



# Traka Resources Limited

ABN: 63 103 323 173

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11 September 2012

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 2012.

Yours faithfully

P C Ruttledge  
Company Secretary



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**TRAKA RESOURCES LIMITED**

*ABN 63 103 323 173*

**FINANCIAL REPORT**

**30 JUNE 2012**



## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

Your Directors present their report on Traka Resources Limited ("Traka" or the "Company") for the year ended 30 June 2012.

#### **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 interest in the Musgrave Project remains the Company's key focus of attention and exploration activity. The large scale of the project and the excellent prospectivity evident from the results received to date is likely to see this position remain the case for the foreseeable future. Traka's interest in the Musgrave Project is the dominant one in terms of size and activity for the region. The Company manages a number of tenements held in its own right as well as four joint venture properties where Traka has majority equity or the rights to earn majority equity. In addition, Traka is in the fourth year of joint venture with Anglo American (Australia) Pty Ltd ("AAE"). The AAE joint venture covers approximately half the tenement holding in the Musgrave Project and provides very considerable impetus to the exploration activity underway. AAE have the right to earn 75% equity in the joint venture tenements for the expenditure of \$27 million. At this point AAE has achieved 75% equity, Traka's remaining 25% equity is free carried through to completion of a bankable feasibility study.

Traka's exploration activities to date have generated a number of targets. Some are copper, nickel and platinum bearing mineralisation hosted in mafic and ultramafic rocks and others are vanadium, titanium and platinum mineralisation in magnetite rich rocks. Traka's exploration focus has concentrated around the Jameson area. This area is proximal to the large undeveloped nickel, copper and platinum resource of Babel and Nebo owned by BHP Billiton. Exploration work comprising geochemistry, geophysics, geology and drilling is planned to follow-up and expand the focus around the Jameson area.

The AAE exploration program has principally revolved around drill testing a number of airborne geophysical targets generated by their proprietary Spectrem system. These targets are for sulphide hosted copper, nickel and platinum mineralisation hosted in mafic and ultramafic rocks. The last portion of the joint venture tenements is currently being flown by Spectrem. A number of new targets have been highlighted by the recent survey and follow-up on these will constitute AAE prime exploration focus into the future.



## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

#### **REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)**

##### ***The Ravensthorpe Project***

Traka's exploration interests in the Ravensthorpe Greenstone Belt remain very significant through a mixture of ground held and explored in its own right along with joint venture interests held with three other parties active in the region. The Company has a 20% Free Carry interest in ground prospective for Lithium and Tantalum adjacent to the newly developed Mount Catlin Lithium Tantalum Mine owned and operated by Galaxy Resources Limited. It also has two blocks of ground farmed out to Phillips River Mining Limited prospective for base metals and gold. Traka also retains a Royalty interest for any Laterite mining that may occur on certain of the Company's tenements should First Quantum Minerals Ltd's new start-up operations of the Ravensthorpe Nickel Operations expand. In the Company's own right a drilling program on the Mt Short Base Metal anomaly has highlighted low grade stratigraphic lead and zinc mineralisation within sedimentary rocks. A downhole survey of some of the drill holes indicates better grade mineralisation occurs to the side of the drill holes and as a consequence follow up drilling of this target will be undertaken as soon as possible.

Apart from the Mt Short Base Metal Anomaly area the Company is now actively seeking to divest the rest of the Ravensthorpe Project. The focus and size of the Musgrave Project means that Ravensthorpe is no longer a core asset. As part of this strategy some of the tenements in the Jerdacuttup area of Ravensthorpe were sold to Australasian Mining Limited during the year.

The Company made a net loss for the financial year of \$1,561,590 (2011: \$2,437,600).

#### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than the operating results and the issue of 1,000,000 new shares pursuant to the exercise of options, raising a total of \$100,000 before costs, 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**

On 31 July the Company announced a non-renounceable entitlement issue of ordinary fully paid shares on a 1 for 3 basis at 4 cents each to raise \$906,000 after costs. The issue closed 68% subscribed on 31 August and the resulting shortfall was fully taken up by existing shareholders resulting in 23,201,510 new ordinary shares being issued on 10 September 2012.

Other than the matter detailed above, 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 require 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.



## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

#### **INFORMATION RELATING TO DIRECTORS**

##### **Chairman – Non Executive**

Neil Tomkinson LLB (Hons)

Mr Tomkinson has considerable experience extending over the last 30 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 30 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 30 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 Rutledge BSc, CA, FFin

Mr Rutledge is a Chartered Accountant and a Fellow of The Financial Services Institute of Australia and has over 25 years' experience as company secretary of a number of listed mining and exploration companies.



## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

#### **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:

	<b>Ordinary Shares</b>	<b>Options over Ordinary Shares</b>
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:

<b>Director</b>	<b>Meetings of Directors</b>	<b>Meetings attended</b>
N Tomkinson	5	5
P A Verbeek	5	5
G J Petersons	5	5
J N Pitt	5	5

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 Board remuneration policy is to ensure remuneration packages properly reflect the duties and responsibilities of the persons concerned and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. 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 in the following ways:

- Focuses on sustained growth in share price, as well as focusing the executives on key non-financial drivers of value; and
- Attracts and retains high calibre executives.



## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

#### **REMUNERATION REPORT – AUDITED (continued)**

The remuneration framework has regard to executives' interests in the following ways:

- Rewards capability and experience;
- Reflects competitive reward for contributions in shareholder growth;
- Provides a clear structure for earning rewards; and
- Provides recognition for 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:

		<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Revenue and other income	(\$000)	313	208	124	123	175
Net Loss	(\$000)	1,562	2,438	996	771	903
Loss per share	(cents)	2.26	3.89	2.12	1.72	2.02
Share price at year end	(cents)	5	18	12	7	9.5



# **TRAKA RESOURCES LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

### **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 Salary & fees \$	Post employment benefits Superannuation \$	Share based payments Options \$	Total \$	Value of options as proportion of remuneration %	Performance related %
<b>2012</b>						
<b>Non-executive Directors</b>						
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	-	-
<b>Managing Director</b>						
P A Verbeek	277,000	-	97,000	374,000	26%	-
<b>Total</b>	<b>337,000</b>	<b>5,400</b>	<b>97,000</b>	<b>439,400</b>		

<b>2011</b>						
<b>Non-executive Directors</b>						
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	-	-
<b>Managing Director</b>						
P A Verbeek	264,667	-	195,600	460,267	42%	-
<b>Total</b>	<b>324,667</b>	<b>5,400</b>	<b>195,600</b>	<b>525,667</b>		

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.



## TRAKA RESOURCES LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

#### 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 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 25 to the financial statements.

	Number of options granted and vested during the year	
	2012	2011
<b>Directors</b>		
P A Verbeek	1,000,000	2,000,000

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



## TRAKA RESOURCES LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

#### REMUNERATION REPORT – AUDITED (Continued)

##### (D) Share-based compensation (continued)

The model inputs for options granted included:

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 1,000,000 shares were issued as a result of the exercise of remuneration options.

##### (E) Additional information

Share-based compensation: Options

Further details relating to options are set out below:

Name	Grant date	Date of exercise / lapse	No. of shares issued on exercise of options during the year	Value at grant date (A) \$	Value at exercise date (B) \$	Value at lapse date (C) \$
PA Verbeek	10 Dec 2008	7 Dec 2011	1,000,000	32,900	60,000	-
P A Verbeek	28 Dec 2006	28 Dec 2011	-	133,000	-	-
P A Verbeek	17 Nov 2010	-	-	195,600	-	-
P A Verbeek	16 Nov 2011	-	-	97,000	-	-

A= The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

B= The value at exercise date of options that were granted as part of remuneration and were exercised during the year being the intrinsic value of the options at that date. No other options were exercised during the year.

C= The value at lapse date of options that were granted as part of remuneration and that lapsed during the year. Lapsed options refer to options that vested but expired unexercised.

The audited remuneration report ends here.



## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

#### **SHARES UNDER OPTION**

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

<b>Date option granted</b>	<b>Expiry date</b>	<b>Issue price of shares</b>	<b>Number under option</b>	<b>Percent vested</b>
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 2012.

#### **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.



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**NEIL TOMKINSON**

Chairman

Dated this 10<sup>th</sup> day of September 2012



**TRAKA RESOURCES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	<b>2012</b> \$	2011 \$
Revenue from continuing operations	4	<b>18,021</b>	70,901
Other income	4	<b>294,724</b>	136,788
Exploration and evaluation expenditure		<b>(1,137,457)</b>	(1,714,287)
Administration expenses	5	<b>(736,878)</b>	(931,002)
<b>Loss before income tax</b>		<b>(1,561,590)</b>	(2,437,600)
Income tax expense	6	-	-
<b>Loss for the year</b>		<b>(1,561,590)</b>	(2,437,600)
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year attributable to the ordinary equity holders of the Company</b>		<b>(1,561,590)</b>	(2,437,600)
<b>Loss per share attributable to the ordinary equity holders of the Company</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share	24	<b>(2.26)</b>	(3.89)

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*



**TRAKA RESOURCES LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	Notes	<b>2012</b> \$	2011 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	<b>61,327</b>	1,410,485
Trade and other receivables	8	<b>41,122</b>	76,291
<b>Total current assets</b>		<b>102,449</b>	1,486,776
<b>Non-current Assets</b>			
Trade and other receivables	9	<b>14,000</b>	14,000
Plant and equipment	10	<b>115,881</b>	138,889
<b>Total non-current assets</b>		<b>129,881</b>	152,889
<b>Total assets</b>		<b>232,330</b>	1,639,665
<b>Current Liabilities</b>			
Trade and other payables	11	<b>72,793</b>	273,288
Borrowings	12	<b>150,000</b>	-
Provisions	13	<b>-</b>	450
<b>Total current liabilities</b>		<b>222,793</b>	273,738
<b>Total liabilities</b>		<b>222,793</b>	273,738
<b>Net assets</b>		<b>9,537</b>	1,365,927
<b>Equity</b>			
Contributed equity	14	<b>10,593,504</b>	10,495,004
Reserves	15	<b>621,230</b>	514,530
Accumulated losses		<b>(11,205,197)</b>	(9,643,607)
<b>Total equity</b>		<b>9,537</b>	1,365,927

*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 2012**

	Contributed equity	Share based payments reserve	Exercised option reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
<b>2012</b>					
<b>As at 1 July 2011</b>	<b>10,495,004</b>	<b>482,630</b>	<b>31,900</b>	<b>(9,643,607)</b>	<b>1,365,927</b>
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	-	-
<b>As at 30 June 2012</b>	<b>10,593,504</b>	<b>556,430</b>	<b>64,800</b>	<b>(11,205,197)</b>	<b>9,537</b>
<b>2011</b>					
<b>As at 1 July 2010</b>	<b>8,529,410</b>	<b>245,580</b>	<b>-</b>	<b>(7,206,007)</b>	<b>1,568,983</b>
Loss for the year	-	-	-	(2,437,600)	(2,437,600)
Total comprehensive loss for the year	-	-	-	(2,437,600)	(2,437,600)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	1,965,594	-	-	-	1,965,594
Issue of options	-	268,950	-	-	268,950
Exercise of options	-	(31,900)	31,900	-	-
<b>As at 30 June 2011</b>	<b>10,495,004</b>	<b>482,630</b>	<b>31,900</b>	<b>(9,643,607)</b>	<b>1,365,927</b>

*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 2012**

	Notes	<b>2012</b> \$	2011 \$
<b>Cash flows from operating activities</b>			
Interest received		25,835	75,639
Receipts from sublease of premises		28,607	142,976
Payments to suppliers and employees		(628,865)	(680,570)
Payments for exploration activities		(1,643,580)	(1,743,666)
Recovery of exploration expenditure		375,000	139,636
<b>Net cash outflow from operating activities</b>	23	<b>(1,843,003)</b>	<b>(2,065,985)</b>
<b>Cash flows from investing activities</b>			
Payments for plant, equipment and motor vehicle		(4,655)	(105,357)
Proceeds from disposal of tenements		250,000	-
<b>Net cash outflow from investing activities</b>		<b>245,345</b>	<b>(105,357)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		100,000	2,090,000
Payment for share issue costs		(1,500)	(124,405)
Proceeds from loan facility		150,000	-
Repayment of loan facility		-	-
<b>Net cash inflow from financing activities</b>		<b>248,500</b>	<b>1,965,595</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(1,349,158)</b>	<b>(205,747)</b>
Cash and cash equivalents at the beginning of the financial year		1,410,485	1,616,232
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>61,327</b>	<b>1,410,485</b>

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



## TRAKA RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### 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 2012, the Company incurred a net loss of \$1,561,590 and, at balance date, the Company's current liabilities exceeded current assets by \$120,344. Shortly after the year end, the Company commenced a rights issue to raise additional working capital.

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 dependant upon funding alternatives to meet these commitments, including a successful capital raising and the realisation of non-core exploration assets.

At the date of signing these financial statements, the Company has concluded its rights issue, raising approximately \$906,000 after costs, and the directors believe that there are reasonable grounds to believe that, having regard to matters set out herein, the Company has sufficient funds and will be able to raise further funds to meet its obligations as and when they fall due.



## **TRAKA RESOURCES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

#### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**(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 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 current period's taxable income based on 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 the profit or loss account. 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.



## TRAKA RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### 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 is 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 the statement of comprehensive income.

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

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest.

Expenditure incurred during exploration and the early stages of evaluation of new 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 in full against the Statement of Comprehensive Income 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.



## TRAKA RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 have been 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.

#### (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 Statement of Comprehensive Income.

#### (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**

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.



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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) Contributed equity**

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 ventures**

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).



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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	<p>Amends the requirements 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.</p> <p>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.</p> <p>Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Company has not yet made an assessment of the impact of these amendments.</p>	1 July 2015
AASB 11 Joint Arrangements	<p>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).</p> <p>When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Company has not entered into any joint arrangements</p>	1 July 2013



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(q) New accounting standards and interpretations (continued)**

<b>Reference and title</b>	<b>Nature of change to accounting policy and impact on initial application</b>	<b>Application date</b>
AASB 12 Disclosure of Interest in Other Entities	<p>Combines existing disclosures from AASB 127 <i>Consolidated and Separate Financial Statements</i>, AASB 128 <i>Investments in Associates and AASB 131 Interests in Joint Ventures</i>. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.</p> <p>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.</p>	1 July 2013
AASB 13 Fair Value Measurement	<p>AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.</p> <p>Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements.</p> <p>Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments</p> <p>When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.</p>	1 July 2013
AASB 119 Employee Benefits	<p>Employee benefits expected to be settled (as opposed to due to be settled under the current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.</p> <p>When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits if they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.</p>	1 July 2013



**TRAKA RESOURCES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012****NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(q) New accounting standards and interpretations (continued)**

<b>Reference and title</b>	<b>Nature of change to accounting policy and impact on initial application</b>	<b>Application date</b>
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	<p>Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP.</p> <p>Various name changes of statements in AASB 101 as follows:</p> <ul style="list-style-type: none"><li>• 1 statement of comprehensive income – to be referred to as ‘statement of profit or loss and other comprehensive income’</li><li>• 2 statements – to be referred to as ‘statement of profit or loss’ and ‘statement of comprehensive income’.</li><li>• OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.</li></ul> <p>When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).</p>	1 July 2012
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	<p>Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP.</p> <p>When this standard is first adopted there will be no impact on amounts recognised for transactions and balances for 30 June 2014 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).</p>	1 July 2013

**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.



# **TRAKA RESOURCES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

### **NOTE 2 FINANCIAL RISK MANAGEMENT (continued)**

#### **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 0.44% (2011: 4.72%).

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. Whilst this analysis reflects the effect of a 0.5% decline in interest rates, recent Australian Treasury announcements and press reports would indicate a downward movement in interest rates of this magnitude to be unlikely 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			
		-0.5%		+0.5%	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
<b>2012</b>					
Cash and cash equivalents	61,327				
Total increase/(decrease)		(307)	(307)	307	307
	\$	-1%		+1%	
		Profit	Equity	Profit	Equity
		\$	\$	\$	\$
<b>2011</b>					
Cash and cash equivalents	1,410,485				
Total increase/(decrease)		(14,105)	(14,105)	14,105	14,105

#### **Liquidity Risk**

The Company has no significant exposure to liquidity risk as the Company's only debt, other than related party loans, is that associated with trade creditors in respect of which the Company's policy is to ensure payment within 30 days. Related party loans are not considered to be a significant liquidity risk as the magnitude and term of these loans is such that the Company has adequate time to manage their repayment funded by raising additional capital or realising assets. The Company manages its liquidity by monitoring forecast cash flows.

#### **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.



**TRAKA RESOURCES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012****NOTE 2 FINANCIAL RISK MANAGEMENT (continued)****Exposure to credit risk**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Closing carrying amount</b>		
Cash and cash equivalents	<b>61,327</b>	1,410,485
Trade and other receivables	<b>55,122</b>	90,291

**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	<b>115,881</b>	138,889
Reportable segment loss	<b>(1,137,457)</b>	(1,714,287)
<b>Reconciliation of reportable segment loss</b>		
Reportable segment loss	<b>(1,137,457)</b>	(1,714,287)
Other revenue	<b>312,745</b>	207,689
Unallocated:		
Corporate expenses	<b>(736,878)</b>	(931,002)
Loss before tax	<b>(1,561,590)</b>	(2,437,600)



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 4 REVENUE AND OTHER INCOME**

	<b>2012</b>	2011
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>		
Interest received	<b>18,021</b>	70,901
	<hr/>	<hr/>
<b>Other income</b>		
Tenement sale proceeds	<b>250,000</b>	-
Other	<b>44,724</b>	136,788
	<hr/>	<hr/>
	<b>294,724</b>	136,788
	<hr/>	<hr/>

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

**NOTE 5 EXPENSES**

**Loss before income tax includes the following specific administration expenses:**

Personnel expenses		
Salaries and management fee	<b>387,304</b>	764,075
Superannuation	<b>26,006</b>	44,562
Share based payments	<b>106,700</b>	268,950
Less: Recharge to exploration expenditure	<b>(153,789)</b>	(494,394)
	<hr/>	<hr/>
	<b>366,221</b>	583,193
Depreciation	<b>27,663</b>	20,676
Other expenses		
Rental and rates (office, storage, parking)	<b>136,592</b>	144,400
Company secretarial and accounting	<b>63,929</b>	66,366
Audit	<b>24,374</b>	26,000
Communications	<b>16,061</b>	18,239
ASX fees	<b>20,860</b>	15,789
Other	<b>81,178</b>	56,339
	<hr/>	<hr/>
	<b>736,878</b>	931,002
	<hr/>	<hr/>



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 6 INCOME TAX**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Income tax expense</b>		-
		<hr/>
<b>(b) Loss from continuing operations before income tax</b>	<b>(1,561,590)</b>	<b>(2,437,600)</b>
		<hr/>
Prima facie tax benefit at the Australian tax rate of 30% (2011: 30%)	<b>(468,477)</b>	<b>(731,280)</b>
Tax effect of amounts that are taxable/(deductible) in calculating taxable income:		
Share options expense	<b>32,352</b>	<b>80,685</b>
Share issue costs put to equity	<b>(8,290)</b>	<b>(8,985)</b>
		<hr/>
	<b>(444,415)</b>	<b>(659,580)</b>
Tax benefits not brought to account	<b>444,415</b>	<b>659,580</b>
		<hr/>
Income tax expense/(benefit)	-	-
		<hr/> <hr/>

**(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:

Carried forward tax losses	<b>3,301,664</b>	<b>2,858,338</b>
Deductible temporary differences	<b>6,096</b>	<b>7,352</b>
Taxable temporary differences	<b>(15)</b>	<b>(2,359)</b>
		<hr/>
Unrecognised net deferred tax assets	<b>3,307,745</b>	<b>2,863,330</b>
		<hr/>

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

**NOTE 7 CURRENT ASSETS – CASH AND CASH EQUIVALENTS**

Cash at bank and on hand	<b>61,327</b>	<b>810,485</b>
Deposits at call	<b>-</b>	<b>600,000</b>
		<hr/>
	<b>61,327</b>	<b>1,410,485</b>
		<hr/> <hr/>

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



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 8 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES**

	<b>2012</b>	2011
	<b>\$</b>	<b>\$</b>
Trade receivables	<b>19,834</b>	4,445
Interest receivable	<b>50</b>	7,864
Other	<b>21,238</b>	63,982
	<b>41,122</b>	76,291

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 other receivables are considered impaired or past due.

**NOTE 9 NON-CURRENT ASSETS – RECEIVABLES**

Security deposit	<b>14,000</b>	14,000
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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 10 – NON-CURRENT ASSETS - PLANT AND EQUIPMENT**

Leasehold improvements – at cost	<b>1,470</b>	1,470
Accumulated depreciation	<b>(1,470)</b>	(1,470)
	<b>-</b>	-
Field equipment – at cost	<b>127,531</b>	122,875
Accumulated depreciation	<b>(93,143)</b>	(82,962))
	<b>34,388</b>	39,913
Office furniture and equipment – at cost	<b>87,561</b>	87,561
Accumulated depreciation	<b>(81,779)</b>	(75,526)
	<b>5,782</b>	12,035
Motor vehicle – at cost	<b>89,835</b>	89,835
Accumulated depreciation	<b>(14,124)</b>	(2,894)
	<b>75,711</b>	86,941
Total plant and equipment	<b>115,881</b>	138,889



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 10 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.

	<b>Leasehold improvements</b>	<b>Office furniture &amp; equipment</b>	<b>Field equipment</b>	<b>Motor vehicle</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2012</b>					
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
<b>2011</b>					
Carrying amount at 1 July 2010	-	11,079	43,127	-	54,206
Additions during the year	-	7,080	8,444	89,835	105,359
Disposals during the year	-	-	-	-	-
Depreciation expense	-	(6,124)	(11,658)	(2,894)	(20,676)
Carrying amount at 30 June 2011	-	12,035	39,913	86,941	138,889

**NOTE 11 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**

	<b>2012 \$</b>	<b>2011 \$</b>
Trade creditors and accruals	60,104	249,775
Employee entitlements	12,689	23,513
	<b>72,793</b>	<b>273,288</b>

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.



# **TRAKA RESOURCES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

### **NOTE 12 CURRENT LIABILITIES – BORROWINGS**

	<b>2012</b>	2011
	<b>\$</b>	<b>\$</b>
<b>Unsecured</b>		
Loans – related parties	<b>150,000</b>	-

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 granted on normal commercial terms and conditions bearing interest at 5% per annum and have 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.

### **NOTE 13 CURRENT LIABILITIES – PROVISIONS**

Employee entitlements	-	450
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The provision for employee entitlements related to long service leave and included all unconditional entitlements where employees have completed the required minimum period of service and those where employees were entitled to pro-rata payments in certain circumstances. The entire amount was presented as current as the Company does not have an unconditional right to defer settlement.

### **NOTE 14 EQUITY – CONTRIBUTED EQUITY**

#### **(a) Share capital**

Fully paid ordinary shares – 69,605,049 (2011: 68,605,049)	<b>10,593,504</b>	10,495,004
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#### **(b) Movements in ordinary share capital in the last 2 years**

<b>Date</b>	<b>Details</b>	<b>Number of Shares</b>	<b>\$</b>
<b>2012</b>			
1 July 11	Balance	<b>68,605,049</b>	<b>10,495,004</b>
	Issue of ordinary shares (options exercised)	<b>1,000,000</b>	<b>100,000</b>
	Capital raising costs	-	<b>(1,500)</b>
30 June 12	Balance	<b>69,605,049</b>	<b>10,593,504</b>
<b>2011</b>			
1 July 10	Balance	58,914,147	8,529,410
	Issue of ordinary shares	9,690,902	2,090,000
	Capital raising costs	-	(124,406)
30 June 11	Balance	68,605,049	10,495,004



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 14 EQUITY – CONTRIBUTED EQUITY (continued)**

**(c) Share Options**

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

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

<b>Date</b>	<b>Details</b>	<b>No. of Options</b>	<b>Exercise Price</b>
<b>2012</b>			
	Balance	<b>4,900,000</b>	
	Options issued	<b>1,100,000</b>	20.625 cents
	Options exercised	<b>(1,000,000)</b>	10 cents
	Options lapsed	<b>(1,000,000)</b>	20 cents
	Options lapsed	<b>( 250,000)</b>	21.25 cents
30 June 12	Balance	<b>3,750,000</b>	
<b>2011</b>			
01 July 10	Balance	3,150,000	
17 Nov 10	Options issued	2,750,000	21.25 cents
26 Nov 10	Options exercised	<b>(1,000,000)</b>	20 cents
30 June 11	Balance	<b>4,900,000</b>	

**(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**

	<b>2012 \$</b>	<b>2011 \$</b>
Share based payments reserve	<b>556,430</b>	482,630
Exercised option reserve	<b>64,800</b>	31,900
	<b>621,230</b>	514,530



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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**

	<b>2012</b>	2011
	\$	\$
<b>(a) Key management personnel compensation</b>		
Short term employee benefits	<b>337,000</b>	324,667
Post employment benefits	<b>5,400</b>	5,400
Share based payments	<b>97,000</b>	195,600
	<b>439,400</b>	525,667

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.

<b>Name</b>	<b>Balance at beginning of year</b>	<b>Received as remuneration</b>	<b>Options exercised</b>	<b>Net changes other</b>	<b>Balance at end of year</b>
<b>2012</b>					
<b>Directors</b>					
N Tomkinson	<b>5,788,651</b>	-	-	-	<b>5,788,651</b>
P A Verbeek	<b>2,499,999</b>	-	<b>1,000,000</b>	-	<b>3,499,999</b>
J N Pitt	<b>7,100,000</b>	-	-	-	<b>7,100,000</b>
G J Petersons	<b>1,500,000</b>	-	-	<b>(190,000)</b>	<b>1,310,000</b>
<b>2011</b>					
<b>Directors</b>					
N Tomkinson	5,720,470	-	-	68,181	5,788,651
P A Verbeek	2,499,999	-	1,000,000	(1,000,000)	2,499,999
J N Pitt	7,100,000	-	-	-	7,100,000
G J Petersons	1,500,000	-	-	-	1,500,000

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 12,888,651 shares (2011: 12,888,651 shares)



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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*

<b>Name</b>	<b>Balance at the beginning of the year</b>	<b>Granted during year as compensation</b>	<b>Expired/ Exercised During year</b>	<b>Balance at the end of the year</b>	<b>Vested and exercisable at the end of the year</b>
<b>2012</b>					
<i>Directors</i>					
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	-	-	-	-	-

**2011**

<i>Directors</i>					
N Tomkinson	-	-	-	-	-
P A Verbeek	3,000,000	2,000,000	(1,000,000)	4,000,000	4,000,000
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 20.



# **TRAKA RESOURCES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

### **NOTE 17 REMUNERATION OF AUDITORS**

	2012 \$	2011 \$
<i>Audit services</i>		
Fees paid to BDO Audit (WA) Pty Ltd		
Amounts paid or payable to the auditor for:		
- Auditing the financial reports of the company	24,374	22,800
	<hr/>	<hr/>
Total remuneration	<u>24,374</u>	<u>22,800</u>

### **NOTE 18 CONTINGENCIES**

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2012.

The Directors are not aware of any other contingent liabilities at 30 June 2012.

### **NOTE 19 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	122,858	91,500
Later than one year but not later than five years	-	-
Later than five years	-	-
	<hr/>	<hr/>
	<u>122,858</u>	<u>91,500</u>
Representing:		
Minimum lease payments in relation to non-cancellable operating leases	<u>122,858</u>	<u>91,500</u>

#### **Exploration tenements**

In order to maintain the mineral tenements in which the Company and other parties are involved, the Company is committed to fulfill 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.

Minimum estimated expenditure requirements	<u>738,739</u>	<u>999,778</u>
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These 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.



## TRAKA RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### NOTE 19 COMMITMENTS (continued)

Remuneration commitments	2012 \$	2011 \$
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	277,000	115,417
Later than one year but not later than five years	108,500	-
Later than five years	-	-
	<b>385,500</b>	<b>115,417</b>

#### 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 have advanced unsecured short term borrowings of \$150,000 to the Company during the year. Details of these loans are disclosed in Note 12.

The Company had an agreement, which ended during the financial year, with Red Hill Iron Limited ("Red Hill"), a company of which Mr Pitt and Mr Tomkinson are directors, whereby Red Hill paid rent to Traka for use of office space on normal commercial terms and conditions. Amounts received from Red Hill totalled \$10,554 (2011: \$134,647).

The Company paid Timothy Verbeek, son of the Company's Managing Director, \$1,654 (2011: nil) for administration services.

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



**TRAKA RESOURCES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012****NOTE 21 INTERESTS IN JOINT VENTURES**

The Company has interests in the following mineral exploration joint ventures as at 30 June 2012:

<b>Name of project</b>	<b>Interest</b>	<b>Activities</b>	<b>Other Parties</b>
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 (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 (Bandalup JV)	100%	Gold and base metal exploration	Tectonic Resources NL (Tectonic earning up to 70%)
Ravensthorpe Project (Piper/Kelly JV)	90%	Gold and base metal exploration	KH Piper and JH Kelly (Piper/Kelly 15% free carried)
Ravensthorpe Project (Ranges JV)	100%	Gold and base metal exploration	Phillips River Mining Ltd (Option to purchase 100%)

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**

On 31 July the Company announced a non-renounceable entitlement issue of ordinary fully paid shares on a 1 for 3 basis at 4 cents each to raise \$906,000 after costs. The issue closed 68% subscribed on 31 August and the resulting shortfall was fully taken up by existing shareholders resulting in 23,201,510 new ordinary shares being issued on 10 September 2012.

Other than the matter detailed above, 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.



# **TRAKA RESOURCES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

### **NOTE 23 CASH FLOW INFORMATION**

	<b>2012</b>	2011
	<b>\$</b>	\$
Reconciliation of operating loss after income tax to net cash used in operating activities:		
Operating loss after income tax	<b>(1,561,590)</b>	(2,437,600)
Depreciation	<b>27,663</b>	20,676
Non-cash employee benefit expense	<b>106,700</b>	268,950
Proceeds from disposal of tenements	<b>(250,000)</b>	-
(Increase)/decrease in receivables	<b>19,051</b>	(19,101)
(Decrease)/increase in payables and provisions	<b>(184,827)</b>	101,090
Net cash outflow from operating activities	<b>(1,843,003)</b>	(2,065,985)

### **NOTE 24 LOSS PER SHARE**

	<b>2012</b>	2011
	<b>Cents</b>	Cents
Basic and diluted loss per share	<b>(2.26)</b>	(3.89)
Reconciliation of loss	<b>\$</b>	\$
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 Comprehensive Income	<b>(1,561,590)</b>	(2,437,600)
	<b>No of Shares</b>	No of Shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	<b>69,167,891</b>	62,663,271

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.
- The board of directors has discretion to determine who and to what extent an eligible person is entitled to participate in the ESOP.



**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 25 SHARE BASED PAYMENTS (continued)**

- 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
<b>2012</b>						
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
			<b>4,800,000</b>	<b>1,100,000</b>	<b>(2,150,000)</b>	<b>3,750,000</b>
Weighted average exercise price (cents)			19.00	20.625	16.00	21.00
Weighted average life of options (months)						20
<b>2011</b>						
17 Nov 2010	17 Nov 2013	21.25	-	2,750,000	-	2,750,000
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
29 Nov 2005	29 Nov 2010	20.00	1,000,000	-	(1,000,000)	-
			<b>3,050,000</b>	<b>2,750,000</b>	<b>(1,000,000)</b>	<b>4,800,000</b>
Weighted average exercise price (cents)			17.00	21.25	20.00	19.00



## TRAKA RESOURCES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### 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.

1,100,000 options were granted during the year (2011: 2,750,000), 1,000,000 options were exercised (2011: 1,000,000) and 1,100,000 options expired (2011: nil).

The assessed fair value at grant date of options granted during the 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 year ended 30 June 2012 were:

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:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Options issued	<b>106,700</b>	268,950



**TRAKA RESOURCES LIMITED**

**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2012**

The directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the financial position as at 30 June 2012 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:



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**NEIL TOMKINSON**

Chairman

Dated this 10<sup>th</sup> day of September 2012



10 September 2012

The Board of Directors  
Traka Resources Limited  
Suite 2  
Ground floor, 43 Ventnor Avenue  
West Perth, WA, 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 2012, 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.



CHRIS BURTON  
Director

BDO Audit (WA) Pty Ltd  
Perth, Western Australia



## 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 2012, the statement of 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 2012 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 qualifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the company incurred a net loss of \$1,561,590 during the year ended 30 June 2012 and, as of that date the current liabilities exceeded its current assets by \$120,344. The company will have to seek additional funding in order to progress exploitation of its exploration assets and meet ongoing working capital requirement. 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 2012. 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 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO  


Chris Burton  
Director

Perth, Western Australia  
Dated this 10<sup>th</sup> day of September 2012