Traka Resources Limited

ABN: 63 103 323 173

11 September 2013

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 2013.

Yours faithfully

P C Ruttledge
Company Secretary

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TRAKA RESOURCES LIMITED

ABN 63 103 323 173

FINANCIAL REPORT

30 JUNE 2013

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2013

Your Directors present their report on Traka Resources Limited ("Traka" or the "Company") for the year ended 30 June 2013.

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
George Petersons
Joshua Pitt

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 Musgrave Project

The Company's principal focus remains with the very substantial project interests it has in the Musgrave region of Western Australia. The Company's wholly owned interests comprise 18 exploration licence applications which are yet to be granted and are subject to finalisation of access agreements and permitting. The Company's additional interests are held over 7 exploration licences in joint venture with Anglo American Exploration (Australia) Pty Ltd ("AAE") and a further 5 tenements in joint venture with Western Areas Limited ("WSA"), by way of an agreement reached just prior to the year end. AAE and WSA are the Managers respectively of each of their joint ventures with Traka and, in each case, these parties can earn majority equity of between 70% and 80% by agreeing to expenditure commitments and free-carrying Traka's retained equity of between 20% and 30% through to completion of a Bankable Feasibility Study.

An active and exciting exploration program is underway on all the granted tenements in this very large project. This work is following up and continuing on from programs initiated by Traka and is currently dominated by various styles of ground geophysical surveys on discrete target areas to define drill targets. Those tenements and areas that have not immediately shown potential for world class discoveries have been surrendered and, conversely, the areas retained have matured to the definitive and drilling stage.

Although exploration programs are underway on all of the granted tenements, ongoing efforts are continuing to be made to access yet more of Traka's other tenements. This activity is being matched with similar efforts to secure additional funding so that there remains in place a consistent and efficient progress of exploration activity. The opportunity to leverage from the extensive holdings, often where no previous exploration has ever taken place remains an important objective.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

The Ravensthorpe Project

Traka's interests in the Ravensthorpe Project area are now entirely linked to a joint venture with Silver Lake Resources Limited ("SLR") and another with Galaxy Resources Ltd ("Galaxy"). The joint venture with SLR is subject to the terms of 4 separate Option Agreements signed during the financial year, each relating to a separate part of the project and each subject to a $125,000 option fee. SLR has an initial 12 month Option Period after which time it may choose to retain an interest and/or return separate option areas subject to various terms. The joint venture with Galaxy relates to some tenements abutting Galaxy's Mt Catlin Lithium and Tantalum Mine. Traka has a 20% Free Carry position should any lithium, tantalum or gold ever be mined on these joint venture tenements.

Corporate

The Company concluded a successful pro-rata entitlement issue early in the financial year, issuing a further 23,201,510 shares to raise $910,000 after costs.

The Company made a net loss for the financial year of $690,142 (2012: $1,561,590).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the operating results and capital raising 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

Following due diligence in relation to the assets comprising the joint venture agreement reached with Western Areas Limited ("Western Areas") just prior to the year end, the Company took the amount of $200,000, representing repayment of past exploration expenditure from Western Areas, to income in July 2013.

In September 2013, the Company exercised its option to acquire 90% of the Sammy JV project in the Musgraves by paying Sammy Resources Pty Ltd the option fee of $250,000. The Company in turn was reimbursed by Western Areas in accordance with the its joint venture agreement with that Company.

Other than the matters outlined in this note, there are no matters or circumstances which have arisen since the end of the financial year which have significantly affected the operations of the Company nor are there any such matters or circumstances or any likely developments which may affect the future results of those operations or the state of affairs of the Company.

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.

INFORMATION RELATING TO DIRECTORS

Chairman – Non Executive

Neil Tomkinson LLB (Hons)

Mr Tomkinson has considerable experience extending over the last thirty years in the administration of and investment in exploration and mining companies. He is the executive chairman of Red Hill Iron Limited (appointed April 2008), a non-executive director of Hampton Hill Mining NL (appointed January 1997) and the non-executive chairman of Pan Pacific Petroleum NL (appointed a director in June 2006 and chairman in December 2008). Mr Tomkinson is an investor in private mineral exploration and in resources in general in Australia.

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

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.

Joshua Pitt BSc, MAusIMM

Mr Pitt is a geologist with substantial exploration experience who has, for more than thirty 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), Red Hill Iron Limited (appointed June 2005), and Pan Pacific Petroleum NL (appointed December 2008).

INFORMATION RELATING TO THE COMPANY SECRETARY

Peter Ruttledge BSc, CA, FFin

Mr Ruttledge is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia and has over twenty five 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, following the completion of the entitlement issue announced on 31 July 2012, are as follows:

	Ordinary Shares	Options over Ordinary Shares
N Tomkinson	7,718,201	-
P A Verbeek	4,666,664	3,000,000
G J Petersons	1,310,000	-
J N Pitt	9,466,666	-

DIRECTORS' MEETINGS

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

Director	Meetings of Directors	Meetings attended
N Tomkinson	4	4
P A Verbeek	4	4
G J Petersons	4	4
J N Pitt	4	4

The Company does not have any subcommittees.

REMUNERATION REPORT - AUDITED

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

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

The key management personnel for the Company are the Directors, as listed in Section (B) of the Remuneration Report. There are no other key management personnel.

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.

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.

REMUNERATION REPORT – AUDITED (continued)

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, 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.

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

		2013	**2012**	**2011**	**2010**	**2009**
Revenue and other income	($000)	519	313	208	124	123
Net loss	($000)	690	1,562	2,438	996	771
Loss per share	(cents)	0.78	2.26	3.89	2.12	1.72
Share price at year end	(cents)	6	5	18	12	7

REMUNERATION REPORT – AUDITED (Continued)

(B) Details of remuneration

The key management personnel of the Company are the directors. The remuneration of key management personnel for the year is summarised below:

	Short term Benefits	Post employment benefits	Share based payments	Total	Value of options as proportion of remuneration	Performance related
	Salary & fees	Superannuation	Options			
	$	$	$	$	%	%
2013						
Non-executive directors						
N Tomkinson	20,000	1,800	-	21,800	-	-
J N Pitt	20,000	1,800	-	21,800	-	-
G J Petersons	20,000	1,800	-	21,800	-	-
Managing Director						
P A Verbeek	277,000	-	-	277,000	-	-
Total	**337,000**	**5,400**	**-**	**342,400**		
2012						
Non-executive directors						
N Tomkinson	20,000	1,800	-	21,800	-	-
J N Pitt	20,000	1,800	-	21,800	-	-
G J Petersons	20,000	1,800	-	21,800	-	-
Managing Director						
P A Verbeek	277,000	-	97,000	374,000	26%	-
Total	**337,000**	**5,400**	**97,000**	**439,400**		

No part of the remuneration of directors and other Company executives is contingent on the performance of the Company.

(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 2 years at the consultant's election. The current term expires November 2013. 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.

REMUNERATION REPORT – AUDITED (Continued)

(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 continuity of performance and provide additional incentive to the key management personnel to increase shareholder wealth. 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.

Share based compensation options

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

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
17 November 2010	17 November 2010	17 November 2013	$0.2125	$0.0978
16 November 2011	16 November 2011	15 November 2014	$0.20625	$0.097

Each option is convertible into one ordinary share.

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

Details of the options in the Company provided as remuneration to management personnel of the Company are set out below. Further information on options is set out in Note 24 to the financial statements.

	Number of options granted and vested during the year	
	2013	**2012**
Directors		
P A Verbeek	-	1,000,000

No options were issued during the year ended 30 June 2013.

The assessed fair value of the options issued in the previous year ended 30 June 2012 was calculated as at the date of grant using the Black-Scholes model for the valuation of call options.

REMUNERATION REPORT – AUDITED (Continued)

(D) Share-based compensation (continued)

The model inputs for options granted included:

	2013	2012
Grant date	-	16 November 2011
Exercise by	-	15 November 2014
Exercise price per share	-	20.625 cents
Expected average life of the options	-	3 years
Underlying security spot price at time of grant	-	16.5 cents
Risk free interest rate	-	3.33%
Expected volatility	-	100%

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.

Shares provided on exercise of remuneration options

During the financial year no shares (2012: 1,000,000) were issued as a result of the exercise of remuneration options.

(E) Additional information

Share-based compensation: Options

No options were issued or exercised during the year and no options lapsed during the year.

The audited remuneration report ends here.

SHARES UNDER OPTION

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

Date option granted	Expiry date	Issue price of shares	Number under option	Percent vested
17 November 2010	17 November 2013	21.25 cents	2,650,000	100%
16 November 2011	15 November 2014	20.625 cents	1,100,000	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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

BDO Audit (WA) Pty Ltd, the company's auditor, did not perform any non-audit services for the Company for the year ended 30 June 2013.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under 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 10th day of September 2013

TRAKA RESOURCES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 $	2012 $
Revenue from continuing operations	4	**12,891**	18,021
Other income	4	**506,116**	294,724
Exploration and evaluation expenditure	6	**(631,776)**	(1,137,457)
Administration expenses	5	**(577,373)**	(736,878)
Loss before income tax		**(690,142)**	(1,561,590)
Income tax expense	7	**-**	-
Loss for the year		**(690,142)**	(1,561,590)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		**(690,142)**	(1,561,590)
Loss per share attributable to the ordinary equity holders of the Company		**Cents**	Cents
Basic and diluted loss per share	24	**(0.78)**	(2.26)

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 30 JUNE 2013

	Notes	2013 $	2012 $
Current Assets			
Cash and cash equivalents	8	**47,439**	61,327
Trade and other receivables	9	**440,589**	41,122
Total current assets		**488,028**	102,449
Non-current Assets			
Trade and other receivables	10	**14,000**	14,000
Plant and equipment	11	**92,304**	115,881
Total non-current assets		**106,304**	129,881
Total assets		**594,332**	232,330
Current Liabilities			
Trade and other payables	12	**364,813**	72,793
Borrowings	13	**-**	150,000
Total current liabilities		**364,813**	222,793
Total liabilities		**364,813**	222,793
Net assets		**229,519**	9,537
Equity			
Issued capital	14	**11,503,628**	10,593,504
Reserves	15	**621,230**	621,230
Accumulated losses		**(11,895,339)**	(11,205,197)
Total equity		**229,519**	9,537

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 YEAR ENDED 30 JUNE 2013

	Issued capital	**Share based payments reserve**	**Exercised option reserve**	**Accumulated losses**	**Total equity**
	$	**$**	**$**	**$**	**$**
2013					
As at 1 July 2012	**10,593,504**	**556,430**	**64,800**	**(11,205,197)**	**9,537**
Loss for the year	**-**	**-**	**-**	**(690,142)**	**(690,142)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(690,142)**	**(690,142)**
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	**910,124**	**-**	**-**	**-**	**910,124**
As at 30 June 2013	**11,503,628**	**556,430**	**64,800**	**(11,895,339)**	**229,519**
2012					
As at 1 July 2011	10,495,004	482,630	31,900	(9,643,607)	1,365,927
Loss for the year	-	-	-	(1,561,590)	(1,561,590)
Total comprehensive loss for the year	-	-	-	(1,561,590)	(1,561,590)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	98,500	-	-	-	98,500
Issue of options	-	106,700	-	-	106,700
Exercise of options	-	(32,900)	32,900	-	-
As at 30 June 2012	10,593,504	556,430	64,800	(11,205,197)	9,537

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 YEAR ENDED 30 JUNE 2013

	Notes	**2013** **$**	2012 $
Cash flows from operating activities			
Interest received		**12,941**	25,835
Interest paid		**(5,341)**	-
Receipts from sublease of premises and other income		**41**	28,607
Payments to suppliers and employees		**(518,053)**	(628,865)
Payments for exploration activities		**(644,601)**	(1,643,580)
Receipt of exploration expenditure recoveries		**-**	375,000
Receipt of option fees		**375,000**	-
Net cash outflow from operating activities	23	**(780,013)**	(1,843,003)
Cash flows from investing activities			
Payments for plant, equipment and motor vehicle		**-**	(4,655)
Proceeds from sale of plant, equipment and motor vehicle		**6,000**	-
Proceeds from disposal of tenements		**-**	250,000
Net cash inflow from investing activities		**6,000**	245,345
Cash flows from financing activities			
Proceeds from share issue		**928,061**	100,000
Payment for share issue costs		**(17,936)**	(1,500)
Proceeds from loan facility		**50,000**	150,000
Repayment of loan facility		**(200,000)**	-
Net cash inflow from financing activities		**760,125**	248,500
Net (decrease)/increase in cash and cash equivalents held		**(13,888)**	(1,349,158)
Cash and cash equivalents at the beginning of the financial year		**61,327**	1,410,485
Cash and cash equivalents at the end of the financial year	8	**47,439**	61,327

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Traka Resources Limited is a listed public company, incorporated and domiciled in Australia.

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in Australia, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Reporting basis and conventions

These financial statements have been prepared on an accruals basis and under the historical cost convention.

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. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Going concern

During the year ended 30 June 2013, the Company incurred a net loss of $690,142 and, at balance date, the Company’s current assets exceeded current liabilities by $123,215.

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 commitments, including capital raisings, directors’ loans and/or the realisation of assets.

In the event that the Company does not achieve the matters as set out above, there is uncertainty whether the Company will 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Segment reporting

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.

(c) Revenue recognition

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.

(d) Income tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the balance sheet 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 income 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 profit or loss.

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 profit and loss except where it relates to items that may be credited directly to equity or comprehensive income, in which case the deferred tax is adjusted against other comprehensive income or directly against equity.

Deferred income 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.

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 Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) 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. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and cash equivalents

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

(g) Financial assets and liabilities

Recognition

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 below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

(h) Exploration, evaluation and development expenditure

Expenditure incurred during exploration and the early stages of evaluation 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.

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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Exploration, evaluation and development expenditure (continued)

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.

(i) Plant and equipment

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.

Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost or re-valued 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*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date and assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(j) Trade and other payables

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.

(k) Borrowings and borrowing cost

Borrowings are short term and initially recognised at fair value. There are no transaction costs associated with the borrowings. Interest on borrowings is accrued daily using the effective interest rate method and recognised in profit or loss over the period of the borrowings.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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 creditors 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.

Share based payments

The Company provides benefits to employees, including directors, in the form of share-based payment transactions, whereby employees are provided with incentives via grants of options. The cost of these transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model. The cost of equity based compensation benefits is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of options that, in the opinion of directors of the Company, will ultimately vest. This opinion is formed based on the best available information. Where options are cancelled or lapsed they are treated as if they had vested.

(m) Issued capital

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.

(n) Loss per share

Basic loss per share

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

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.

(o) Joint arrangements

The Company's joint ventures 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 joint ventures 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 joint ventures do not hold any assets and accordingly the company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 1(h).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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 this case 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. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow.

(q) New accounting standards and interpretations

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 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. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. The Company does not have any financial liabilities measured at fair value through profit or loss. So there will be no impact on amounts recognised in the financial statements on initial adoption.	1 July 2015
AASB 11 Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). When this standard is first adopted for the year commencing 1 July 2013, there will be no impact on transactions and balances recognised in the financial statements because the Company has not entered into any joint arrangements	1 July 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) New accounting standards and interpretations (continued)

Reference and title	Nature of change to accounting policy and impact on initial application	Application date
AASB 12 Disclosure of Interest in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates and AASB 131 Interests in Joint Ventures.* Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013
AASB 13 Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value on financial and non-financial items recognised at fair value in the financial statements. When this standard is adopted for the first time for the year commencing 1 July 2013, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013. Additional disclosures will be required about fair values.	1 July 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	When this standard is first adopted for the year commencing 1 July 2013, individual key management personnel disclosures relating to reconciliations of their option and shareholding balances, loans, and other transactions and balances, will no longer be presented in the notes to the financial statements under AASB 124. Instead, Regulation 2M.3.03(1) of the Corporations Act 2001 requires that these disclosures be included as part of the audited remuneration report.	1 July 2013
AASB 119 Employee Benefits	Employee benefits expected to be settled (as opposed to due to be settled under current standards) wholly within 12 months after the end of the reporting period are short-term benefits and therefore not disclosed when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of the end of the reporting period will in future be discounted when calculating leave liability. The Company does not have any annual leave liabilities and the first adoption of this statement for 1 July 2013 will have no impact on the financial statements.	1 July 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) New accounting standards and interpretations (continued)

Reference and title	Nature of change to accounting policy and impact on initial application	Application date
AASB 2012-5 Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRS, IAS 16 & IAS 32). When this standard is first adopted for the year commencing 1 July 2013, there will be no material impact.	1 July 2013
AASB 2012-9 Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 - Substantive enactment of Major Tax Bills in Australia – from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the Corporations Act 2001. There will be no impact on first-time adoption of this amendment as the Company does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament	1 July 2013
Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met (as an addition to, or enhancement of, an existing asset). The Company does not operate a surface mine. There will therefore be no impact on the financial statements when this interpretation is first adopted.	1 July 2013
Interpretation 21 Levies	Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. The Company is not liable to pay any government levies so there will be no impact on the financial statements when this interpretation is first adopted	1 July 2014

NOTE 2 FINANCIAL RISK MANAGEMENT

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

Market 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 2.29% (2012: 0.44%).

The table below 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 in interest rates as recent Australian Treasury announcements and press reports would indicate a downward movement in interest rates of this magnitude to be likely over the next 12 months.

Financial Assets	**Carrying amount of cash assets**	**Effect of increase or decrease of interest rate on profit and equity of the Company**			
2013		**-0.5%**		**+0.5%**	
	$	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Cash and cash equivalents	**47,439**				
Total increase/(decrease)		**(237)**	**(237)**	**237**	**237**
2012		-0.5%		+0.5%	
	$	Profit $	Equity $	Profit $	Equity $
Cash and cash equivalents	61,327				
Total increase/(decrease)		(307)	(307)	307	307

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.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

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. The Company manages its minimal exposure to credit risk from its other receivables by ensuring prompt collection of those receivables.

Exposure to credit risk	**2013**	2012
	$	$
Closing carrying amount		
Cash and cash equivalents	**47,439**	61,327
Trade and other receivables	**454,589**	55,122

Fair value estimates

The carrying amount of the Company's financial assets and liabilities approximates fair value due to their short-term maturity.

Capital management risk

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 joint venture its projects.

NOTE 3 SEGMENT INFORMATION

The management of Traka has determined that the Company has one reportable operating segment, being mineral exploration within Western Australia. The board of directors, which constitutes the chief operating decision maker, 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.

Reportable segment assets	**92,307**	115,881
Reportable segment profit/(loss)	**(131,776)**	(1,137,457)
Reconciliation of reportable segment loss		
Reportable segment profit/(loss)	**(131,776)**	(1,137,457)
Other revenue	**19,007**	312,745
Unallocated:		
Corporate expenses	**(577,373)**	(736,878)
Loss before tax	**(690,142)**	(1,561,590)

NOTE 4 REVENUE AND OTHER INCOME

	2013 $	2012 $
Revenue from continuing operations		
Interest received	**12,891**	18,021
Other income		
Option fee income	**500,000**	-
Tenement sale proceeds	**-**	250,000
Other	**6,116**	44,724
	506,116	294,724

Other income constitutes income from sublease of office premises and geological and administrative services on normal commercial terms and conditions.

NOTE 5 ADMINISTRATION EXPENSES

Loss before income tax includes the following specific administration expenses:

	2013 $	2012 $
Personnel expenses		
Salaries and management fee	**256,157**	387,304
Superannuation	**16,878**	26,006
Share based payments	**-**	106,700
Less: Disclosed as exploration expenditure	**(62,292)**	(153,789)
	210,743	366,221
Depreciation	**23,577**	27,663
Other expenses		
Rental and rates (office, storage, parking)	**151,235**	136,592
Company secretarial and accounting	**56,960**	63,929
Audit	**19,303**	24,374
Communications	**14,742**	16,061
ASX fees	**12,583**	20,860
Interest paid	**4,665**	676
Other	**83,565**	80,502
	577,373	736,878

NOTE 6 EXPLORATION AND EVALUATION EXPENDITURE

	2013 $	2012 $
Exploration and evaluation expenditure incurred	**688,055**	1,512,457
Less: Recovered from third parties	**(56,279)**	(375,000)
	631,776	1,137,457

NOTE 7 INCOME TAX

	2013 $	2012 $
(a) Income tax expense	**-**	-
(b) Loss from continuing operations before income tax	**(690,192)**	(1,561,590)
Prima facie tax benefit at the Australian tax rate of 30% (2012: 30%)	**(207,058)**	(468,477)
Tax effect of amounts that are taxable/(deductible) in calculating taxable income:		
Taxable / non-deductible items	**-**	32,352
Non-taxable / deductible items	**(9,366)**	(8,290)
Tax benefits not brought to account	**216,424**	444,415
Income tax expense/(benefit)	**-**	-

The franking account balance at year-end was nil (2012: nil)

(c) Deferred tax assets and liabilities not brought to account

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 30%, are made up as follows:

	2013 $	2012 $
Carried forward tax losses	**3,515,265**	3,301,664
Deductible temporary differences	**8,904**	6,096
Taxable temporary differences	**-**	(15)
Unrecognised net deferred tax assets	**3,524,169**	3,307,745

These benefits will only be obtained if the conditions for deductibility set out in Note 1(d) occur.

NOTE 8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank and on hand	**47,439**	61,327

Information about the Company’s exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 2.

NOTE 9 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2013	2012
	$	$
Trade receivables	**-**	19,834
Interest receivable	-	50
Other receivables	**440,589**	21,238
	440,589	41,122

Other receivables comprise option fees and exploration expenditure recoverable in terms of joint arrangement agreements.

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. Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 2.
Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. No receivables are considered impaired or past due.

NOTE 10 NON-CURRENT ASSETS - RECEIVABLES

Security deposit	**14,000**	14,000

The security deposit is held with the bank as security for a Department of Mines and Petroleum bond issued by the bank on behalf of the Company. The fair value of the receivable is considered to be equal to its carrying amount.

NOTE 11 NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Field equipment – at cost	**108,031**	127,531
Accumulated depreciation	**(82,564)**	(93,143)
	25,467	34,388
Office furniture and equipment – at cost	**87,561**	87,561
Accumulated depreciation	**(85,206)**	(81,779)
	2,355	5,782
Motor vehicle – at cost	**89,835**	89,835
Accumulated depreciation	**(25,353)**	(14,124)
	64,482	75,711
Total plant and equipment	**92,304**	115,881

NOTE 11 NON-CURRENT ASSETS - 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.

	Office furniture & equipment	Field equipment	Motor vehicle	Total
	$	$	$	$
2013				
Carrying amount at 1 July 2012	5,782	34,388	75,711	115,881
Additions during the year	**-**	**-**	**-**	**-**
Disposals during the year	**-**	**-**	**-**	**-**
Depreciation expense	**(3,427)**	**(8,921)**	**(11,229)**	**(23,577)**
Carrying amount at 30 June 2013	**2,355**	**25,467**	**64,482**	**92,304**
2012				
Carrying amount at 1 July 2011	12,035	39,913	86,941	138,889
Additions during the year	-	4,655	-	4,655
Disposals during the year	-	-	-	-
Depreciation expense	(6,253)	(10,180)	(11,230)	(27,663)
Carrying amount at 30 June 2012	5,782	34,388	75,711	115,881

NOTE 12 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2013	2012
	$	$
Trade creditors and accruals	**155,076**	60,104
Employee entitlements	**9,737**	12,689
Deferred income	**200,000**	-
	364,813	72,793

The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 2.

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.

Deferred income relates to a receivable in respect of exploration expenditure recoverable by the Company arising from a joint venture arrangement that at balance date remained subject to a period of due diligence on the part of the joint venture partner.

NOTE 13 CURRENT LIABILITIES - BORROWINGS

	2013	2012
	$	$
Unsecured loans – related parties	**-**	150,000

Related party loans relate to unsecured short term loans made under a facility of $200,000 from entities of which Mr Pitt and Mr Tomkinson are directors. These loans were made on normal commercial terms and conditions bearing interest at 5% per annum and had a fixed repayment date of 31 December 2012. Details of the Company's exposure to risks from current borrowings are set out in Note 2.

These loans, including interest of $4,665 (2012: $676), were repaid in full during the financial year.

NOTE 14 EQUITY - ISSUED CAPITAL

(a) Share capital

Fully paid ordinary shares – 92,806,559 (2012: 69,605,049)	**11,503,628**	10,593,504

(b) Movements in ordinary share capital in the last 2 years

Date	**Details**	**Numberof Shares**	**$**
2013			
1 July 2012	**Balance**	**69,605,049**	**10,593,504**
	Issue of ordinary shares	**23,201,510**	**928,060**
	Capital raising costs	**-**	**(17,936)**
30 June 2013	**Balance**	**92,806,559**	**11,503,628**
2012			
1 July 2011	Balance	68,605,049	10,495,004
	Issue of ordinary shares (options exercised)	1,000,000	100,000
	Capital raising costs	-	(1,500)
30 June 2012	Balance	69,605,049	10,593,504

NOTE 14 EQUITY - ISSUED CAPITAL (continued)

(c) Share Options

	No. of Ordinary Shares Subject to Option	Expiry Date	Exercise Price
Director	**2,000,000**	17 November 2013	21.25 cents
Staff	**650,000**	17 November 2013	21.25 cents
Director	**1,000,000**	15 November 2014	20.625 cents
Staff	**100,000**	15 November 2014	20.625 cents
	3,750,000		

(d) Movements in number of options during the past 2 years:

Date	Details	No. of Options	Exercise Price
2013			
01 July 2012	Balance	**3,750,000**	
30 June 2013	Balance	**3,750,000**	
2012			
01 July 2011	Balance	4,900,000	
16 Nov 2011	Options issued	1,100,000	20.625 cents
07 Dec 2011	Options exercised	(1,000,000)	10 cents
28 Dec 2011	Options lapsed	(1,000,000)	20 cents
06 Apr 2012	Options lapsed	(250,000)	21.25 cents
30 June 2012	Balance	3,750,000	

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the 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 Company's capital risk management policy is set out in Note 2.

NOTE 15 EQUITY - RESERVES

	2013 **$**	2012 $
Share based payments reserve	**556,430**	556,430
Exercised option reserve	**64,800**	64,800
	621,230	621,230

NOTE 15 EQUITY- RESERVES (continued)

Nature and purpose of reserves

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.

NOTE 16 KEY MANAGEMENT PERSONNEL DISCLOSURES

	2013	2012
	$	$
(a) Key management personnel compensation		
Short term employee benefits	**337,000**	337,000
Post-employment benefits	**5,400**	5,400
Share based payments	**-**	97,000
	342,400	439,400

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.

(b) Equity instruments relating to key management personnel

Shareholdings

The numbers of shares in the Company held during the financial year by key management personnel, including those held by their personally related entities, are set out below. There were no shares granted during the reporting period as compensation.

Name	**Balance at beginning of year**	**Received as remuneration**	**Options exercised**	**Net changes Other**	**Balance at end of year**
2013					
Directors					
N Tomkinson	**5,788,651**	**-**	**-**	**1,929,550**	**7,718,201**
P A Verbeek	**3,499,999**	**-**	**-**	**1,166,665**	**4,666,664**
J N Pitt	**7,100,000**	**-**	**-**	**2,366,666**	**9,466,666**
G J Petersons	**1,310,000**	**-**	**-**	**-**	**1,310,000**
(a) 2012					
Directors					
N Tomkinson	5,788,651	-	-	-	5,788,651
P A Verbeek	2,499,999	-	1,000,000	-	3,499,999
J N Pitt	7,100,000	-	-	-	7,100,000
G J Petersons	1,500,000	-	-	(190,000)	1,310,000

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 17,184,867 shares (2012: 12,888,651 shares)

NOTE 16 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Equity instruments relating to key management personnel (continued)

Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options, can be found in the Directors' Report.

Option holdings

Name	Balance at the beginning of the year	Granted during year as compensation	Expired/ Exercised During year	Balance at the end of the year	Vested and exercisable at the end of the year
2013					
Directors					
N Tomkinson	**-**	**-**	**-**	**-**	**-**
P A Verbeek	**3,000,000**	**-**	**-**	**3,000,000**	**3,000,000-**
J N Pitt	**-**	**-**	**-**	**-**	**-**
G J Petersons	**-**	**-**	**-**	**-**	**-**
(b) 2012					
Directors					
N Tomkinson	-	-	-	-	-
P A Verbeek	4,000,000	1,000,000	(2,000,000)	3,000,000	3,000,000
J N Pitt	-	-	-	-	-
G J Petersons	-	-	-	-	-

(c) Loans to key management personnel

There are no loans made to directors or other key management personnel of the Company.

(d) Other transactions with key management personnel

There are no transactions with key management personnel other than those disclosed in Note 19.

NOTE 17 REMUNERATION OF AUDITORS

	2013 $	2012 $
Audit services		
Fees paid to BDO Audit (WA) Pty Ltd		
Amounts paid or payable to the auditor for:		
- Auditing the financial reports of the company	**19,303**	24,374
Total remuneration	**19,303**	24,374

NOTE 18 CONTINGENCIES

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2013.

The Directors are not aware of any other contingent liabilities at 30 June 2013.

NOTE 19 COMMITMENTS

Lease commitments

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

	2013	2012
Not later than one year	**43,860**	122,858
Later than one year but not later than five years	**135,568**	-
Later than five years	**-**	-
	179,428	122,858
Representing:		
Minimum lease payments in relation to non-cancellable operating leases	**179,428**	122,858

Exploration tenements

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. The minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year is set out below.

	2013	2012
Minimum estimated expenditure requirements	**-**	738,739

The current year minimum estimated requirements are nil on account of the expenditure commitments being the responsibility Traka's joint venture partners. Any such requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

NOTE 19 COMMITMENTS (continued)

Remuneration commitments	2013 $	2012 $
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**	277,000
Later than one year but not later than five years	**-**	108,500
Later than five years	-	-
	115,417	385,500

NOTE 20 RELATED PARTY TRANSACTIONS

Directors

Directors of the Company during the financial year were:
Neil Tomkinson
Patrick Verbeek
George Petersons
Joshua Pitt

Disclosures relating to directors and key management personnel are set out in the Directors' Report and in Note 16.

Other related party transactions

Private companies associated with two directors, Mr Pitt and Mr Tomkinson, advanced unsecured short term loans of an additional $50,000 (2012:$150,000) to a total of $200,000 to the Company during the year. The loans were repaid in full during the year. Details of these loans are disclosed in Note 12.

The Company paid Timothy Verbeek, son of the Company's managing director, $1,647 (2012: $1,654) for administration services on normal commercial terms and conditions.

There are no other related party transactions other than those relating to Directors' remuneration.

NOTE 21 INTERESTS IN JOINT VENTURES

The Company has interests in the following mineral exploration joint ventures as at 30 June 2013:

Name of project	Interest	Activities	Other Parties
Musgrave Project (AAE JV)	49%	Gold and base metal exploration	Anglo American (Australia) Pty Ltd (Anglo earning up to 75%)
Musgrave Project (Polaris JV)	90%	Gold and base metal exploration	Polaris Metals NL (Polaris 10% free carried)
Musgrave Project (Sammy JV)	0%	Gold and base metal exploration	Sammy Resources Pty Ltd (Traka earning up to 90%)
Musgrave Project (Rubicon JV)	0%	Gold and base metal exploration	Rubicon Resources Ltd (Traka earning up to 75%)
Musgrave Project (Amex JV)	90%	Gold and base metal exploration	Amex Resources Ltd (Amex free carried for first $1 million)
Ravensthorpe Project (Sirdar JV)	20%	Gold and base metal exploration	Galaxy Resources (Traka 20% free carried to production)
Ravensthorpe Project (Silver Lake JV) 4 x Option Agreements	100%	Gold and base metal exploration	Silver Lake Resources (Option to buy 100% x 2) (Option to buy 80% x 2. Traka 20% free carried)
Musgrave Project (Western Areas JV)	100%	Gold and base metal exploration	Western Areas Ltd (WSA) (WSA earning between 70% - 80%) (Traka between 20% - 30% free carried)

The Company's joint ventures do not constitute separate legal entities but are contractual agreements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit. Refer Note 1(o).

NOTE 22 EVENTS OCCURRING AFTER BALANCE DATE

Following due diligence in relation to the assets comprising the joint venture agreement reached with Western Areas Limited ("Western Areas") just prior to the year end, the Company took the amount of $200,000, representing repayment of past exploration expenditure from Western Areas, to income in July 2013.

In September 2013, the Company exercised its option to acquire 90% of the Sammy JV project in the Musgraves by paying Sammy Resources Pty Ltd the option fee of $250,000. The Company in turn was reimbursed by Western Areas in accordance with the its joint venture agreement with that Company.

Other than the matters outlined in this note, there are no matters or circumstances which have arisen since the end of the financial year which have significantly affected the operations of the Company nor are there any such matters or circumstances or any likely developments which may affect the future results of those operations or the state of affairs of the Company.

NOTE 23 CASH FLOW INFORMATION	**2013**	2012
	$	$
Reconciliation of operating loss after income tax to net cash used in operating activities:		
Operating loss after income tax	**(690,142)**	(1,561,590)
Depreciation	**23,577**	27,663
Non-cash employee benefit expense	**-**	106,700
Proceeds from disposal of tenements	**-**	(250,000)
Proceeds from disposal of plant & equipment	**(6,000)**	-
Provision for doubtful debt	**19,325**	-
(Increase)/decrease in receivables	**(380,720)**	19,051
Increase/(decrease) in payables and provisions	**253,947**	(184,827)
Net cash outflow from operating activities	**(780,013)**	(1,843,003)

NOTE 24 LOSS PER SHARE	**2013**	2012
	Cents	Cents
Basic and diluted loss per share	**(0.78)**	(2.26)
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	**(690,142)**	(1,561,590)
	No of Shares	No of Shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	**88,280,990**	69,167,891

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.

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 25 SHARE BASED PAYMENTS

Traka Resources Limited Employee Share Option Plan

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.

NOTE 25 SHARE BASED PAYMENTS (continued)

- 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. 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.

Set out below is a summary of options granted:

Grant date	Expiry date	Exercise price	Balance at start date	Granted during the year	Exercised/ expired/lapsed during the year	Balance at end of year
		Cents	Number	Number	Number	Number
2013						
17 Nov 2010	**17 Nov 2013**	**21.25**	**2,650,000**	**-**	**-**	**2,650,000**
16 Nov 2011	**15 Nov 2014**	**20.625**	**1,100,000**	**-**	**-**	**1,100,000**
			3,750,000	**-**	**-**	**3,750,000**
Weighted average exercise price (cents)			**21.00**	-	-	**21.00**
2012						
17 Nov 2010	17 Nov 2013	21.25	2,750,000	-	(100,000)	2,650,000
10 Dec 2008	10 Dec 2011	10.00	1,000,000	-	(1,000,000)	-
6 Apr 2007	6 Apr 2012	25.00	50,000	-	(50,000)	-
28 Dec 2006	28 Dec 2011	20.00	1,000,000	-	(1,000,000)	-
16 Nov 2011	15 Nov 2014	20.625	-	1,100,000	-	1,100,000
			4,800,000	1,100,000	(2,1500,000)	3,750,000
Weighted average exercise price (cents)			19.00	20.625	16.00	21.00

NOTE 25 SHARE BASED PAYMENTS (continued)

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

No options were granted during the year 2013 (2012: 1,100,000), no options were exercised during the year 2013 (2012: 1,000,000) and no options expired during the year 2013 (2012: 2,750,000).

The assessed fair value at grant date of options granted in the prior year ended 30 June 2012 was $0.097 per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period were:

	2013	2012
Grant date	-	16 November 2011
Exercise by	-	15 November 2014
Exercise price per share	-	20.625 cents
Expected average life of the options	-	3 years
Underlying security spot price at time of grant	-	16.5 cents
Risk free interest rate	-	3.33%
Expected volatility	-	100%

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 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.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2013 **$**	2012 $
Options issued	**-**	106,700

TRAKA RESOURCES LIMITED

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2013

The directors of the Company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

    (c) comply with Accounting Standards and the *Corporations Regulations 2001*; and

    (d) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

4. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the directors and is signed for and on behalf of the directors by:

NEIL TOMKINSON
Chairman

Dated this 10th day of September 2013

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

10 September 2013

The Board of Directors
Traka Resources Limited
Suite 2, Ground Floor
43 Ventnor Avenue
WEST PERTH 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF TRAKA RESOURCES LIMITED

As lead auditor of Traka Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

C Burton

Chris Burton
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

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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, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

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 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Traka Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2013 and of 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 1(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the company incurred a net loss of $690,142 during the year ended 30 June 2013 and, as of that date the current assets exceeded its current liabilities by $123,215. The company's directors have stated that going concern is dependent upon funding alternatives to meet the company's commitments. These conditions, along with the other matters as set forth in Note 1(a) indicate the existence of a material uncertainty which 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 extinguish its liabilities in the normal course of business at the values stated in these financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of Traka Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 10th day of September 2013