical surveys:

- A Moving Loop Electromagnetic survey (“MLEM”) comprising 57 line kilometres has been completed over the eastern portion of the Jerdacuttup area including the area immediately north of the RAV 8 Mine (Figure 2).

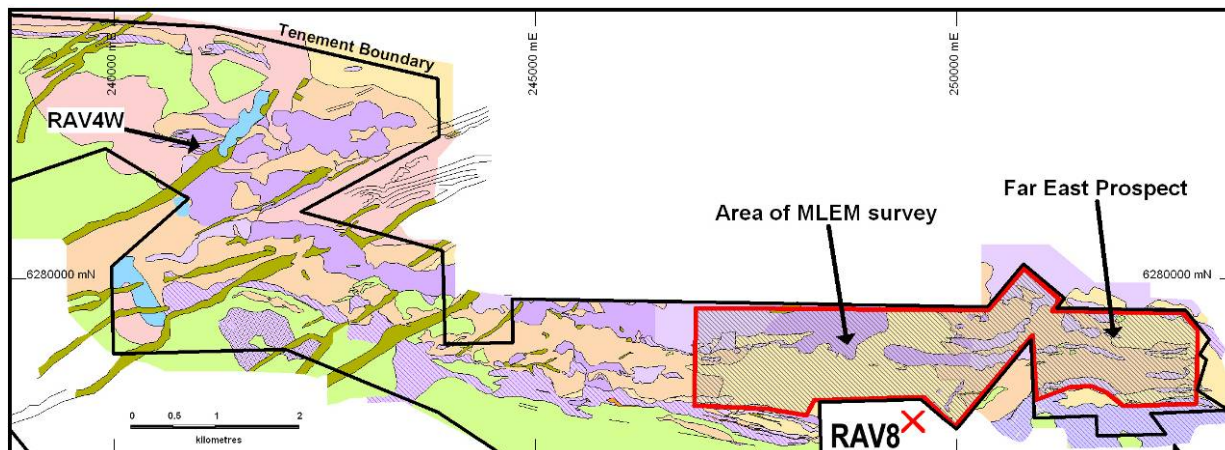


Figure 2. The Jerdacuttup area geology map showing the MLEM survey position.

- A number of MLEM anomalies have been highlighted in the work completed to date. These anomalies are currently being evaluated while the survey is continued to cover the remaining portion of the Jerdacuttup area. Some of the MLEM anomalies highlighted to date are noted to coincide with soil and rock-chip geochemical anomalies.
- A gravity survey was completed in the centre of the Jerdacuttup area (Figure 3). This survey was completed on a trial basis to gauge its value in geological interpretations. The gravity data is currently being compiled but early indications are positive. A number of gravity anomalies were highlighted by this work and these anomalies are being assessed in conjunction with the recently acquired geochemical and MLEM survey data.

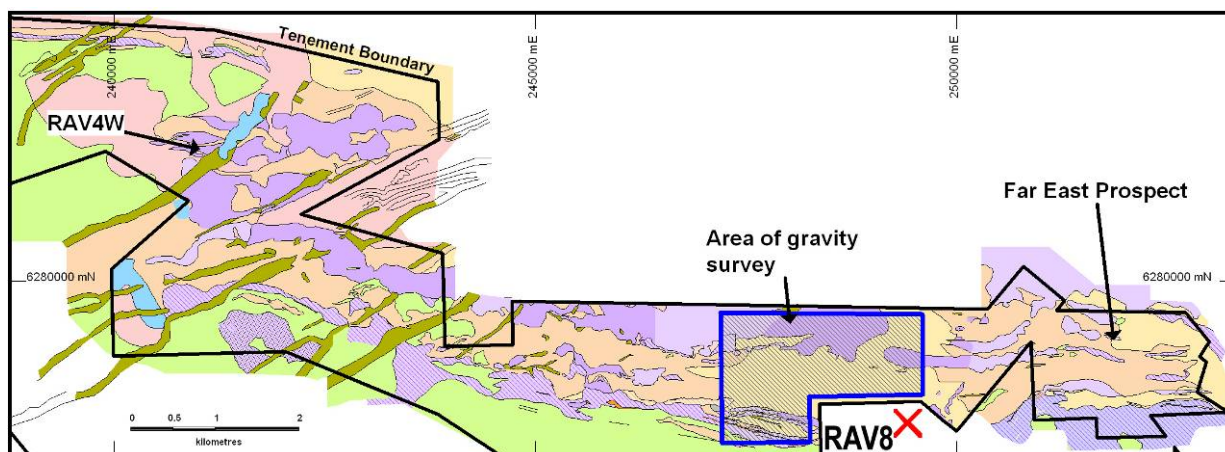


Figure 3 The Jerdacuttup area geology map showing the gravity survey position.

Geochemical surveys:

- A number of geochemical anomalies have been highlighted in the Far East portion of the Jerdacuttup area (Figure 4). One of these anomalies within the Far East Prospect area returned a rock-chip sample of 10 grams per tonne gold and 37% copper.

- A detailed evaluation of the geochemical data is currently underway but the prospectivity of the area as indicated by earlier mapping is being vindicated. Some of the coincident geochemical and geophysical anomalies are located on the favoured contact zones of several ultramafic units with the footwall sedimentary rocks.

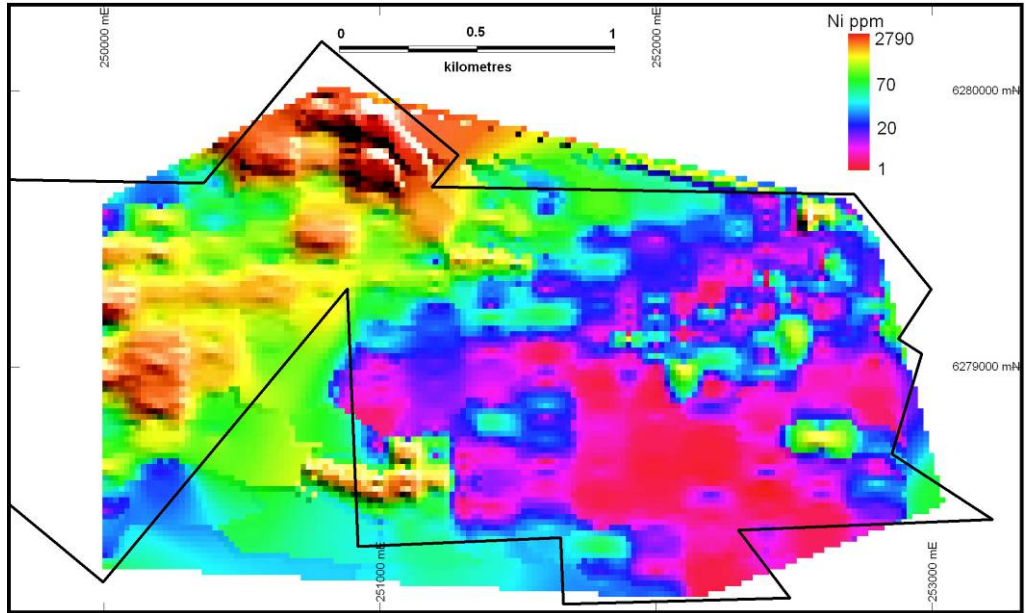


Figure 4. Far East Prospect – Image highlighting nickel soil anomalism.

The Carlingup Area:

Geological mapping and infill geochemical soil sampling of previously highlighted anomalies was completed during the quarter. The new geochemical data is currently being evaluated in preparation for follow up drill testing (Figure 5).

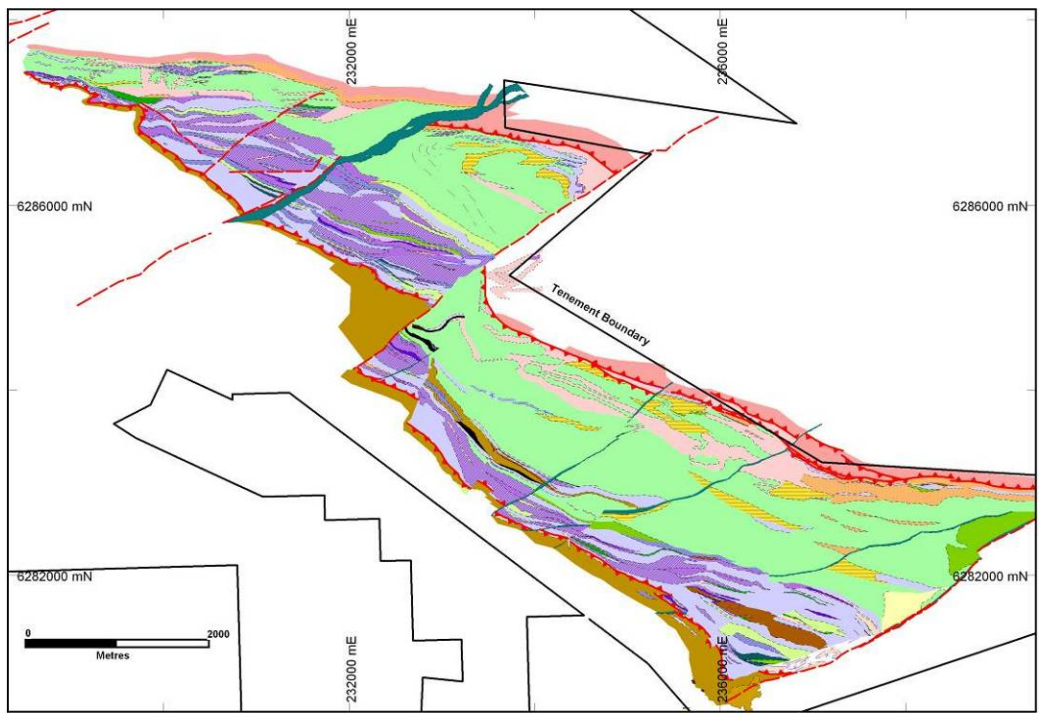
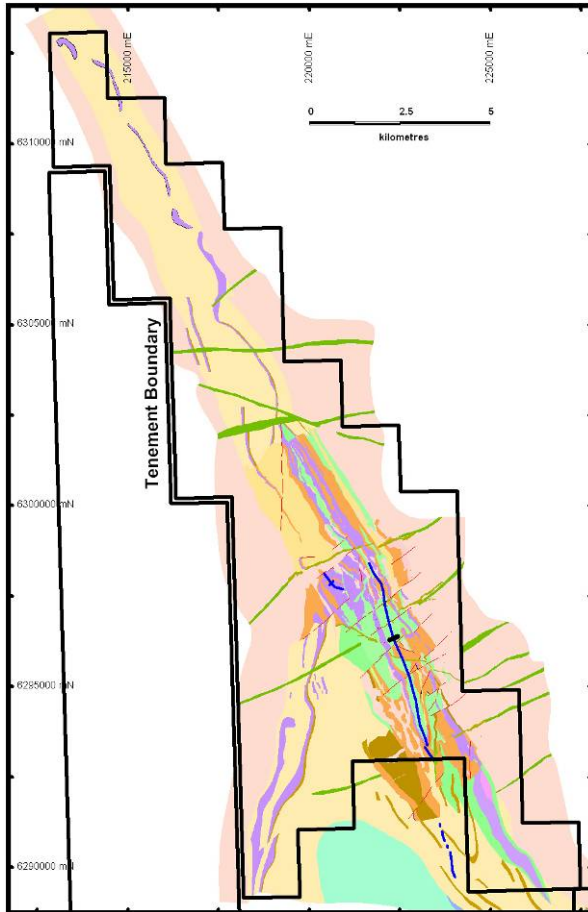


Figure 5 Geology of the Carlingup area



The Mt Short Area:

Geological mapping continued in the Mt Short area during the quarter. This work continues to indicate a favourable geological setting for nickel mineralisation with several ultramafic horizons now shown to coincide with geochemical and geophysical anomalies (Figure 6).

A MLEM survey is currently being conducted over a portion of the prospective zones at Mt Short with the intention of defining drill positions for the program planned for a few months time.

Figure 6. Geology of the Mt Short Area

The Gap Area:

Geological mapping and geochemical surveys have been completed over The Gap area (Figure 7).

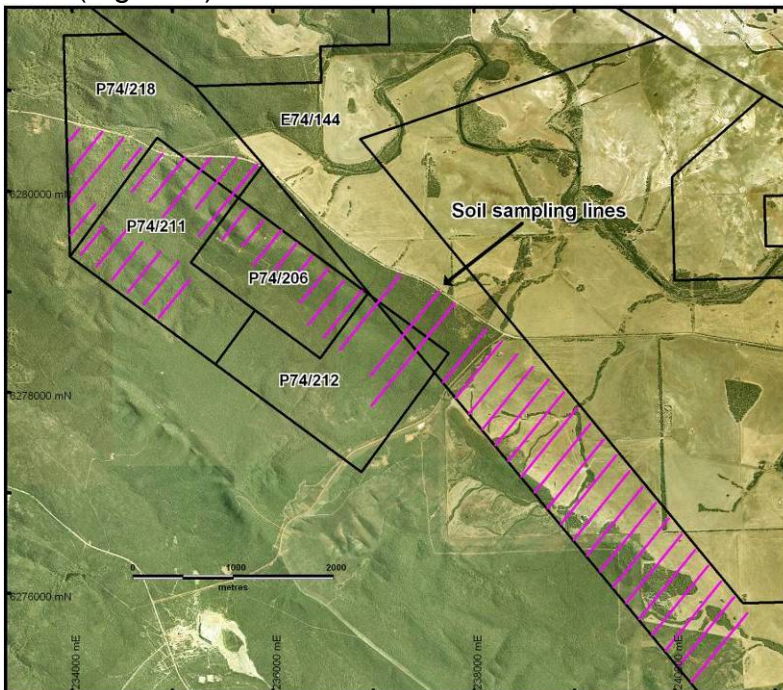


Figure 7 The Gap aerial photo showing the position of soil sampling.

As expected the geological setting of The Gap is identical to that observed in the Carlingup Area and as a consequence it is expected to have the same fundamental prospectivity as observed at Carlingup where there are a number of nickel targets already defined. Compilation of The Gap data is currently underway.

The Ravensthorpe Iron Ore Project.

(Under Option to RMC)

On the 24th May 2005 Traka announced that an agreement has been reached with Resource Mining Corporation Limited (“RMC”) for the establishment of a joint venture to explore for iron ore on Traka’s Ravensthorpe project.

During the quarter RMC undertook the following activities:

- Completion of Flora survey in the areas of specific interest to RMC for hematite enrichment.
- Comprehensive ground mapping of the iron rich stratigraphic units.
- Field checking of the existing geological mapping with the aid of geophysical datasets.

The work completed to date is currently being used to prepare for drilling programs on the priority targets zones.

Quarterly Exploration Expenditure:

Exploration Expenditure for the three month period ending December 2005 was \$43,000.

For any additional information please contact:

Mr Patrick Verbeek
Managing Director

31st January 2006

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 Ltd. Mr. P. A. 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. P. A. Verbeek consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

| |
|-------------------------|
| TRAKA RESOURCES LIMITED |
|-------------------------|

ABN

| |
|----------------|
| 63 103 323 173 |
|----------------|

Quarter ended ("current quarter")

| |
|---------------|
| DECEMBER 2005 |
|---------------|

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 | (43) | (767) |
| (b) development | | |
| (c) production | | |
| (d) administration | (61) | (193) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 7 | 20 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) | | |
| | (97) | (940) |
| Net Operating Cash Flows | | |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a)prospects | (5) | (86) |
| (b)equity investments | | |
| (c) other fixed assets | (1) | (2) |
| 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) | | |
| | (6) | (88) |
| Net investing cash flows | | |
| 1.13 Total operating and investing cash flows (carried forward) | (103) | (1,028) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|-------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (103) | (1,028) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 283 | 283 |
| 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 (provide details if material) | | |
| | Net financing cash flows | 283 | 283 |
| | Net increase (decrease) in cash held | 180 | (745) |
| 1.20 | Cash at beginning of quarter/year to date | 493 | 1418 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 673 | 673 |

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 | 64 |
| 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 |
|-----------------------------|------------------------|
| | |

+ See chapter 19 for defined terms.

| | | | |
|-----|-----------------------------|--|--|
| 3.1 | Loan facilities | | |
| 3.2 | Credit standby arrangements | | |

Estimated cash outflows for next quarter

| | | \$A'000 |
|--------------|----------------------------|-----------|
| 4.1 | Exploration and evaluation | 50 |
| 4.2 | Development | |
| Total | | 50 |

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 | 90 | |
| 5.2 Deposits at call | 283 | 2 |
| 5.3 Bank overdraft | | (9) |
| 5.4 Other (provide details) | 300 | 500 |
| Total: cash at end of quarter (item 1.22) | 673 | 493 |

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 | No Changes | | |
| 6.2 | Interests in mining tenements acquired or increased | No Changes | | |

+ See chapter 19 for defined terms.

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 <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 +Ordinary securities | 33,586,652 | 33,586,652 | | |
| 7.4 Changes during quarter (a) Increases through end of restriction period (b) Increases through issues | 1,886,652 | 6,875,000 1,886,652 | 15 cents | 15 cents |
| 7.5 +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 2,000,000 50,000 1,000,000 | | <i>Exercise price</i> 35 Cents 20 Cents 20 Cents | <i>Expiry date</i> 10 October 2008 31 December 2009 21 December 2010 |
| 7.8 Issued during quarter | 1,000,000 | | 20 Cents | 21 December 2010 |
| 7.9 Exercised during quarter | — | | | |
| 7.10 Expired during quarter | — | | | |
| 7.11 Debentures <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

| | | | |
|------|---|--|--|
| 7.12 | Unsecured notes (<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 Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does *(delete one)* give a true and fair view of the matters disclosed.

Sign here: Date:31 January 2006.....
 (Company secretary)

Print name: Desmond J Kelly

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.