



Traka Resources Limited

ABN: 63 103 323 173

23 September 2016

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Financial Statements and Directors' Report

Attached is a copy of the Financial Statements and Directors' Report for the company for the year ended 30 June 2016.

Yours faithfully

P C Ruttledge
Company Secretary

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

FINANCIAL REPORT

30 JUNE 2016

Directors' Report

For the year ended 30 June 2016

Your Directors present their report on Traka Resources Limited ("Traka" or the "Company") for the year ended 30 June 2016.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Neil Tomkinson

Patrick Verbeek

Joshua Pitt

George Petersons

PRINCIPAL ACTIVITIES

During the year the principal activity of the Company was exploration of Traka's mineral tenements.

DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

The Company's exploration project interests remain concentrated in Western Australia although the search and review of new opportunities is both national and international. The Western Australian exploration interests currently comprise the Musgrave, Yallalong and Ravensthorpe Projects.

A brief description of each of the three active exploration projects follows:

The Musgrave Project

The Musgrave Project currently comprises a number of exploration licence applications in highly prospective ground with drill targets previously highlighted by airborne electromagnetic surveys (Spectrem). During the year ongoing efforts have been made to secure joint funding for testing of these drill targets on the Latitude Hill area of the Musgrave Project. An EIS Grant (Exploration Incentive Scheme grant by the Western Australian Government) of up to \$432,000 is available to fund 50% of direct drilling costs on these targets. Negotiations and work is also underway to secure land access to the relevant tenements so that smooth as possible transition to field work programs is achieved.

The Yallalong Antimony Project

On the Yallalong Project the Company exercised an Option it had to earn up to 80% joint venture equity after the successful intersection in drilling of narrow high grade antimony mineralisation and the discovery of additional mineralised targets. Traka will continue to undertake exploration on this property and is committed to \$250,000 of expenditure by August 2018 to earn its initial 51% equity position in the joint venture.

Directors' Report

For the year ended 30 June 2016

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

The Ravensthorpe Project

The Company's interests at Ravensthorpe are dominated by the 100% equity position held in the Mt Short Base Metals Project and the 20% Free Carried interest held in joint venture with Galaxy Resources Ltd ("Galaxy") next to the Mt Cattlin Lithium Mine. Another 20% joint venture interest we have with ACH Pty Ltd on the Bandalup Gossan Prospect has been inactive over the year. Traka has been drilling at Mt Short and intersected low grade zinc, lead and copper mineralisation but highlighted a more prospective zone for follow-up drill testing. Discussions are underway with several parties to undertake further work at Mt Short in a joint venture. At Mt Cattlin the Company's hope is that the recent recommencement of mining by Galaxy will result in the recommencement of exploration in the areas of known lithium and gold mineralisation on the Traka Joint Venture area. At the point in time mining and production meets its target through-put (still in the ramp-up phase at this point) it is expected that Galaxy's attention will turn to securing future feed and sources of ore for its operation. Traka's Free Carried to Production interests would, at no cost, allow immediate participation in one of the few hard rock lithium mines in the world.

Corporate

In order for the Company to advance its exploration interests it is planned that the usual mixture of funding through capital raisings and joint venture farm-outs will continue to meet the Company's needs. The Company continues to maintain a small office with a few key staff to maintain its low cost profile.

The Company made a net loss for the financial year of \$1,448,931 (2015: \$814,156).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the operating results, there were no significant changes in the state of affairs of the Company during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the financial year, the Company entered into an agreement with Chalice Gold Mines Limited ("Chalice") to allow Chalice to earn-in to the Company's Latitude Hill tenements in the Musgrave Project. Chalice can earn up to 70% interest in the Latitude Hill tenements through expenditure of \$10M, with an initial minimum commitment of \$1M within the first twelve months. The estimated financial effect of this agreement for the Company cannot be reliably measured at this time.

ENVIRONMENTAL REGULATION

The Company is subject to and compliant with all aspects of environmental regulation of its exploration activities. The directors are not aware of any environmental law that is not being complied with. The National Greenhouse and Energy Reporting Act 2007 requires entities to report annual greenhouse gas emission and energy use. The directors have assessed that there are no current reporting requirements, but that the Company may be required to report in the future.

Directors' Report

For the year ended 30 June 2016

INFORMATION RELATING TO DIRECTORS

Chairman – Non Executive

Neil Tomkinson LLB (Hons)

Mr Tomkinson has considerable experience extending over the last thirty five years in the administration of and investment in exploration and mining companies and is an investor in private mineral exploration and in resources in general in Australia. He is the executive chairman of Red Hill Iron Limited (appointed chairman April 2008) and a non-executive director of Hampton Hill Mining NL (appointed January 1997). He was non-executive chairman of Pan Pacific Petroleum NL until his resignation as a director in August 2014. Mr Tomkinson has held no other directorships of ASX listed companies during the last three years.

Managing Director

Patrick Verbeek BSc, MAusIMM

Mr Verbeek is a geologist with thirty years' experience in the resource industry in Australia and internationally. Mr Verbeek's experience is wide ranging and is spread equally between mineral exploration and mining, company management and corporate activity. Mr Verbeek has held a number of senior management positions in exploration and mining operations both in open-pit and underground gold and base metal operations as well as executive directorships in private and public resource companies. Mr Verbeek is a founding director of Traka. Mr Verbeek has held no other directorships of ASX listed companies during the last three years.

Non Executive Directors

Joshua Pitt BSc, MAusIMM, MAIG

Mr Pitt is a geologist with substantial exploration experience who has, for more than thirty five years, been a director of exploration and mining companies in Australia. Mr Pitt is involved in substantial private mineral exploration and also in resource investments. He is the executive chairman of Hampton Hill Mining NL (appointed a director in January 1997 and chairman in April 2012) and a non-executive director of Red Metal Limited (appointed July 2003) and Red Hill Iron Limited (appointed June 2005). He was non-executive director of Pan Pacific Petroleum NL until his resignation as a director in August 2014. Mr Pitt has held no other directorships of ASX listed companies during the last three years.

George Petersons

Mr Petersons is an experienced prospector with a long history of identifying and acquiring prospective exploration ground. He is a founding director of Traka. He has established himself as a consultant to the industry with local and offshore mining interests in precious metals, gemstones and base metals. Mr Petersons is Managing Director of Mekong Mining Limited (Thailand), a company involved in exploration and project development in South East Asia. Mr Petersons has held no other directorships of ASX listed companies during the last three years.

Directors' Report

For the year ended 30 June 2016

INFORMATION RELATING TO THE COMPANY SECRETARY

Peter Rutledge BSc, CA, FFin

Mr Rutledge is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia and has over thirty years' experience as company secretary of a number of listed mining and exploration companies.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The numbers of shares and options in the Company held directly and indirectly by the directors as at the date of this report are as follows:

Director	Ordinary shares	Options over ordinary shares
N Tomkinson	15,381,402	-
P A Verbeek	9,833,328	4,000,000
J N Pitt	19,258,332	-
G J Petersons	1,453,332	-

MEETINGS OF DIRECTORS

The number of meetings of directors held during the year and the number attended by each of the directors were as follows:

Director	Meetings of directors	Meetings attended
N Tomkinson	13	13
P A Verbeek	13	13
J N Pitt	13	13
G J Petersons	13	13

The Company does not have any subcommittees.

AUDITED REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

(a) Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration policy is to ensure that:

- remuneration packages properly reflect the duties and responsibilities of the persons concerned,
- remuneration is competitive in attracting, retaining and motivating people of the highest quality, and
- remuneration is reviewed by the board on an annual basis having regard to performance and market competitiveness.

Directors' Report

For the year ended 30 June 2016

AUDITED REMUNERATION REPORT (continued)

The remuneration framework has regard to shareholders' interests by:

- focusing on sustained growth in share price, as well as focusing the executives on key non-financial drivers of value, and
- attracting and retaining high calibre executives.

The remuneration framework has regard to executives' interests by:

- rewarding capability and experience,
- reflecting competitive reward for contributions in shareholder growth,
- providing a clear structure for earning rewards, and
- recognising contribution.

The remuneration policy is not linked to the Company's performance and is linked to shareholder wealth only in so far as options over the Company's shares are included in remuneration.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees are reviewed annually and remuneration packages are determined by the board within the maximum amount approved by shareholders from time to time (currently \$100,000 set in 2003) and are set fee amounts with prescribed superannuation, if applicable.

Executives

The remuneration of the managing director, Mr Patrick Verbeek, is determined by the board and comprises an agreed fee paid to Malahang Pty Ltd, a company associated with the managing director, and from time to time, at the discretion of the non-executive board members and with the approval of shareholders, the grant of options to acquire shares in the Company. The non-executive directors review terms of the managing director's remuneration on an annual basis. The nature and amount of remuneration paid to the managing director has been determined by reference to the services provided, experience, length of service and prevailing market rates. There are no guaranteed salary increases fixed in the managing director's contract.

Company performance

It is not possible at this time to evaluate the Company's financial performance using generally accepted measures such as profitability and total shareholder return as the Company is an exploration company with no significant revenue stream. This assessment will be developed as and when the Company moves from explorer to producer.

Directors' Report

For the year ended 30 June 2016

AUDITED REMUNERATION REPORT (continued)

The table below shows the gross revenue, losses and loss per share for the last five years for the Company:

		2016	2015	2014	2013	2012
Revenue and other income	\$	17,378	223,891	208,477	519,007	312,745
Net loss	\$	1,448,931	814,156	448,469	690,142	1,561,590
Loss per share	cents	0.72	0.73	0.43	0.78	2.26
Share price at year end	cents	2.0	1.6	3.2	6	5

(b) Details of remuneration

The key management personnel of the Company are the directors. There are no other key management personnel. The remuneration of key management personnel for the year is summarised below:

	Year	Short term benefits Salary & fees \$	Post employment benefits Superannuation \$	Share based payments Options \$	Total \$	Options as a percentage of remuneration %
Non-executive directors						
N Tomkinson	2016	20,000	1,900	-	21,900	-
	2015	21,900	-	-	21,900	-
J N Pitt	2016	20,000	1,900	-	21,900	-
	2015	20,000	1,900	-	21,900	-
G J Petersons	2016	20,000	1,900	-	21,900	-
	2015	20,000	1,900	-	21,900	-
Managing Director						
P A Verbeek	2016	277,000	-	-	277,000	-
	2015	277,000	-	21,500	298,500	7.2
Total	2016	337,000	5,700	-	342,700	
	2015	338,900	3,800	21,500	364,200	

No part of the remuneration of key management personnel is performance related.

No part of the remuneration of key management personnel is contingent upon the performance of the Company.

Directors' Report

For the year ended 30 June 2016

AUDITED REMUNERATION REPORT (continued)

(c) Service agreements

Managing Director

The Company entered into a consultancy agreement with Malahang Pty Ltd ("Malahang") on 14 October 2003 ("Malahang Agreement"). In accordance with the terms of the Malahang Agreement, Malahang agreed to provide the services of its employee, Patrick Verbeek, to undertake all functions, duties, roles and authorities which the Company would require of a person engaged as managing director of the Company on a full time basis. The Malahang Agreement commenced on 20 November 2003 with an initial term of 2 years and has been extended since for further terms of 1 or 2 years. The current term expires in November 2016. The current level of remuneration in terms of this agreement is set at \$250,000 per annum, plus \$27,000 per annum compensation for the provision of a four-wheel-drive motor vehicle. There are no termination arrangements in respect of Mr Verbeek's engagement other than the expectation that Malahang would receive 3 months' fees in the event of his services being terminated by the Company.

(d) Share based compensation

Directors and other key management personnel are entitled to take part in the Traka Resources Employee Share Option Plan. Share based payments are made at the discretion of the board of directors in the context of the overall remuneration package of the personnel. Directors receiving share based payments are not involved in any board discussions regarding their remuneration.

Share based payments are generally provided in the form of options vesting immediately. The issue of these options is not linked to past company performance since their principal purpose is to promote additional incentive to the key management personnel. There is no specific board policy restricting employees from taking action to limit their exposure to risk in relation to share based payments. Nevertheless, in terms of the Company's corporate governance policies, all employees are prohibited from dealing in the Company's securities when they possess inside information and they are obliged to inform the board of any proposed transactions in securities.

The basic terms and conditions of each grant of options affecting remuneration in the previous, current or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
16 November 2011	16 November 2011	15 November 2014	\$0.20625	\$0.0970
18 November 2013	18 November 2013	17 November 2016	\$0.0875	\$0.0411
10 March 2015	10 March 2015	9 March 2018	\$0.0256	\$0.0108

Each option is convertible into one ordinary share.

Options granted under the plan carry no dividend or voting rights.

Directors' Report

For the year ended 30 June 2016

AUDITED REMUNERATION REPORT (continued)

Details of the options in the Company provided as remuneration to key management personnel of the Company are set out below. Further information on options is set out in Note 20 to the financial statements.

	Balance at beginning of year	Received as remuneration	Options expired	Balance at end of year
N Tomkinson	-	-	-	-
P A Verbeek	4,000,000	-	-	4,000,000
J N Pitt	-	-	-	-
G J Petersons	-	-	-	-

The assessed fair value of the options issued in the prior year was calculated as at the date of grant using the Black-Scholes model for the valuation of call options.

The model inputs for options granted to key management personnel during the period included:

	2016	2015
No. of options	-	2,000,000
Grant date	-	10 March 2015
Exercise by	-	9 March 2018
Exercise price per share	-	2.56 cents
Expected average life of the options	-	3 years
Underlying security spot price at time of grant	-	1.9 cents
Risk free interest rate	-	1.96%
Expected volatility	-	100%
Value of options at grant date	-	\$21,500

Historical volatility has been the basis for estimating likely future share price volatility. Actual future volatility may differ from the estimate used. The expected average life of the options has been estimated as 3 years. The actual life could differ from this estimate if the holder of the options chooses to exercise his options prior to their expiry date.

Directors' Report

For the year ended 30 June 2016

AUDITED REMUNERATION REPORT (continued)

(e) Equity held by key management personnel

The numbers of shares in the Company held directly and indirectly by key management personnel and any movements over the year, are set out below.

	Balance at beginning of year	Received as remuneration	Options exercised	Net changes	Balance at end of year
N Tomkinson	7,968,201	-	-	7,413,201	15,381,402
P A Verbeek	4,916,664	-	-	4,916,664	9,833,328
J N Pitt	9,976,666	-	-	9,281,666	19,258,332
G J Petersons	726,666	-	-	726,666	1,453,332

Net changes relate to shares acquired or sold during the year. No shares are held nominally.

(f) Additional information

Voting and comments at the Company's 2015 Annual General Meeting ("AGM")

The Company received a majority of votes in favour of its remuneration report for the 2015 financial year. The Company did not receive any specific comments on its remuneration practices at the AGM or throughout that year.

Transactions with key management personnel

During the financial year the Company paid \$1,170 (2015: \$812) to Hampton Hill Mining NL, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for staff amenities paid for on normal commercial terms and conditions determined on an arms-length basis between the companies.

During the financial year the Company paid \$nil (2015: \$290) to Red Hill Iron Ltd, a listed company of which Mr Tomkinson and Mr Pitt are directors and shareholders, for recharged expenses paid by that company on normal commercial terms and conditions.

During the financial year the Company paid \$6,800 (2015: nil) to the PAV Unit Trust, a trust associated with Mr Verbeek, in respect of a storage unit for exploration equipment and documents. This rental agreement was entered into during the current financial year on normal commercial terms and conditions determined on an arm's-length basis between the entities.

The Company has not made any loans to key management personnel during the year.

Directors' Report

For the year ended 30 June 2016

AUDITED REMUNERATION REPORT (continued)

There were no other transactions with key management personnel and related parties during the year other than those reported in Note 17.

The Company has not engaged remuneration consultants to make a remuneration recommendation in respect of any of the key management personnel.

The audited remuneration report ends here.

SHARES UNDER OPTION

The numbers of options on issue at the date of this report are as follows:

Grant date	Expiry date	Issue price of shares	Number under option	Percent vested
18 November 2013	17 November 2016	8.75 cents	2,000,000	100%
13 January 2014	17 November 2016	8.75 cents	450,000	100%
6 January 2015	6 January 2018	3.10 cents	450,000	100%
10 March 2015	9 March 2018	2.56 cents	2,000,000	100%

INSURANCE OF OFFICERS

During the year the Company paid an amount to insure all current directors of the Company and current executive officers of the Company against liabilities arising out of their conduct whilst acting in the capacity of a director or officer of the Company other than conduct involving a wilful breach of duty to the Company. The policy requires that the amount of premium paid and the limits imposed remain confidential.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not party to any such proceedings during the year.

AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

Directors' Report

For the year ended 30 June 2016

CHANGE OF AUDITOR

BDO Audit (WA) Pty Ltd ("BDO"), with the consent of the Australian Securities Investments Commission, resigned as the Company's auditor on 19 May 2016 and HLB Mann Judd (WA Partnership) ("HLB") was appointed by the directors in accordance with Section 327C(1) of the Corporations Act 2001. HLB holds office in accordance with section 327C(2) of the Corporations Act 2001 until the Company's next annual general meeting.

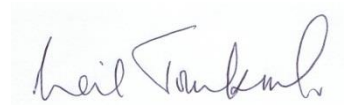
NON-AUDIT SERVICES

Neither BDO nor HLB performed any non-audit services for the Company for the year ended 30 June 2016.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included in this Annual Report.

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



NEIL TOMKINSON

Chairman

Dated this 22nd day of September 2016

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue from continuing operations	2	17,378	14,891
Other income	2	-	209,000
Exploration and evaluation expenditure	4	(923,317)	(556,213)
Administration expenses	3	(542,992)	(481,834)
Loss before income tax		(1,448,931)	(814,156)
Income tax expense	5	-	-
Loss for the year		(1,448,931)	(814,156)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		(1,448,931)	(814,156)
Loss per share attributable to the ordinary equity holders of the Company		Cents	Cents
Basic and diluted loss per share	6	(0.72)	(0.73)

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

Statement of Financial Position

As at 30 June 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	7	359,029	146,100
Trade and other receivables	8	43,792	16,790
Total current assets		402,821	162,890
Non-current assets			
Plant and equipment	9	43,620	54,547
Total non-current assets		43,620	54,547
Total assets		446,441	217,437
Current liabilities			
Trade and other payables	10	40,701	60,459
Total current liabilities		40,701	60,459
Non-current liabilities			
Provisions	11	4,500	2,900
Total non-current liabilities		4,500	2,900
Total liabilities		45,201	63,359
Net assets		401,240	154,078
Equity			
Issued capital	12	14,268,305	12,572,212
Reserves	13	739,830	739,830
Accumulated losses		(14,606,895)	(13,157,964)
Total equity		401,240	154,078

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

Statement of Changes in Equity

For the year ended 30 June 2016

	Note	Issued capital	Share based payments reserve	Exercised option reserve	Accumulated losses	Total equity
		\$	\$	\$	\$	\$
2016						
As at 1 July 2015		12,572,212	675,030	64,800	(13,157,964)	154,078
Loss for the year		-	-	-	(1,448,931)	(1,448,931)
Total comprehensive loss for the year		-	-	-	(1,448,931)	(1,448,931)
Transactions with equity holders in their capacity as equity holders:						
Issue of ordinary fully paid shares, net of transaction costs		1,696,093	-	-	-	1,696,093
As at 30 June 2016		14,268,305	675,030	64,800	(14,606,895)	401,240
2015						
As at 1 July 2014		12,572,212	649,980	64,800	(12,343,808)	943,184
Loss for the year		-	-	-	(814,156)	(814,156)
Total comprehensive loss for the year		-	-	-	(814,156)	(814,156)
Transactions with equity holders in their capacity as equity holders:						
Share based payments	20	-	25,050	-	-	25,050
As at 30 June 2015		12,572,212	675,030	64,800	(13,157,964)	154,078

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

Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Interest received		16,773	21,594
Payments to suppliers and employees		(547,830)	(449,035)
Payments for exploration activities		(845,641)	(532,773)
Receipt of exploration expenditure recoveries		-	84,000
Receipt of option fees		-	125,000
Net cash outflows from operating activities	14	(1,376,698)	(751,214)
Cash flows from investing activities			
Payments for plant, equipment and motor vehicle		(7,666)	(2,585)
Proceeds from sale of plant, equipment and motor vehicle		1,200	-
Net cash outflows from investing activities		(6,466)	(2,585)
Cash flows from financing activities			
Proceeds from share issue		1,646,367	-
Payment for share issue costs		(50,274)	-
Net cash inflows from financing activities		1,596,093	-
Net increase/(decrease) in cash and cash equivalents held		212,929	(753,799)
Cash and cash equivalents at the beginning of the financial year		146,100	899,899
Cash and cash equivalents at the end of the financial year	7	359,029	146,100

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

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 1 SEGMENT INFORMATION

Management has determined that the Company has one reportable operating and geographical segment, being mineral exploration within Western Australia. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the members of the board of directors. The board of directors monitors the Company based on actual versus budgeted exploration expenditure. This internal reporting framework is the most relevant to assist the board with making decisions regarding its ongoing exploration activities.

	2016	2015
	\$	\$
Reportable segment assets	43,620	54,547
Reportable segment liabilities	3,588	25,912
Reconciliation of reportable segment liabilities:		
Reportable segment liabilities	3,588	25,912
Unallocated corporate liabilities	37,113	37,447
Total liabilities	40,701	63,359
Reportable segment loss	(923,317)	(347,213)
Reconciliation of reportable segment loss:		
Reportable segment loss	(923,317)	(347,213)
Other revenue	17,378	14,891
Unallocated corporate expenses	(542,992)	(481,834)
Loss before tax	(1,448,931)	(814,156)

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 2 REVENUE AND OTHER INCOME

	2016	2015
	\$	\$
Revenue from continuing operations		
Interest received	17,378	14,891
Other income		
Option fee income	-	125,000
Reimbursement of expenditure commitments	-	84,000
	-	209,000

Revenue is measured at the fair value of the consideration received or receivable.

Interest income is brought to account as income over the term of each financial instrument on an effective interest rate basis. Other revenue is recognised as it accrues.

NOTE 3 ADMINISTRATION EXPENSES

Loss before income tax includes the following specific administration expenses:

Personnel expenses

Salaries, directors' fees and management fee	525,366	474,052
Superannuation	23,245	16,308
Share based payments	-	25,050
Less: Disclosed as exploration expenditure	(277,964)	(288,101)
	270,647	227,309

Depreciation	16,227	15,762
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Other expenses

Rental and rates (office, storage, parking)	71,110	56,430
Company secretarial and accounting	68,042	68,042
Audit	23,220	26,921
Communications	18,546	15,060
Listing fees	12,812	15,776
Other	62,388	56,534
	542,992	481,834

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE

	2016	2015
	\$	\$
Exploration and evaluation expenditure incurred	923,317	569,232
Less: Recovered from third parties	-	(13,019)
	923,317	556,213

Expenditure incurred during exploration and early evaluation stages of areas of interest is written off as incurred.

Where the directors decide to progress to development in an area of interest, all further expenditure incurred relating to the area will be capitalised. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off to profit or loss in the year in which the decision to abandon the area is made. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTE 5 INCOME TAX

	2016	2015
	\$	\$
(a) Income tax expense	-	-
(b) Reconciliation of income tax expense to prima-facie tax payable on accounting loss		
Loss from continuing operations before income tax	(1,448,931)	(814,156)
Prima facie tax benefit at the Australian tax rate of 28.5% (2015: 30%)	(412,945)	(244,247)
Tax effect of amounts that are taxable/(deductible) in calculating taxable income:		
Taxable / non-deductible items	-	9,480
Non-taxable / deductible items	(8,187)	(13,066)
Over provision in prior year	-	(2,047)
Adjustment for change in tax rate	194,716	-
Tax benefits not brought to account	226,416	249,880
Income tax expense	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 5 INCOME TAX (continued)

The charge for current income tax expense is based on the loss for the year adjusted for any non-assessable or disallowed items, calculated using tax rates enacted or substantively enacted by the balance date. The income tax rate for small business entities was reduced from 30% to 28.5% effective from 1 July 2015. The Company currently satisfies the conditions to be a small business entity.

(c) Deferred tax assets and liabilities not brought to account	2016	2015
	\$	\$

The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end at the Australian corporate tax rate of 28.5% (2015: 30%), are made up as follows:

Carried forward tax losses	4,068,781	3,881,855
Deductible temporary differences	52,152	12,456
Taxable temporary differences	(207)	-
Unrecognised net deferred tax assets	4,120,726	3,894,311

These benefits will only be obtained if the conditions for deductibility, as set out below, occur.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable comprehensive income.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity or comprehensive income, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 6 LOSS PER SHARE

	2016	2015
	Cents	cents
Basic and diluted loss per share	0.72	0.73

Reconciliation of loss

The loss used in calculating the basic and diluted loss per share is equal to the loss attributable to ordinary equity holders of the Company in the Statement of Profit or Loss and Other Comprehensive Income

	\$	\$
	1,448,931	814,156

	No of shares	No of shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	201,376,079	111,848,198

The weighted average number of ordinary shares used in calculating basic and diluted loss per share is derived from the fully paid ordinary shares on issue.

Basic loss per share is determined by dividing the loss from ordinary activities after income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share adjusts the figures used in determination of basic loss per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year. The diluted loss per share is the same as the basic loss per share on account of the Company's potential ordinary shares (in the form of options) not being dilutive because their conversion to ordinary shares would not increase the loss per share.

NOTE 7 CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	359,029	146,100

Cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which is readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 23.

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 8 TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Trade receivables	19,325	19,325
less: provision for doubtful debts	(19,325)	(19,325)
Net trade receivables	-	-
GST receivable	43,067	16,669
Interest receivable	725	121
	43,792	16,790

Interest receivable comprises pro-rata interest receivable at balance sheet date in respect of deposits at call which are expected to be repaid within 90 days.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. Trade receivables amounting to \$19,325 have been impaired as the balance is owed by a company in liquidation. No other trade receivables are considered impaired or past due.

Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 23.

NOTE 9 PLANT AND EQUIPMENT

Field equipment – at cost	92,140	88,824
Accumulated depreciation	(80,963)	(77,355)
Field equipment – carrying amount	11,177	11,469
Office furniture and equipment – at cost	73,694	71,929
Accumulated depreciation	(72,014)	(70,874)
Office furniture and equipment – carrying amount	1,680	1,055
Motor vehicle – at cost	89,835	89,835
Accumulated depreciation	(59,072)	(47,812)
Motor vehicle – carrying amount	30,763	42,023
Total plant and equipment – carrying amount	43,620	54,547

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 9 PLANT AND EQUIPMENT (continued)

A reconciliation of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year is set out below:

	Field equipment	Office furniture & equipment	Motor Vehicle	Total
	\$	\$	\$	\$
2016				
Carrying amount at 1 July 2015	11,469	1,055	42,023	54,547
Additions during the year	5,905	1,765	-	7,670
Disposals during the year	(2,370)	-	-	(2,370)
Depreciation expense	(3,827)	(1,140)	(11,260)	(16,227)
Carrying amount at 30 June 2016	11,177	1,680	30,763	43,620
2015				
Carrying amount at 1 July 2014	12,550	1,922	53,252	67,724
Additions during the year	2,585	-	-	2,585
Disposals during the year	-	-	-	-
Depreciation expense	(3,666)	(867)	(11,229)	(15,762)
Carrying amount at 30 June 2015	11,469	1,055	42,023	54,547

Recognition and measurement

Plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of these assets.

Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life to the Company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The depreciation rates used for the current and comparative periods are as follows:

Plant and equipment: 10% - 20% straight line

Motor vehicle: 12.5% straight line

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 10 TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade creditors and accruals	27,070	48,009
Employee entitlements	13,631	12,450
	40,701	60,459

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. The Company's exposure to liquidity risk is disclosed in Note 23.

Employee entitlements include accruals for annual leave. The entire obligation is presented as current since the Company does not have an unconditional right to defer settlement. However it is possible that some employees may not take the full amount of their accrued leave during the next 12 months.

NOTE 11 PROVISIONS

Long service leave	4,500	2,900
Movement in provisions during the financial year, is as follows:		
Carrying amount at beginning of year	2,900	1,650
Increase in entitlement	1,600	1,250
Carrying amount at end of year	4,500	2,900

The provision for long service leave includes the unconditional entitlement to long service leave where employees have completed the required period of service or are entitled to pro-rata payments in certain circumstances.

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departure and period of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 12 ISSUED CAPITAL

2016	2015
\$	\$

(a) Share capital

227,714,527 (2015: 111,848,198) fully paid ordinary shares	14,268,305	12,572,212
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Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Company's capital risk management policy is set out in Note 23.

(b) Rights attaching to ordinary shares

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares being held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. The ordinary fully paid shares are listed on the ASX and carry no trade restrictions.

(c) Movements in ordinary share capital during the past two years

	2016	2015	2016	2015
	Number of shares	Number of shares	Amount	Amount
			\$	\$
At 1 July	111,848,198	111,848,198	12,572,212	12,572,212
Issue of ordinary shares	115,866,329	-	1,746,366	-
Capital raising costs	-	-	(50,273)	-
At 30 June	227,714,527	111,848,198	14,268,305	12,572,212

NOTE 13 RESERVES

	2016	2015
	\$	\$
Share based payments reserve	675,030	675,030
Exercised option reserve	64,800	64,800
	739,830	739,830

The share based payments reserve is used to recognise the fair value of options issued.

The exercised option reserve arises on the exercise of options when the share based payments reserve attributable to the options being exercised is transferred to this reserve.

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 14 CASH FLOW INFORMATION

	2016	2015
	\$	\$
Reconciliation of operating loss after income tax to net cash used in operating activities:		
Operating loss after income tax	(1,448,931)	(814,156)
Depreciation	16,227	15,762
Non-cash employee benefit expense	-	25,050
Non-cash exploration expense	100,000	-
Loss on disposal of plant and equipment	1,171	-
(Increase)/Decrease in receivables	(27,007)	42,042
Decrease in payables and provisions	(18,158)	(19,912)
Net cash outflows from operating activities	<u>(1,376,698)</u>	<u>(751,214)</u>

There were no non-cash flows from financing and investing activities.

NOTE 15 CONTINGENCIES

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2016.

The directors are not aware of any other contingent liabilities at 30 June 2016.

NOTE 16 COMMITMENTS

Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities payable:

Not later than one year	38,583	43,860
Later than one year but not later than five years	73,950	-
Later than five years	-	-
	<u>112,533</u>	<u>43,860</u>
Representing:		
Minimum lease payments in relation to non-cancellable operating leases	<u>112,533</u>	<u>43,860</u>

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 16 COMMITMENTS (continued)

	2016	2015
	\$	\$

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:

Not later than one year	115,417	115,417
Later than one year but not later than five years	-	-
Later than five years	-	-
	115,417	115,417

Exploration commitments

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. This represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined. The current year minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year is \$200,000 (2015: \$647,000).

NOTE 17 RELATED PARTY TRANSACTIONS

(a) Key management personnel

Directors of the Company during the financial year were:

Neil Tomkinson

Patrick Verbeek

Joshua Pitt

George Petersons

(b) Key management personnel compensation

	2016	2015
	\$	\$
Short term employee benefits	337,000	338,900
Post-employment benefits	5,700	3,800
Share based payments	-	21,500
Other long term benefits	-	-
	342,700	364,200

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report.

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 17 RELATED PARTY TRANSACTIONS (continued)

(c) Other related party transactions

During the financial year the Company paid \$1,170 (2015: \$812) to Hampton Hill Mining NL, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for staff amenities paid for on normal commercial terms and conditions determined on an arms-length basis between the companies.

During the financial year the Company paid \$nil (2015: \$290) to Red Hill Iron Ltd, a listed company of which Mr Tomkinson and Mr Pitt are directors and shareholders, for recharged expenses paid by that company on normal commercial terms and conditions.

During the financial year the Company paid \$6,800 (2015: nil) to the PAV Unit Trust, a trust associated with Mr Verbeek, in respect of a storage unit for exploration equipment and documents. This rental agreement was entered into during the current financial year on normal commercial terms and conditions determined on an arm's-length basis between the entities.

NOTE 18 EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to the end of the financial year, the Company entered into an agreement with Chalice Gold Mines Limited ("Chalice") to allow Chalice to earn-in to the Company's Latitude Hill tenements in the Musgrave Project. Chalice can earn up to 70% interest in the Latitude Hill tenements through expenditure of \$10M, with an initial minimum commitment of \$1M within the first twelve months. The estimated financial effect of this agreement for the Company cannot be reliably measured at this time.

NOTE 19 INTERESTS IN JOINT VENTURES

Name of project	Interest	Activities	Other parties
Ravensthorpe Project (Sirdar JV)	20%	Gold and base metal exploration	Galaxy Resources Limited (Traka 20% free carried to production)
Ravensthorpe Project (Bandalup Gossan JV)	20%	Gold and base metal exploration	ACH Minerals Pty Ltd
Yallalong Project (Yallalong Syndicate JV)	*0%	Antimony exploration	Yallalong Syndicate

*Earning up to 80%

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 19 INTERESTS IN JOINT VENTURES (continued)

The Company's mineral exploration agreements with third parties do not constitute separate legal entities. They are contractual agreements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit.

The agreements are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs in proportion to their ownership of joint venture assets. The parties to the agreement do not hold any assets other than their title to the mineral tenements and accordingly the company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 4.

NOTE 20 SHARE BASED PAYMENTS

The Traka Resources Limited Employee Share Option Plan ("ESOP") was adopted by the Company for the purpose of recognising the efforts of, and providing incentive to, employees of the Company. A summary of terms and conditions of the ESOP is set out below:

- Under the ESOP the Company may offer options to subscribe for shares in the Company to eligible persons. Directors and part-time or full-time employees are eligible persons for the purpose of the ESOP.
- The board of directors has discretion to determine who and to what extent an eligible person is entitled to participate in the ESOP.
- Options under the ESOP are to be offered on such terms as the board determines and the offer must set out the number of options offered, the exercise price and the period of the offer. Exercise price is determined by the board with reference to the market value of the shares of the Company at the time of resolving to offer the options. The period of the offer will be no longer than five years.
- No consideration is payable for the options unless the board determines otherwise and the Company will not apply for quotation of the options.
- The options are exercisable in whole or part, and shares will be issued within 10 business days of the receipt of notice of exercise and payment in full of the exercise price.
- If an option holder ceases to be an eligible person prior to the earliest date for exercise of their options for any other reason than retirement at age 60 or over, permanent disability, redundancy or death, the options will automatically lapse. If an option holder ceases to be an eligible person after the earliest date for exercise of their options for any other reason than retirement at age 60 or over, permanent disability, redundancy or death, the options will lapse after three months.

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 20 SHARE BASED PAYMENTS (continued)

Set out below is a summary of the movement of options on issue during the current and prior years:

Grant date	Expiry date	Exercise price	Balance at start of year	Granted	Expired	Balance at end of year
		Cents	Number	Number	Number	Number
2016						
18 Nov 2013	17 Nov 2016	8.75	2,000,000	-	-	2,000,000
13 Jan 2014	17 Nov 2016	8.75	450,000	-	-	450,000
6 Jan 2015	6 Jan 2018	3.10	450,000	-	-	450,000
10 Mar 2015	9 Mar 2018	2.56	2,000,000	-	-	2,000,000
			4,900,000	-	-	4,900,000
Weighted average exercise price (cents)			5.70	-	-	5.70
2015						
16 Nov 2011	15 Nov 2014	20.625	1,100,000	-	(1,100,000)	-
18 Nov 2013	17 Nov 2016	8.75	2,000,000	-	-	2,000,000
13 Jan 2014	17 Nov 2016	8.75	450,000	-	-	450,000
6 Jan 2015	6 Jan 2018	3.10	-	450,000	-	450,000
10 Mar 2015	9 Mar 2018	2.56	-	2,000,000	-	2,000,000
			3,550,000	2,450,000	(1,100,000)	4,900,000
Weighted average exercise price (cents)			12.43	2.66	20.63	5.70

No options were granted during the current year, and the total transactional value of options granted during the prior year is \$25,050.

Share based payments to key management personnel can be found in the audited Remuneration Report set out in the Directors' Report.

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 21 AUDITOR REMUNERATION

	2016	2015
	\$	\$

Amounts received, or due and receivable, by BDO Audit (WA) Pty Ltd for:

Auditing and review of the financial reports of the Company	10,220	26,921
Other services	-	-

Amounts received, or due and receivable, by HLB Mann Judd (WA Partnership) for:

Auditing and review of the financial reports of the Company	13,000	-
Other services	-	-

Total remuneration	23,220	26,921
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NOTE 22 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgements incorporated into the financial report 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.

Key estimates — impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amount of the asset is the higher of its value-in-use and its fair value less costs to sell. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and fair value less cost to sell is determined using market rates.

Key estimates – share-based payments

Historical volatility was used as the basis for estimating likely future share price volatility. Actual future volatility may differ from the estimate used. The expected average life of the options was estimated at 3 years. The actual life could differ from this estimate if the holder of the options chooses to exercise his options prior to their expiry date. The weighted average remaining contractual life of the options on issue is 1.02 years (2015: 2.02 years).

The fair value of options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 23 FINANCIAL RISK MANAGEMENT

The Company, in its normal course of business, is exposed to financial risks comprising liquidity risk, market risk (essentially interest rate risk) and credit risk.

The directors have overall responsibility for the Company's management of these risks and seek to minimise these risks through ongoing monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the Company.

(a) Liquidity risk

The Company has no significant exposure to liquidity risk as the Company's only debt is that associated with trade creditors in respect of which the Company's policy is to ensure payment within 30 days. The Company manages its liquidity by monitoring forecast cash flows.

(b) Credit risk

The Company's only exposure to credit risk arises from having its cash assets, including security deposits, all deposited at one bank. The Company manages this minimal exposure by ensuring its funds are deposited only with a major Australian bank with high security ratings, currently AA-. The Company manages its minimal exposure to credit risk from its other receivables by ensuring prompt collection of those receivables.

(c) Capital risk management

The Company's objective in managing capital, which consists of equity capital and reserves less accumulated losses to date, is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, or farm out joint venture interests in its projects.

(d) Market risk

Interest rate risk

The Company's market risk exposure is to Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of its cash assets and the interest rate return.

The weighted average interest rate to which the Company was exposed on its cash assets at the year-end was 2.06% (2015: 1.41%).

The table following summarises the sensitivity of the Company's cash assets to interest rate risk. The Company has no interest rate risk associated with any of its other financial assets or liabilities. This analysis reflects the effect of a 0.5% decline and a 0.5% increase in interest rates as recent Australian Treasury announcements and press reports would indicate movements in interest rates of this magnitude are possible over the next 12 months.

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 23 FINANCIAL RISK MANAGEMENT (continued)

Financial assets	Carrying amount of cash assets	Effect of increase or decrease of interest rate on			
		Post tax profit		Equity	
		-0.5%	+0.5%	-0.5%	+0.5%
2016	\$	\$	\$	\$	\$
Cash and cash equivalents	359,029				
Total increase/(decrease)		(1,795)	1,795	(1,795)	1,795
2015					
Cash and cash equivalents	146,100				
Total increase/(decrease)		(731)	731	(731)	731

NOTE 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the financial statements that relate specifically to matters dealt with in the preceding notes, are set out in the relevant notes. The more general accounting policies not already set out above are listed below.

The accounting policies have been consistently applied to all the years presented unless otherwise stated.

(a) Statement of compliance and basis of preparation

The financial report was authorised for issue of 19 September 2016.

The financial report complies with the Corporations Act 2001 and Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The Company is a for-profit entity for the purpose of applying these standards.

The financial statements have been prepared on an accruals basis and are based on historical costs.

Going concern

During the year ended 30 June 2016, the Company incurred a net loss of \$1,448,931 and, at balance date, the Company's current assets exceeded current liabilities by \$362,120.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

NOTE 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(b) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any objective evidence that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(c) Financial assets and liabilities

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out in the relevant notes.

(d) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Retirement benefits obligations

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

(e) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis except for the GST components of investing or financing activities, which are presented as operating cash flow.

Notes to the Financial Statements

For the year ended 30 June 2016

NOTE 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Accounting standards and interpretations

New accounting standards adopted

There were no new Australian Accounting Standards mandatory for the first time in the current financial period for adoption in the preparation of the financial statements.

New accounting standards and interpretations not yet adopted

The following Australian Accounting Standards have been issued and/or amended and are applicable to the Company but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date. The application date of the standard is for the annual reporting periods beginning on or after the date shown in the table below.

Reference and title	Nature of change to accounting policy and impact on initial application	Application date
AASB 2014-4 Depreciation and Amortisation	Revenue based depreciation for property, plant and equipment cannot be used. The Company does not calculate the depreciation of its property, plant and equipment based on revenue. The adoption of this statement will have no impact on the financial statements.	1 Jan 2016
AASB 9 Financial Instruments	Amends the requirement for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. The Company does not have any financial assets or liabilities measured at fair value through profit or loss.	1 Jan 2018
AASB 15 Revenue from contracts with customers	Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The adoption of this statement will have no impact on the financial statements.	1 Jan 2018
AASB 16 Leases	Removes the classification of leases as either operating or finance leases for the lessee. Leases which are less than 12 months and leases on low value assets are exempt. Due to the recent release of this standard, the Company has not yet made a detailed assessment of the impact of this standard.	1 Jan 2019

Directors' Declaration

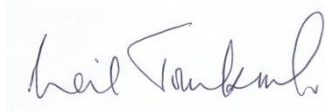
For the year ended 30 June 2016

1. In the opinion of the Directors of TKL (the 'Company'):

- a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year then ended; and
 - ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- 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 financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

This declaration is signed in accordance with a resolution of the board of Directors.



NEIL TOMKINSON

Chairman

Dated this 22nd day of September 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Traka Resources Limited for the year ended 30 June 2016, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
22 September 2016



B McVeigh
Partner

INDEPENDENT AUDITOR'S REPORT

To the members of Traka Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Traka Resources Limited ("the company"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 24(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the financial statements of Traka Resources Limited comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Traka Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 24(a).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 24(a) in the financial report, which indicates that the ability of the company to continue as a going concern is dependent upon funding alternatives including capital raisings, director loans and/or the realisation of assets. These conditions, along with other matters as set out in Note 24(a), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of Traka Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*

A handwritten signature in dark ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in dark ink that appears to read 'B G McVeigh'.

**B G McVeigh
Partner**

**Perth, Western Australia
22 September 2016**