



Traka Resources Limited

ABN: 63 103 323 173

22 February 2019

Market Announcements

ASX Limited

Level 4, 20 Bridge Street

SYDNEY NSW 2000

Dear Sir / Madam

Interim Financial Report for the half year ended 31 December 2018

Attached is the Traka Resources Limited Interim Financial Report for the half year ended 31 December 2018.

Yours faithfully

Peter Ruttledge

Company Secretary

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

The interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Traka Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

TRAKA RESOURCES LIMITED

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

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TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Your Directors present their report on Traka Resources Limited (Traka or the Company) for the half year ended 31 December 2018.

DIRECTORS

The following persons were directors of the Company during the half year and up to the date of this report. Directors were in office for the entire period unless otherwise stated.

Neil Tomkinson	Chairman - Non executive
Patrick Verbeek	Managing Director
George Petersons	Director - Non executive
Joshua Pitt	Director - Non executive

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

The Company continues to advance its four exploration projects and retains a 20% free carried interest in the Galaxy Resources Limited (Galaxy) joint venture on the Mt Cattlin North tenements. A brief summary of each project follows:

The Gorge Creek Project

Gorge Creek is Traka's principal exploration project with targets for copper, cobalt, lead and zinc mineralisation permitted and ready for drilling as soon as land access is possible after the current monsoon season. Land access is typically possible again in May. The drill program is expected to comprise approximately 4,000 metres of reverse circulation drilling but is subject to change depending on progress and geological observations made at the time.

Traka's interest in Gorge Creek is by way of a joint venture with a private company Cobalt QLD Pty Ltd. Traka is the Manager of this joint venture and has the right to earn 51% equity in the project by expenditure of \$1,000,000 over three years. The project is located on the same prospective stratigraphic sequence and structures that host the emerging Walford Creek copper cobalt project owned by Aeon Metals Limited and is prospective for sedimentary strata-bound mineralisation similar to that which exists at the Century Mine, as well as sedimentary breccia-hosted mineralisation.

The Ravensthorpe Project area

Galaxy has commenced exploration activity on the Traka joint venture tenements to secure additional open-pit resources for their nearby Mt Cattlin lithium and tantalum mine. Exploration activity includes Ground Penetrating Radar surveys and drilling. The initial results for exploration are encouraging as they have highlighted the presence of a number of new flat lying pegmatites similar in nature to those hosting lithium and tantalum mineralisation in the adjacent Mt Cattlin Mine. The pace of exploration, which has been slow to date, is expected to ramp up as Galaxy's requirement for ore becomes an increasingly important objective for them.

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

To the North of Mt Cattlin Traka, in its own right, continues to evaluate tenements in the Mt Short area for gold and base metal mineralisation. The last work completed was wide spaced soil geochemical surveys. Ongoing activity is dependent on the caliber of the results received for this work.

The Musgrave Project

The Company continues to maintain a very substantial exploration portfolio in the Musgrave area. However, delays in securing land access permitting has prevented the progress of exploration activity. Priority continues to be given for access to the 13km long Araplate copper, nickel and cobalt target where Traka has a grant of \$150,000 from the West Australian Government Exploration Incentive Scheme.

The Powder Puff Hill Project

This relatively newly acquired project overlies the north and south strike extensions to greenstone lithologies extending from the Quicksilver nickel cobalt resource being evaluated by Golden Mile Resources Limited. Wide spaced reconnaissance level soil geochemical surveys have recently been completed as the initial exploration program. Ongoing exploration is dependent on the merits of the results achieved. The exploration targets are nickel-rich massive sulphides at depth, similar to those found on the Forrestania Greenstone Belt, and shear-hosted gold mineralisation similar to that occurring at the Chalice Gold Mine.

Project Generation

The Company maintains an active program of project generation while advancing its existing exploration projects.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required items of section 307C of the Corporations Act 2001 is set out in this Interim Financial Report.

This report is made in accordance with a resolution of the directors.



NEIL TOMKINSON
Chairman

Perth, 22 February 2019

TRAKA RESOURCES LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Note	31 December 2018 \$	31 December 2017 \$
Revenue from continuing operations	2	12,559	8,872
Other income	2	1,933	966
Exploration and evaluation expenses		(247,441)	(269,646)
Administration expenses	3	(331,900)	(274,170)
		<hr/>	
Loss before income tax		(564,849)	(533,978)
Income tax expense		-	-
		<hr/>	
Loss for the half year		(564,849)	(533,978)
		<hr/>	
Total comprehensive loss for the half year attributable to ordinary equity holders of the Company		(564,849)	(533,978)
		<hr/>	
		Cents	Cents
Basic and diluted loss per share attributable to the ordinary equity holders of the Company		(0.17)	(0.18)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

TRAKA RESOURCES LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	31 December 2018 \$	30 June 2018 \$
Current assets			
Cash and cash equivalents		962,652	1,502,544
Trade and other receivables		23,737	39,503
Total current assets		986,389	1,542,047
Non-current assets			
Property, plant and equipment		17,648	22,467
Total non-current assets		17,648	22,467
Total assets		1,004,037	1,564,514
Current liabilities			
Trade and other payables		45,952	85,680
Provisions		9,500	9,000
Total current liabilities		55,452	94,680
Total liabilities		55,452	94,680
Net assets		948,585	1,469,834
Equity			
Issued capital	4	17,311,563	17,311,563
Reserves		840,008	796,408
Accumulated losses		(17,202,986)	(16,638,137)
Total equity		948,585	1,469,834

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

TRAKA RESOURCES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Contributed Equity	Share Based Payments Reserve	Exercised Option Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
2018					
As at 1 July 2018	17,311,563	678,255	118,153	(16,638,137)	1,469,834
Loss for the half year	-	-	-	(564,849)	(564,849)
Total comprehensive loss for the half year	-	-	-	(564,849)	(564,849)
Transactions with equity holders in their capacity as equity holders:					
Issue of share options	-	43,600	-	-	43,600
As at 31 December 2018	17,311,563	721,855	118,153	(17,202,986)	948,585
2017					
As at 1 July 2017	15,462,630	709,445	64,800	(15,372,847)	864,028
Loss for the half year	-	-	-	(533,978)	(533,978)
Total comprehensive loss for the half year	-	-	-	(533,978)	(533,978)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares	1,891,980	-	-	-	1,891,980
Exercise of share options	13,950	(3,550)	3,550	-	13,950
Transaction costs of share issues	(153,763)	-	-	-	(153,763)
As of 31 December 2017	17,214,797	705,895	68,350	(15,906,825)	2,082,217

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

TRAKA RESOURCES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Interest receipts	13,236	7,542
Payments to suppliers and employees	(271,265)	(268,275)
Payments for exploration activities	(275,100)	(274,450)
Net cash outflow from operating activities	(533,129)	(535,183)
Cash flows from investing activities		
Payments for plant and equipment	(6,763)	-
Net cash outflow from investing activities	(6,763)	-
Cash flows from financing activities		
Proceeds from share issues	-	1,905,930
Payment for share issue costs	-	(151,925)
Net cash inflow from financing activities	-	1,754,005
Net (decrease)/increase in cash and cash equivalents	(539,892)	1,218,822
Cash and cash equivalents at the beginning of the half year	1,502,544	855,317
Cash and cash equivalents at the end of the half year	962,652	2,074,139

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1 SEGMENT INFORMATION

The Directors of Traka, who, collectively as the Board, are the chief operating decision makers, have determined that the Company has one reportable operating segment, being mineral exploration within Australia. The Board monitors the Company based on actual versus budgeted exploration expenditure. This internal reporting framework is the most relevant to assist the Board to make decisions regarding its ongoing exploration activities.

	31 December 2018	30 June 2018
	\$	\$
Reportable segment assets	17,648	22,467
Reconciliation of reportable segment assets:		
Reportable segment assets	17,648	22,467
Unallocated corporate assets	986,389	1,542,047
Total assets	1,004,037	1,564,514
Reportable segment liabilities	10,354	38,049
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	10,354	38,049
Unallocated corporate liabilities	45,098	56,631
Total liabilities	55,452	94,680
Reportable segment loss	(247,441)	(269,646)
Reconciliation of reportable segment loss:		
Reportable segment loss	(247,441)	(269,646)
Unallocated corporate income	14,492	9,838
Unallocated corporate expenses	(331,900)	(274,170)
Loss before income tax	(564,849)	(533,978)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	31 December 2018 \$	31 December 2017 \$
NOTE 2 REVENUE		
Revenue from continuing operations		
Interest received	12,559	8,872
Other income	1,933	966

Other income constitutes the receipt of bad debts previously provided for.

NOTE 3 ADMINISTRATION EXPENSES

Loss before income tax includes the following administration expenses:

Personnel expenses:

Salaries, directors' fees and management fees	280,348	238,377
Superannuation	13,437	9,453
Share based payments	43,600	-
less disclosed as exploration expenditure	(158,097)	(119,438)
	179,288	128,392

Depreciation	11,581	8,419
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Other expenses:

Rent and rates	28,467	29,693
Company secretarial and accounting	31,686	31,686
Audit and tax	10,367	10,211
Communications	13,612	20,656
Listing fees	27,803	19,214
Other	29,096	25,899

	331,900	274,170
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 4 ISSUED CAPITAL

	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	No of Shares	No of Shares	\$	\$
a) Ordinary shares – fully paid				
At 1 July	331,321,018	284,627,018	17,311,563	15,462,630
Issue of shares	-	42,044,000	-	1,891,980
Exercise of options	-	450,000	-	13,950
Less cost of share issues	-	-	-	(153,763)
At 31 December	331,321,018	327,121,018	17,311,563	17,214,797

b) Options to acquire ordinary shares

Set out below is a summary of unlisted options to acquire ordinary shares in the Company, issued in terms of the Company's Employee Share Option Plan:

			31 December 2018	30 June 2018
Type of options	Expiry date	Exercise price	No of options	No of options
Staff options	19 Dec 2019	2.39 cents	450,000	450,000
Staff options	8 Jan 2021	7.40 cents	650,000	650,000
Director options	16 Nov 2021	4.67 cents	2,000,000	-
			3,100,000	1,100,000

Refer to the Company's 30 June 2018 financial report for more details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 5 SHARE BASED PAYMENTS

The Company from time to time issues options to the Managing Director and other staff members as an incentive. Refer to the 30 June 2018 financial report for further details.

During the current half year, the Company issued 2,000,000 options to the Managing Director on 17 July 2018 at an exercise price of 4.67 cents, expiring 16 November 2021. The assessed fair value of \$43,600 was calculated at the date of grant using the Black-Scholes model for the valuation of call options, the inputs of which included:

No of options	2,000,000
Grant date	17 July 2018
Exercise by	16 November 2021
Expected average life of the options	3.3 years
Exercise price per share	4.67 cents
Share price at grant date	3.60 cents
Expected volatility	114%
Risk-free interest rate	2.1%
Value of options at grant date	2.18 cents per option

NOTE 6 COMMITMENTS FOR EXPENDITURE

In order to maintain the mineral tenements in which the Company and other parties are involved, the Company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted.

There has been no material change to these commitments since the last reporting date of 30 June 2018.

NOTE 7 RELATED PARTIES

Arrangements with related parties as set out in the 30 June 2018 financial statements continue to be in place.

NOTE 8 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities as at 31 December 2018.

NOTE 9 EVENTS OCCURRING AFTER BALANCE DATE

There are no other matters or circumstances which have arisen since the end of the half year which have significantly affected the operations of the Company nor are there any such matters or circumstances or any likely developments which, in the opinion of the directors, may affect the future results of those operations or the state of affairs of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 10 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Traka is a public company, incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX).

Statement of compliance and basis of preparation

The half year financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *“Interim Financial Reporting”* and other mandatory professional reporting requirements.

The half year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements.

The half year financial statements should be read in conjunction with the annual financial statements of Traka as at 30 June 2018 and considered together with any public announcements made by Traka during the half year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The half year financial statements have been prepared on the accruals basis and are based on historical cost.

For the purpose of preparing the half year financial statements, the half year has been treated as a discrete reporting period.

Going Concern

The Company incurred a loss for the half year of \$564,849 and a net cash outflow from operating activities of \$533,129. At 31 December 2018, the Company's current assets exceeded its current liabilities by \$930,937.

The financial statements have been prepared on the going concern basis of accounting which assumes that the Company will be able to meet its commitments as and when they fall due. In arriving at this assumption, the directors recognise that the Company is dependent upon funding alternatives to meet these ongoing commitments, including capital raisings and/or the realisation of assets.

In the event that the Company does not achieve the matters as set out above, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Company's financial statements for the year ended 30 June 2018 and corresponding interim reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 10 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2018

In the half year ended 31 December 2018, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half year reporting periods beginning on or after 1 July 2018.

As a result of this review, the Directors have determined that there is no material impact for the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2018.

The Company has also reviewed all the new and revised Standards and Interpretations in issue, not yet adopted, that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2019.

As a result of this review the Directors have determined that AASB 16 Leases may have a material effect in future periods. AASB 16 removes the classification of leases as either operating or finance leases for the lessee, with exemptions for short term leases and leases of low value items. Upon adoption of this standard, the Company will recognise a lease liability and a "right-of-use" asset in the Statement of Financial Position relating to the current lease commitment. (Refer to the 30 June 2018 financial report for details). This will result in an increase in the recognised assets and liabilities, as well as a change in the expense recognition, with interest and depreciation replacing operating lease expense. The Company has not yet quantified the lease liability or the "right-of-use" asset and has elected not to early adopt this standard.

Other than the above, there is no material impact of the new and revised Standards and Interpretations in issue, not yet adopted, on the Company and therefore no material change is necessary to accounting policies.

**DIRECTORS' DECLARATION
FOR HALF YEAR ENDED 31 DECEMBER 2018**

1. In the opinion of the Directors of the Company:

- a) the accompanying financial statements and notes, as set out on this Interim Financial Report, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory reporting requirements; and
 - (ii) give a true and fair view of the Company's financial position as at 31 December 2018 and of the performance for the half year then ended.
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- c) the interim financial statement and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.



NEIL TOMKINSON

Chairman

Perth, 22 February 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Traka Resources Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
22 February 2019


B G McVeigh
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Traka Resources Limited

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Traka Resources Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Traka Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 10 in the half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with

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Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
22 February 2019



B G McVeigh
Partner