Traka Resources Limited

ABN: 63 103 323 173

10 October 2014

Company Announcements Office

ASX Limited

PO Box H224 Australia Square

SYDNEY NSW 2000

Dear Sir / Madam

Annual Report

Attached is the Traka Resources Limited 2014 Annual Report.

Yours faithfully

Peter Ruttledge

Company Secretary

Suite 2, 43 Ventnor Avenue, West Perth, Western Australia 6005
PO Box 601, West Perth, Western Australia, 6872
Tel: +61 8 9322 1655 Fax: +61 8 9322 9144

Annual Report 2014

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Corporate Directory

Directors
Neil Tomkinson LLB, Non-Executive Chairman
Patrick Verbeek BSc, MAusIMM, Managing Director
George Petersons, Non-Executive Director
Joshua Pitt BSc, MAusIMM, MAIG, Non-Executive Director

Company Secretary
Peter Ruttledge BSc, CA, FFin

Principal and Registered Office
Suite 2 Ground Floor
43 Ventnor Avenue
West Perth WA 6005
Ph: (08) 9322 1655
Fax: (08) 9322 9144
Email: traka@trakaresources.com.au
Web: www.trakaresources.com.au

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
PO Box 700 West Perth WA 6872

Share Register
Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000
Telephone (08) 9323 2000
Facsimile (08) 9323 2033

Stock Exchange Listing
Traka Resources Limited (TKL) shares are listed on the
Australian Securities Exchange

Managing Director's Report

Introduction

The Company currently has exploration interests in four project areas. Principal of these is our large holdings and joint venture interests in the Musgraves and at Ravensthorpe (Figure 1). The other two projects, the Ashburton and Dalgaranga Projects, have been recent additions, pegged for their gold and base metal potential. These projects provide an excellent platform and asset base for the Company's longer term future but, in order to achieve better short term growth, the Company is actively seeking a more advanced project. Securing an advanced project takes advantage of the opportunities now coming onto the very depressed resource industry market but will also accelerate the level of activity in the Company while waiting for access to the other projects. The new Ashburton and Dalgaranga Project tenements are yet to be granted and the granted tenements in the Musgrave and Ravensthorpe Projects are all being explored and managed by our joint venture partners.

A brief description of each of the four exploration projects now follows to provide you with an update.

Figure 1. Project location plan

The Musgrave Project

This year, exploration activity in the Musgraves revolved to a large extent around the work undertaken by our new joint venture partner, Western Areas Limited ("WSA"). Traka entered into a joint venture with WSA in June 2013 on five granted tenements in the Jameson area (Figure 2).

WSA immediately selected two areas, Atlas and Samaria, for detailed ground electromagnetic

("EM") surveys and, from a selection of 20 anomalies, drilled nine (Figure 3). These drill holes targeted sulphide copper and nickel mineralisation in the same suite of mafic intrusive rocks (Giles Intrusives) that host the very significant nearby discoveries of Babel, Nebo and Succoth. These discoveries, the majority of which were originally made by Western Mining Corporation in 2000, are currently the subject of a major drill program by the new owners Cassini Resources Limited ("Cassini"). Success by Cassini could have very significant implications for Traka and WSA as there are positive indications of shared potential across our abutting tenement boundaries.

The structures and feeder pipes that have formed the conduit for the numerous Giles Intrusives are often preferentially mineralised and therefore the location and drilling of these features have naturally become the focus for exploration activity in the region. A large northeast trending mineralised structure appears to host the Babel, Nebo and Succoth discoveries. This structure partly includes the Traka/WSA joint venture tenements. Most of this zone in the joint venture tenements is yet to be tested so we can expect more interest in this area in the future.

In the Atlas area, immediately to the north of the northeast trending structure, WSA recently drilled a wide low grade zone of copper mineralisation which was very similar to the style of mineralisation found at Succoth. This drill hole and other targets previously identified by Traka at the Camel, SW1 and Jameson prospects attest to the presence of other mineralised intrusives in the region.

Outside the Jameson area tenements, where we are yet to gain access, previous target generation

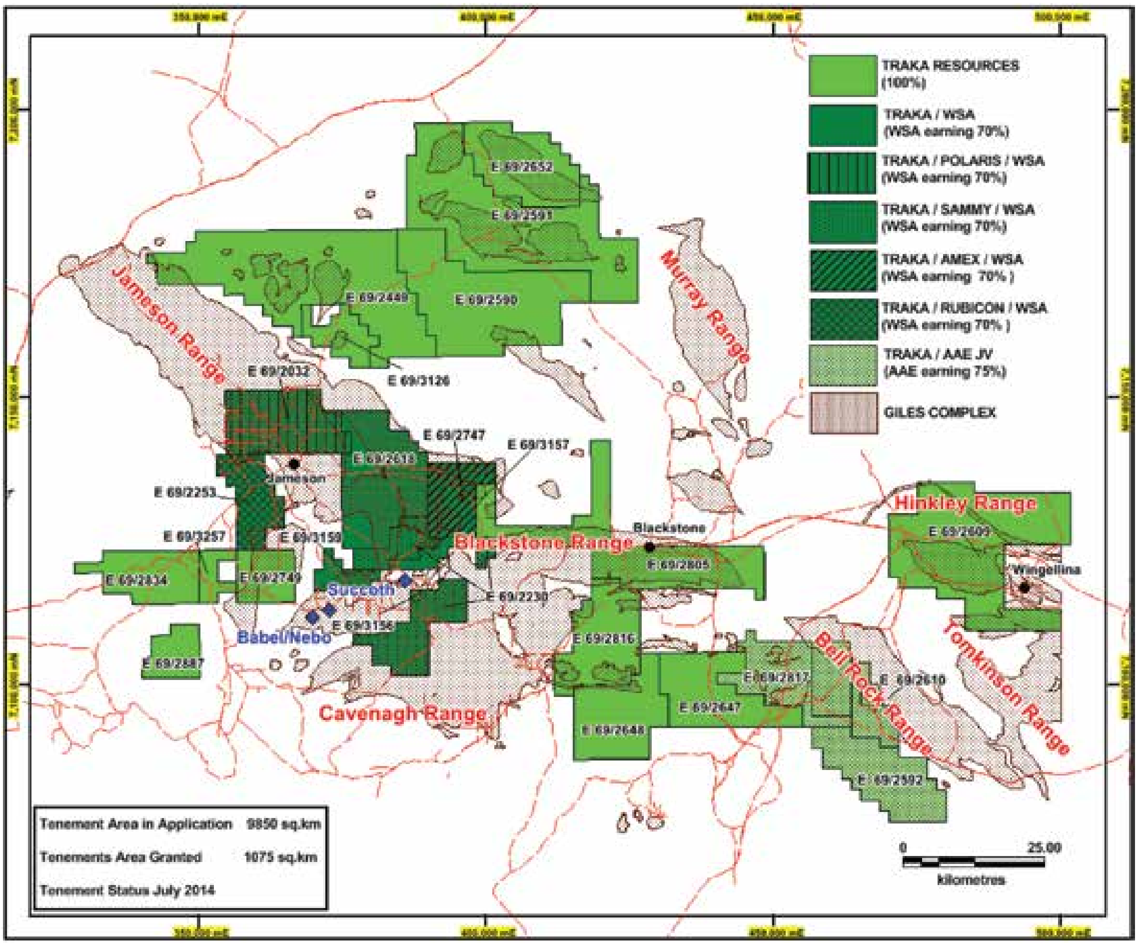

Figure 2. Musgrave Project tenement and joint venture interests

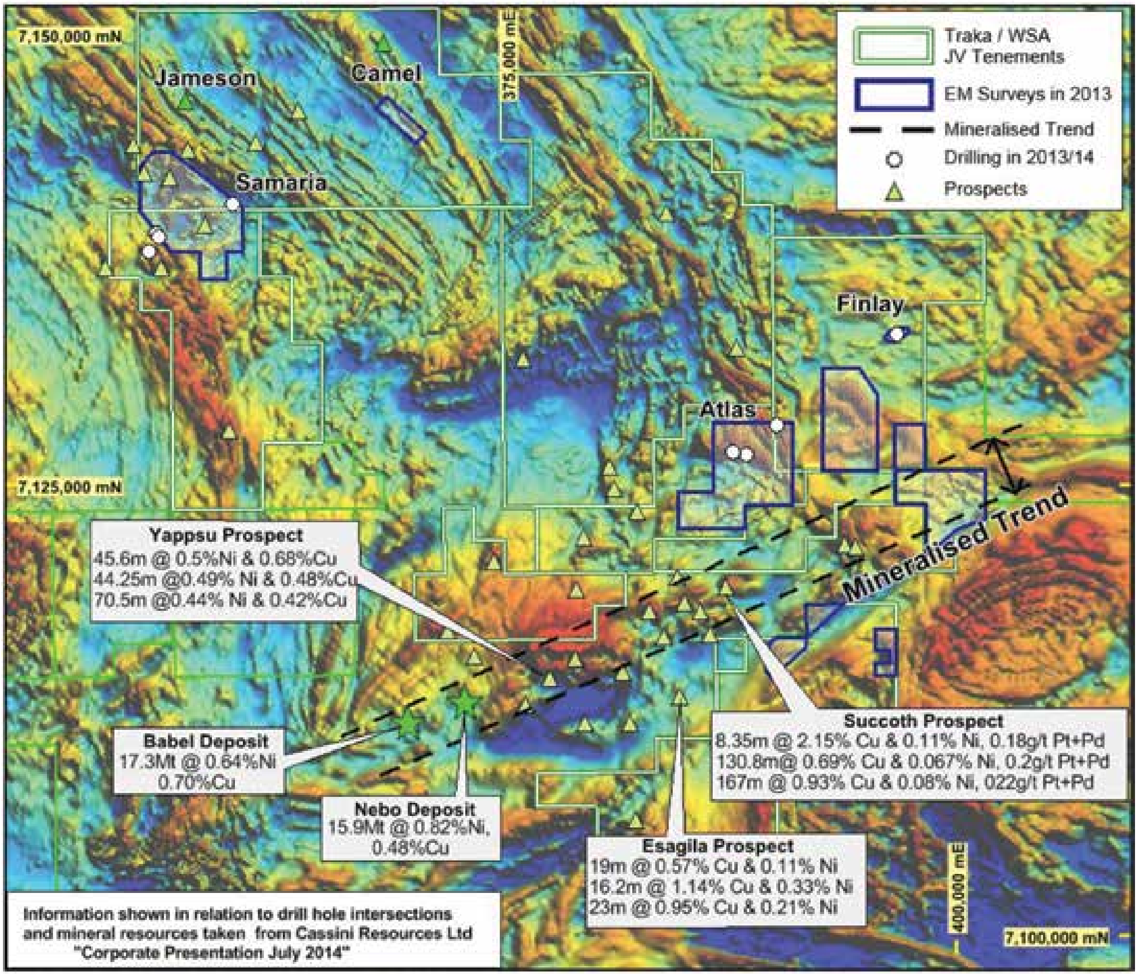

Figure 3. Aeromagnetic image showing key features and targets

work in joint venture with Anglo American Exploration (Australia) Pty Ltd (AAE) highlighted a number of very exciting targets. A very large aerial electromagnetic survey ("Spectrem") in the Bell Rock Range area, carried out by AAE, detected five targets. These Spectrem anomalies are thought to reflect the presence of electrical conductors generated by massive sulphides.

In the tenements south of Blackstone Range, Traka's own work has identified a 15 kilometre zone of copper, nickel and platinum anomalism in soil samples coincident with the basal contact zone of a very large layered mafic intrusive body called Saturn. This geological setting is particularly prospective for mineralisation of the same style as the layered South African Bushveld Complex. The basal zone of the layered intrusive, where it is in contact with the country rocks, is the favoured horizon for concentrations of economic levels of copper and nickel sulphides in addition to platinum and chrome.

In the Wingellina area, Traka's holdings surround the major nickel laterite resource held by MetalsX Limited. The same mafic and ultramafic host rocks that host the Wingellina deposit extend into Traka's tenements in coincidence with the very large regional scale Mann Fault.

Finally, in the northern Murray Range area, Traka has key tenement holdings in areas of known Giles Intrusive rocks and large deep seated structures. No exploration has ever occurred in most of this region despite the widely accepted prospectivity of the area.

The Ravensthorpe Project

Traka's exploration interests in the Ravensthorpe region remain within Silver Lake Resources Limited ("SLR") management under four separate Option Agreements, each relating to a separate part of the project (Figure 4). SLR's joint venture interests with Traka comprise an important part of their larger interests in their own Great Southern Project. The SLR option period terminates later this year. At this point in time SLR can elect to withdraw with no interest earned, or exercise the options by further payments and, in the case of the Mt Short area, free carry Traka's 20% remaining equity through to completion of a Bankable Feasibility Study. SLR have not reported any significant exploration results to date and have only maintained a minimum expenditure commitment regime as a consequence of higher priorities in their own company.

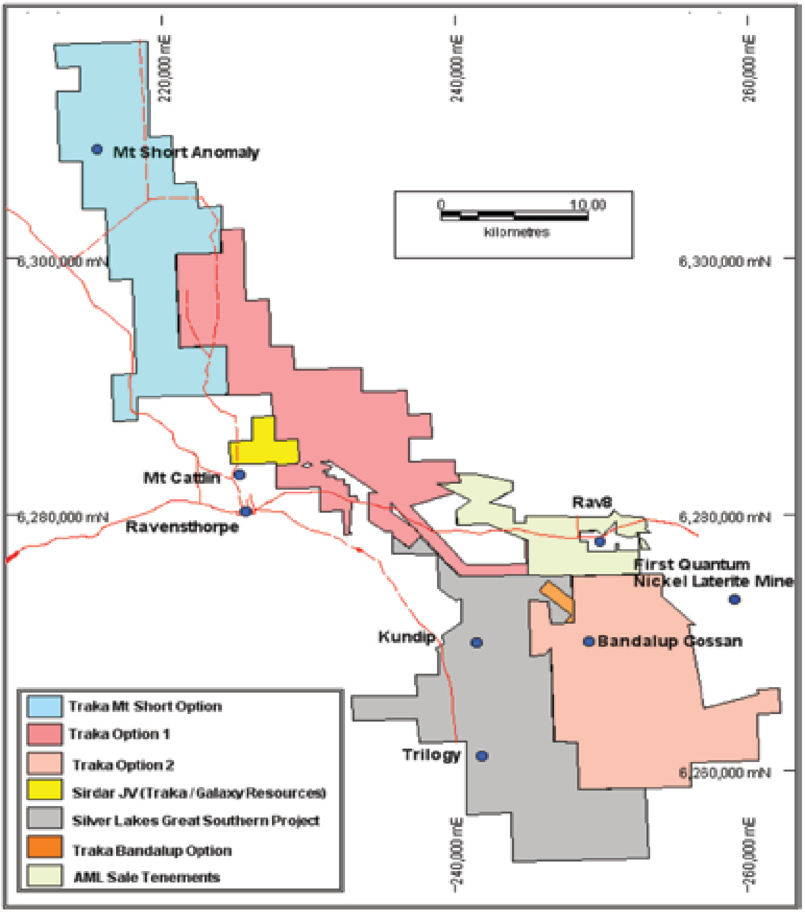

Figure 4. Ravensthorpe Project location plan showing the four Option Areas and various projects in the region

The Ashburton River Project

The nine tenements recently applied for in the Ashburton River Project area are the first steps towards consolidating a ground position in this exciting copper and gold terrain (Figure 5). The region sits between the very productive Yilgarn and Pilbara Cratons and has known mineral potential, being host to some large deposits like Plutonic, De Grussa, Paulsens and Abra, but has had very little systematic exploration in the recent past. Copper and gold mineralisation, associated with deep seated structures acting as conduits for hydrothermal fluids, form the main exploration criteria and our current data compilation efforts show that little more than prospecting activity has occurred over most of the land. With the development of new infrastructure, such as a gas pipeline and roads into this region, exploration and mine development in this area is no longer the daunting hurdle that it used to be.

Currently, work on this project comprises data compilation. As this information is absorbed and permitting for land access is finalised, we can expect to see the commencement of field programs.

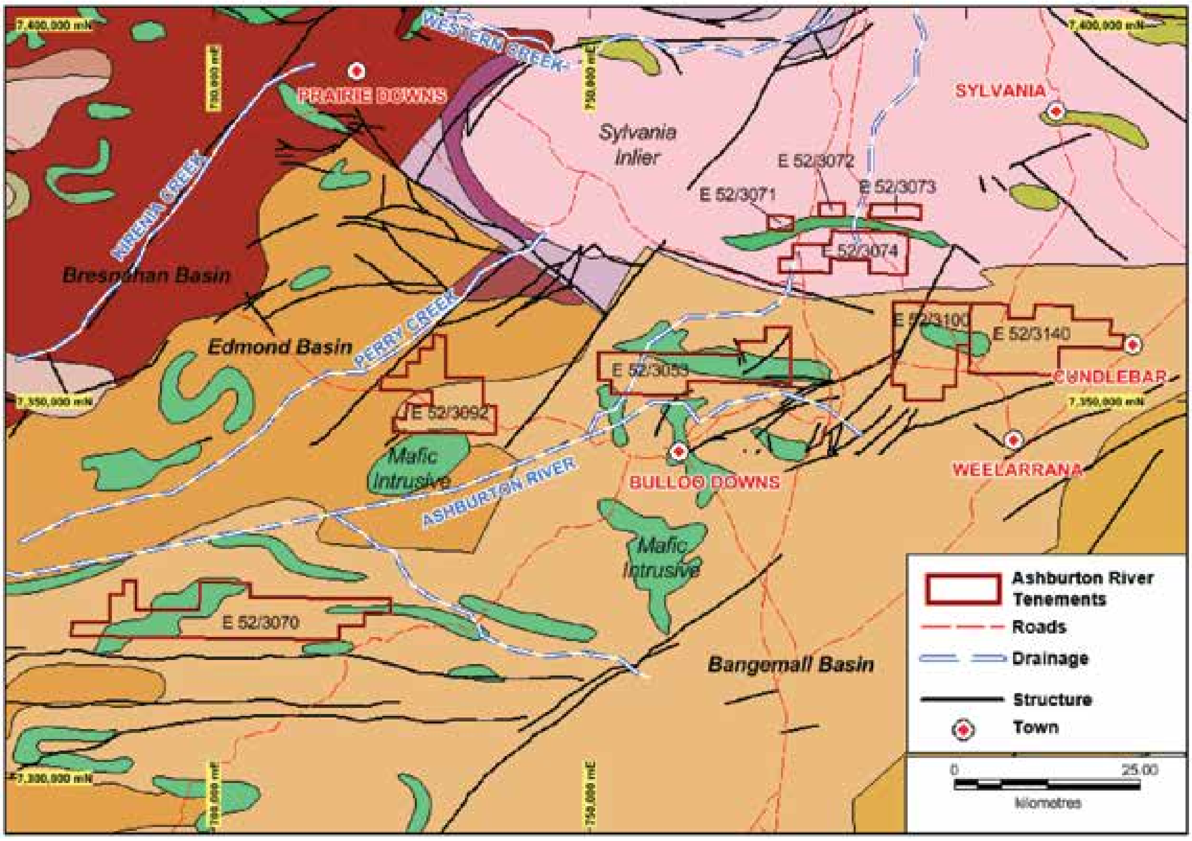

Figure 5. Tenements in the Ashburton River Project

The Dalgaranga Project

Our interest in the Dalgaranga Greenstone Belt and project area stems from the excellent gold and base metal prospectivity evident in this area. Traka has one tenement application in the northern part of the Belt but other applications and discussions with third party interests may allow further consolidation over time. The base metal potential of the area is modelled on the Golden Grove copper, lead, zinc discovery in a similar greenstone about 100km further south. The gold potential relates to a northerly trending structure, evident in the aeromagnetic image (Figure 6), and the north trending Cuddingwarra Shear Zone. The Cuddingwarra Shear Zone is a major regional feature that host the very large Big Bell mine to the north east.

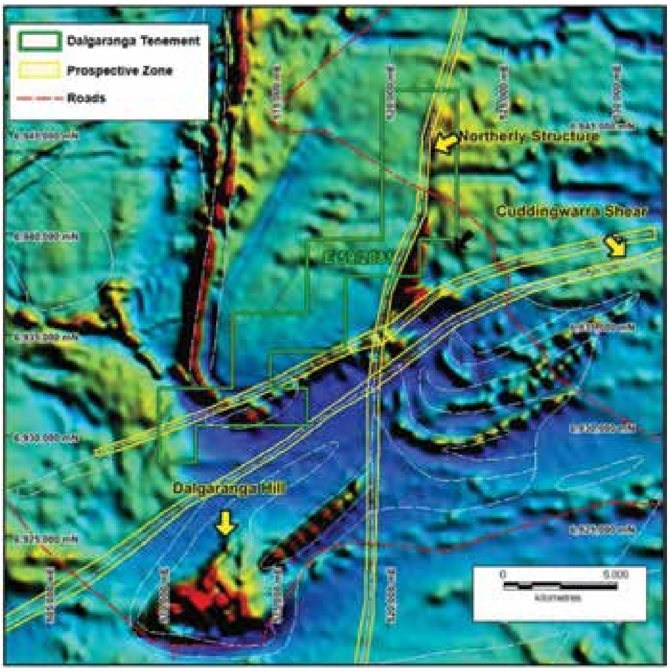

Figure 6. Aeromagnetic image showing the Dalgaranga tenement and the main structures

Patrick Verbeek - Managing Director

Exploration Camps in the Musgraves

Drill Samples

Directors' Report
For the year ended 30 June 2014

Your directors present their report on Traka Resources Limited ("Traka" or the "Company") for the year ended 30 June 2014.

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's exploration interests are held in the Musgraves, Ravensthorpe, Ashburton and Dalgaranga areas. The Ashburton and Dalgaranga tenements are recent acquisitions whereas the tenements in the Musgraves and Ravensthorpe are long standing and largely under the management of third party joint venture interests. A brief description of each of the projects follows:

The Musgrave Project

The Company continues to maintain a very substantial exploration portfolio in the Musgrave area although some scaling back of this portfolio to core tenements has occurred. All of the granted tenements in the project are currently farmed out to either Western Areas Ltd ("WSA") or Anglo American Exploration (Australia) Pty Ltd ("AAE"). WSA and AAE are the managers of these joint ventures and they each have the right to earn between 70% and 80% equity in the joint venture tenements by meeting certain expenditure requirements and free-carrying Traka's remaining 20% to 30% equity through to completion of a Bankable Feasibility Study. The remaining tenements that comprise the Musgrave Project are in the application phase and are solely Traka's. Lengthy delay in achieving access to the new tenements is preventing exploration activity from being expanded into these tenements.

WSA's joint venture activities centre around the copper, nickel and platinum potential hosted within multiple mafic and ultramafic intrusive rocks in the Jameson area and a number of targets have been highlighted and drilled. The Jameson area is proximal to the large undeveloped nickel, copper and platinum resource of Babel Nebo and Succoth recently acquired by Cassini Resources Ltd from BHP Billiton.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

The AAE joint venture activity principally revolves around drill testing of a number of airborne geophysical targets generated by their proprietary airborne electromagnetic system, Spectrem. The Spectrem targets seek massive sulphide hosted copper, nickel and platinum mineralisation in the same suite of mafic and ultramafic intrusive rocks that characterise the Musgrave region. Lack of access to these areas is also preventing further exploration activity at present.

The Ravensthorpe Project

Traka's exploration interests in the Ravensthorpe Greenstone Belt remain very significant but are now entirely held by way of five separate agreements. Firstly, the Company retains a 20% Free Carry interest in ground prospective for lithium, tantalum and gold adjacent to the Mount Catlin Lithium Tantalum Mine owned and operated by Galaxy Resources Ltd. Secondly, the company has four Option Agreements with Silver Lake Resources Ltd ("Silver Lake"). The Option Agreements with Silver Lake consolidated Traka's mix of wholly owned tenements and joint venture interests in the region with that of Silver Lake's expanded Great Southern Project. Under the terms of the Option Agreements, Silver Lake is obliged to maintain the tenements in good standing and may choose to withdraw from any one of the Option Agreements with no retained interest or in the case of two areas, Mt Short and Bandalup, proceed to earn 80% equity and free carry Traka's interest to completion of a Bankable Feasibility Study. Silver Lake recently extended the Option Period by a further 12 months on three of the Option Areas by payment of $62,500 for each area.

The Ashburton and Dalgaranga Projects

New tenements applied for in the Ashburton and Dalgaranga areas are part of the Company's efforts to open up new areas for exploration following the delays being experienced in the Musgraves. Ground activity in these areas can be expected in the following period as access and permitting requirements are met. These areas offer gold and base metal potential.

Corporate

The Company is also evaluating joint venture and corporate opportunities as a means of accelerating and revitalizing activity in the company. This activity is seen as top priority and the path to the Company's longer term future.

The Company concluded both a successful share placement and a share purchase plan during the financial year, issuing a further 19,041,639 shares to raise $1,068,584 after costs.

The Company made a net loss for the financial year of $448,469 (2013: $690,142).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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, in the opinion of the directors, may affect the future results of those operations or the state of affairs of the Company.

ENVIRONMENTAL REGULATION

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

INFORMATION RELATING TO DIRECTORS

Chairman – Non Executive

Neil Tomkinson LLB (Hons)

Mr Tomkinson has considerable experience extending over the last thirty five years in the administration of and investment in exploration and mining companies. At 30 June 2014, he was the executive chairman of Red Hill Iron Limited (appointed April 2008), a non-executive director of Hampton Hill Mining NL (appointed January 1997) and the non-executive chairman of Pan Pacific Petroleum NL (appointed a director in June 2006 and chairman in December 2008). Mr Tomkinson is an investor in private mineral exploration and in resources in general in Australia.

Managing Director

Patrick Verbeek BSc, MAusIMM

Mr Verbeek is a geologist with thirty years' experience in the resource industry in Australia and internationally. Mr Verbeek's experience is wide ranging and is spread equally between mineral exploration and mining, company management and corporate activity. Mr Verbeek has held a number of senior management positions in exploration and mining operations both in open-pit and underground gold and base metal operations as well as executive directorships in private and public resource companies. Mr Verbeek is a founding director of Traka.

Mr Verbeek has held no other directorships of ASX listed companies during the last three years.

INFORMATION RELATING TO DIRECTORS (continued)

Non Executive Directors

Joshua Pitt BSc, MAusIMM, MAIG

Mr Pitt is a geologist with substantial exploration experience who has, for more than thirty five years, been a director of exploration and mining companies in Australia. Mr Pitt is involved in substantial private mineral exploration and also in resource investments. As at 30 June 2014, he was 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).

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.

INFORMATION RELATING TO THE COMPANY SECRETARY

Peter Ruttledge BSc, CA, FFin

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

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

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

Director	Ordinary shares	Options over ordinary shares
N Tomkinson	7,968,201	-
P A Verbeek	4,916,664	3,000,000
J N Pitt	9,976,666	-
G J Petersons	726,666	-

DIRECTORS' MEETINGS

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

Director	Meetings of directors	Meetings attended
N Tomkinson	7	7
P A Verbeek	7	7
J N Pitt	7	7
G J Petersons	7	7

The Company does not have any subcommittees.

REMUNERATION REPORT - AUDITED

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

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

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

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

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

The remuneration framework has regard to shareholders' interests by:

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

The remuneration framework has regard to executives' interests by:

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

REMUNERATION REPORT – AUDITED (continued)

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

Non-executive directors

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

Executives

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

Company Performance

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

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

		2014	2013	2012	2011	2010
Revenue and other income	($000)	208	519	313	208	124
Net loss	($000)	448	690	1,562	2,438	996
Loss per share	(cents)	0.43	0.78	2.26	3.89	2.12
Share price at year end	(cents)	3.2	6	5	18	12

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
	$	$	$	$	%	%
2014						
Non-executive directors						
N Tomkinson	21,850	-	-	21,850	-	-
J N Pitt	20,000	1,850	-	21,850	-	-
G J Petersons	20,000	1,850	-	21,850	-	-
Managing director						
P A Verbeek	277,000	-	82,250	359,250	23%	-
Total	**338,850**	**3,700**	**82,250**	**424,800**		
2013						
Non-executive directors						
N Tomkinson	20,000	1,800	-	21,800	-	-
J N Pitt	20,000	1,800	-	21,800	-	-
G J Petersons	20,000	1,800	-	21,800	-	-
Managing director						
P A Verbeek	277,000	-	-	277,000	-	-
Total	**337,000**	**5,400**	**-**	**342,400**		

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

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 1 or 2 years. The current term expires in November 2014. The current level of remuneration in terms of this agreement is set at $250,000 per annum, plus $27,000 per annum compensation for the provision of a four-wheel-drive motor vehicle. There are no termination arrangements in respect of Mr Verbeek's engagement other than the expectation that Malahang would receive 3 months' fees in the event of his services being terminated by the Company.

(D) Share based compensation

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

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

REMUNERATION REPORT – AUDITED (continued)

Share based compensation options

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

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
17 November 2010	17 November 2010	17 November 2013	\$0.2125	\$0.0978
16 November 2011	16 November 2011	15 November 2014	\$0.20625	\$0.0970
18 November 2013	18 November 2013	17 November 2016	\$0.0875	\$0.0411

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 23 to the financial statements.

Name	Balance at beginning of year	Received as remuneration	Options expired	Balance at end of year
2014				
Directors				
N Tomkinson	-	-	-	-
P A Verbeek	**3,000,000**	**2,000,000**	**(2,000,000)**	**3,000,0000**
J N Pitt	-	-	-	-
G J Petersons	-	-	-	-

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

REMUNERATION REPORT – AUDITED (continued)

The model inputs for options granted included:

	2014	2013
Grant date	18 November 2013	-
Exercise by	17 November 2016	-
Exercise price per share	8.75 cents	-
Expected average life of the options	3 years	-
Underlying security spot price at time of grant	7 cents	-
Risk free interest rate	3.03%	-
Expected volatility	100%	-
Value of options at grant date	$82,250	-

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

Shares provided on exercise of remuneration options

During the financial year no shares (2013: nil) were issued as a result of the exercise of remuneration options.

Equity held by key management personnel

The numbers of shares in the Company held directly and indirectly by key management personnel and any movements over the year, are set out below. There were no shares granted during the period as compensation.

Name	Balance at beginning of year	Received as remuneration	Options exercised	Net changes - other	Balance at end of year
2014					
Directors					
N Tomkinson	**7,718,201**	**-**	**-**	**250,000**	**7,968,201**
P A Verbeek	**4,666,664**	**-**	**-**	**250,000**	**4,916,664**
J N Pitt	**9,466,666**	**-**	**-**	**510,000**	**9,976,666**
G J Petersons	**1,310,000**	**-**	**-**	**(583,334)**	**726,666**

Net changes - other relate to shares acquired or sold during the year. The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 17,944,867 shares. No shares are held nominally.

REMUNERATION REPORT – AUDITED (continued)

(E) Additional information

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

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

There were no other transactions with key management personnel and related parties during the year.

The audited remuneration report ends here.

SHARES UNDER OPTION

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

Grant Date	Expiry date	Issue price of shares	Number under option	Percent vested
16 November 2011	15 November 2014	20.625 cents	1,100,000	100%
18 November 2013	17 November 2016	8.75 cents	2,000,000	100%
13 January 2014	17 November 2016	8.75 cents	450,000	100%

INSURANCE OF OFFICERS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

BDO Audit (WA) Pty Ltd ("BDO"), the company's auditor, did not perform any non-audit services for the Company for the year ended 30 June 2014.

Directors' Report
For the year ended 30 June 2014

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 report. BDO continues in office in accordance with Section 327 of the Corporations Act 2001.

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

Neil Tomkinson

NEIL TOMKINSON
Chairman
Dated this 15 September 2014

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Notes	**2014**	2013
		$	$
Revenue from continuing operations	4	**20,477**	12,891
Other income	4	**188,000**	506,116
Exploration and evaluation expenditure	6	**(29,857)**	(631,776)
Administration expenses	5	**(627,089)**	(577,373)
Loss before income tax		**(448,469)**	(690,142)
Income tax expense	7	**-**	-
Loss for the year		**(448,469)**	(690,142)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		**(448,469)**	(690,142)
Loss per share attributable to the ordinary equity holders of the Company		**Cents**	Cents
Basic and diluted loss per share	22	**(0.43)**	(0.78)

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

Statement of Financial Position
As at 30 June 2014

	Notes	2014	2013
		$	$
Current assets			
Cash and cash equivalents	8	**899,899**	47,439
Trade and other receivables	9	**58,832**	440,589
Total current assets		**958,731**	488,028
Non-current assets			
Trade and other receivables	10	**-**	14,000
Plant and equipment	11	**67,724**	92,304
Total non-current assets		**67,724**	106,304
Total assets		**1,026,455**	594,332
Current liabilities			
Trade and other payables	12	**83,271**	364,813
Total current liabilities		**83,271**	364,813
Total liabilities		**83,271**	364,813
Net assets		**943,184**	229,519
Equity			
Issued capital	13	**12,572,212**	11,503,628
Reserves	14	**714,780**	621,230
Accumulated losses		**(12,343,808)**	(11,895,339)
Total equity		**943,184**	229,519

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

Statement of Changes in Equity

For the year ended 30 June 2014

	Issued capital	Share based payments reserve	Exercised option reserve	Accumulated losses	Total equity
	$	$	$	$	$
2014					
As at 1 July 2013	**11,503,628**	**556,430**	**64,800**	**(11,895,339)**	**229,519**
Loss for the year	**-**	**-**	**-**	**(448,469)**	**(448,469)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(448,469)**	**(448,469)**
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	**1,068,584**	**-**	**-**	**-**	**1,068,584**
Share based payments	**-**	**93,550**	**-**	**-**	**93,550**
As at 30 June 2014	**12,572,212**	**649,980**	**64,800**	**(12,343,808)**	**943,184**
2013					
As at 1 July 2012	10,593,504	556,430	64,800	(11,205,197)	9,537
Loss for the year	-	-	-	(690,142)	(690,142)
Total comprehensive loss for the year	-	-	-	(690,142)	(690,142)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	910,124	-	-	-	910,124
As at 30 June 2013	11,503,628	556,430	64,800	(11,895,339)	229,519

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

Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014	2013
		$	$
Cash flows from operating activities			
Interest received		**13,653**	12,941
Interest paid		**-**	(5,341)
Receipts from sublease of premises and other income		**-**	41
Payments to suppliers and employees		**(504,879)**	(518,053)
Payments for exploration activities		**(50,081)**	(644,601)
Receipt of exploration expenditure recoveries		**125,500**	-
Receipt of security deposit recovered		**14,000**	-
Receipt of option fees		**187,500**	375,000
Net cash outflow from operating activities	21	**(214,307)**	(780,013)
Cash flows from investing activities			
Payments for plant, equipment and motor vehicle		**(1,817)**	-
Proceeds from sale of plant, equipment and motor vehicle		**-**	6,000
Net cash (outflow)/inflow from investing activities		**(1,817)**	6,000
Cash flows from financing activities			
Proceeds from share issue		**1,142,500**	928,061
Payment for share issue costs		**(73,916)**	(17,936)
Proceeds from loan facility		**-**	50,000
Repayment of loan facility		**-**	(200,000)
Net cash inflow from financing activities		**1,068,584**	760,125
Net increase/(decrease) in cash and cash equivalents held		**852,460**	(13,888)
Cash and cash equivalents at the beginning of the financial year		**47,439**	61,327
Cash and cash equivalents at the end of the financial year	8	**899,899**	47,439

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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. The recoverable amount of the asset is the higher of its value-in-use and its fair value less costs to sell. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and fair value less cost to sell is determined using market rates.

Going concern

During the year ended 30 June 2014, the Company incurred a net loss of $448,469 and, at balance date, the Company’s current assets exceeded current liabilities by $875,460.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the members of the board of directors.

(c) Revenue recognition

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

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

Other revenue is recognised as it accrues.

(d) Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

(e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any objective evidence that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets and liabilities

Recognition

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

Loans and receivables

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

Financial liabilities

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

Impairment

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

(h) Exploration, evaluation and development expenditure

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

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

Accumulated costs in relation to an abandoned area are written off to profit or loss in the year in which the decision to abandon the area is made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on a discounted basis.

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.

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

Depreciation

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Employee benefits

Wages and salaries and annual leave

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

Long service leave

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefits obligations

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

Share based payments

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

The fair value at grant date is independently determined using an option pricing model that takes into account the price, the term, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the unlisted options, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) 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.

(n) Joint arrangements

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

The agreements are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs in proportion to their ownership of joint venture assets. The parties to the agreement do not hold any assets other than their title to the mineral tenements and accordingly the company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 1(h).

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis except for the GST components of investing or financing activities, which are presented as operating cash flow.

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) New accounting standards and interpretations

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

Reference and title	Nature of change to accounting policy and impact on initial application	Application date
AASB 9 Financial Instruments	Amends the requirement for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. The Company does not have any financial assets or liabilities measured at fair value through profit or loss.	1 July 2017
AASB 2014-1 Australian Accounting Standards	Non-urgent but necessary changes to standards arising from the Annual Improvements to IFRS cycle. There will be no impact on the financial statements upon adoption of these amendments as they apply prospectively to share-based payment transactions only for which the grant date is on or after 1 July 2014, or are disclosure impacts only.	1 July 2014
Interpretation 21 Levies	Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. The Company is not liable to pay any government levies so there will be no impact on the financial statements when this interpretation is first adopted.	1 July 2014
IFRS 15 Revenue from contracts with customers	Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. Due to the recent release of this standard the entity has not yet made a detailed assessment of the impact of this standard.	1 July 2017

NOTE 2 FINANCIAL RISK MANAGEMENT

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

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

Market risk

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

The weighted average interest rate to which the Company was exposed on its cash assets at the year-end was 3.30% (2013: 2.29%).

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

Financial assets	**Carrying amount of cash assets**	**Effect of increase or decrease of interest rate on**			
		Post tax profit		**Equity**	
2014		**-0.5%**	**+0.5%**	**-0.5%**	**+0.5%**
	$	**$**	**$**	**$**	**$**
Cash and cash equivalents	**899,899**				
Total increase/(decrease)		**(4,500)**	**4,500**	**(4,500)**	**4,500**
2013		-0.5%	+0.5%	-0.5%	+0.5%
	$	$	$	$	$
Cash and cash equivalents	47,439				
Total increase/(decrease)		(237)	237	(237)	237

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

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

Exposure to credit risk	**2014**	2013
	$	$
Closing carrying amount		
Cash and cash equivalents	**899,899**	47,439
Trade and other receivables	**58,832**	454,589

Fair value estimates

The carrying amount of the Company's financial assets and liabilities approximates fair value due to their short-term maturity. The Company has no financial instruments carried at fair value.

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 farm out joint venture interests in its projects.

NOTE 3 SEGMENT INFORMATION

Management 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.

	2014	2013
	$	$
Reportable segment assets	**67,724**	92,304
Reportable segment liabilities	**27,420**	58,249
Reportable segment profit/(loss)	**157,643**	(131,776)
Reconciliation of reportable segment loss		
Reportable segment profit/(loss)	**157,643**	(131,776)
Other revenue	**20,977**	19,007
Unallocated corporate expenses	**(627,089)**	(577,373)
Loss before tax	**(448,469)**	(690,142)

NOTE 4 REVENUE AND OTHER INCOME

Revenue from continuing operations		
Interest received	**20,477**	12,891
Other income		
Option fee income	**187,500**	500,000
Other	**500**	6,116
	188,000	506,116

Notes to the Financial Statements
For the year ended 30 June 2014

NOTE 5 ADMINISTRATION EXPENSES

	2014	2013
	$	$
Loss before income tax includes the following specific administration expenses:		
Personnel expenses		
Salaries, directors' fees and management fee	**485,935**	463,564
Superannuation	**17,074**	16,878
Share based payments	**93,550**	-
Less: Disclosed as exploration expenditure	**(260,231)**	(261,492)
	336,328	218,950
Depreciation	**17,009**	23,577
Other expenses		
Rental and rates (office, storage, parking)	**63,370**	151,235
Company secretarial and accounting	**70,813**	56,960
Audit	**33,010**	19,303
Communications	**15,076**	14,742
Listing fees	**15,851**	12,583
Interest paid	**-**	4,665
Other	**75,632**	75,358
	627,089	577,373

NOTE 6 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure incurred	**461,999**	688,055
Less: Recovered from third parties	**(432,142)**	(56,279)
	29,857	631,776

NOTE 7 INCOME TAX

	2014	2013
	$	$
(a) Income tax expense	**-**	-
(b) Loss from continuing operations before income tax	**(448,469)**	(690,142)
Prima facie tax benefit at the Australian tax rate of 30% (2013: 30%)	**(134,541)**	(207,058)
Tax effect of amounts that are taxable/(deductible) in calculating taxable income:		
Taxable / non-deductible items	**28,080**	-
Non-taxable / deductible items	**(13,801)**	(9,366)
Tax benefits not brought to account	**120,262**	216,424
Income tax expense	**-**	-

The franking account balance at year end was nil (2013: nil)

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

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

	2014	2013
Carried forward tax losses	**3,631,778**	3,515,265
Deductible temporary differences	**12,652**	8,904
Taxable temporary differences	**-**	-
Unrecognised net deferred tax assets	**3,644,430**	3,524,169

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

NOTE 8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2014	2013
	$	$
Cash at bank and on hand	**899,899**	47,439

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

NOTE 9 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade receivables	**52,008**	-
Interest receivable	**6,824**	-
Other receivables	**-**	440,589
	58,832	440,589

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

Interest receivable comprises pro-rata interest receivable at balance sheet date in respect of deposits at call which are expected to be repaid within 90 days. Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 2.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. No receivables are considered impaired or past due.

NOTE 10 NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Security deposit	**-**	14,000

The security deposit was 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 was considered to be equal to its carrying amount. This bond was cancelled during the year and the security deposit recovered.

NOTE 11 NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	2014	2013
	$	$
Field equipment – at cost	**86,239**	108,031
Accumulated depreciation	**(73,689)**	(82,564)
	12,550	25,467
Office furniture and equipment – at cost	**71,929**	87,561
Accumulated depreciation	**(70,007)**	(85,206)
	1,922	2,355
Motor vehicle – at cost	**89,835**	89,835
Accumulated depreciation	**(36,583)**	(25,353)
	53,252	64,482
Total plant and equipment	**67,724**	92,304

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

	Office furniture & equipment	**Field equipment**	**Motor vehicle**	**Total**
	$	**$**	**$**	**$**
2014				
Carrying amount at 1 July 2013	**2,355**	**25,467**	**64,482**	**92,304**
Additions during the year	**1,817**	**-**	**-**	**1,817**
Disposals during the year	**(140)**	**(9,248)**	**-**	**(9,388)**
Depreciation expense	**(2,110)**	**(3,669)**	**(11,230)**	**(17,009)**
Carrying amount at 30 June 2014	**1,922**	**12,550**	**53,252**	**67,724**
2013				
Carrying amount at 1 July 2012	5,782	34,388	75,711	115,881
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
Depreciation expense	(3,427)	(8,921)	(11,229)	(23,577)
Carrying amount at 30 June 2013	2,355	25,467	64,482	92,304

NOTE 12 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2014	2013
	$	$
Trade creditors and accruals	**70,821**	155,076
Employee entitlements	**12,450**	9,737
Deferred income	**-**	200,000
	83,271	364,813

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

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

Deferred income in the prior year related to a receivable in respect of exploration expenditure recoverable by the Company arising from a joint venture arrangement that, at prior balance date, remained subject to a period of due diligence on the part of the joint venture partner. This was taken to income during the current year.

NOTE 13 EQUITY - ISSUED CAPITAL

(a) Share capital

Fully paid ordinary shares – 111,848,198 (2013: 92,806,559)	**12,572,212**	11,503,628

(b) Rights attaching to 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 13 EQUITY - ISSUED CAPITAL (continued)

(c) Movements in ordinary share capital during the past 2 years

Date	Details	Number of shares	$
2014			
1 July 2013	Balance	**92,806,559**	**11,503,628**
	Issue of ordinary shares	**19,041,639**	**1,142,500**
	Capital raising costs	**-**	**(73,916)**
30 June 2014	Balance	**111,848,198**	**12,572,212**
2013			
1 July 2012	Balance	69,605,049	10,593,504
	Issue of ordinary shares	23,201,510	928,060
	Capital raising costs	-	(17,936)
30 June 2013	Balance	92,806,559	11,503,628

(d) Share options

	No. of ordinary shares subject to option	Expiry date	Exercise price
Director	1,000,000	15 November 2014	20.625 cents
Staff	100,000	15 November 2014	20.625 cents
Director	2,000,000	17 November 2016	8.75 cents
Staff	450,000	17 November 2016	8.75 cents
	3,550,000		

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

Date	Details	No. of options	Exercise price
2014			
1 July 2013	Balance	**3,750,000**	
17 November 2013	Options lapsed	**(2,650,000)**	**21.25 cents**
18 November 2013	Options issued	**2,000,000**	**8.75 cents**
13 January 2013	Options issued	**450,000**	**8.75 cents**
30 June 2014	Balance	**3,550,000**	

NOTE 13 EQUITY - ISSUED CAPITAL (continued)

(e) Movements in number of options during the past 2 years (continued)

Date	Details	No. of options	Exercise price
2013			
1 July 2012	Balance	3,750,000	
	No movement	-	-
30 June 2013	Balance	3,750,000	

NOTE 14 EQUITY - RESERVES

	2014	2013
	$	$
Share based payments reserve	**649,980**	556,430
Exercised option reserve	**64,800**	64,800
	714,780	621,230

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 15 AUDITOR REMUNERATION

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

	2014	2013
Auditing and review of the financial reports of the Company	**33,010**	19,303
Other services	**-**	-
Total remuneration	**33,010**	19,303

NOTE 16 CONTINGENCIES

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2014.

The directors are not aware of any other contingent liabilities at 30 June 2014.

NOTE 17 COMMITMENTS

Lease commitments

	2014	2013
	$	$
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities payable:		
Not later than one year	**47,848**	43,860
Later than one year but not later than five years	**43,860**	135,568
Later than five years	**-**	-
	91,708	179,428
Representing:		
Minimum lease payments in relation to non-cancellable operating leases	**91,708**	179,428

Exploration tenements

In order to maintain the mineral tenements in which the Company and other parties are involved, the Company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year is set out below.

Minimum estimated expenditure requirements	**-**	-

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

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Not later than one year	**115,417**	115,417
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	115,417	115,417

NOTE 18 RELATED PARTY TRANSACTIONS

a) Key management personnel

Directors of the Company during the financial year were:

Neil Tomkinson

Patrick Verbeek

Joshua Pitt

George Petersons

	2014	2013
	$	$
(b) Key management personnel compensation		
Short term employee benefits	**338,850**	337,000
Post-employment benefits	**3,700**	5,400
Share based payments	**82,250**	-
	424,800	342,400

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

(c) Other related party transactions

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

NOTE 19 INTERESTS IN JOINT VENTURES

Name of project	Interest	Activities	Other parties
Musgrave Project (AAE JV)	49%	Gold and base metal exploration	Anglo American Exploration (Australia) Pty Ltd (Anglo earning up to 75%)
Musgrave Project * (Polaris JV)	63%	Gold and base metal exploration	Polaris Metals NL (Polaris 10% free carried)
Musgrave Project * (Sammy JV)	63%	Gold and base metal exploration	Sammy Resources Pty Ld (Sammy 10% free carried)
Musgrave Project * (Rubicon JV)	0%	Gold and base metal exploration	Rubicon Resources Limited (Traka earning up to 75%)
Musgrave Project (Amex JV)	63%	Gold and base metal exploration	Amex Resources Limited (Amex free carried for first $1 million)

NOTE 19 INTERESTS IN JOINT VENTURES (continued)

Name of project	Interest	Activities	Other parties
Ravensthorpe Project (Sirdar JV)	20%	Gold and base metal exploration	Galaxy Resources Limited (Traka 20% free carried to production)
Ravensthorpe Project (Silver Lake JV) 4 x Option Agreements	100%	Gold and base metal exploration	Silver Lake Resources Limited (Option to buy 100% x 2) (Option to buy 80% x 2. Traka 20% free carried)
Musgrave Project (Western Areas JV)	70%	Gold and base metal exploration	Western Areas Limited (WSA earning between 70% - 80%) (Traka between 20% - 30% free carried)

* These projects form part of the Western Areas JV.

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(n).

NOTE 20 EVENTS OCCURRING AFTER BALANCE DATE

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, in the opinion of the directors, are there any such matters or circumstances or any likely developments which may affect the future results of those operations or the state of affairs of the Company.

NOTE 21 CASH FLOW INFORMATION

	2014	2013
	$	$
Reconciliation of operating loss after income tax to net cash used in operating activities:		
Operating loss after income tax	**(448,469)**	(690,142)
Depreciation	**17,009**	23,577
Non-cash employee benefit expense	**93,550**	-
Proceeds from disposal of plant & equipment	**-**	(6,000)
Loss on disposal of plant & equipment	**9,388**	-
Provision for doubtful debt	**-**	19,325
Decrease/(increase) in receivables	**134,405**	(380,720)
(Decrease)/increase in payables and provisions	**(20,190)**	253,947
Net cash outflow from operating activities	**(214,307)**	(780,013)

NOTE 22 LOSS PER SHARE

	2014	2013
	cents	cents
Basic and diluted loss per share	**(0.43)**	(0.78)
Reconciliation of loss	**$**	$
The loss used in calculating the basic and diluted loss per share is equal to the loss attributable to ordinary equity holders of the Company in the Statement of Profit or Loss and Other Comprehensive Income	**(448,469)**	(690,142)
	No of shares	No of shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	**103,974,928**	88,280,990

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 23 SHARE BASED PAYMENTS

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

- Under the ESOP the Company may offer options to subscribe for shares in the Company to eligible persons. Directors and part-time or full-time employees are eligible persons for the purpose of the ESOP.
- The board of directors has discretion to determine who and to what extent an eligible person is entitled to participate in the ESOP.
- Options under the ESOP are to be offered on such terms as the board determines and the offer must set out the number of options offered, the exercise price and the period of the offer. Exercise price is determined by the board with reference to the market value of the shares of the Company at the time of resolving to offer the options. The period of the offer will be no longer than five years.
- No consideration is payable for the options unless the board determines otherwise and the Company will not apply for quotation of the options.

NOTE 23 SHARE BASED PAYMENTS (continued)

- 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 under the ESOP:

Grant date	Expiry date	Exercise price	Balance at start of year	Granted	Expired	Balance at end of year
		Cents	Number	Number	Number	Number
2014						
17 Nov 2010	17 Nov 2013	**21.250**	**2,650,000**	**-**	**(2,650,000)**	**-**
16 Nov 2011	15 Nov 2014	**20.625**	**1,100,000**	**-**	**-**	**1,100,000**
18 Nov 2013	17 Nov 2016	**8.75**	**-**	**2,000,000**	**-**	**2,000,000**
13 Jan 2014	17 Nov 2016	**8.75**	**-**	**450,000**	**-**	**450,000**
			3,750,000	**2,450,000**	**(2,650,000)**	**3,550,000**
Weighted average exercise price (cents)			**21.07**	**8.75**	**21.25**	**12.43**
2013						
17 Nov 2010	17 Nov 2013	21.25	2,650,000	-	-	2,650,000
16 Nov 2011	15 Nov 2014	20.625	1,100,000	-	-	1,100,000
			3,750,000	-	-	3,750,000
Weighted average exercise price (cents)			21.00	-	-	21.00

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

2,450,000 options were granted during the year (2013: nil) at a total transactional value of $93,550. No options were exercised during the year (2013: nil) and 2,650,000 options expired during the year (2013: nil).

NOTE 23 SHARE BASED PAYMENTS (continued)

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period were:

Grant date	18 Nov 2013	13 Jan 2014
Exercise by	17 Nov 2016	17 Nov 2016
Exercise price per share	8.75 cents	8.75 cents
Expected average life of the options	3 years	3 years
Underlying security spot price at time of grant	7 cents	5 cents
Risk free interest rate	3.03%	2.96%
Expected volatility	100%	100%
Fair value at grant date	4.11 cents	2.52 cents

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.

The weighted average remaining contractual life of the options on issue is 1.76 years (2013: 0.68 years).

Directors' Declaration

For the Year Ended 30 June 2014

The directors of the Company declare that:

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

    (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 2014 and of the performance for the year ended on that date of the company.

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

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

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

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

NEIL TOMKINSON
Chairman

Dated this 15 September 2014

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

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

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 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 15th September 2014

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

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INDEPENDENT AUDITOR'S REPORT

To the members of Traka Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Traka Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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, 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 2014 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(a) in the financial report, which indicates that the company incurred a net loss of $448,469 during the year ended 30 June 2014. The company's directors have stated that going concern is dependent upon funding alternatives to meet the company's ongoing commitments, including capital raisings, directors' loans and/or the realisation of assets. This condition, along with the other matters as set forth in Note 1(a) indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

Chris Burton
Director

Perth, 15th September 2014

Corporate Governance Statement

For the year ended 30 June 2014

The board of directors (the "Board") of Traka Resources Limited ("Traka" or "the Company") is responsible for monitoring the business affairs of the Company and protecting the rights and interests of shareholders. High standards of corporate governance are essential to give effect to its responsibilities. The Company's corporate governance arrangements are set and reviewed by the Board on an ad-hoc basis having regard to any changing circumstances of the Company, statutory and regulatory requirements and the best interests of shareholders. They comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition (the 'Principles'). The Company will report against the ASX Corporate Governance Council's third edition (released in March 2014) in 2015.

This statement outlines the Company's approach to corporate governance for the financial year ended 30 June 2014. Any documents referenced in this statement as being available on the Company's website can be found on www.trakaresources.com.au.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Functions reserved for the Board and those delegated to senior executives

The Board's key objective is the increase of shareholder value by successful exploration for and/or production of minerals. The Board focuses the Company's activities on pursuing exploration opportunities in the mineral resource business which are judged to have the potential for success without exposing the Company to undue risk. Traka had two principal areas of interest during the financial year, namely the Musgrave Project and the Ravensthorpe Project; the Company's main thrust is to add shareholder value by the discovery of economic mineral deposits in these areas.

The Board is accountable to shareholders for the performance of the Company, and its responsibilities include:

(a) approval of corporate strategy including annual approval of budget and monitoring performance against the budget;

(b) determining the capital structure of the Company;

(c) appointing and determining the duration, remuneration and other terms of appointment of the Managing Director and other senior management;

(d) evaluating the performance of the Managing Director and other senior management;

(e) approval of financial and other periodic reporting requirements;

(f) approving the risk management strategy and frameworks and monitoring their effectiveness;

(g) determination of corporate governance systems and practices within the company;

(h) approval of investments, corporate acquisitions, new joint ventures; and

(i) appointment of the external auditor and principal advisors.

Due to the concentration of corporate aim and the small size of the Board all issues are considered by the full Board.

Any new directors who may be appointed to the Board will be provided with a letter of appointment including their remuneration details together with copies of Company and Board policies, the Constitution and access to prior Board minutes and papers. New directors will also be advised of their confidentiality and disclosure obligations and the Company's share trading policy guidelines and indemnity and insurance arrangements.

The Company has not prepared formal letters of appointment for the existing non-executive members of the Board.

Senior executives

The role of the Managing Director during the year under review has been to manage the Company's exploration activities on a day to day basis pursuant to authority delegated by the Board and implementation of Board and corporate policy and planning in accordance with approved exploration programmes and budgets. The Managing Director reports to the Board regularly and is under an obligation to make sure that all reports which he presents give a true and fair view of the Company's exploration activities.

1.2 The process for evaluating the performance of senior executives

The Board is responsible for setting the Managing Director's performance objectives and for evaluating his performance against them. The non-executive members of the Board carry out an annual review of the adequacy of his remuneration and participation in share incentive arrangements.

The Board is responsible for the appointment of the Company Secretary, evaluating his performance on an annual basis and determining his remuneration and participation in share incentive arrangements.

2. STRUCTURE THE BOARD TO ADD VALUE

2.1 Board members' independence

The Board is made up of four directors, only one of whom, Mr G Petersons, is independent in terms of the Relationships affecting Independent Status (the "Categories") in Recommendation 2.1 of the Principles.

The remainder of the directors on the board are not independent within the strict meaning of the Categories because Mr P Vreebok is an executive of the Company and Messrs Tomkinson & Pitt are associated with a substantial shareholder in the Company as defined in the Corporations Act. However, directors believe that there exists a strong incentive for all Board members to carry out their directorial duties in an independent manner. The Board considers that this combined with the fact that there is sufficient independence of view and variety of intellectual input between the directors, achieves the objectives of the Categories and consequently it views a majority of the directors as independent.

A determination with respect to independence is made by the Board on an annual basis. In addition the directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.

2.2 Chairman's independence

The Chairman is considered not to be independent.

2.3 Roles of chairman and chief executive officer

The Company has complied with this Principle - the chief executive officer (equivalent) role is filled by the Managing Director.

Role of the Chairman

The Chairman is responsible for the effective conduct of meetings of directors and general meetings of shareholders. He is also responsible for setting the agenda for Board meetings with the Company Secretary and Managing Director. Any director of the Board may request an item of business to be included on the agenda.

The Managing Director is responsible to the Board as a whole, and liaises regularly with the Chairman and other Board Members.

2.4 The Board should establish a nomination committee

Due to the size of the Company and the composition of the Board, a nomination committee has not been established. No formal procedure governing the appointment of new directors has been established. The Board considers that it is in the best interests of the Company to determine the criteria for the selection of new directors based on any perceived "gaps" in the skill set of the Board as and when a casual vacancy arises.

Retirement and rotation of directors is governed by the Corporations Act and the constitution of the Company. Each year, one-third of the directors must retire and offer themselves for re-election. Any casual vacancy filled between general meetings will be subject to a shareholder vote at the next annual general meeting of the Company.

Re-appointment of directors is not automatic. Shareholders are provided with relevant information on each of the candidates for election or, where applicable, re-election.

2.5 Board performance

Due to the size and composition of the Board, the Company does not have a formal process for the performance evaluation of the Board, its committees or individual directors.

Accordingly, no formal performance evaluation for the Board or its members took place in the reporting period.

Directors are encouraged to attend director training and professional development courses, as required, at the Company's expense. New directors will have access to all employees to gain full background on the Company's operations.

All directors have access to company records and information and receive financial and operational reports from management. The Chairman and the other non-executive directors regularly consult with the Managing Director and the Company Secretary and may consult with and request additional information from any employee.

Corporate Governance Statement
For the year ended 30 June 2014

The Board collectively, and each director individually, has the right to seek independent professional advice at the expense of the Company to assist with the discharge of their duties. While the Chairman's prior approval is required, it may not be unreasonably withheld.

Company Secretary

The Board is responsible for the appointment of the Company Secretary. The Company Secretary is expected to attend all Board meetings and is responsible for providing directors with ongoing guidance and advice on commercial and corporate governance matters. The Company Secretary is also responsible for the preparation of the semi annual and annual accounts.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Code of conduct

Due to its size, activities, and the number of employees, the Company has not adopted a formal code of conduct, but is committed to achieving the following objectives:

(a) ensuring that all of its business affairs are conducted legally, ethically and with integrity;

(b) ensuring that the Company itself and its joint venturers who act as operators of projects in which the Company has an interest adopt high standards of occupational health and safety, environmental management and ethics;

(c) managing its legal obligations and the reasonable expectations of stakeholders effectively through the development and implementation of a risk management framework which incorporates these key areas; and

(d) fostering and maintaining a culture of ownership, care, professional excellence, confidentiality, integrity and freedom from any conflict or perceived conflict of interest in each of the Company's employees and consultants.

Director Conflict of Interest

All directors are required to disclose any actual or potential conflict of interest upon appointment and are required to keep these disclosures to the Board up-to-date.

Trading in Company Securities

The Company's securities trading policy has been disclosed in accordance with the provisions of the ASX Listing Rules and is published on the Company's website.

3.2 Diversity

The Company believes in creating fair and equal access for employees to all employment opportunities and that a diverse workforce will provide the broadest and most effective talent pool. All appointments are nevertheless made on the basis of merit.

Due to the size of its workforce, the Company does not have a formalised diversity policy in place, but the Board is cognisant of the benefits of diversity and will embrace the adoption of such a policy as and when the Company's growth allows.

3.3 Measurable objectives for achieving gender diversity

The Company will establish measurable objectives for achieving gender diversity as and when its workforce reaches a size that justifies such a policy.

3.4 Employee proportions

As at 30 June 2014 the Company's small permanent workforce (exclusive of directors) was comprised entirely of persons of the female gender. There were no changes to the personnel holding executive positions and the three non-executive board positions all of whom are male.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit committee

Traka's directors do not consider that the Company's affairs are of such a size and complexity as to merit the establishment of a separate audit committee. Until this situation changes, the Board will carry out all audit committee functions.

The Board monitors the form and content of the Company's financial statements and maintains an overview of the Company's internal financial control and audit system and risk management systems.

Additionally the Board, in line with its overall responsibility to shareholders, annually reviews the performance and independence of the external auditor and the continuation of that appointment. The Board also approves the remuneration and terms of engagement of the external auditor. Any appointment of a new external auditor will be submitted for ratification by shareholders at the next annual general meeting of the Company.

Recommendations 4.2 and 4.3 in the Principles do not apply as there is no audit committee.

5. MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Compliance with ASX Listing Rule disclosure requirements

Compliance procedures to ensure timely and balanced disclosure of information in line with the Principles have been noted and adopted by the Company. The Company Secretary is charged with ensuring that any disclosure steps which need to be taken by the Company are brought before the Board for discussion and, subject to amendment, approval.

The Company Secretary is responsible for non-material and standard form disclosures to the market. In addition he is responsible for communications with the ASX.

Commentary on Financial Results

The Company provides commentary in conjunction with its half yearly and yearly results in a clear and objective manner to ensure that shareholders and potential shareholders have access to information needed to make an informed assessment of the Company's activities and results.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Communication with and participation of Shareholders

The Board aims to ensure that shareholders are fully informed by communicating to shareholders through:

(a) continuous disclosure reporting to the ASX;

(b) quarterly, half yearly and annual reports; and

(c) media releases, copies of which are lodged with the ASX and placed on the Company's website, www.trakaresources.com.au.

The Company has not adopted a formal shareholder communication policy as the Company has been able to communicate effectively with its shareholders in the past and expects to be able to continue to do so. The Company recognises the importance of continuous disclosure to its shareholders and the market and adheres to the Continuous Disclosure requirements of the ASX Listing Rules.

Shareholders are given the option to receive information such as the Annual Report and Notices of Meeting / Explanatory Memoranda in print or electronic form.

The Company maintains a website at www.trakaresources.com.au. Shareholders can find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile. Shareholders may also request a copy of the Company's ASX recent releases.

7. RECOGNISE AND MANAGE RISK

7.1 Oversight and management of material business risks

The Company has a management policy in place for the identification and effective management of risk. The policy provides for the management of risk by the Board and management reporting to the Chairman, being principally the risks involved in the Company's main business enterprises, namely exploration for copper, nickel, gold and platinum group elements.

7.2 Design and implementation of systems to manage material business risks

Management has established a register of business risks and identified the material business risks affecting the Company. To the extent possible in a Company with a very small staff, internal controls are in place to mitigate against any material business risks. Risks of a strategic, financial and operational nature (such as ability to raise capital to fund exploration, commodity price and currency fluctuations, adequate levels of insurance, contract documentation, maintaining mineral tenements in good standing, and meeting financial reporting and compliance obligations) are reviewed on a regular basis by the Board.

Potential operational risks involved in running the Company are managed by the Board. Due to the size of the Company, the Board does not consider it practical to establish a separate committee to focus on these issues.

The Company Secretary and the Managing Director, who have overall responsibility for the implementation of the policy, report to the Chairman and to the Board on the effective management of risk.

7.3 Compliance with Corporations Act Section 295A

On an annual basis the Board receives a declaration from the Managing Director and the Company Secretary covering the matters set out in section 295A of the Corporations Act 2001 and in accordance with the terms stipulated in Recommendation 7.3 of the Principles.

8. REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration committee

The Board does not have a separate remuneration committee due to the small size of the Company and the limited number of employees. The full Board carries out the functions of a remuneration committee.

The Board on an annual basis reviews executive remuneration and incentive policies, as well as superannuation arrangements. In addition, the Board reviews and approves the audited remuneration report set out in the Directors' Report. The Board, where necessary, consults external consultants and specialists.

8.2 Distinguishing remuneration structure

Remuneration for non-executive directors is fixed and non-executive directors do not participate in any incentive plans. Non-executive directors do not receive any retirement benefits, except that, as part of their fixed remuneration, statutory superannuation contributions are made on their behalf. For information about non-executive director remuneration practice, reference can be made to the audited remuneration report set out in the Directors' Report.

Managing Director

For information about the remuneration of the Managing Director, reference can be made to the audited remuneration report set out in the Directors' Report.

Schedule of Tenements

As at 30 June 2014

Tenement	Location	Registered holding	Beneficial interest
E69/2032	Musgrave, WA	90%	63%
E69/2230	Musgrave, WA	0%	63%
E69/2253	Musgrave, WA	0%	Note 1
EA69/2449	Musgrave, WA	100%	100%
EA69/2590	Musgrave, WA	100%	100%
EA69/2591	Musgrave, WA	100%	100%
EA69/2592	Musgrave, WA	100%	49%
EA69/2609	Musgrave, WA	100%	100%
EA69/2610	Musgrave, WA	100%	49%
E69/2618	Musgrave, WA	100%	70%
EA69/2647	Musgrave, WA	100%	100%
EA69/2648	Musgrave, WA	100%	100%
EA69/2652	Musgrave, WA	100%	100%
E69/2747	Musgrave, WA	90%	63%
EA69/2749	Musgrave, WA	100%	100%
EA69/2805	Musgrave, WA	100%	100%
EA69/2816	Musgrave, WA	100%	100%
EA69/2817	Musgrave, WA	100%	49%
EA69/2834	Musgrave, WA	100%	100%
EA69/2887	Musgrave, WA	100%	100%
EA69/3126	Musgrave, WA	100%	100%
EA69/3156	Musgrave, WA	100%	70%
EA69/3157	Musgrave, WA	100%	70%
EA69/3159	Musgrave, WA	0%	30%
EA69/3257	Musgrave, WA	100%	100%
E74/0332	Ravensthorpe, WA	100%	100%
E74/0378	Ravensthorpe, WA	100%	100%
E74/0379	Ravensthorpe, WA	100%	100%
E74/0401	Ravensthorpe, WA	20%	20%
E74/0448	Ravensthorpe, WA	100%	100%
E74/0489	Ravensthorpe, WA	100%	100%
E74/0522	Ravensthorpe, WA	100%	100%
M74/0083	Ravensthorpe, WA	100%	100%
P74/0262	Ravensthorpe, WA	100%	100%
P74/0263	Ravensthorpe, WA	100%	100%
P74/0264	Ravensthorpe, WA	100%	100%

Schedule of Tenements

As at 30 June 2014

Tenement	Location	Registered holding	Beneficial interest
P74/0265	Ravensthorpe, WA	100%	100%
P74/0266	Ravensthorpe, WA	100%	100%
P74/0267	Ravensthorpe, WA	100%	100%
P74/0268	Ravensthorpe, WA	100%	100%
P74/0269	Ravensthorpe, WA	100%	100%
P74/0270	Ravensthorpe, WA	100%	100%
P74/0271	Ravensthorpe, WA	100%	100%
P74/0272	Ravensthorpe, WA	100%	100%
P74/0273	Ravensthorpe, WA	100%	100%
P74/0274	Ravensthorpe, WA	100%	100%
P74/0275	Ravensthorpe, WA	100%	100%
P74/0280	Ravensthorpe, WA	100%	100%
P74/0281	Ravensthorpe, WA	90%	90%
P74/0295	Ravensthorpe, WA	90%	90%
P74/0296	Ravensthorpe, WA	90%	90%
P74/0297	Ravensthorpe, WA	90%	90%
P74/0298	Ravensthorpe, WA	90%	90%
P74/0309	Ravensthorpe, WA	20%	20%
P74/0310	Ravensthorpe, WA	20%	20%

Note 1: Traka earning 70%-80%

Key:
E : Exploration licence
M: Mining licence
P: Prospecting licence
EA: Exploration licence application

Shareholder Information
As at 17 September 2014

NUMBER OF EQUITY SECURITIES

	Listed	Not listed
Shares		
Ordinary shares fully paid	111,848,198	-
Options over unissued shares		
Exerciseable at 20.625 cents expiring 15 Nov 2014	-	1,100,000
Exerciseable at 8.75 cents expiring 17 Nov 2016	-	2,450,000
	-	3,550,000

DISTRIBUTION OF SHAREHOLDERS AND OPTION HOLDERS

Holders			Shareholders	Option holders
1	-	1,000	28	-
1,001	-	5,000	42	-
5,001	-	10,000	55	-
10,001	-	100,000	255	2
100,001+	-		157	2
			537	4

MARKETABLE PARCEL

There are 133 holders of less than a marketable parcel of ordinary shares.

SUBSTANTIAL SHAREHOLDERS

The following information is extracted from the Company's register of substantial shareholders:

Name	No of shares	%
Tattersfield Group	20,114,965	17.98
Perth Capital Pty Ltd & Elohpool Pty Ltd	17,944,867	16.04
W M G Yovich	6,115,908	5.47

Shareholder Information
As at 17 September 2014

VOTING RIGHTS

The voting rights attaching to the ordinary shares, set out in clause 10.20 of the Company's constitution are:

Subject to any rights for the time being attached to any class or classes of shares at general meetings of Members or classes of Members:

- Each Member entitled to vote may vote in person or by proxy, attorney or representative;
- On a show of hands, every person who is present who is a Member or a proxy, attorney or representative of a Member has one vote; and
- On a poll every person present who is a Member or a proxy, attorney or representative of a Member shall, in respect of each fully paid share held by him, or in respect of which he is appointed proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, (excluding amounts credited). In this clause, amounts paid in advance of a call are ignored when calculating a true proportion.

TWENTY LARGEST HOLDERS OF LISTED EQUITY SECURITIES

	Holder name	Number of shares	%
1	Tattersfield Securities Ltd	20,114,965	17.98
2	Perth Capital Pty Ltd	9,716,666	8.64
3	Elohpool Pty Ltd	7,968,201	7.12
4	W M G Yovich	6,115,908	5.47
5	Bellarine Gold Pty Ltd <Ribblesdale Super Fund A/C>	2,545,633	2.28
6	Malahang Pty Ltd	2,461,110	2.20
7	G F Pauley & M J Pauley <Pauley Super Fund A/C>	1,574,660	1.41
8	Campbell Kitchener Hume & Associates Pty Ltd <CKH Superfund A/C>	1,560,000	1.39
9	Malahang Pty Ltd <Patrick Verbeek Super Fund>	1,455,554	1.30
10	Penmaen Limited	1,350,000	1.21
11	Mark Capstick Pty Ltd <The Capstick Super Fund A/C>	1,346,535	1.20
12	M W Brycki & N J Brycki <Brycki Pension Fund A/C>	1,140,000	1.02
13	Nalmor Pty Ltd <J Chappell Super Fund A/C>	1,104,999	0.99
14	C Brycki	1,050,000	0.94
15	Malahang Pty Ltd <The Verbeek Family A/C>	1,000,000	0.89
16	Exertus Capital Pty Ltd	961,000	0.86
17	G F Pauley	908,031	0.81
18	Yandal Investments Pty Ltd	860,000	0.77
19	M J Pevats	850,00	0.76
20	Royalco Resources Limited	800,000	0.72
		64,883,262	58.01

Suite 2 Ground Floor, 43 Ventnor Avenue
West Perth WA 6005
Ph: (08) 9322 1655   Fax: (08) 9322 9144
email: traka@trakaresources.com.au
www.trakaresources.com.au