



# Traka Resources Limited

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ABN: 63 103 323 173

11 September 2009

Company Announcements Office

ASX Limited

PO Box H224 Australia Square

SYDNEY NSW 2000

Dear Sir / Madam

**Financial Report for the year ended 30 June 2009**

We attach the Financial Report for the year ended 30 June 2009.

Yours faithfully

Peter Rutledge

Company Secretary

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**TRAKA RESOURCES LIMITED**

*ABN 63 103 323 173*

**FINANCIAL REPORT**

**30 JUNE 2009**

## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

Your Directors present their report on Traka Resources Limited ("Traka" or the "Company") for the year ended 30 June 2009.

#### **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 Company made a net loss for the financial year of \$770,542 (2008: \$902,624.)

Traka has interests in five exploration projects in Western Australia. The status of these projects is presented below:

##### **The Musgrave Project:**

This project comprises 12 exploration licences in joint venture with Anglo American (Australia Pty Ltd) and 11 exploration licences solely within Traka's interests. The exploration tenements are particularly prospective for base metals, gold and PGE's. The joint venture gives Anglo American the opportunity to earn up to 75% equity by the expenditure of A\$9 million over 7 years. Anglo American is managing the exploration program and commenced work with Traka's assistance in March 2009. A number of exploration targets have already been discovered and one in particular called "Navigator" is very encouraging. Drilling is planned for this tenement within the next few months.

The exploration licence applications held solely by Traka are currently being evaluated in desk top studies but have been applied for as an ongoing strategy to build up a strong portfolio of ground in the region. The Musgrave region is generally considered to be highly prospective terrain but as a consequence of being on Aboriginal Lands with a difficult access history there has been minimal exploration.

##### **The Ravensthorpe Nickel Project: (Traka 100%)**

The Ravensthorpe Nickel Project is currently being presented to potential joint venture partners. The previous joint venture with the Independence Group Ltd ("IGO") terminated in October 2008.

As a consequence of the systematic exploration work completed previously including geochemistry, geology and geophysics there are numerous drill ready targets on the project. IGO only drilled a few of the high ranking targets that were identified.

## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

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

The Ravensthorpe Pyrite Project:  
(Traka 100%)

This project has developed from the company's initial interests in evaluating the Iron Ore potential at Ravensthorpe. The change in emphasis developed when it was found that much of the near surface high grade iron ore samples were found to overlie pyrite at depth. The results of a brief study indicated that a development on the pyrite body utilising conventional technology was theoretically feasible but the capital costs were relatively high and the long term price of elemental sulphur and sulphuric acid was an important consideration. The recent financial market turmoil in the world precludes any current consideration for advancing this project.

The Ravensthorpe Gold Project and Hopetoun Gold Projects:  
(Traka 100%)

The Ravensthorpe Gold Project overlies the historical gold mining centre immediately north of Ravensthorpe. Small high grade resource potential has been identified on the project but they are unlikely to be sufficient to support a stand alone mining operation. A joint venture partner is being sought to exploit this potential.

The recent development of the Catlin Creek Lithium Mine on the southern tenement of the Ravensthorpe Gold Project highlights the potential for extensions of this mineralisation onto our ground. This opportunity is being monitored.

The Hopetoun Gold Project lies south of the Company's main nickel sulphide interests. Recently collated data highlights a number of gold prospects worth follow up work.

The Lort River Project:  
(Traka 100%)

This project comprises two exploration licence applications in the Lort River area held for their gold potential. Exploration work by the neighbouring tenement holders highlights the presence of gold soil geochemical anomalies on the tenement boundary. This anomalism is part of some very significant new discoveries in the region following the discovery of a gold mineralisation in similar geological setting by Anglo Ashanti Gold at the Tropicana Deposit.

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

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

#### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

The following matters have occurred subsequent to 30 June 2009:

- Traka has entered into a Tenement Sale Agreement and Joint Venture Agreement with Galaxy Resources Limited, an ASX listed company, in respect of certain tenements hosting the historic Western Group of gold mines at Ravensthorpe, whereby it has received \$145,000 in cash and has retained a 20% equity in the tenements free carried to production in respect of lithium and tantalum operations and to completion of a feasibility study in respect of gold or other minerals.

## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

#### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (Continued)**

- Traka has entered into an Option Agreement with Sammy Resources Pty Ltd ("Sammy"), a wholly owned subsidiary of ASX listed Cazaly Resources Ltd, whereby Traka pays a \$25,000 fee for the option to acquire, at any time during the 4 year option period, a 90% interest in two exploration tenements abutting Traka's existing holdings in its Musgrave project area for a consideration of \$250,000 in cash and agreeing to free-carry Sammy's 10% equity in the licences through to completion of a feasibility study.

There are no other 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. For the first measurement period under this Act, 1 July 2008 to 30 June 2009, the directors have assessed that there are no current reporting requirements.

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

##### **Chairman**

Neil Tomkinson LLB (Hons)

Mr Tomkinson has extensive experience over the last 30 years in the administration of and investment in exploration and mining companies. He is the non-executive chairman of Hampton Hill Mining NL (appointed January 1997), Red Hill Iron Limited (appointed April 2008) and Pan Pacific Petroleum NL (appointed a director in June 2006 and chairman in December 2008). Mr Tomkinson is also an investor in private mineral exploration and in resources in general in Australia.

##### **Managing Director**

Patrick Verbeek BSc, AusIMM

Patrick Verbeek is a geologist with over 28 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 and ground packages. 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

## **TRAKA RESOURCES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**

#### **INFORMATION RELATING TO DIRECTORS (Continued)**

metals. Mr Petersons is Executive Director of unlisted Mekong Mining Ltd (Australia) and Managing Director of Mekong Mining Limited (Thailand), companies 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 was a non-executive director of LionOre Mining International Limited between November 2003 and May 2005 and is currently a non-executive director of Hampton Hill Mining NL (appointed January 1997), Red Metal Limited (appointed July 2003), Red Hill Iron Ltd (appointed June 2005), and Pan Pacific Petroleum NL (appointed December 2008).

#### **INFORMATION RELATING TO COMPANY SECRETARY**

Peter Campbell Ruttledge BSc, CA, FFin

Mr Ruttledge is a Chartered Accountant and a Fellow of The Financial Services Institute of Australia and has over 20 years experience as company secretary of a number of listed mining and exploration companies.

#### **DIRECTORS' INTERESTS IN SHARES AND OPTIONS**

The number of shares and options in the Company held directly and indirectly by the Directors as at the date of this report were:

	<b>Ordinary Shares</b>	<b>Options over Ordinary Shares</b>
N Tomkinson	3,813,647	-
P A Verbeek	1,916,666	3,000,000
G J Petersons	1,750,000	-
J N Pitt	4,729,632	-

#### **DIRECTORS' MEETINGS**

The following directors' meetings were held during the year and the number of meetings attended by each of the directors during the year was:

<b>Director</b>	<b>Meetings of Directors</b>	<b>Meetings attended</b>
N Tomkinson	3	3
P A Verbeek	3	3
G J Petersons	3	3
J N Pitt	3	3

**TRAKA RESOURCES LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**REMUNERATION REPORT - AUDITED**

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

The Board remuneration policy is to ensure remuneration packages properly reflect the duties and responsibilities of the person 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 executive on key non-financial drivers of value; and
- Attracts and retains high calibre executives.

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.

*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*

Executive remuneration packages include set fee amounts and long term incentives through grants of share options.

Executives' remuneration is reviewed annually with regard to competitiveness and performance.

There are no guaranteed salary increases fixed in any senior executives' contracts.

**TRAKA RESOURCES LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**REMUNERATION REPORT – AUDITED (Continued)**

**(B) Details of Remuneration**

The key management personnel of the Company are the Directors. The remuneration of key management personnel and other specified executives for the year is summarised below:

**2009**

Name	Short term	Post employment	Share based payments	Total	Value of options as proportion of remuneration
	Salary & fees \$	Superannuation \$	Options \$	\$	%
<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	240,000	-	32,900	272,900	12.05
<b>Total</b>	<b>300,000</b>	<b>5,400</b>	<b>32,900</b>	<b>338,300</b>	
<b>Other specified executives</b>					
P C Rutledge	48,000	-	-	48,000	-
<b>Total</b>	<b>48,000</b>	<b>-</b>	<b>-</b>	<b>48,000</b>	

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

**2008**

Name	Short term	Post employment	Share based payments	Total	Value of options as proportion of remuneration
	Salary & fees \$	Superannuation \$	Options \$	\$	%
<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	226,667	-	-	226,667	-
<b>Total</b>	<b>286,667</b>	<b>5,400</b>	<b>-</b>	<b>292,067</b>	
<b>Other specified executives</b>					
P C Rutledge	36,000	-	-	36,000	-
<b>Total</b>	<b>36,000</b>	<b>-</b>	<b>-</b>	<b>36,000</b>	

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

## TRAKA RESOURCES LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

#### REMUNERATION REPORT – AUDITED (Continued)

##### (C) Service Agreements

###### *Managing Director*

The Company entered into a consultancy agreement with Malahang Pty Ltd (“Malahang”) on 14 October 2003 (“Malahang Agreement”). In accordance with the terms of the Malahang Agreement, Malahang agreed to provide the services of its employee, Patrick Verbeek, to undertake all functions, duties, roles and authorities which the Company would require of a person engaged as Managing Director of the Company on a full time basis. The Malahang Agreement commenced on 20 November 2003 with an initial term of 2 years and has been extended since for further terms of 2 years at the consultant’s election. The current term expires November 2009. The current level of remuneration in terms of this agreement is set at \$240,000 (including compensation for the provision of a 4 wheel drive 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.

###### *Company Secretary*

The Company entered into a consultancy agreement with Sable Management Pty Ltd (“Sable”) on 11 September 2006 (“Sable Agreement”). In accordance with the terms of the Sable Agreement, Sable has agreed to provide the services of its employee, Peter Rutledge, to undertake all functions, duties, roles and authorities which the Company would require of a person engaged as Company Secretary of the Company as well as accounting and financial control services. The Sable Agreement commenced on 13 September 2006 with no fixed term and can be cancelled on 2 months notice by either party. There are no termination arrangements in respect of the Sable Agreement.

##### (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. 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.

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

<b>Grant date</b>	<b>Date vested and exercisable</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Value per option at grant date</b>
10 December 2008	10 December 2008	10 December 2011	\$0.10	\$0.033

Each option is convertible into one ordinary share.

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

**TRAKA RESOURCES LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**REMUNERATION REPORT – AUDITED (Continued)**

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

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	
	2009	2008
<b>Directors</b>		
P A Verbeek	1,000,000	-

The assessed fair value of the options issued during the year ended 30 June 2009 has been calculated as at the date of grant using the Black-Scholes model for the valuation of call options.

The model inputs for options granted included:

Grant date	10 December 2008
Exercise by	10 December 2011
Exercise price per share	10 cents
Expected average life of the options	3 years
Underlying security spot price at time of grant	4.2 cents
Risk free interest rate	3.6%
Expected volatility	150%

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 there were no shares issued as a result of the exercise of remuneration options.

## TRAKA RESOURCES LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

#### REMUNERATION REPORT – AUDITED (continued)

##### (E) Additional information

Share-based compensation: Options

Further details relating to options are set out below:

Name	Value at grant date (A) \$	Value at exercise date (B) \$	Value at lapse date (C) \$
P A Verbeek	32,900	-	-

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 2,000,000 options which expired during the year have no intrinsic value.

This is the end of the audited Remuneration Report

#### SHARES UNDER OPTION

The number of options on issue is:

Date option granted	Expiry date	Issue price of shares	Number under options
29 November 2005	29 November 2010	20 cents	1,000,000
28 December 2006	28 December 2011	20 cents	1,000,000
6 April 2007	6 April 2012	25 cents	150,000
10 December 2008	10 December 2011	10 cents	1,000,000

During the year 2,000,000 options expired and 100,000 options lapsed.

#### SHARES ISSUED ON EXERCISE OF OPTIONS

No options were exercised during the financial.

#### 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 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.

**TRAKA RESOURCES LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**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 Kendalls Audit & Assurance (WA) Pty Ltd, the company's auditors, did not perform any non-audit services for the company for the year ended 30 June 2009.

**AUDITOR**

BDO Kendalls Audit & Assurance (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 10th day of September 2009

**TRAKA RESOURCES LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	<b>2009</b> \$	2008 \$
<b>Revenue from continuing operations</b>	4	<u>122,778</u>	174,943
Exploration and evaluation expenditure	10	(359,774)	(489,720)
Administration expenses	5	<u>(533,546)</u>	(587,847)
<b>Loss before income tax</b>		(770,542)	(902,624)
Income tax expense	6	<u>-</u>	-
<b>Loss attributable to the ordinary equity holders of the Company</b>		<u>(770,542)</u>	(902,624)
<b>Loss per share for loss attributable to the ordinary equity holders of the Company</b>			
Basic and diluted loss per share	23	<b>Cents</b> (1.72)	Cents (2.02)

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

**TRAKA RESOURCES LIMITED**

**BALANCE SHEET  
AS AT 30 JUNE 2009**

	Notes	<b>2009</b>	2008
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	7	<b>408,252</b>	1,090,623
Trade and other receivables	8	<b>35,850</b>	27,341
<b>Total current assets</b>		<b>444,102</b>	1,117,964
<b>Non-current Assets</b>			
Plant and equipment	9	<b>64,658</b>	142,790
<b>Total non-current assets</b>		<b>64,658</b>	142,790
<b>Total assets</b>		<b>508,760</b>	1,260,754
<b>Current Liabilities</b>			
Trade and other payables	11	<b>50,202</b>	65,322
Provisions	12	<b>1,528</b>	760
<b>Total current liabilities</b>		<b>51,730</b>	66,082
<b>Total liabilities</b>		<b>51,730</b>	66,082
<b>Net assets</b>		<b>457,030</b>	1,194,672
<b>Equity</b>			
Contributed equity	13	<b>6,421,879</b>	6,421,879
Reserves	14	<b>245,580</b>	212,680
Accumulated losses		<b>(6,210,429)</b>	(5,439,887)
<b>Total equity</b>		<b>457,030</b>	1,194,672

The above Balance Sheet should be read in conjunction with the accompanying notes.

**TRAKA RESOURCES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Issued Capital</b>	<b>Share Based Payments Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	\$	\$	\$	\$
<b>2009</b>				
Balance at 1 July 2008	6,421,879	212,680	(5,439,887)	1,194,672
Net loss for the period	-	-	(770,542)	(770,542)
Net income and expense recognised during the period	-	-	(770,542)	(770,542)
Transactions with equity holders in their capacity as equity holders:				
Issue of ordinary fully paid shares	-	-	-	-
Equity settled share based payment transactions	-	32,900	-	32,900
Balance at 30 June 2009	<b>6,421,879</b>	<b>245,580</b>	<b>(6,210,429)</b>	<b>457,030</b>
<b>2008</b>				
Balance at 1 July 2007	6,421,879	212,680	(4,537,263)	2,097,296
Net loss for the period	-	-	(902,624)	(902,624)
Net income and expense recognised during the period	-	-	(902,624)	(902,624)
Transactions with equity holders in their capacity as equity holders:				
Issue of ordinary fully paid shares	-	-	-	-
Equity settled share based payment transactions	-	-	-	-
Balance at 30 June 2008	6,421,879	212,680	(5,439,887)	1,194,672

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

**TRAKA RESOURCES LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Interest received		36,758	105,539
Receipts from sublease of premises		76,127	64,712
Payments to suppliers and employees (incl GST)		(481,686)	(525,230)
Payments for exploration activities		(814,800)	(531,897)
Recovery of exploration expenditure		457,118	44,819
<b>Net cash outflow from operating activities</b>	22	<u>(726,483)</u>	<u>(842,057)</u>
<b>Cash flows from investing activities</b>			
Payments for plant & equipment		(11,043)	(153,886)
Proceeds from disposal of motor vehicle		55,155	-
<b>Net cash inflow/(outflow) from investing activities</b>		<u>44,112</u>	<u>(153,886)</u>
<b>Cash flows from financing activities</b>			
There were no cash flows from financing activities		-	-
<b>Net (decrease)/increase in cash and cash equivalents held</b>		(682,371)	(995,943)
Cash and cash equivalents at the beginning of the financial year		<u>1,090,623</u>	<u>2,086,566</u>
<b>Cash and cash equivalents at the end of the financial year</b>	7	<u>408,252</u>	<u>1,090,623</u>

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

## **TRAKA RESOURCES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

#### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial report 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

This general-purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

*Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of Traka Resources Limited comply with International Financial Reporting Standards (IFRS).

*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.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

Interest income is brought to account as income over the term of each financial instrument on an accrual accounting 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 income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted 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 income statement. 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 2009**

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

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, 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) Trade and other receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(h) Other 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 income statement.

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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

(i) 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 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.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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.

(j) Plant & 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*

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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

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 income statement.

(k) 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.

(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 a Black-Scholes 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 (i) the extent to which the vesting period has expired and (ii) 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.

## **TRAKA RESOURCES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

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

(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(i).

(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 balance sheet.

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.

#### **Going concern**

The Company incurred a loss for the year of \$770,542 (2008: \$902,624) and a net cash outflow from operating activities of \$726,483 (2008: \$842,057).

At 30 June 2009 the Company had cash assets of \$408,252 (2008: \$1,090,623) and working capital of \$392,372 (2008: \$1,051,882).

During the next financial year, the Company has ongoing exploration commitments associated with expenditures required under the terms of granted tenements relating to its exploration projects. In respect of a large proportion of the Company's tenements these costs were met in previous years by a joint venture partner which recently withdrew from the joint venture. Under the terms of its tenements the Company may apply for exemptions to expenditure commitments as applicable based on previous and current expenditure. Given that expenditure to date on many of the tenements has exceeded annual commitments the Company can expect a favourable response to applications which it submits for exemptions over the next 12 months, which will have the effect of reducing the overall level of commitments.

Whilst the directors consider that the Company will be able to meet its ongoing exploration commitments and administration expenditure, the directors recognise that there will be a need to raise additional working capital which may be provided by entering into further joint venture arrangements, potential capital raisings or the sale of existing tenements. The directors consider it appropriate that the finance report be prepared on a going concern basis, and consider the company will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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

**New accounting standards and interpretation**

The following Australian Accounting Standards have been issued and or amended and are applicable to Traka Resources Limited but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date.

<b>Reference</b>	<b>Affected Standards</b>	<b>Nature of change to accounting policy and impact on accounts</b>	<b>Application date</b>
AASB 8 AASB 2007-3	AASB 8 replaces AASB 114 Segment Reporting	As this is a disclosure standard, there will be no impact on amounts recognised in the financial statements. The amendments may have an impact on the Company's segment disclosures.	1 January 2009
AASB 101 (revised) AASB 2007-8 AASB 2007-10	Amendments to AASB 101 Presentation of Financial Statements	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.	1 January 2009
AASB 2008-1	Amendments to AASB 2 – Share Based Payments : Vesting Conditions and Cancellations	No impact because the Company has not issued any options to employees that include non-vesting conditions.	1 January 2009
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosure about Financial Instruments (AASB 4, 7, 1023 and 1038)	The main amendment to AASB 7 requires fair value measurements to be disclosed by source of inputs using a set hierarchy. This is not expected to be applicable to the Company. The amendments to the other listed AASB's are editorial only.	1 January 2009
AASB 2009-7	Amendments to Australian Accounting Standards (AASB 5, 7, 107, 112, 136, 139 and Interpretation 17)	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009
Amendments to International Financial Reporting Standards (IFRS)	Improvements to IFRSs	The Company has not yet determined the extent of the impact of the amendments, if any.	1 January 2009 except amendments to IFRS 5, which are effective from 1 July 2009
AASB 2008-5 AASB 2008-6 AASB 2009-4 AASB 2009-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 and 1038)	Only the amendments to AASB 136 are applicable and there will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only.	1 January 2009 1 July 2009 1 July 2009 1 January 2010

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**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 seeks 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.

Bank deposits at call, amounting to \$225,000 (2008: \$225,000) mature within 30 days of balance date. The weighted average interest rate to which the Company was exposed on its cash assets at the year end was 3.33% (2008: 6.76%).

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 1% decline in interest rates, recent Australian Treasury announcements and press reports would indicate a further downward movement in interest rates of this magnitude to be unlikely over the next 12 months.

Financial Assets	Carrying Amount	Interest Rate Risk			
		-1% Profit	-1% Equity	+1% Profit	+1% Equity
	\$	\$	\$	\$	\$
<b>2009</b>					
Cash & cash equivalents	408,252				
Total increase/(decrease)		(4,083)	(4,083)	4,083	4,083
<b>2008</b>					
Cash & cash equivalents	1,090,623				
Total increase/(decrease)		(10,906)	(10,906)	10,906	10,906

*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.

*Credit risk*

The Company's only exposure to credit risk arises from its cash deposits at the bank. The Company manages this minimal exposure by ensuring its funds are deposited only with major Australian banks with high security ratings.

Exposure to Credit risk	Carrying Amount	
	2009	2008
	\$	\$
Closing carrying amount of Cash & cash equivalents	408,252	1,090,623

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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

*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 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**

Traka Resources Limited operates in the mineral exploration industry only within Australia which is a single geographic segment.

<b>NOTE 4 REVENUE</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>		
Interest received	<b>37,061</b>	106,124
Sundry income	<b>85,717</b>	68,819
Revenue from continuing operations	<b>122,778</b>	174,943

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$	\$
<b>NOTE 5</b>		
<b>EXPENSES</b>		
<b>Loss before income tax includes the following specific administration expenses:</b>		
Personnel expenses		
Salaries, superannuation and associated expenses	119,151	111,701
Share based payments	32,900	-
Depreciation	43,609	33,827
Other Expenses		
Management fee	83,442	186,600
Rental and rates (office, storage, parking)	96,995	87,223
Company secretarial and accounting	48,000	36,000
Insurance	14,180	25,302
Audit and tax	20,787	21,753
Communications	17,499	16,973
ASX fees	12,120	15,477
Other	44,863	52,991
	<u>533,546</u>	<u>587,847</u>

**NOTE 6**            **INCOME TAX**

(a) Income tax expense	-	-
(b) Loss from continuing operations before income tax	<u>(770,542)</u>	<u>(902,624)</u>
Tax at the Australian tax rate of 30%	(231,163)	(270,787)
Tax effect of amounts that are not tax deductible (taxable) in calculating taxable income:		
Employee share scheme	9,870	-
Entertainment	20	-
Prior year adjustment	(10,189)	-
Capital raising costs	(785)	-
Deferred tax assets relating to tax losses and temporary differences not recognised	<u>232,246</u>	<u>270,787</u>
Income tax expense	<u>-</u>	<u>-</u>

The franking account balance at year end was nil. (2008: nil)

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	2008
	\$	\$

**NOTE 6 INCOME TAX (continued)**

(c) Deferred tax assets and liabilities not recognised relate to the following:

<b>Deferred tax assets</b>		
Tax losses	<b>1,897,248</b>	1,654,806
Other temporary differences	<b>6,308</b>	16,505
<b>Deferred tax liabilities</b>		
Other temporary differences	-	-
Net deferred tax assets	<u><b>1,903,556</b></u>	<u>1,671,311</u>

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

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

Cash at bank and on hand	<b>183,252</b>	865,623
Deposits at call	<u><b>225,000</b></u>	<u>225,000</u>
	<u><b>408,252</b></u>	<u>1,090,623</u>

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

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

Trade debtors	<b>24,490</b>	4,440
Other debtors receivables	<u><b>11,360</b></u>	<u>22,901</u>
	<u><b>35,850</b></u>	<u>27,341</u>

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.

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	2008
	\$	\$
<b>NOTE 9</b>		
<b>NON-CURRENT ASSETS – PLANT &amp; EQUIPMENT</b>		
Plant & equipment at cost	<b>184,718</b>	228,587
Accumulated depreciation	<b>(120,060)</b>	(85,797)
	<b>64,658</b>	142,790

**Reconciliations**

Reconciliation of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

Plant and Equipment		
Carrying amount at the beginning of the year	<b>142,790</b>	22,730
Additions	<b>11,042</b>	153,887
Disposals	<b>(45,564)</b>	-
Depreciation expense	<b>(43,609)</b>	(33,827)
Carrying amount at the end of the year	<b>64,658</b>	142,790

**NOTE 10**      **NON-CURRENT ASSETS – EXPLORATION AND  
EVALUATION COSTS CARRIED FORWARD**

Balance at the beginning of the year	-	-
Costs incurred net of recoveries during the financial year	<b>359,774</b>	489,720
Costs expensed during the financial year	<b>(359,774)</b>	(489,720)
Balance at the end of the year	-	-

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

Trade creditors and accruals	<b>34,354</b>	40,740
Employee entitlements	<b>15,848</b>	24,582
	<b>50,202</b>	65,322

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 2009**

	2009 \$	2008 \$
<b>NOTE 12      CURRENT LIABILITIES – PROVISIONS</b>		
Employee entitlements	<u>1,528</u>	<u>760</u>

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

**NOTE 13      EQUITY – CONTRIBUTED EQUITY**

**(a) Share capital**

Fully paid ordinary shares – 44,782,202 (2008: 44,782,202)	<u>6,421,879</u>	<u>6,421,879</u>
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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>2009</b>			
1 July 08	Balance	44,782,202	6,421,879
	No movement	<u>-</u>	<u>-</u>
30 June 09	Balance	<u>44,782,202</u>	<u>6,421,879</u>
<b>2008</b>			
01 July 07	Balance	44,782,202	6,421,879
	No Movement	<u>-</u>	<u>-</u>
30 June 08	Balance	<u>44,782,202</u>	<u>6,421,879</u>

**(c) Share Options**

	<b>No. of Ordinary Shares Subject to Option</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
Employee	1,000,000	29 November 2010	20 cents
Employee	1,000,000	28 December 2011	20 cents
Employee	50,000	6 April 2012	25 cents
Consultant	100,000	6 April 2012	25 cents
Employee	1,000,000	10 December 2011	10 cents

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 13 EQUITY – CONTRIBUTED EQUITY (continued)**

**(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>2009</b>			
01 July 08	Balance	4,250,000	
10 Oct 08	Options expired/lapsed	(2,100,000)	
10 Oct 08	Options issued	<u>1,000,000</u>	10 cents
30 June 09	Balance	<u><b>3,150,000</b></u>	
<b>2008</b>			
01 July 07	Balance	4,250,000	
	No movement	<u>-</u>	
30 June 08	Balance	<u>4,250,000</u>	

**(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.

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 14 EQUITY – RESERVES</b>		
Share based payments reserve	<u><b>245,580</b></u>	<u>212,680</u>

**Nature and purpose of reserves**

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

**NOTE 15 KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Key management personnel compensation**

Short term employee benefits	<b>300,000</b>	286,667
Post employment benefits	<b>5,400</b>	5,400
Share based payments	<u><b>32,900</b></u>	-
	<u><b>338,300</b></u>	<u>292,067</u>

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.

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 15 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)**

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

*Share Holdings*

The numbers of shares in the Company held during the financial year by each director and other 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>2009</b>	<b>Balance</b>	<b>Received as</b>	<b>Options</b>	<b>Net changes</b>	<b>Balance</b>
<b>Name</b>	<b>1 July 2008</b>	<b>remuneration</b>	<b>exercised</b>	<b>other</b>	<b>30 June 2009</b>
<i>Directors</i>					
N Tomkinson	3,813,647	-	-	-	3,813,647
P A Verbeek	1,916,666	-	-	-	1,916,666
J N Pitt	4,729,632	-	-	-	4,729,632
G J Petersons	1,750,000	-	-	-	1,750,000

*Other key management personnel*

P C Ruttledge	135,000	-	-	-	135,000
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<b>2008</b>	<b>Balance</b>	<b>Received as</b>	<b>Options</b>	<b>Net changes</b>	<b>Balance</b>
<b>Name</b>	<b>1 July 2007</b>	<b>remuneration</b>	<b>exercised</b>	<b>other</b>	<b>30 June 2008</b>

*Directors*

N Tomkinson	3,766,299	-	-	47,348	3,813,647
P A Verbeek	1,916,666	-	-	-	1,916,666
J N Pitt	4,729,632	-	-	-	4,729,632
G J Petersons	1,750,000	-	-	-	1,750,000

*Other key management personnel*

P C Ruttledge	135,000	-	-	-	135,000
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The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 8,543,279 shares (2008: 8,543,279 shares)

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 15 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>2009</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>
<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	-	-	-	-	-

*Other key management personnel*

P C Rutledge	-	-	-	-	-
--------------	---	---	---	---	---

<b>2008</b>	<b>Balance at the beginning of the year</b>	<b>Granted during year as compensation</b>	<b>Exercised During year</b>	<b>Balance at the end of the year</b>	<b>Vested and exercisable at the end of the year</b>
<i>Directors</i>					
N Tomkinson	-	-	-	-	-
P A Verbeek	4,000,000	-	-	4,000,000	4,000,000
J N Pitt	-	-	-	-	-
G J Petersons	-	-	-	-	-

*Other key management personnel*

P C Rutledge	-	-	-	-	-
--------------	---	---	---	---	---

**(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 other transactions with key management personnel other than as disclosed in Note 19.

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 16 REMUNERATION OF AUDITORS**

	<b>2009</b>	2008
	\$	\$
<i>Audit services</i>		
Fees paid to BDO Kendalls Audit & Assurance (WA) Pty Ltd		
Amounts paid or payable to the auditors for:		
- Auditing the financial reports of the company	<b>20,787</b>	19,101
	<hr/>	<hr/>
Total remuneration	<b>20,787</b>	19,101

**NOTE 17 CONTINGENCIES**

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2009.

The Directors are not aware of any other contingent liabilities at 30 June 2009.

**NOTE 18 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	<b>54,054</b>	55,383
Later than one year but not later than five years	-	50,767
Later than five years	-	-
	<hr/>	<hr/>
	<b>54,054</b>	106,150
	<hr/>	<hr/>
Representing:		
Minimum lease payments in relation to non-cancellable operating leases	<b>54,054</b>	106,150

**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 Industry and Resources for the next financial year is set out below. The amount shown for the current year is net of the amount expected to be paid by the party farming into the Company's Musgrave's Project.

	<b>2009</b>	2008
	\$	\$
Minimum estimated expenditure requirements	<b>847,948</b>	37,614

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 2009**

**NOTE 18        COMMITMENTS (continued)**

**Remuneration commitments**

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:	<b>2009</b>	2008
	<b>\$</b>	\$
Not later than one year	<b>73,333</b>	220,000
Later than one year but not later than five years	-	73,333
Later than five years	-	-
	<b>73,333</b>	<b>293,333</b>

**NOTE 19        RELATED PARTY TRANSACTIONS**

**Directors**

Directors of Traka Resources Limited 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 15.

**Other related party transactions**

The Company has an agreement with Red Hill Iron Ltd ("Red Hill"), a company of which Mr Pitt and Mr Tomkinson are directors, whereby Red Hill rents office space from Traka on normal commercial terms and conditions. Amounts received from Red Hill totalled \$64,422 (2008: \$57,496)

The Company paid Timothy Verbeek, son, of the Company's Managing Director, \$24,132 for services as a field assistant.

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 2009

#### NOTE 20 INTERESTS IN JOINT VENTURES

The Company has interests in the following mineral exploration joint ventures as at 30 June 2009

Name of project	Interest	Activities	Other Parties
Musgrave Project	100%	Gold and base metal exploration	Anglo American (Australia) Pty Ltd earning up to 75%

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 21 EVENTS OCCURRING AFTER BALANCE DATE

The following matters have occurred subsequent to 30 June 2009:

- Traka has entered into a Tenement Sale Agreement and Joint Venture Agreement with Galaxy Resources Limited, an ASX listed company, in respect of certain of its tenements hosting the historic Western Group of gold mines at Ravensthorpe, whereby it has received \$145,000 in cash and has retained a 20% equity in the tenements free carried to production in respect of lithium and tantalum operations and to completion of a feasibility study in respect of gold or other minerals.
- Traka has entered into an Option Agreement with Sammy Resources Pty Ltd ("Sammy"), a wholly owned subsidiary of ASX listed Cazaly Resources Ltd, whereby Traka pays a \$25,000 fee for the option to acquire, at any time during the 4 year option period, a 90% interest in two exploration tenements abutting Traka's existing holdings in its Musgrave project area for a consideration of \$250,000 in cash and agreeing to free-carry Sammy's 10% equity in the licences through to completion of a feasibility study.

No other matters or circumstances have arisen since the end of the financial year which have significantly affected, or may affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June 2009.

#### NOTE 22 CASH FLOW INFORMATION

	2009	2008
	\$	\$
Reconciliation of operating loss after income tax to net cash used in operating activities:		
Operating loss after income tax	(770,542)	(902,624)
Depreciation	43,609	33,827
Non-cash employee benefit expense	32,900	-
Gain on disposal of assets	(9,590)	-
(Increase)/decrease in receivables	(11,431)	4,120
(Decrease)/increase in payables and provisions	(11,429)	22,620
Net cash outflow from operating activities	<u>(726,483)</u>	<u>(842,057)</u>

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

<b>NOTE 23</b>	<b>LOSS PER SHARE</b>	<b>2009</b>	<b>2008</b>
		<b>Cents</b>	<b>Cents</b>
	Basic and diluted loss per share	<b>(1.72)</b>	(2.02)
	Reconciliation of loss	<b>\$</b>	<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 Income Statements	<b>(770,542)</b>	(902,624)
		<b>No of Shares</b>	<b>No of Shares</b>
	Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	44,782,202	44,782,202

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 24**      **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.
- 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.

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 24 SHARE BASED PAYMENTS (continued)**

Set out below is a summary of options granted under the plan:

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
			Number	Number	Number	Number
<b>2009</b>						
10 Dec 2008	10 Dec 2011	\$0.10	-	1,000,000	-	1,000,000
6 April 2007	6 April 2012	\$0.25	100,000	-	(50,000)	50,000
28 Dec 2006	28 Dec 2011	\$0.20	1,000,000	-	-	1,000,000
29 Nov 2005	29 Nov 2010	\$0.20	1,000,000	-	-	1,000,000
05 Feb 2005	31 Dec 2009	\$0.20	50,000	-	(50,000)	-
10 Oct 2003	10 Oct 2008	\$0.35	2,000,000	-	(2,000,000)	-
			<u>4,150,000</u>	<u>1,000,000</u>	<u>(2,100,000)</u>	<u>3,050,000</u>
	Weighted average exercise price		\$0.27	\$0.10	\$0.34	\$0.17
<b>2008</b>						
6 Apr 2007	6 Apr 2012	\$0.25	100,000	-	-	100,000
28 Dec 2006	28 Dec 2011	\$0.20	1,000,000	-	-	1,000,000
29 Nov 2005	29 Nov 2010	\$0.20	1,000,000	-	-	1,000,000
5 Feb 2005	31 Dec 2009	\$0.20	50,000	-	-	50,000
10 Oct 2003	10 Oct 2008	\$0.35	2,000,000	-	-	2,000,000
			<u>4,150,000</u>	<u>-</u>	<u>-</u>	<u>4,150,000</u>
	Weighted average exercise price		\$0.27			\$0.27

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

The assessed fair value at grant date of options granted during the year ended 30 June 2009 was \$0.033 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.

**TRAKA RESOURCES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 24 SHARE BASED PAYMENTS (continued)**

The model inputs for options granted during the years ended 30 June 2009:

Grant date	10 December 2008
Exercise by	10 December 2011
Exercise price per share	10 cents
Expected average life of the options	3 years
Underlying security spot price at time of grant	4.2 cents
Risk free interest rate	3.6%
Expected volatility	150%

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 had 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.

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

	<b>2009</b>	2008
	\$	\$
Options issued under employee option plan	<u>32,900</u>	<u>-</u>

**TRAKA RESOURCES LIMITED**

**DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2009**

In the directors' opinion:

- (a) the financial statements and notes set out in this financial report are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by Section 295A of the Corporations Act 2001.

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



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**NEIL TOMKINSON**  
Chairman

Dated this 10th day of September 2009



BDO Kendalls

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www.bdo.com.au

ABN 79 112 284 787

10 September 2009

The Directors  
Traka Resources Limited  
Suite 2, 43 Ventnor Avenue  
West Perth WA 6008

Dear Sirs

**DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF TRAKA RESOURCES LIMITED**

As lead auditor of Traka Resources Limited for the year ended 30 June 2009, 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.

This declaration is in respect of Traka Resources Limited during the period.

**Peter Toll**  
Director

**BDO Kendalls Audit & Assurance (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 balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

*Auditor's Opinion*

In our opinion the financial report of Traka Resources Limited is in accordance with the *Corporations Act 2001*, including:

- (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 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

*Material Uncertainty Regarding Going Concern*

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As a result of the matters detailed in Note 1, there is uncertainty whether the Company will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion, the Remuneration Report of Traka Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

**BDO Kendalls Audit & Assurance (WA) Pty Ltd**

BDO Kendalls  


**Peter Toll**  
Director

Subiaco, Western Australia  
Dated this 10<sup>th</sup> day of September 2009