



Traka Resources Limited

ABN: 63 103 323 173

27 September 2011

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

Dear Sir/Madam

Financial Statements and Directors' Report

Attached is a copy of the Financial Statements and Directors' Report for the company for the year ended 30 June 2011.

Yours faithfully

P C Rutledge
Company Secretary

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

FINANCIAL REPORT

30 JUNE 2011

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

Your Directors present their report on Traka Resources Limited ("Traka" or the "Company") for the year ended 30 June 2011.

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 has maintained an active exploration program during the year on the Musgrave and Ravensthorpe Projects and is exploring a number of newly discovered base metal, precious metal, iron, titanium and vanadium targets.

The Musgrave Project

The Company's exploration interests in the West Musgrave region have expanded over the year to the point where Traka is now the key exploration licence holder in the region. This expansion of interests is a result of successful applications for new tenements as well as entering into farm-in joint ventures with four other parties. Commensurate with the expansion of exploration interests is the increase in exploration activity. Approximately 50% of the area where Traka has a major or very significant interest is now being explored.

An existing Joint Venture with Anglo American (Australia) Pty Ltd ("AAE") on a significant portion of the Musgrave Project contributes very significantly to the pace of exploration activity. AAE have undertaken large scale airborne and ground geophysical surveys as well as geochemical and geological surveys in discrete areas. A number of targets with potential for deposits of copper and nickel have been highlighted by this work and these are currently being drilled. AAE's joint venture with Traka in the Musgrave region constitutes this company's main joint venture exploration focus in Australia. The expectation is that this will remain the case for the foreseeable future.

Traka's own exploration activity in the Musgraves matches that of AAE's effort and has also been successful in highlighting a number of new targets. This year the Company's exploration focus has concentrated around the Jameson area. This area is prospective for nickel and copper as well as for vanadium, titanium and the precious metals platinum, palladium and gold. The unique presence of titaniferous magnetite rock formations in the Jameson area provides additional exploration scope.

Traka exploration work in the Jameson area comprised systematic geochemical, geophysical and geological surveys followed by diamond and reverse circulation drilling on a number of targets. Data from a recently completed drill program is currently being compiled and the outcome from this work will influence the nature of the follow-up programs.

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

The Company's prime focus can be expected to remain with the prospective Musgrave Project. Traka is well positioned to benefit from the very recent definition of drill targets.

The Ravensthorpe Project

Traka's exploration interests in the Ravensthorpe Greenstone Belt remain very significant through a mixture of ground held and explored in its own right together with interests held in joint venture with three other parties active in the region. The Company has a 20% free carry interest in ground prospective for Lithium and Tantalum adjacent the newly developed Mount Catlin Lithium Tantalum Mine owned and operated by Galaxy Resources Ltd. It also has two blocks of ground farmed out to Tectonic Resources NL prospective for base metals and gold. Tectonic is currently completing a Feasibility Study on the Phillips River Project in an area abutting Traka's joint venture interests. Traka also retains a Royalty interest for any Laterite mining that may occur on certain of the Company's tenements should First Quantum Minerals' new start-up of the Ravensthorpe Nickel operations expand.

In the Company's own right exploration activity this year comprised drilling of deep holes down dip and below known occurrences of nickel mineralisation at RAV 8 and RAV 4 Prospects as well as geophysical surveys in the Mt Short area. A number of new targets have been highlighted by the work this year in the Mt Short area. Drilling planned for the Mt Short area will be partly funded by grant money due to the company as part of the State Government's Drilling Incentive Scheme.

The Lort River Project

This Project is prospective for gold and uranium. No significant exploration activity has occurred on these tenements over the past year.

The Company made a net loss for the financial year of \$2,437,600 (2010: \$995,578.)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the operating results and the issue of 9,690,902 new shares pursuant to two share placements, a share purchase plan and the exercise of options, raising a total of \$2,090,000 before costs, there were no significant changes in the state of affairs of the Company during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no other matters or circumstances which have arisen since the end of the financial year which have significantly affected the operations of the Company nor are there any such matters or circumstances or any likely developments which may affect the future results of those operations or the state of affairs of the Company.

ENVIRONMENTAL REGULATION

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

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

INFORMATION RELATING TO DIRECTORS

Chairman – Non Executive

Neil Tomkinson LLB (Hons)

Mr Tomkinson has extensive experience extending over the last 30 years in the administration of and investment in exploration and mining companies. He is the executive chairman of Red Hill Iron Limited (appointed chairman April 2008) and non executive chairman of Hampton Hill Mining NL (appointed January 1997) and 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, AusIMM

Patrick Verbeek is a geologist with over 28 years experience in the resource industry in Australia and internationally. Mr Verbeek's experience is wide ranging and is spread equally between mineral exploration and mining, company management and corporate activity. Mr Verbeek has held a number of senior management positions in exploration and mining operations both in open-pit and underground gold and base metal operations as well as executive directorships in private and public resource companies. Mr Verbeek is a founding Director of Traka.

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

Non Executive Directors

George Petersons

Mr Petersons is an experienced prospector with a long history of identifying and acquiring prospective exploration and ground packages. He is a founding director of Traka. He has established himself as a consultant to the industry with local and offshore mining interests in precious metals, gemstones and base metals. Mr Petersons is Managing Director of Mekong Mining Limited (Thailand), a company involved in exploration and project development in South East Asia.

Joshua Pitt BSc, MAusIMM

Mr Pitt is a geologist with substantial exploration experience who has, for more than 30 years, been a director of exploration and mining companies in Australia. Mr Pitt is involved in substantial private mineral exploration and also in resource investments. He was a non-executive director of LionOre Mining International Limited between November 2003 and May 2005 and is currently a non-executive director of Hampton Hill Mining NL (appointed January 1997), Red Metal Limited (appointed July 2003), Red Hill Iron Ltd (appointed June 2005), and Pan Pacific Petroleum NL (appointed December 2008).

INFORMATION RELATING TO COMPANY SECRETARY

Peter Campbell Rutledge BSc, CA, FFin

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

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

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

	Ordinary Shares	Options over Ordinary Shares
N Tomkinson	5,788,651	-
P A Verbeek	2,499,999	4,000,000
G J Petersons	1,500,000	-
J N Pitt	7,100,000	-

DIRECTORS' MEETINGS

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

Director	Meetings of Directors	Meetings attended
N Tomkinson	5	5
P A Verbeek	5	5
G J Petersons	5	5
J N Pitt	5	5

The Company does not have any subcommittees.

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

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

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

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

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

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

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

Non-executive Directors

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

Executives

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

The remuneration of the company secretary, Mr Peter Rutledge, is by way of fees paid to Sable Management Pty Ltd for company secretarial, accounting and administration services provided to the Company, and invoiced on an hourly basis. From time to time, at the discretion of the directors, the Company may grant options to Mr Rutledge to acquire shares in the Company. The directors regularly review the services provided and the hourly rate charged.

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (Continued)

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:

		2011	2010	2009	2008	2007
Revenue and other income	(\$000)	208	124	123	175	83
Net Loss	(\$000)	2,438	996	771	903	589
Loss per share	(cents)	3.89	2.12	1.72	2.02	1.48
Share price at year end	(cents)	18	12	7	9.5	28

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (Continued)

(B) Details of Remuneration

The key management personnel of the Company are the directors. The remuneration of key management personnel and other specified executives (being the Company Secretary) for the year is summarised below:

2011

	Short term	Post employment	Share based payments	Total	Value of options as proportion of remuneration	Performance Related
Name	Salary & fees	Superannuation	Options			
	\$	\$	\$	\$	%	%
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	264,667	-	195,600	460,267	73.9	-
Total	324,667	5,400	195,600	525,667		
Other Company Executives						
P C Rutledge	38,790	-	24,450	63,240	38.7	-
Total	38,790	-	24,450	63,240		

2010

	Short term	Post employment	Share based payments	Total	Value of options as proportion of remuneration	Performance Related
Name	Salary & fees	Superannuation	Options			
	\$	\$	\$	\$	%	%
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	240,000	-	-	240,000	-	-
Total	300,000	5,400	-	305,400		
Other Company Executives						
P C Rutledge	49,002	-	-	49,002	-	-
Total	49,002	-	-	49,002		

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

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (Continued)

(C) Service Agreements

Managing Director

The Company entered into a consultancy agreement with Malahang Pty Ltd (“Malahang”) on 14 October 2003 (“Malahang Agreement”). In accordance with the terms of the Malahang Agreement, Malahang agreed to provide the services of its employee, Patrick Verbeek, to undertake all functions, duties, roles and authorities which the Company would require of a person engaged as Managing Director of the Company on a full time basis. The Malahang Agreement commenced on 20 November 2003 with an initial term of 2 years and has been extended since for further terms of 2 years at the consultant’s election. The current term expires November 2011. 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 4 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.

Company Secretary

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

(D) Share-based compensation

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

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

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (Continued)

(D) Share-based compensation (continued)

Share based compensation options

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

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
17 November 2010	17 November 2010	17 November 2013	\$0.2125	\$0.0978

Each option is convertible into one ordinary share.

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

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

	Number of options granted and vested during the year	
	2011	2010
Directors		
P A Verbeek	2,000,000	-
Other Company Executives		
P C Rutledge	250,000	-

The assessed fair value of the options issued during the year ended 30 June 2011 has been calculated as at the date of grant using the Black-Scholes model for the valuation of call options.

The model inputs for options granted included:

Grant date	17 November 2010
Exercise by	17 November 2013
Exercise price per share	21.25 cents
Expected average life of the options	3 years
Underlying security spot price at time of grant	17 cents
Risk free interest rate	5.13%
Expected volatility	95%

Historical volatility has been the basis for estimating likely future share price volatility. Actual future volatility may differ from the estimate used.

The expected average life of the options has been estimated as 3 years. The actual life could differ from this estimate if the holder of the options chooses to exercise his options prior to their expiry date.

Shares provided on exercise of remuneration options

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

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (Continued)

(E) Additional information

Share-based compensation: Options

Further details relating to options are set out below:

Name	Grant date	Exercise date	Value at grant date (A) \$	Value at exercise date (B) \$	Value at lapse date (C) \$
P A Verbeek	29 Nov 2005	26 Nov 2010	31,900	20,000	-
P A Verbeek	17 Nov 2010	-	195,600	-	-
P C Rutledge	17 Nov 2010	-	24,450	-	-

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

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

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

The audited remuneration report ends here.

SHARES UNDER OPTION

The number of options on issue is:

Date option granted	Expiry date	Issue price of shares	Number under option
28 December 2006	28 December 2011	20 cents	1,000,000
6 April 2007	6 April 2012	25 cents	150,000
10 December 2008	10 December 2011	10 cents	1,000,000
17 November 2010	17 November 2013	21.25 cents	2,750,000

SHARES ISSUED ON EXERCISE OF OPTIONS

1,000,000 options were exercised during the financial year resulting in the issue of 1,000,000 fully paid ordinary shares.

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.

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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

NON-AUDIT SERVICES

BDO Audit (WA) Pty Ltd, the company's auditor, did not perform any non-audit services for the company for the year ended 30 June 2011.

AUDITOR

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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



NEIL TOMKINSON

Chairman

Dated this 26th day of September 2011

TRAKA RESOURCES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Revenue from continuing operations	4	70,901	21,782
Other Income	4	136,788	101,822
Exploration and evaluation expenditure		(1,714,287)	(611,792)
Administration expenses	5	(931,002)	(507,390)
Loss before income tax		(2,437,600)	(995,578)
Income tax expense	6	-	-
Loss for the year		(2,437,600)	(995,578)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		(2,437,600)	(995,578)
Loss per share attributable to the ordinary equity holders of the Company		Cents	Cents
Basic and diluted loss per share	23	(3.89)	(2.12)

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

TRAKA RESOURCES LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	7	1,410,485	1,616,232
Trade and other receivables	8	76,291	65,005
Total current assets		1,486,776	1,681,237
Non-current Assets			
Trade and other receivables	9	14,000	-
Plant and equipment	10	138,889	54,206
Total non-current assets		152,889	54,206
Total assets		1,639,665	1,735,443
Current Liabilities			
Trade and other payables	11	273,288	162,845
Provisions	12	450	3,615
Total current liabilities		273,738	166,460
Total liabilities		273,738	166,460
Net assets		1,365,927	1,568,983
Equity			
Contributed equity	13	10,495,004	8,529,410
Reserves	14	514,530	245,580
Accumulated losses		(9,643,607)	(7,206,007)
Total equity		1,365,927	1,568,983

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

TRAKA RESOURCES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Contributed Equity	Share Based Payments Reserve	Exercised Option Reserve	Accumulated Losses	Total Equity
	\$	\$		\$	\$
2011					
As at 1 July 2010	8,529,410	245,580	-	(7,206,007)	1,568,983
Loss for the year	-	-	-	(2,437,600)	(2,437,600)
Total Comprehensive Loss for the year	-	-	-	(2,437,600)	(2,437,600)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction cost	1,965,594	-	-	-	1,965,594
Issue of options	-	268,950	-	-	268,950
Exercise of options	-	(31,900)	31,900	-	-
As at 30 June 2011	10,495,004	482,630	31,900	(9,643,607)	1,365,927
2010					
As at 1 July 2009	6,421,879	245,580	-	(6,210,429)	457,030
Loss for the year	-	-	-	(995,578)	(995,578)
Total comprehensive loss for the year	-	-	-	(995,578)	(995,578)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction cost	2,107,531	-	-	-	2,107,531
Issue of options	-	-	-	-	-
As at 30 June 2010	8,529,410	245,580	-	(7,206,007)	1,568,983

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

TRAKA RESOURCES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Interest received		75,639	10,068
Receipts from sublease of premises		142,976	108,979
Payments to suppliers and employees		(680,570)	(452,649)
Payments for exploration activities		(1,743,666)	(739,567)
Recovery of exploration expenditure		139,636	185,283
Payment for security deposit		-	(14,000)
Recovery of security deposit		-	14,000
Net cash outflow from operating activities	22	<u>(2,065,985)</u>	<u>(887,886)</u>
Cash flows from investing activities			
Payments for plant, equipment and motor vehicle		<u>(105,357)</u>	<u>(11,665)</u>
Net cash outflow from investing activities		<u>(105,357)</u>	<u>(11,665)</u>
Cash flows from financing activities			
Proceeds from share issue		2,090,000	2,119,792
Payment for share issue costs		(124,405)	(12,261)
Proceeds from loan facility		-	250,000
Repayment of loan facility		-	(250,000)
Net cash inflow from financing activities		<u>1,965,595</u>	<u>2,107,531</u>
Net (decrease)/increase in cash and cash equivalents held		(205,747)	1,207,980
Cash and cash equivalents at the beginning of the financial year		<u>1,616,232</u>	<u>408,252</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>1,410,485</u></u>	<u><u>1,616,232</u></u>

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

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of preparation

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

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of Traka Resources Limited comply with International Financial Reporting Standards (IFRS) 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. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Going Concern

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 depending on various funding alternatives to meet these commitments including share placements or directors' loans.

The directors believe that at the date of signing the financial statements there are reasonable grounds to believe that, having regard to matters set out above, the Company will be able to raise sufficient funds to meet its obligations as and when they fall due.

In the event that the Company does not achieve the matters as set out above, there is significant uncertainty whether the Company will continue as a going concern and therefore whether it will

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) Income tax

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

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

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

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

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

(d) Impairment of assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents

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

(f) Financial assets and liabilities

Recognition

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

Loans and receivables

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

Financial liabilities

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

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(g) Exploration, evaluation and development expenditure

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

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

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

Accumulated costs in relation to an abandoned area are written off in full against the Statement of Comprehensive Income in the year in which the decision to abandon the area is made.

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

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(h) Plant and equipment

Recognition and measurement

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

Depreciation

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

Plant and equipment: 10% - 20% straight line

Motor Vehicle: 12.5% straight line

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

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

(i) 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.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Employee benefits

Wages and salaries and annual leave

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

Share based payments

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

(k) Contributed equity

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

(l) Loss per share

Basic loss per share

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

Diluted loss per share

Diluted loss per share adjusts the figures used in determination of basic loss per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Joint ventures

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

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

(n) Goods and services tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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	Replaces the requirements of AASB 139 for classification and measurement of financial assets. The requirements have generally been carried forward unchanged from AASB 139 into AASB 9. These include the requirements relating to: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. The Company does not have any financial liabilities measured at fair value through profit or loss. So there will be no impact on amounts recognised in the financial statements on initial adoption.	1 January 2013
AASB 124 Related Party Disclosures	Additional disclosure requirements only so there will be no impact on amounts recognised in the financial statements on initial adoption.	1 January 2011
AASB 2010-4 Amendments to Australian Accounting Standards:	Not urgent but necessary changes to IFRSs as a result of IASB's 2009 annual improvements project.	1 January 2011
AASB 7 Financial Instruments: Disclosures	Deletes various disclosures. There will be no impact on amounts recognised in the financial statements on initial adoption.	
AASB 101 Presentation of Financial Statements	Detailed reconciliation of each item of other comprehensive income to be included in the statement of changes in equity <u>or</u> in the notes. There will be no impact as the Company has always included a detailed reconciliation in the Statement of changes in equity.	
AASB 2010-6 Amendments to Australian Accounting Standards	Additional disclosures required for entities that transfer financial assets. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.	1 January 2011

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) New accounting standards and interpretations (continued)

Reference and Title	Nature of change to accounting policy and impact on initial application	Application date
AASB 11 Joint Arrangements	Joint arrangements to be classified as either 'joint operations' or 'joint ventures'. Due to the recent release of this standard, the Company has yet to conduct a detailed analysis of the differences between the current treatment of joint arrangements and those required by AASB 11.	1 January 2013
AASB 12 Disclosure of Interest in Other Entities	Combines existing disclosures from IAS 27, IAS 28 and IAS 31. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.	1 January 2013
AASB 13 Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value on financial and non-financial items recognised at fair value in the financial statements. Due to the recent release of this standard, the Company has yet to assess the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013. Additional disclosures will be required about fair values.	1 January 2013
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. When this standard is first adopted there will be no impact on amounts recognised for transactions and balances for 30 June 2014 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).	1 January 2013

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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.

Bank deposits at call, amounting to \$600,000 (2010: \$1,600,000), will mature within 39 days of balance date.

The weighted average interest rate to which the Company was exposed on its cash assets at the year-end was 4.72% (2010: 5.28%).

The table below summarises the sensitivity of the Company's cash assets to interest rate risk. The Company has no interest rate risk associated with any of its other financial assets or liabilities. Whilst this analysis reflects the effect of a 1% decline in interest rates, recent Australian Treasury announcements and press reports would indicate a downward movement in interest rates of this magnitude to be unlikely over the next 12 months.

Financial Assets	Carrying amount of cash assets	Effect of increase or decrease of interest rate on profit and equity of the Company			
		-1%	Equity	+1%	Equity
	\$	Profit \$	\$	Profit \$	\$
2011					
Cash and cash equivalents	1,410,485	(14,105)	(14,105)	14,105	14,105
Total increase/(decrease)					
2010					
Cash and cash equivalents					
Total increase/(decrease)	1,616,232	(16,162)	(16,162)	16,162	16,162

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.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

Credit risk

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

Exposure to Credit risk	Closing Carrying Amount	
	2011	2010
	\$	\$
Cash and cash equivalents	1,410,485	1,616,232
Trade and other receivables	90,291	65,005

Fair value estimates

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

Capital management risk

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

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

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3 SEGMENT INFORMATION

The Management of Traka Resources Limited 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.

	2011 \$	2010 \$
Reportable segment assets	<u>138,889</u>	<u>54,206</u>
Reportable segment loss	<u>(1,714,287)</u>	<u>(611,792)</u>
Reconciliation of reportable segment loss		
Reportable segment loss	(1,714,287)	(611,792)
Other revenue	207,689	123,604
Unallocated:		
Corporate expenses	<u>(931,002)</u>	<u>(507,390)</u>
Loss before tax	<u>(2,437,600)</u>	<u>(995,578)</u>

NOTE 4 REVENUE AND OTHER INCOME

Revenue from continuing operations		
Interest received	70,901	21,782
Other income	136,788	101,882

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

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 \$	2010 \$
NOTE 5 EXPENSES		
Loss before income tax includes the following specific administration expenses:		
Personnel expenses		
Salaries, management fee and associated expenses	808,637	524,679
Share based payments	268,950	-
Recharge to exploration expenditure	(494,394)	(328,180)
	<u>583,193</u>	<u>196,499</u>
Depreciation	20,676	22,116
Other expenses		
Rental and rates (office, storage, parking)	144,400	121,368
Company secretarial and accounting	66,366	49,002
Audit and tax	26,000	24,626
Communications	18,239	15,681
ASX fees	15,789	10,820
Other	56,339	67,278
	<u>931,002</u>	<u>507,390</u>

NOTE 6 INCOME TAX

(a) Income tax expense	-	-
(b) Loss from continuing operations before income tax	<u>(2,437,600)</u>	<u>(995,578)</u>
Prima facie tax payable/(benefit) at the Australian tax rate of 30% (2010: 30%)	(731,280)	(298,673)
Tax effect of amounts that are taxable/(deductible) in calculating taxable income:		
Share options expense	80,685	-
Share issue costs put to equity	(8,985)	(1,520)
Tax benefits not brought to account	659,580	300,194
	<u>-</u>	<u>-</u>
Income tax expense (benefit)	-	-

The franking account balance at year end was nil. (2010: nil)

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
NOTE 6 INCOME TAX (continued)		
(c) Deferred tax assets and liabilities not brought to account.		
The Directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end at the Australian Corporate tax rate of 30%, are made up as follows:		
Carried forward tax losses	2,858,338	2,198,837
Deductible temporary differences	7,352	8,694
Taxable temporary differences	<u>(2,359)</u>	<u>(3,781)</u>
Unrecognised net deferred tax assets	<u>2,863,330</u>	<u>2,203,750</u>

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

NOTE 7 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and on hand	810,485	16,232
Deposits at call	<u>600,000</u>	<u>1,600,000</u>
	<u>1,410,485</u>	<u>1,616,232</u>

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

NOTE 8 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade receivables	4,445	-
Interest	7,864	12,602
Other	63,982	38,403
Security deposit	<u>-</u>	<u>14,000</u>
	<u>76,291</u>	<u>65,005</u>

Interest receivables comprise pro-rata interest receivable at balance 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.

The security deposit is held with the bank as security for a Department of Mines and Petroleum bond issued by the bank on behalf of the Company.

No trade or other receivables are considered impaired or past due.

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 9 NON-CURRENT ASSETS – RECEIVABLES

	2011	2010
	\$	\$
Security deposit	14,000	-

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

**NOTE 10 – NON-CURRENT ASSETS - PLANT AND
EQUIPMENT**

Leasehold improvements – at cost	1,470	1,470
Accumulated depreciation	(1,470)	(1,470)
	-	-
Field equipment – at cost	122,875	114,431
Accumulated depreciation	(82,962)	(71,304)
	39,913	43,127
Office furniture and equipment – at cost	87,561	80,481
Accumulated depreciation	(75,526)	(69,402)
	12,035	11,079
Motor vehicle – at cost	89,835	-
Accumulated depreciation	(2,894)	-
	86,941	-
Total plant and equipment	138,889	54,206

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.

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 10 NON-CURRENT ASSETS - PLANT AND EQUIPMENT (continued)

	Leasehold improvements	Office furniture & equipment	Field equipment	Motor vehicle	Total
	\$	\$	\$	\$	\$
2011					
Carrying amount at 1 July 2010	-	11,079	43,127	-	54,206
Additions during the year	-	7,080	8,444	89,835	105,359
Disposals during the year	-	-	-	-	-
Depreciation expense	-	(6,124)	(11,658)	(2,894)	(20,676)
Carrying amount at 30 June 2011	-	12,035	39,913	86,941	138,889
2010					
Carrying amount at 1 July 2009	-	15,225	49,433	-	64,658
Additions during the year	-	4,874	6,790	-	11,664
Disposals during the year	-	-	-	-	-
Depreciation expense	-	(9,020)	(13,096)	-	(22,116)
Carrying amount at 30 June 2010	-	11,079	43,127	-	54,206

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

Trade creditors and accruals	249,775	136,106
Employee entitlements	23,513	26,739
	273,288	162,845

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

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

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 \$	2010 \$
NOTE 12 CURRENT LIABILITIES – PROVISIONS		
Employee entitlements	<u>450</u>	<u>3,615</u>

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

NOTE 13 EQUITY – CONTRIBUTED EQUITY

(a) Share capital

Fully paid ordinary shares – 68,605,049 (2010: 58,914,147)	<u>10,495,004</u>	<u>8,529,410</u>
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(b) Movements in ordinary share capital in the last 2 years

Date	Details	Number of Shares	\$
2011			
1 July 10	Balance	58,914,147	8,529,410
	Issue of ordinary shares	9,690,902	2,090,000
	Capital raising costs	-	(124,406)
		<u>68,605,049</u>	<u>10,495,004</u>
30 June 11	Balance	<u>68,605,049</u>	<u>10,495,004</u>
2010			
1 July 09	Balance	44,782,202	6,421,879
	Issue of ordinary shares	14,131,945	2,119,792
	Capital raising costs	-	(12,261)
		<u>58,914,147</u>	<u>8,529,410</u>
30 June 10	Balance	<u>58,914,147</u>	<u>8,529,410</u>

(c) Share Options

	No. of Ordinary Shares Subject to Option	Expiry Date	Exercise Price
Director	1,000,000	28 December 2011	20 cents
Staff	50,000	6 April 2012	25 cents
Consultant	100,000	6 April 2012	25 cents
Director	1,000,000	10 December 2011	10 cents
Director	2,000,000	17 November 2013	21.25 cents
Staff	750,000	17 November 2013	21.25 cents

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 13 EQUITY – CONTRIBUTED EQUITY (continued)

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

Date	Details	No. of Options	Exercise Price
2011			
01 July 10	Balance	3,150,000	
17 Nov 10	Options issued	2,750,000	21.25 cents
26 Nov 10	Options exercised	<u>(1,000,000)</u>	20 cents
30 June 11	Balance	<u>4,900,000</u>	
2010			
01 July 09	Balance	3,150,000	
10 Oct 08	No Movement	<u>-</u>	
30 June 10	Balance	<u>3,150,000</u>	

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares being held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

Refer to Note 2 for the Company's capital risk management policy.

	2011	2010
	\$	\$
NOTE 14 EQUITY – RESERVES		
Share based payments reserve	482,630	245,580
Exercised option reserve	31,900	-
	<u>514,530</u>	<u>245,580</u>

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.

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 \$	2010 \$
NOTE 15 KEY MANAGEMENT PERSONNEL DISCLOSURES		
(a) Key management personnel compensation		
Short term employee benefits	324,667	300,000
Post employment benefits	5,400	5,400
Share based payments	195,600	-
	<u>525,667</u>	<u>305,400</u>

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

(b) Equity instruments relating to key management personnel

Shareholdings

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

Name	Balance at beginning of year	Received as remuneration	Options exercised	Net changes other	Balance at end of year
2011					
<i>Directors</i>					
N Tomkinson	5,720,470	-	-	68,181	5,788,651
P A Verbeek	2,499,999	-	1,000,000	(1,000,000)	2,499,999
J N Pitt	7,100,000	-	-	-	7,100,000
G J Petersons	1,500,000	-	-	-	1,500,000
2010					
<i>Directors</i>					
N Tomkinson	3,813,647	-	-	1,906,823	5,720,470
P A Verbeek	1,916,666	-	-	583,333	2,499,999
J N Pitt	4,729,632	-	-	2,370,368	7,100,000
G J Petersons	1,750,000	-	-	(250,000)	1,500,000

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 12,888,651 shares (2010: 12,820,470 shares)

TRAKA RESOURCES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011****NOTE 15 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)****(b) Equity instruments relating to key management personnel (continued)*****Options provided as remuneration and shares issued on exercise of such options***

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

Option holdings

Name	Balance at the beginning of the year	Granted during year as compensation	Expired/ Exercised During year	Balance at the end of the year	Vested and exercisable at the end of the year
2011					
<i>Directors</i>					
N Tomkinson	-	-	-	-	-
P A Verbeek	3,000,000	2,000,000	(1,000,000)	4,000,000	4,000,000
J N Pitt	-	-	-	-	-
G J Petersons	-	-	-	-	-
2010					
<i>Directors</i>					
N Tomkinson	-	-	-	-	-
P A Verbeek	3,000,000	-	-	3,000,000	3,000,000
J N Pitt	-	-	-	-	-
G J Petersons	-	-	-	-	-

(c) Loans to key management personnel

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

(d) Other transactions with key management personnel

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

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 16 REMUNERATION OF AUDITORS

	2011 \$	2010 \$
<i>Audit services</i>		
Fees paid to BDO Audit (WA) Pty Ltd		
Amounts paid or payable to the auditor for:		
- Auditing the financial reports of the company	22,800	21,426
Total remuneration	22,800	21,426

NOTE 17 CONTINGENCIES

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2011.

The Directors are not aware of any other contingent liabilities at 30 June 2011.

NOTE 18 COMMITMENTS

Lease commitments

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

Not later than one year	91,500	100,000
Later than one year but not later than five years	-	91,667
Later than five years	-	-
	91,500	191,667
Representing:		
Minimum lease payments in relation to non-cancellable operating leases	91,500	191,667

Exploration tenements

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

Minimum estimated expenditure requirements	999,778	1,128,734
--	----------------	-----------

These requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18 COMMITMENTS (continued)

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:	2011 \$	2010 \$
Not later than one year	115,417	240,000
Later than one year but not later than five years	-	80,000
Later than five years	-	-
	115,417	320,000

NOTE 19 RELATED PARTY TRANSACTIONS

Directors

Directors of Traka Resources Limited during the financial year were:

Neil Tomkinson
Patrick Verbeek
George Petersons
Joshua Pitt

Disclosures relating to directors and key management personnel are set out in the Directors' Report and in Note 15.

Other related party transactions

The Company has an agreement with Red Hill Iron Ltd ("Red Hill"), a company of which Mr Pitt and Mr Tomkinson are directors, whereby Red Hill pays rent for use of office space, geological and administrative services to Traka on normal commercial terms and conditions. Amounts received from Red Hill totalled \$134,647 (2010: \$92,175)

The Company paid Nikita Verbeek, daughter of the Company's Managing Director, \$1,430 (2010 \$Nil) for administration services.

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

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 20 INTERESTS IN JOINT VENTURES

The Company has interests in the following mineral exploration joint ventures as at 30 June 2011

Name of project	Interest	Activities	Other Parties
Musgrave Project	49%	Gold and base metal exploration	Anglo American (Australia) Pty Ltd (Anglo earning up to 75%)
Musgrave Project	90%	Gold and base metal exploration	Polaris Metals NL (Polaris free carried 10%)
Musgrave Project	0%	Gold and base metal exploration	Sammy Resources (Traka earning up to 90%)
Ravensthorpe Project (Sirdar JV)	20%	Gold and base metal exploration	Galaxy Resources (Traka 20% free carried to production)
Ravensthorpe Project (Bandalup JV)	100%	Gold and base metal exploration	Tectonic Resources NL (Tectonic earning up to 70%)

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(m).

NOTE 21 EVENTS OCCURRING AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected, or may affect the operations of the Company, the results of those operations, or the state of affairs of the Company in financial years subsequent to the financial year ended 30 June 2011.

NOTE 22 CASH FLOW INFORMATION

	2011	2010
	\$	\$
Reconciliation of operating loss after income tax to net cash used in operating activities:		
Operating loss after income tax	(2,437,600)	(995,578)
Depreciation	20,676	22,116
Non-cash employee benefit expense	268,950	-
(Increase)/decrease in receivables	(19,101)	(9,865)
(Decrease)/increase in payables and provisions	101,090	95,441
Net cash outflow from operating activities	<u>(2,065,985)</u>	<u>(887,886)</u>

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23	LOSS PER SHARE	2011	2010
		Cents	Cents
	Basic and diluted loss per share	(3.89)	(2.12)
	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 Comprehensive Income	(2,437,600)	(995,578)
		No of Shares	No of Shares
	Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	62,663,271	46,917,523

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

The diluted loss per share is the same as the basic loss per share on account of the Company's potential ordinary shares (in the form of options) not being dilutive because their conversion to ordinary shares would not increase the loss per share.

NOTE 24 SHARE BASED PAYMENTS

Traka Resources Limited Employee Share Option Plan

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

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

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24 SHARE BASED PAYMENTS (continued)

Set out below is a summary of options granted:

Grant date	Expiry date	Exercise price	Balance at start date	Granted during the year	Exercised/ expired/lapsed during the year	Balance at end of year
		Cents	Number	Number	Number	Number
2011						
17 Nov 2010	17 Nov 2011	21.25	-	2,750,000	-	2,750,000
10 Dec 2008	10 Dec 2011	10.00	1,000,000	-	-	1,000,000
6 Apr 2007	6 Apr 2012	25.00	50,000	-	-	50,000
28 Dec 2006	28 Dec 2011	20.00	1,000,000	-	-	1,000,000
29 Nov 2005	29 Nov 2010	20.00	1,000,000	-	(1,000,000)	-
			3,050,000	2,750,000	(1,000,000)	4,800,000
Weighted average exercise price (cents)			17.00	21.25	20.00	19.00
2010						
10 Dec 2008	10 Dec 2011	10.00	1,000,000	-	-	1,000,000
6 Apr 2007	6 Apr 2012	25.00	50,000	-	-	50,000
28 Dec 2006	28 Dec 2011	20.00	1,000,000	-	-	1,000,000
29 Nov 2005	29 Nov 2010	20.00	1,000,000	-	-	1,000,000
			3,050,000	-	-	3,050,000
Weighted average exercise price cents			17.00	-	-	17.00

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

2,750,000 options were granted during the year (2010: nil) and 1,000,000 options were exercised (2010: nil)

The assessed fair value at grant date of options granted during the year ended 30 June 2011 was \$0.0978 per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term if the option.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24 SHARE BASED PAYMENTS (continued)

The model inputs for options granted during the year ended 30 June 2011 were:

Grant date	17 November 2010
Exercise by	17 November 2013
Exercise price per share	21.25 cents
Expected average life of the options	3 years
Underlying security spot price at time of grant	17 cents
Risk free interest rate	5.13%
Expected volatility	95%

Historical volatility was used as the basis for estimating likely future share price volatility. Actual future volatility may differ from the estimate used.

The expected average life of the options was estimated as 3 years. The actual life could differ from this estimate if the holder of the options chooses to exercise his options prior to their expiry date.

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

	2011	2010
	\$	\$
Options issued	\$268,950	-

TRAKA RESOURCES LIMITED

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2011

The directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 30 June 2011 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 remuneration disclosures included in the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2011, comply with section 300A of the *Corporations Act 2001*.
4. 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*.
5. 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 26th day of September 2011

26 September 2011

Traka Resources Limited
The Board of Directors
Suite 2
Ground Floor, 43 Ventnor Avenue
West Perth, WA, 6005

Dear Sirs,

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

As lead auditor of Traka Resources Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



Peter Toll
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAKA RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Traka Resources Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, 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 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1(a) in the financial report, where the company will have to seek additional funding in order to progress exploitation of its exploration assets. If the company is unable to obtain additional funding it may indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the values stated in these financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Peter Toll
Director

Dated this 26th day of September 2011
Perth, Western Australia