



Traka Resources Limited

ABN: 63 103 323 173

16 September 2014

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 2014.

Yours faithfully

P C Rutledge
Company Secretary

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

FINANCIAL REPORT

30 JUNE 2014

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.

Directors' Report

For the year ended 30 June 2014

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).

Directors' Report

For the year ended 30 June 2014

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.

Directors' Report

For the year ended 30 June 2014

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 Rutledge BSc, CA, FFin

Mr Rutledge 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:

	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' Report

For the year ended 30 June 2014

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.

Directors' Report

For the year ended 30 June 2014

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

Directors' Report

For the year ended 30 June 2014

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.

Directors' Report

For the year ended 30 June 2014

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.

Directors' Report

For the year ended 30 June 2014

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)	3,000,000
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.

Directors' Report

For the year ended 30 June 2014

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.

Directors' Report

For the year ended 30 June 2014

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

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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 reviewed 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.

Notes to the Financial Statements

For the year ended 30 June 2014

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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 2018
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

Notes to the Financial Statements

For the year ended 30 June 2014

NOTE 2 FINANCIAL RISK MANAGEMENT

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

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

Market risk

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

The weighted average interest rate to which the Company was exposed on its cash assets at the year-end was 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

Notes to the Financial Statements

For the year ended 30 June 2014

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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

Notes to the Financial Statements

For the year ended 30 June 2014

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:

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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
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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.

Notes to the Financial Statements

For the year ended 30 June 2014

NOTE 11 NON-CURRENT ASSETS - PLANT AND EQUIPMENT

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

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	<u>1,922</u>	<u>12,550</u>	<u>53,252</u>	<u>67,724</u>
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	<u>2,355</u>	<u>25,467</u>	<u>64,482</u>	<u>92,304</u>

Notes to the Financial Statements

For the year ended 30 June 2014

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
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(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.

Notes to the Financial Statements

For the year ended 30 June 2014

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	

Notes to the Financial Statements

For the year ended 30 June 2014

NOTE 13 EQUITY - ISSUED CAPITAL (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:

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.

Notes to the Financial Statements

For the year ended 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	-	-
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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

Notes to the Financial Statements

For the year ended 30 June 2014

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

(b) Key management personnel compensation

	2014	2013
	\$	\$
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 Ltd (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)

Notes to the Financial Statements

For the year ended 30 June 2014

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)

Notes to the Financial Statements

For the year ended 30 June 2014

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.

Notes to the Financial Statements

For the year ended 30 June 2014

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).

Notes to the Financial Statements

For the year ended 30 June 2014

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

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

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