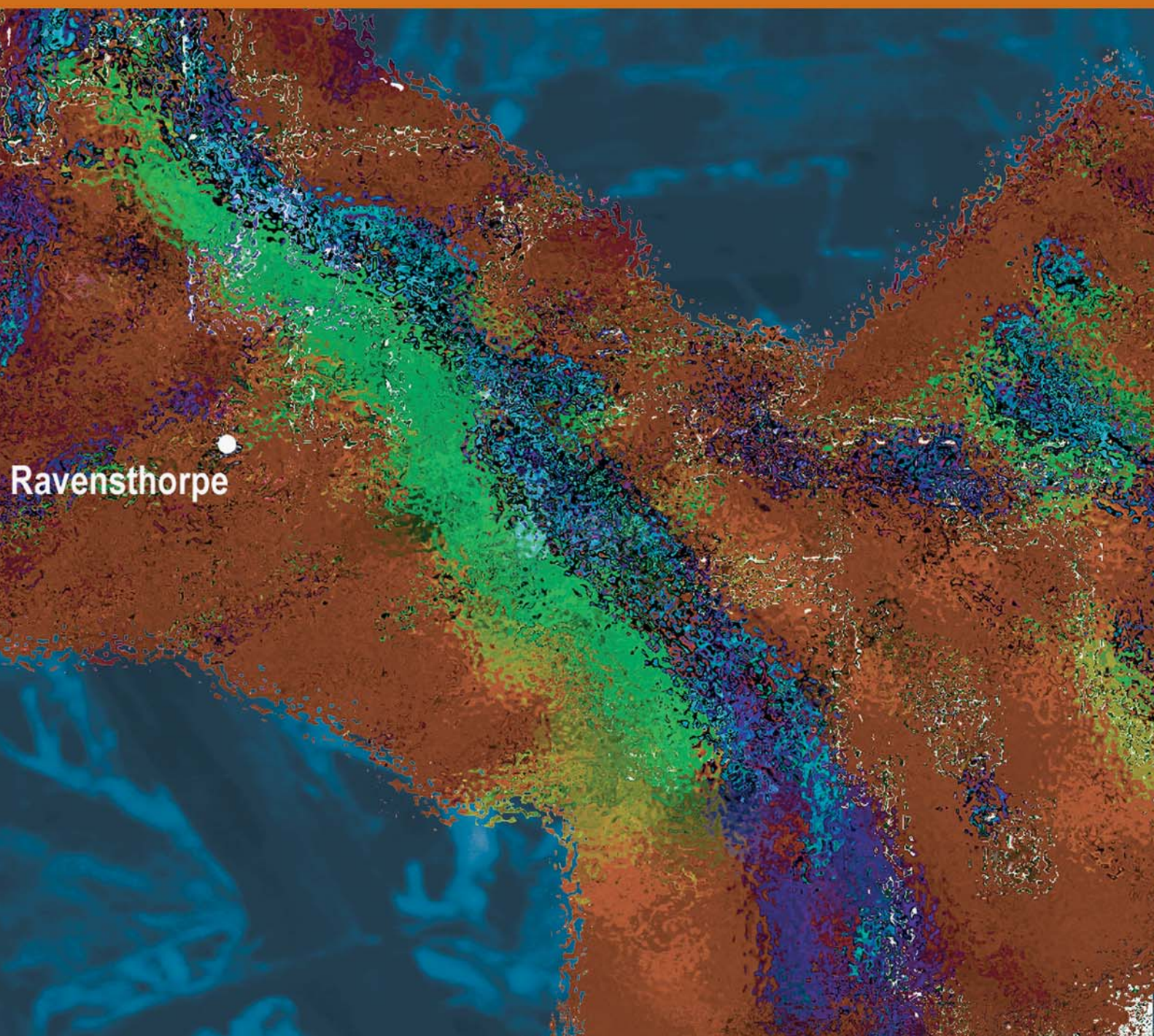




Annual Report 2004

Traka Resources Limited

ABN 63 103 323 173



Ravensthorpe

Traka Resources Annual Report 2004

30 June 2004 ACN 103 323 173

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Corporate Directory

Directors

Neil Tomkinson LLB (Hons) Chairman
Patrick Andrew Verbeek BSc. MAusIMM Managing Director
George Juris Petersons Non Executive Director
Joshua Norman Pitt BSc. MAusIMM Non Executive Director

Company Secretary

Desmond John Kelly B Comm.CPA.MAICD.

Principal and Registered Office

Level 1
43 Ventnor Avenue
West Perth WA 6005

Auditors

Horwath Perth
128 Hay Street
Subiaco WA 6008

Share Register

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

Stock Exchange Listing

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

Managing Director's Report



I am pleased to inform you that since listing on the ASX on the 23rd November 2003 the company has embarked on an extensive exploration program of its tenements at Ravensthorpe and on the Capricorn Joint Venture.

I have provided a description of some of the exploration results later in this report but in summary I am pleased to say the results are encouraging and consequently the pace of activity into the new year remains vibrant and urgent. A small administrative and technical group of staff and personnel are in place; they are focused and on the job. The company is endeavouring to get maximum value for its exploration dollar and despite the relatively small number of members of the team a high standard of management, expertise and efficiency is available to further the company's exploration pursuits.

Traka has a fairly large portfolio of ground to explore (410 square kilometres), a relatively modest cash position (\$2.6 million) and has generated more exploration targets than can be effectively tested in any one period within the practical limits of the company's resources. The large number of targets identified so far necessitates a strict application of target testing criteria.

During the year Traka completed 7500 metres of drilling, collected 3500 geochemical samples, completed 8 geophysical surveys, geologically mapped in detail large portions of the projects and captured and collated an enormous data base stretching back 35 years. The collective result of this work is now leading the company to a phase of exploration work which will increasingly rely on drilling programs; an exciting and definitive stage which, we are all looking forward too.



Drilling on the Ravensthorpe Project.

The Ravensthorpe Nickel Project



View from Ravensthorpe Lookout towards Ravensthorpe township.

The Ravensthorpe Nickel Project:

This project is the company's principal project and consequently gets the lion's share of attention. It stretches over a 60 kilometre corridor within the Ravensthorpe Greenstone Belt and effectively encompasses a large segment of the ultramafic host rocks in the belt which, are prospective for nickel mineralisation (Figure 1). At the very eastern end of the project is the RAV 8 Nickel Mine being worked by Tectonic Resources Ltd ("Tectonic") and the very large new laterite nickel mine being developed by BHP Billiton. Traka's tenement block covers the western strike extension of the ultramafics that host these deposits. The Ravensthorpe area has never seen so much development and exploration activity and it augers well for an area that offers the same fundamental potential as the better known Forrestania and Lake Johnston Greenstone belts to the north.

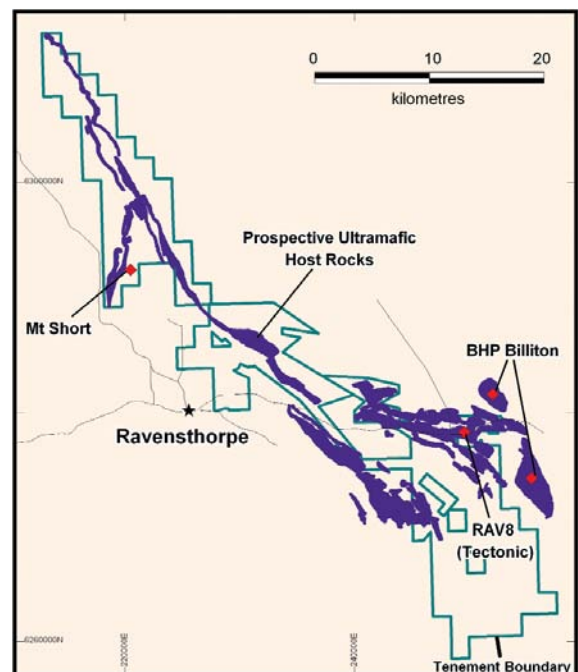


Figure 1. Ravensthorpe Nickel Project – Location Plan.

The Ravensthorpe Nickel Project

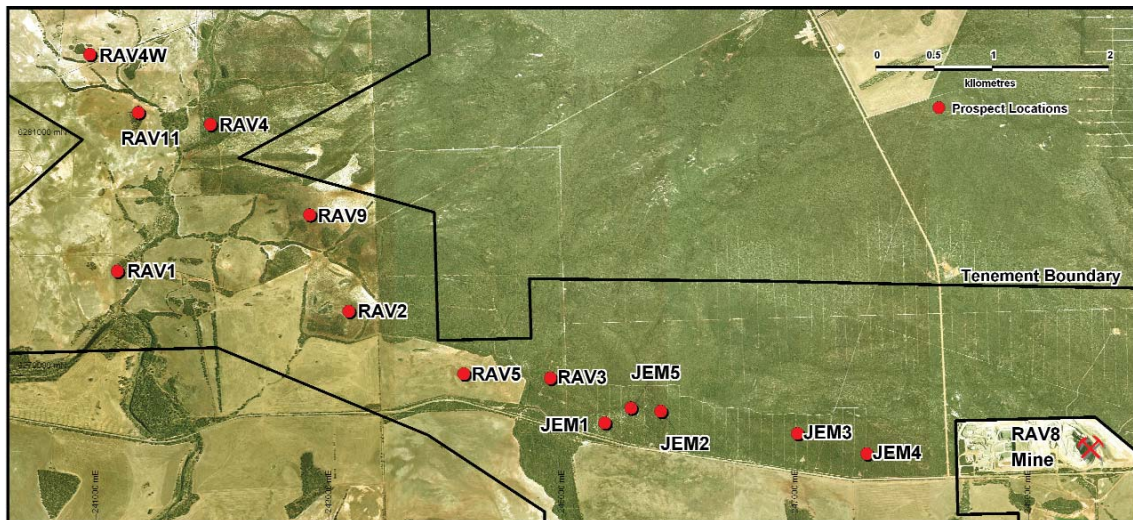


Figure 2. Aerial photograph showing a portion of the ground west of the RAV8 Mine.

The 15 kilometre corridor of ground immediately west of the RAV 8 Mine has received most of Traka's attention to date (Figure 2). A few targets have been down-graded by our exploration work this year but the majority

remain untested or only partially tested. Importantly, it is evident that whole sections of the favoured basal contact zone remain untested despite the particular focus of attention this area has received.

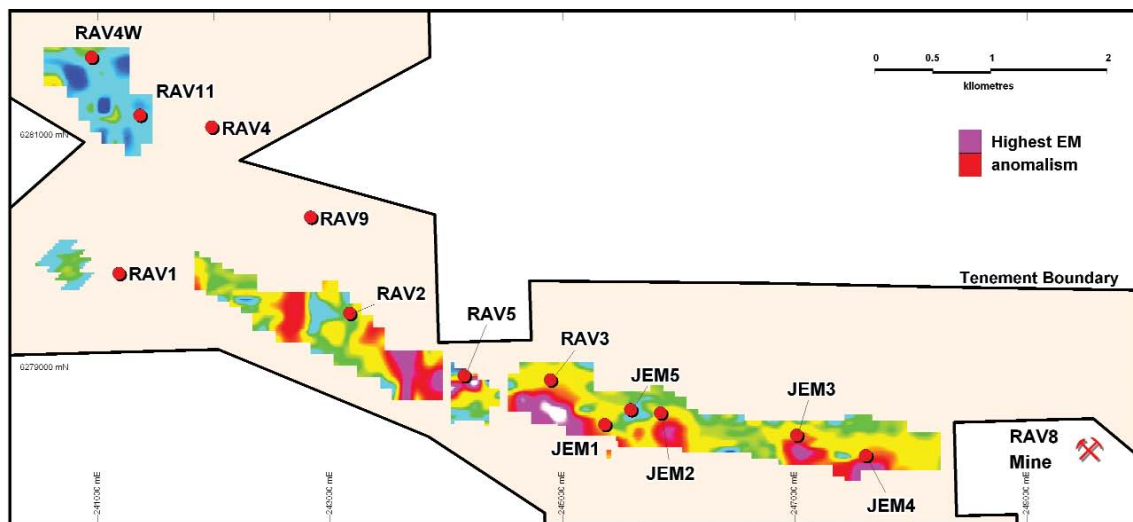


Figure 3. Position of EM anomalies on the Ravensthorpe Nickel Project.

The following summary provides a perspective and summary of the Traka's work to date:

- A surface geophysical survey completed prior to listing located 12 separate electromagnetic ("EM") anomalies (Figure 3). We have now tested portions of six of these anomalies with varying results. At the JEM 4 Prospect we intersected 5 metres of barren massive sulphides which accounted for the anomaly. Upon compilation of this data though, we now believe that the hole was drilled too high up in the stratigraphic sequence to properly test the basal

position of this target. At RAV 5 we intersected 1.4 metres @ 1.98% Ni and 0.52 metres @ 1.80% Ni (Figure 4). This mineralisation is part of nickel shoot traced by widely spaced drilling to a gossan on the surface. Another drill hole on this prospect has just been completed and the results are awaited. Reverse Circulation ("RC") drilling has also just been completed on the prospects called JEM 1, 2 and 5 and RAV 2. This data is also currently being evaluated.

The Ravensthorpe Nickel Project

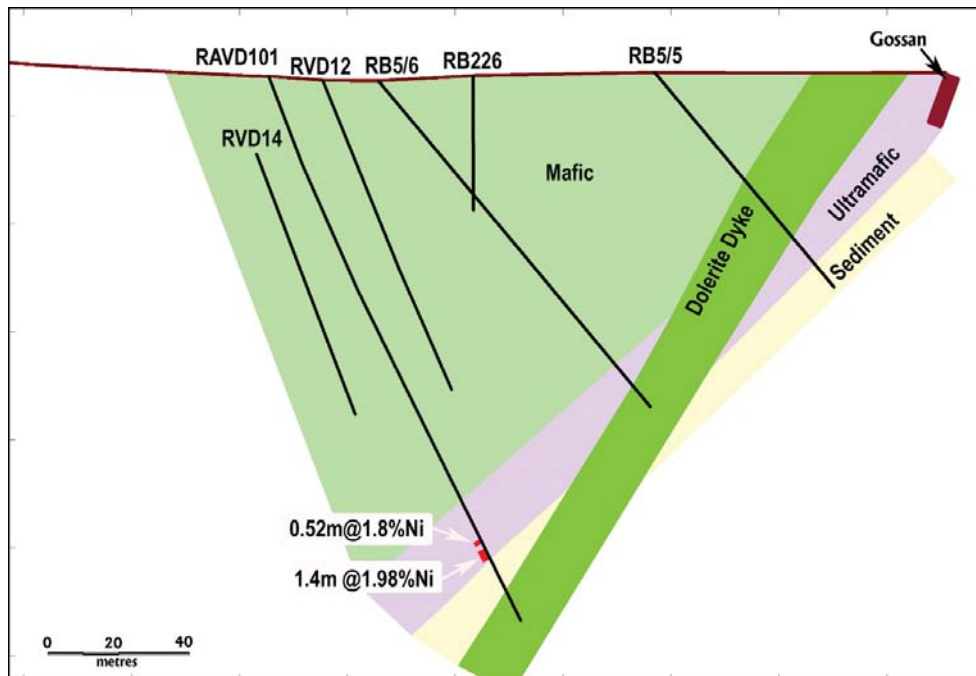


Figure 4. Cross section showing drill hole intersections on the RAV5 Prospect.

- At the RAV 4 West Prospect compilation of the old drill data identified another nickel shoot, which had been the subject of very little follow up work. The best intersections in the area with the exception of results from the RAV 8 Mine itself were returned from relatively shallow depths down dip from a gossan on the surface and very little was known about the potential depth extent. Some of the better intersections included 2.35 metres @ 6.45% Ni and 2.56 metres @ 7.8% Ni (Figure 5). We have now

completed two small drill programs on this prospect to assess the overall potential. As there are several large intrusive bodies and structures disrupting the basal sequence exploration is not just a simple matter of drilling deeper holes. Some of Traka's drilling was designed to increase the Company's overall geological knowledge and information in the vicinity and consequently the discovery of a mineralised intersection was not always the aim of the drill hole. Traka is seeking to increase detailed geological



Drilling at RAV4W

The Ravensthorpe Nickel Project

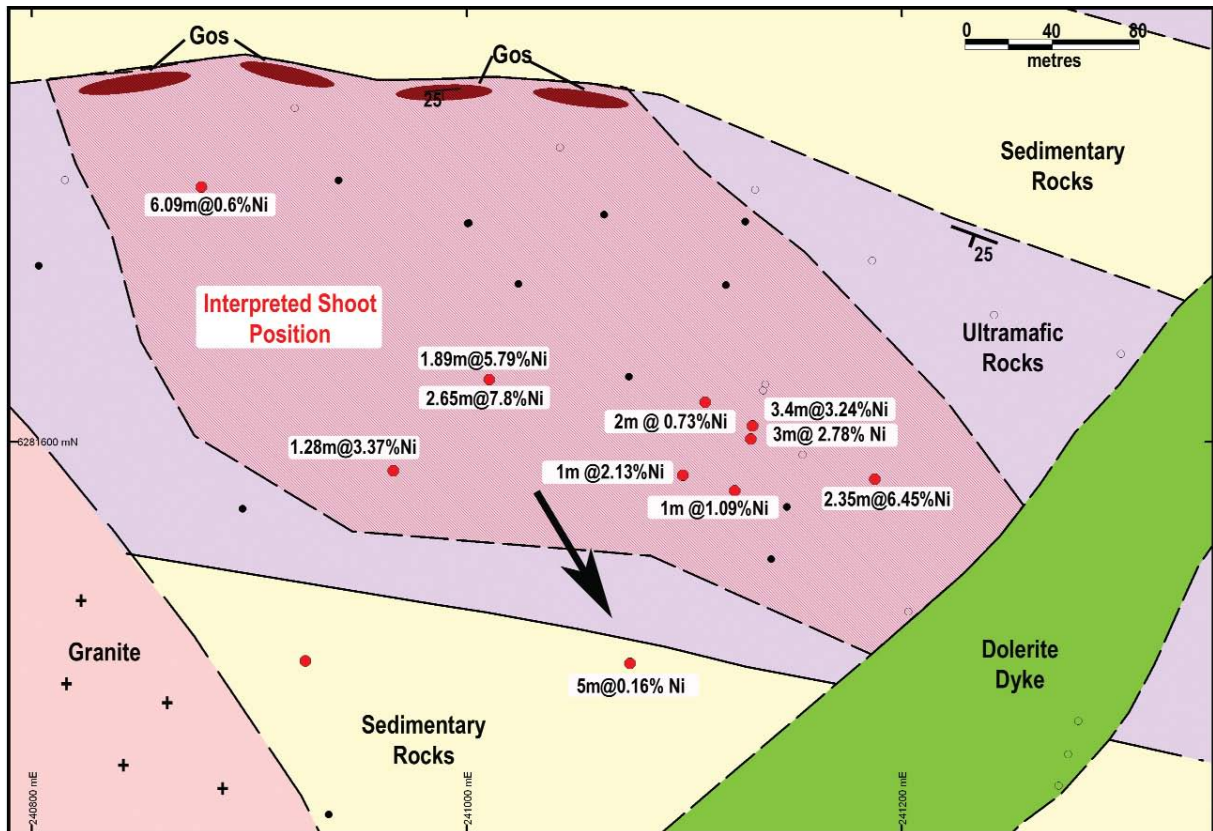


Figure 5. RAV4W Geological plan showing position of interpreted nickel shoot.

information to allow more effective targeting of mineralised intersections in subsequent drilling programs. The assay results for the last drill program completed at RAV 4 West are currently awaited.

- At the RAV 1 and RAV 4 prospects, where there are known nickel resources totalling 1.5 million tonnes @ 0.83% Ni (0.5% Ni cutoff) we have completed fairly comprehensive data reviews and compilations. Some drilling has been completed at RAV 1 and although the results were not exceptional (best result 0.6 metres @ 0.6% Ni) given the wide and irregular spaced drill pattern currently in place it is clear much more work is warranted on this prospect.
- In addition to drilling and geophysical programs we have maintained a program of surface geological mapping. The value which we get out of this exercise should not be underestimated. Surface geological mapping is a relatively low cost and basic exploration tool that is slow but continues to highlight numerous targets and opportunities despite the attention this area has already had. A number of new gossans on the basal contact of ultramafic flows have already been discovered. Rock chip sampling on these gossans have returned various anomalous values in nickel, copper, chromium, platinum, palladium and cobalt. These elements are all good indicators of nickeliferous sulphides. The intention is to complete

the geological mapping first so that a full perspective and ranking of the targets can be undertaken prior to drill testing.

In the centre of the Ravensthorpe Project and west of the area just discussed is another 15 kilometre long corridor where Traka has commenced several phases of exploration work. Drilling and geophysical survey program have been completed on a prospect called B1 with some encouraging results. A 30 metre wide zone of disseminated sulphides and an intersection at the basal contact of 3 metres @ 0.70% Ni was returned from a single RC hole in this prospect (Figure 6). A downhole geophysical anomaly was detected to the left of this hole, which still needs to be tested. It is already clear however from the results already achieved and the information available from old data and drilling that this prospect merits further work.

Surface geological mapping currently underway in this corridor has located several new gossans and targets. Multiple ultramafic flows have been mapped and the early signs are very encouraging. A large and systematic geochemical sampling program to test the whole area is underway and it will be very interesting to get the results for this work.

North of the project area just discussed Traka's ground holding covers another 30 kilometres of prospective

The Ravensthorpe Nickel Project

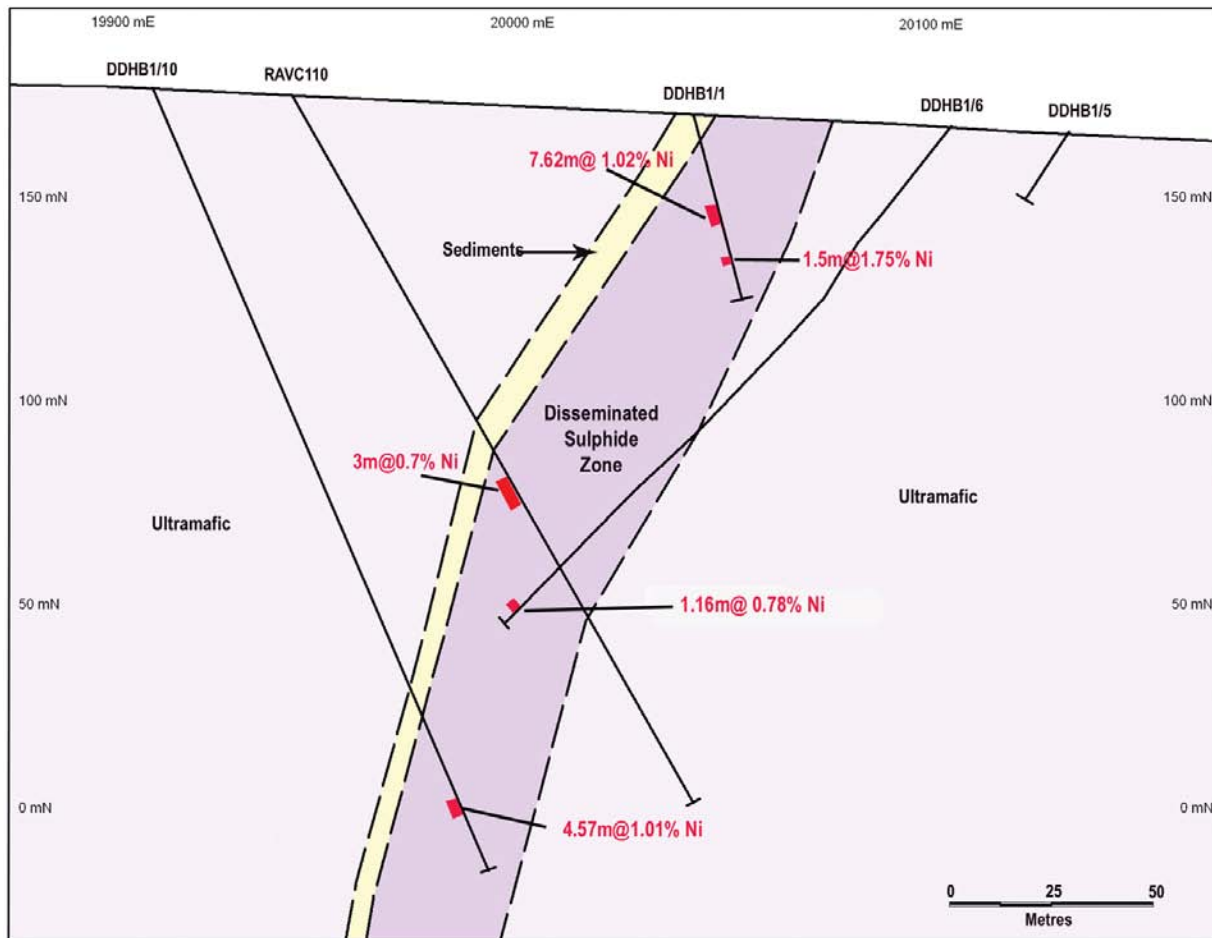


Figure 6. Cross section showing drill hole intersections and mineralisation on the B1 Prospect.

ultramafic stratigraphy. This is an area straddling the thickly wooded Ravensthorpe Ranges as well as flat pastoral country. This portion of the project area has very little exploration history. A large part of the area is under regolith and laterite cover, which blankets the prospective stratigraphy. In the pastoral area in order to avoid disrupting pastoral activity we have been obliged to limit our field activity to the late summer months after harvesting. In the Ravensthorpe Ranges the Department of Conservation and Land Management also prefer us to limit our exploration activity to the summer months.

A brief description of the targets and work that has been completed is presented below:

- The old geochemical and geological data bases at Mt Short have highlighted the presence of numerous sub-surface geochemical anomalies associated with ultramafic units. The geochemical values range between 0.5% and 0.9% Ni at depths of 5 to 30 metres.
- Since listing Traka has completed a high resolution aeromagnetic survey over the Mt Short region. This data in conjunction with the earlier geochemical survey results will greatly assist in locating the favourable stratigraphic horizons blanketed in this area by laterite and regolith cover.
- A total of forty eight line kilometres of electromagnetic geophysical surveys and four downhole surveys have been reviewed and reinterpreted. Each of these surveys has highlighted the presence of anomalies yet to be tested. One of these anomalies is an off-hole conductor associated with the Mt Short Gossan Prospect first located some 35 years ago.

The Ravensthorpe Gold Project



Drilling at Sirdar.

The Ravensthorpe Gold Project:

This project abuts the company's nickel interests and is centred about 5 kilometres north of Ravensthorpe itself. The tenement overlies the majority of the old mines and prospects that are known as the Western Group of mines. Some of these mines were the first gold shows ever worked by the pioneers and are very much part of the local history and development of the region. The old mines were all narrow vein high grade underground workings owned and operated by individual syndicates and company. They all ceased production at the turn of the century and apart from a brief period in the 1930's no other mining has occurred.

Exploration programs recommenced in the region in the early 1980's with the principal objective of locating open pit gold oxide resources. This style of target was not located but the work did indicate that the old mines were part of larger mineralised systems that comprise a series of high grade shoots on a number of different structures. Given that there are multiple mineralised structures the opportunity to build up a critical resource base was recognised and work commenced to assess some of the targets as a starting point.

Traka has carried out geological mapping, a geochemistry survey and drilling. At the Sirdar Mine target, where the majority of work has been done, gold mineralisation that was originally limited in the old workings over about

20m strike, was found to extend over about 170m length. The old mine workings were found to be centred on cross cutting quartz veins in a broader zone of alteration and mineralisation associated with porphyry intrusive rocks that ran at 90 degrees to the old workings. The intersection of cross cutting structures is often a good locus for gold mineralisation and this certainly appears to be true for Sirdar. We were able to get some very encouraging intersections; some quite narrow high grade intersections like 1metre @ 131.24 grams per tonne gold and others that were wide, the best of which was a 15 metre intersection @ 5.31 grams per tonne gold (Figure 7). However, as exciting as these results were it was also apparent that establishing continuity of economic mineralisation was going to be very difficult. This no doubt reflects the mixture of orientations but it also means that quite detailed infill drilling would be required to accurately calculate a resource.

A 4 RC hole drill program was also carried out at the Maori Queen Mine, about 500 metres away from Sirdar. Two of the holes, 50 metres apart and directly below the old mine workings, returned intersections of 2 metres @ 9.33 gram per tonne gold and 2 metres @ 5.49 grams per tonne gold (Figure 8).

The company is encouraged by the results by the results to date, which will now be reviewed before planning of the next exploration program can take place.

The Ravensthorpe Gold Project

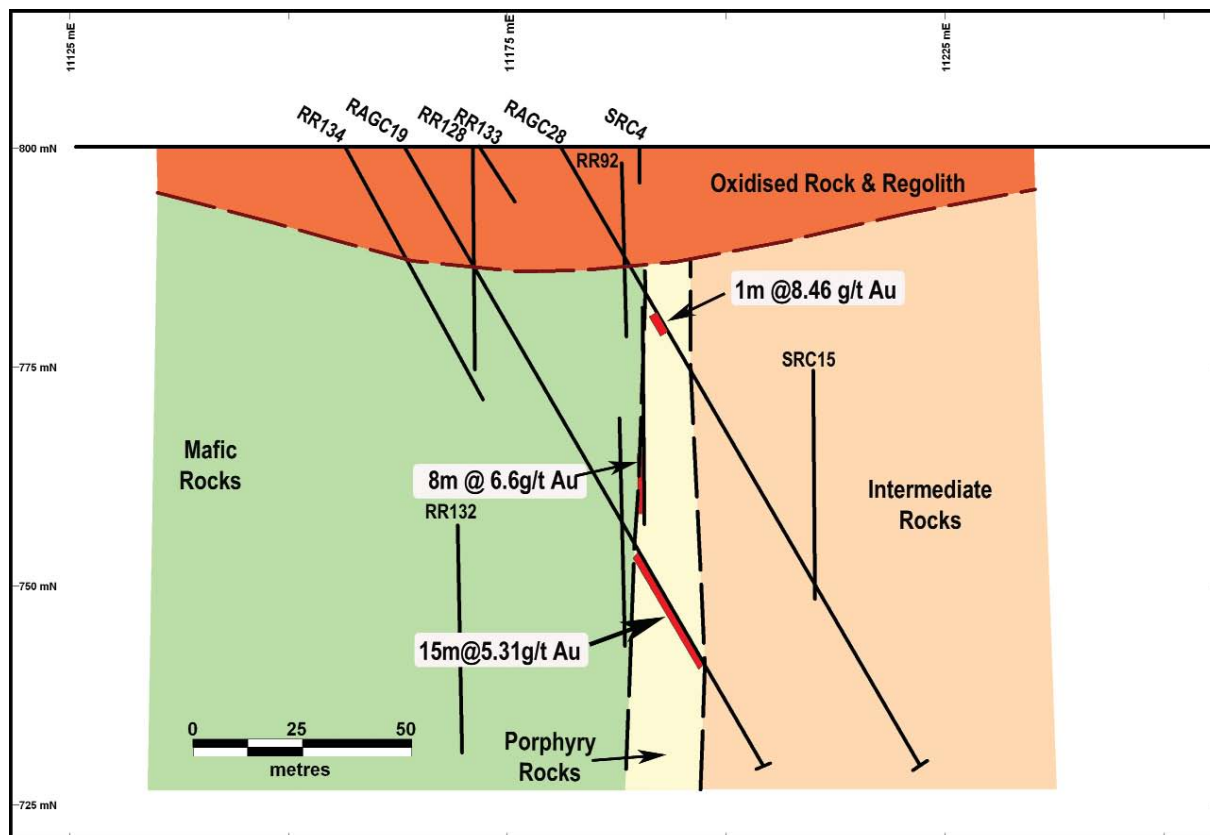


Figure 7. Cross section through the Sirdar Prospect showing drill hole intersections.

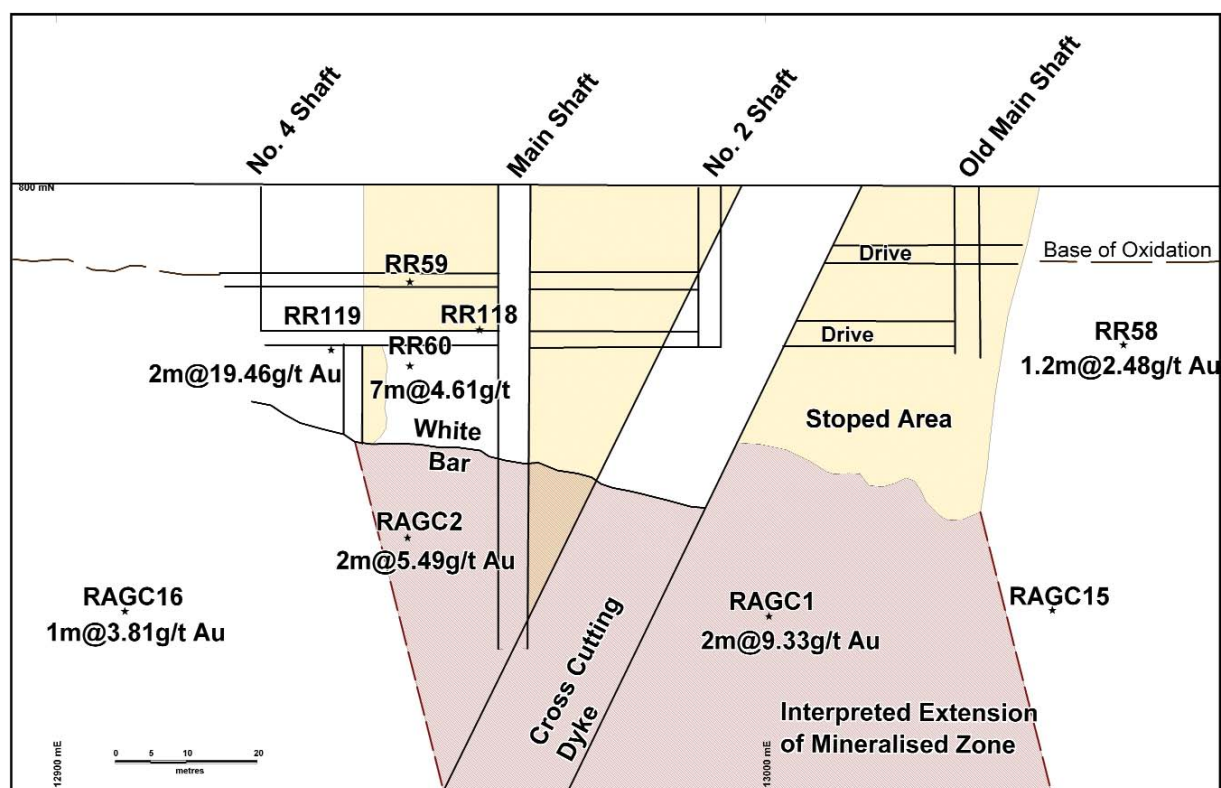


Figure 8. Long section of the Maori Queen Mine showing the position of drill hole intersections through the extension of the gold shoot.

The Capricorn Project



Drilling at Capricorn.

The Capricorn Project:

The Capricorn Project is a joint venture managed by Traka, which the company can earn a 60% equity by expenditure of \$1 million over 4 years. The project is centred about 50 kilometres east of Newman in the Pilbara region of Western Australia (Figure 9). This project offered Traka an opportunity to advance the nickel focus of the company in a new province only recently recognised by our joint venture partners as being prospective for nickel sulphides.

Two drill targets had already been identified by surface geophysical techniques and Traka was in a position to drill them immediately.

We have now completed the first phase of drilling on both targets as well as downhole geophysical surveys.

On the first target we intersected 5 metres @ 0.3% Ni in one hole and 6 metres @ 0.6% Ni in another hole about 40 metres away. The downhole geophysical survey verified the results of the surface work and logging and sample assays results of the holes confirmed the association of the geophysical anomalies with sulphides. Further more the downhole geophysical work indicates that the mineralisation intersected in the hole extended strongly off-hole in a few locations.

On the second target we drilled no explanation for the surface geophysical anomaly could readily be found in logging of the drill chips from the hole. However, the downhole geophysical survey detected an anomaly off-hole to the left. Given the limited information on the target it is possible that the off-hole anomaly is the explanation for the original surface response and that the single drill hole missed the target.

Given the encouragement received from this project to date we made immediate plans to recommence drilling programs. Unfortunately, although we have been ready to do this work for some time we have not been able to



Figure 9. Location plan of the Capricorn Joint Venture ground.

secure a drill rig to do the job. Our program is quite modest in terms of cost and size and because of the remote location and recent upturn in the resource industry, drill rigs for such programs are very hard to get. We expect that as the summer approaches and other operators start winding back their exploration programs drill rigs will start to become available again.

Schedule of Tenements

Tenement Type	Tenement Number	Project	Registered Holders Interest	Traka % Interest
E	74/0073	Ravensthorpe	Billiton Nickel (Ravensthorpe) Pty Ltd (75%) J.W Ellis, S.L.Lipple, L.G.B. Wadley (25%)	100%
E	74/0144	Ravensthorpe	Traka Resources Ltd	100%
E	74/0152	Ravensthorpe	Traka Resources Ltd	100%
E	74/0176	Ravensthorpe	Traka Resources Ltd	100%
E	74/0209	Ravensthorpe	Traka Resources Ltd	100%
E	74/0219	Ravensthorpe	Traka Resources Ltd	100%
E	74/0272	Ravensthorpe	Traka Resources Ltd	100%
E	74/0321	Ravensthorpe	Avalon Resources Pty Ltd	100%
M	74/0082	Ravensthorpe	Traka Resources Ltd	100%
M	74/0083	Ravensthorpe	Traka Resources Ltd	100%
M	74/0084	Ravensthorpe	Traka Resources Ltd	100%
M	74/0085	Ravensthorpe	Traka Resources Ltd	100%
M	74/0105	Ravensthorpe	Billiton Nickel (Ravensthorpe) Pty Ltd (75%) J.W Ellis, S.L.Lipple, L.G.B. Wadley (25%)	100%
M	74/0106	Ravensthorpe	Billiton Nickel (Ravensthorpe) Pty Ltd (75%) J.W Ellis, S.L.Lipple, L.G.B. Wadley (25%)	100%
M	74/0127	Ravensthorpe	Traka Resources Ltd	100%
M	74/0129	Ravensthorpe	Traka Resources Ltd	100%
M	74/0130	Ravensthorpe	Traka Resources Ltd	100%
M	74/0156	Ravensthorpe	Traka Resources Ltd	100%
M	74/0157	Ravensthorpe	Traka Resources Ltd	100%
P	74/0252	Ravensthorpe	Traka Resources Ltd	100%
P	74/0253	Ravensthorpe	Traka Resources Ltd	100%
E	74/0332	Ravensthorpe	Traka Resources Ltd	100%
E	52/1176	Capricorn JV	Hampton Hill Mining NL (75%) Metallica Pty Ltd (25%)	Earning up to 60% Interest

* The technical information contained in this report is based on information compiled by Mr P.A. Verbeek, a Member of the Australasian Institute of Mining and Metallurgy. Mr Verbeek has more than five years experience on the field of activity being report on and qualifies as a Competent Person as defined by the Australasian Code for Reporting of Mineral Resources and Ore Reserves.

Corporate Governance Statement

Traka Resources Limited ("**Traka**") is a small recently listed company with an uncomplicated corporate structure and relatively simple financial and management control requirements. It adheres to the ten Essential Corporate Governance Principles as published by the ASX Corporate Governance Council and has adopted those of the Best Practice Recommendations which its Board considers to be relevant and essential for the efficient management of the Company and its business whilst safeguarding shareholder assets.

The following is a detailed review of the Corporate Governance measures current at Traka:

MANAGEMENT AND OVERSIGHT

Objectives of the Board

The Board's key objectives are the addition of value to corporate assets whilst safeguarding shareholders' rights and interests together with the provision of an appropriate overview of management. With this in mind, the Board meets regularly in the appropriate discharge of its responsibilities.

Board Responsibility

The Board concentrates Traka on the investigation of exploration opportunities in the mineral resource business which are judged to have the potential for success without exposing the Company to undue risk by:

Establishing and maintaining adequate management control through monitoring systems which include:

- (a) continually reviewing the performance of the Company and its executive, including management and financial performance, overseeing strategy implementation and where necessary ensuring appropriate resources are available. The board retains the right to replace the Company's Managing Director.
- (b) at regular Board meetings, reviewing, approving and amending where necessary the Managing Director's annual programmes and budgets and Traka's overall corporate objectives;
- (c) putting in place effective risk management and legal exposure reviews;
- (d) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (e) maintaining responsibility for the overall financial management of the Company with the ability to approve the appointment (if necessary) of a Financial Officer and to replace the Company Secretary;
- (f) monitoring and approving financial and other reporting;
- (g) supervising the overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities to ensure division of functions remain appropriate to corporate needs;
- (h) liaising with Traka's external auditors;
- (i) monitoring, and ensuring compliance with all of Traka's legal obligations, in particular those relating to the maintenance of the Company's mineral tenements, the environment, native title, cultural heritage and occupational health and safety requirements.

Within the above framework the Board retains the ability to delegate some of its responsibilities; however, to date, the size of the Company and the nature of its operations has resulted in any delegation being kept to a minimum.

Corporate Governance Statement

Materiality

The Board has agreed on the following guidelines, which are deemed appropriate for a company of the maturity and size of Traka for assessing the materiality of matters:

(a) Materiality – Quantitative

All statement of financial position and statement of financial performance items are material.

(b) Materiality – Qualitative

- (i) any matters which impact on the reputation of Traka and/or its Board;
- (ii) any activities of the Company, its joint venturers, employees or contractors which may involve a breach of legislation or are in the Board's view outside the ordinary course of its business;
- (iii) any matter which might negatively affect Traka's rights to its assets;
- (iv) any activity of the Company its joint venturers, employees or contractors which has the capacity to involve a contingent liability that would in the Board's view have a potential material effect on the Company's statement of financial position or a similar effect on one or more statement of financial performance items.

(c) Material Contracts

Traka is a relatively small company and its Directors consider most contracts entered into by the Company to be material. With the exception of day to day agreements the responsibility for which fall upon the Managing Director, all Contracts are subjected to review by the Board.

BOARD OF DIRECTORS

The name, expertise, experience and term of the office of each director is set out in the Directors' Report. The Board comprises three non-executive directors, including the Chairman, and one executive director being the Managing Director.

Independent Directors

There are no independent directors on the Board, within the strict meaning of the term as set down in the ASX Principles of Good Corporate Governance, because all the current directors are substantial shareholders as defined in the Corporations Act and hence are deemed to lack independence. However the make up of the Board is such that although each of Traka's directors, because of his shareholding in the Company, is not deemed to be independent, the Board is satisfied that there is sufficient independence of view and lack of association between directors to mollify any reservations which shareholders might have in this regard.

The Chairman

The Chairman is a non-executive director and is responsible for leadership of the Board and for the efficient organisation and conduct of the Board. He also retains overall responsibility, subject to management input, for communication with shareholders.

The Managing Director

The Managing Director runs the Company on a day-to-day basis pursuant to authority delegated by the Board and is responsible for the implementation of Board and corporate policy and planning in accordance with approved programmes and budgets. The Managing Director reports to the Board regularly and is under an obligation to make sure that all reports which he presents give a true and fair view of Traka's exploration and other activities and its then current financial status.

Nomination for board positions

The full Board will decide on the choice of any new director(s) upon the creation of any new board position and/or if any casual vacancy arises. Full minutes will be kept of any meetings of the Board where any decisions to appoint new directors are taken. The small size of the Company and the Board do not warrant the formation of a nomination committee.

Independent professional advice

Each director has the right to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required and will not be unreasonably withheld.

Corporate Governance Statement

ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Board adheres to and is responsible for enforcing the Corporate Code of Conduct set out in this Corporate Governance Statement.

Policy on share trading

Traka Board policy is that directors, officers and employees are prohibited from dealing in Traka's shares when they possess inside information. The Board is to be notified when trading of shares in Traka by any Director or officer of the Company occurs.

INTEGRITY IN FINANCIAL REPORTING

Financial Reports

The Managing Director is required to confirm in writing to the Board that the Company's half year & full year financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee

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

The Board monitors the form and content of the Company's financial statements; it also has an overview of Traka's internal financial control audit and risk management systems.

Additionally, on an annual basis the Board, in line with its overall responsibility to shareholders, reviews the performance of the external auditor and the continuation of that appointment. Directors also approve the remuneration and terms of engagement of the external audit firm. Any appointment of a new external auditor will be submitted for ratification by shareholders at the next annual general meeting of the Company.

TIMELY & BALANCED DISCLOSURE

Compliance procedures, to ensure timely and balanced disclosure of information in line with ASX Listing Rule disclosure requirements and Continuous Disclosure Guidelines, have been noted and adopted by Traka. The Company Secretary is charged with ensuring that any necessary steps which need to be taken by the Company in this area are brought before the Board for discussion and, subject to amendment, approval.

COMMUNICATION WITH AND PARTICIPATION OF SHAREHOLDERS

Traka maintains a website at www.trakaresources.com.au

Under various headings Traka shareholders may find all recent information on the Company, its recent ASX releases, its projects and its corporate profile. Shareholders may also register for receipt of an automatic copy by email of all Traka ASX releases.

Traka will invite its external auditor to attend every annual general meeting and to be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

RISK MANAGEMENT

Consistent with the compliance systems detailed elsewhere in this statement the Board takes responsibility for the risk management of the Company.

The Board routinely reviews corporate risk and supervises internal compliance and control systems.

The Managing Director is responsible to the board for ensuring the systems are complied with and is required annually to make a statement to the board in writing to this effect.

Corporate Governance Statement

Whilst high priority is given to the management of risk in the Company, current and potential investors are reminded that Traka is a company engaged in exploration activities which by their very nature are high risk and if successful may give rise to high rewards. The major risks involved in an investment in Traka were set out in the Company's Prospectus dated 14 October 2003 and lead to the statement that investment in Traka should be considered speculative.

PERFORMANCE EVALUATION OF THE BOARD, INDIVIDUAL EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The Chairman conducts regular informal reviews of Board and executive performance including that of the Company Secretary on at least an annual basis.

REMUNERATION OF DIRECTORS & EXECUTIVES

The Company currently has one full time employee, the Managing Director. The full Board excluding the Managing Director carries out an annual review of the adequacy of his remuneration, and participation in share incentive arrangements.

The size of Traka and the current remuneration of non-executive directors is not considered of a size and nature to warrant independent review or the formation of a separate remuneration committee.

Details of directors' and executives' remuneration are set out in the annual Financial Report in accordance with accounting standards.

CORPORATE CODE OF CONDUCT AND OBJECTIVES

As set out in the Company's Prospectus dated 14 October 2003 Traka is committed to:

- (a) applying the Company's funds in an efficient manner and providing above average and sustainable returns to shareholders through both capital appreciation and the payment of dividends when in a position to do so;
- (b) applying high standards of professional excellence and being a leader in its chosen field of operations;
- (c) adopting high standards of occupational health and safety, environmental management and ethics;
- (d) fostering and maintaining a culture of ownership, care and professional excellence from the Company's employees; and
- (e) ensuring that all of its business affairs are conducted legally, ethically and with integrity.

Corporate Responsibility

Traka complies with all legislative and common law requirements which affect its business, particularly environmental regulations, native title and cultural heritage laws.

Employment

Traka policy is to employ the best available staff; at this stage in the Company's development all potential employees will be subject to full Board scrutiny.

Third Parties

The Company treats third parties in a fair and reasonable manner and does not engage in deceptive practices.

Conflict of Interest

The Board is obligated to avoid situations of real or apparent conflict of interest between board members as individuals and as Directors or as is the case with the Managing Director, as an employee of Traka, a Director of Traka and an individual. If a situation where a conflict of interest arises the Chairman is to be notified; the matter will then be considered and the appropriate steps taken to avoid a repetition.

Breach of Corporate Governance

Any breach of Corporate Governance is to be reported directly to the Chairman.

Review of Rules of Corporate Governance

The Board through the Chairman monitors the Company's compliance with the Rules periodically.

Directors' Report

Your Directors present their report for the year ended 30 June 2004.

DIRECTORS

The names of the Directors of the Company during the financial year and up to the date of this report are:

Neil Tomkinson (Appointed 4 September 2003)

Patrick Andrew Verbeek (Appointed 8 January 2003)

George Juris Petersons (Appointed 8 January 2003)

Joshua Norman Pitt (Appointed 8 January 2003)

PRINCIPAL ACTIVITIES

The company was incorporated on 8 January 2003. Since incorporation the principal activity of the Company in the period before and after listing on the Australian Stock Exchange Ltd on the 20 November 2003 has been the acquisition of and carrying out exploration activities on mining and exploration tenements.

OPERATING RESULTS

The operating loss of the Company for the year after income tax of \$Nil was \$1,414,207. (2003:\$175,369)

DIVIDENDS

The Directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year other than the successful Listing on the Australian Stock Exchange Ltd. after the capital raising of \$4,000,000.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR AND LIKELY DEVELOPMENTS

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

REVIEW OF OPERATIONS

Following listing on Australian Stock Exchange Ltd., the Company immediately commenced exploration activity on each of its three projects. On the Company's main Ravensthorpe Nickel Project numerous targets were assessed and a number of them drilled. Exploration work included geological mapping, geophysical and geochemical surveys plus data purchase and compilation. Similar exploration work has been undertaken on the Ravensthorpe Gold Project. On the company's third project, the Capricorn Joint Venture, two geophysical targets have been drill tested. A review of operations during the financial year and the results of those operations will be set out separately in the Annual Report.

Directors' Report

INFORMATION ON DIRECTORS

Directors

Chairman

Neil Tomkinson LLB (Hons)

Mr Tomkinson has for many years carried on the business of administration of and investment in public and private mineral exploration and mining companies in Australia. He is also a director of Hampton Hill Mining NL.

Managing Director

Patrick Verbeek BSc. AusIMM

Patrick Verbeek is a geologist with over 22 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 has also prospected and undertaken exploration work in his own right as well as provided Geological Consulting service to the industry.

Mr Verbeek is a founding Director of Traka and was previously a founding and Managing Director of Great Southern Mines NL. Great Southern Mines NL raised \$10 million dollars and listed on Australian Stock Exchange Ltd in 1993 following the discovery of the Chalice Gold Mine on property originally pegged by Mr Verbeek and his partners.

Mr Verbeek is committed to advancing Traka and will draw upon his experience in the resource industry to guide the company's activities.

Non Executive Director

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.

Non Executive Director

Joshua Pitt BSc, MAusIMM

Mr Pitt is a geologist with substantial exploration experience who has for more than 25 years been a director of exploration and mining companies in Australia. He is also a director of Hampton Hill Mining NL, Lion Ore Mining International Limited and Red Metal Limited. Mr. Pitt is also actively involved in substantial private mineral exploration and in resource investments.

Management

Company Secretary

Desmond John Kelly BComm, CPA, MAICD

Mr Kelly is an accountant with over 25 years experience in industry and public practice. He currently consults to both public and private companies in the capacity of Company Secretary and provides management and administration services for them. He has wide managerial experience including serving for a period as managing director of a public listed exploration company.

Directors' Report

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

As at the date of this report the interests of the Directors in the shares and options of the company were:

	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
N Tomkinson	-	2,240,000	-	-
P A Verbeek	-	1,850,000	-	2,000,000
G J Petersons	1,750,000	-	-	-
J N Pitt	-	2,150,000	-	-

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 held while a Director	Number of meetings attended
N Tomkinson	6	6
P A Verbeek	7	7
G J Petersons	7	7
J N Pitt	7	5

Total Number of Meetings Held in the Year was 7.

SHARES UNDER OPTION

The number of options on issue is 2,000,000 exercisable at 35 cents with an expiry date of 10 October 2008.

INSURANCE OF OFFICERS

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

Directors' Report

REMUNERATION REPORT

Shareholders have approved Directors Fees in total of \$100,000 per annum.

Directors may be paid consulting fees at commercial rates calculated according to the amount of time spent on Company business. All directors may receive consulting fees on an hourly basis which are paid from time to time for specialist services beyond normal duties.

Both executives and non-executives are entitled to take part in the Traka Resources Limited Employee Share Option Plan. No shares or options have been issued pursuant to this plan. No director is paid any amounts dependent on the performance of the Company.

Details of the nature and amount of each element of the emoluments of each Director of Traka Resources Limited and each of the officers of the Company who received the highest emoluments are set out in the following tables.

Name	Director's Fees \$	Superannuation \$	Total \$
Non-Executive Directors of Traka Resources Limited			
N Tomkinson	12,192	1,097	13,289
J N Pitt	12,192	1,097	13,289
G J Petersons	18,899	1,701	20,600

Name	Consulting Fees \$	Value of Options Granted \$	Total \$
Executive Directors of Traka Resources Limited			
P A Verbeek	147,097	10,000	157,097
Other Executives of Traka Resources Limited			\$
D J Kelly – Company Secretarial Services			20,000

Other Executives are officers who are involved in, concerned in, or who take part in, the management of the affairs of the Company.

PROCEEDINGS ON BEHALF OF 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.

Directors' Report

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.

Signed in accordance with a resolution of the Directors

NEIL TOMKINSON

Chairman

Dated the 27 day of September 2004.

Statement of Financial Performance

For the year ended June 30, 2004

	Notes	2004 \$	2003 \$
Revenue from ordinary activities	2	86,669	1,416
Employee benefits expense		(33,769)	(3,234)
Exploration and evaluation expenditure	8	(1,248,754)	(147,942)
Depreciation		(5,202)	-
Administration expenses		(213,151)	(25,609)
Loss from ordinary activities before income tax expense		(1,414,207)	(175,369)
Income tax relating to ordinary activities	3	-	-
Loss from ordinary activities after income tax		(1,414,207)	(175,369)
Net loss attributable to members of Traka Resources Ltd		(1,414,207)	(175,369)
Basic loss per share (cents)			
Diluted loss per share (cents)	20	(0.06)	-
		(0.06)	-

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the year ended June 30, 2004

	Notes	2004 \$	2003 \$
Current Assets			
Cash assets	5	2,564,043	64,541
Receivables	6	31,571	11,735
Total current assets		2,595,614	76,276
Non-current assets			
Property, plant and equipment	7	40,206	4,521
Total non-current assets		40,206	4,521
Total assets		2,635,820	80,797
Current liabilities			
Payables	9	88,634	55,756
Total current liabilities		88,634	55,756
Total liabilities		88,634	55,756
Net assets		2,547,186	25,041
Equity			
Contributed equity	10	4,136,762	200,410
Accumulated losses	11	(1,589,576)	(175,369)
Total equity		2,547,186	25,041

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended June 30, 2004

	Notes	2004 \$	2003 \$
Cash flows from operating activities			
Interest received		86,620	1,416
Payments to suppliers and employees (incl GST)		(303,041)	(132,764)
Payments for exploration activities (incl GST)		(1,179,542)	-
Net cash outflow from operating activities	4	(1,395,963)	(131,348)
Cash flows from investing activities			
Payments for office equipment		(40,887)	(4,521)
Net cash outflow from investing activities		(40,887)	(4,521)
Cash flows from financing activities			
Proceeds from issue of shares		4,360,000	200,410
Share issue transaction costs		(423,648)	-
Net cash inflow from financing activities		3,936,352	200,410
Net increase in cash held		2,499,502	64,541
Cash at the beginning of the financial year		64,541	-
Cash at the end of the financial year	5	2,564,043	64,541

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1. STATEMENT OF ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with current Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial report is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating (loss) before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating (loss) before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of the realisation of the benefit.

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 tax legislation and the anticipation that the consolidated 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.

(b) Exploration, Evaluation and Development Expenditure

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 the development in an area of interest all further expenditure incurred relating to the area will be capitalised.

Projects will be advanced to development status and classified as mining properties when it is expected that future expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure will then be carried forward up to commencement of production at which time it will be amortised over the life of the economically recoverable reserves.

All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

Rehabilitation costs relating to mining activities will be provided for from commencement of production on a unit-of-production basis. Estimates of future costs will be reassessed at least annually and any changes in estimated costs of rehabilitation will be dealt with prospectively over the remaining life of the mining operation to which they apply.

(c) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

(d) Cash

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are 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

Note 1. STATEMENT OF ACCOUNTING POLICIES (cont)

(e) Borrowings

Any loans incurred by the Company will be carried forward at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest will be accrued over the period it becomes due and will be recorded as part of other creditors.

(f) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(g) Trade debtors

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

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

(h) Depreciation of plant and equipment

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

Furniture and office equipment: 10% - 20%

(i) Trade creditors

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.

(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.

(k) Earnings per share

(i) Basic Earnings Per Share

Basic earnings 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.

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings 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.

Notes to the Financial Statements

Note 2 Revenue from ordinary activities

	2004 \$	2003 \$
Revenue from outside the operating activities		
Interest received – other corporations	86,620	1,416
Sundry income	49	-
	86,669	1,416

Note 3 Income Tax

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss.

The differences are recorded as follows:

Loss from operating activities	(1,414,207)	(175,369)
Prima facie income tax benefit on operating loss before income tax at 30%	(424,262)	(52,611)
Add tax effect of:		
- non-deductible items	-	-
- tax losses and timing differences not brought to account	424,262	52,611
Income tax expense	-	-

The directors estimate that the potential future income tax benefit in respect of tax losses not brought to account is \$476,873. (30 June 2003: \$52,611)

The benefit will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the relevant tax legislation;
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

The franking account balance as at 30 June 2004 is \$Nil. (30 June 2003: \$Nil)

Notes to the Financial Statements

Note 4 Statements of Cash Flows

	2004 \$	2003 \$
Reconciliation of operating loss after income tax to net cash used in operating activities:		
Operating loss after income tax	(1,414,207)	(175,369)
Depreciation	5,202	-
(Increase) in receivables	(19,836)	(11,735)
Increase in payables	32,878	55,756
	(1,395,963)	(131,348)

Note 5 Current Assets – Cash assets

Cash at bank and on hand	2,564,043	64,541
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Note 6 Current Assets – Receivables

Trade debtors	30,056	-
Goods & services tax and withholding tax paid	1,515	11,735
	31,571	11,735

Note 7 Property, Plant & Equipment

Office equipment - at cost	45,408	4,521
Accumulated depreciation	(5,202)	-
	40,206	4,521

Reconciliations

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

	Office Equipment \$
Carrying amount at 1 July 2003	4,521
Additions	40,887
Depreciation expense	(5,202)
Carrying amount at 30 June 2004	40,206

Notes to the Financial Statements

Note 8 Exploration and Evaluation Costs Carried Forward

	2004 \$	2003 \$
Balance at 1 July 2003	-	-
Exploration and evaluation costs incurred during the year	1,248,754	147,942
Exploration and evaluation costs expensed during the year	(1,248,754)	(147,942)
Balance at 30 June 2004	-	-

Note 9 Current Liabilities – Payables

Trade creditors & accruals	86,576	55,756
Provision for annual leave	2,058	-
	88,634	55,756

The Company has one employee at the end of the financial year (2003: 0)

Note 10 Contributed Equity

Share capital

Fully paid ordinary shares	4,136,762	200,410
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Movements in ordinary share capital:

Date	Details	Number of Shares	Issue Price \$	\$
08/01/03	Balance	-		-
08/01/03	Share Issue	4,100,000	.0001	410
06/02/03	Share Issue	4,000,000	.05	200,000
30/06/03		8,100,000		200,410
04/09/03	Share Issue	750,000	0.10	75,000
10/10/03	Share Issue	2,850,000	0.10	285,000
17/11/03	Share Issue	20,000,000	0.20	4,000,000
	Less: Transaction costs arising on share issues			(423,648)
30/06/04		31,700,000		4,136,762

Share Options

The Company has 2,000,000 options on issue at 30 June 2004.

Notes to the Financial Statements

Note 11 Accumulated Losses

	2004 \$	2003 \$
Accumulated losses at the beginning of the financial year	(175,369)	-
Net loss	(1,414,207)	(175,369)
Accumulated losses at the end of the financial year	(1,589,576)	(175,369)

Note 12 Financial Instruments

(a) Interest rate risk exposures

The company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the company intends to hold fixed rate assets and liabilities to maturity.

2004	Floating interest rate \$	Fixed interest maturing in 1 year or less \$	over 1 year less than 5 \$	more than 5 years \$	Non-Interest bearing \$	Total \$
Financial Assets						
Cash at Bank	2,564,043	-	-	-	-	2,564,043
Receivables	-	-	-	-	31,571	31,571
	2,564,043	-	-	-	31,571	2,595,614
Weighted Average Interest Rate	5.0%					
Financial Liabilities						
Trade creditors and accruals	-	-	-	-	88,634	88,634
	-	-	-	-	88,634	88,634
Net financial assets (liabilities)	2,564,043	-	-	-	(57,063)	2,506,980

2003	Floating interest rate \$	Fixed interest maturing in 1 year or less \$	over 1 year less than 5 \$	more than 5 years \$	Non-Interest bearing \$	Total \$
Financial Assets						
Cash at Bank	64,541	-	-	-	-	64,541
Receivables	-	-	-	-	11,735	11,735
	64,541	-	-	-	11,735	76,276
Weighted Average Interest Rate	2.5%					
Financial Liabilities						
Trade creditors and accruals	-	-	-	-	55,756	55,756
	-	-	-	-	55,756	55,756
Net financial assets (liabilities)	64,541	-	-	-	(44,021)	20,520

Notes to the Financial Statements

Note 12 Financial Instruments (continued)

(b) Financial assets

Other receivables are carried at nominal amounts due. Interest is taken up as income on an accruals basis.

(c) Financial liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.

(d) Credit risk exposures

The entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into.

(e) Net fair value of Financial Assets and Liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

Note 13 Related Party Transactions

Directors of Traka Resources Limited during the financial year were:

Neil Tomkinson
Patrick Andrew Verbeek
George Juris Petersons
Joshua Norman Pitt

Related party transactions during the financial period were:

Malahang Pty Ltd ("Malahang"), an entity related to Patrick Verbeek, was paid \$147,097 during the year for consulting fees and reimbursed company related expenses incurred on behalf of the company at cost. The Company entered into a consultancy agreement with Malahang on 14 October 2003 ("Consultancy Agreement"). In accordance with the terms of the Consultancy Agreement Malahang has 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 Consultancy Agreement commenced on the 20 November 2003 and continues for a period of 2 years. Either the Company or the Consultant may elect to extend the term for a further period of 2 years on terms to be agreed.

The Company must pay Malahang consultancy fees of \$165,000 per annum, exclusive of GST and reimburse all reasonable expenses incurred in carrying out its consultancy services to the Company.

The Company entered into a Heads of Agreement in respect of the Capricorn Joint Venture Project with Hampton Hill Mining NL ("Hampton") and Metallica Pty Ltd ("Metallica") on 10 October 2003. Each of Mr Tomkinson and Mr Pitt are directors and substantial shareholders of Hampton and are also directors of Metallica. In addition Mr Pitt and his associates control Metallica.

Traka may earn a 60% interest in the joint venture by contributing the sum of \$1,000,000 towards exploration during the period ("Earning Period") which commenced on the 22 November 2003 and expires on the fourth anniversary. Traka must spend \$50,000 within the first 12 months from the commencement date, and in order to retain its right to earn the interest must have spent at least \$200,000 prior to that date and must spend at least \$1 million prior to the expiry of the Earning Period with a minimum expenditure of \$200,000 per year. After Traka has earned a 60% interest, the parties will expend pro rata to their respective interests or may dilute.

The Company has entered into Deeds of Insurance, Indemnity and Access with each of the Directors under which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors while acting as Directors of the Company, to insure the Directors against certain risks to which the Directors are exposed to as Directors of the Company and to grant to Directors a right of access to certain records of the Company for a period up to 7 years after a Director ceases to be a Director.

Notes to the Financial Statements

Note 13 Related Party Transactions (cont'd)

Interests in the shares and options of the Company held by directors and their director related entities as at 30 June 2004.

Ordinary Shares Director	Opening balance	Acquired during year	Disposed during year	Closing Balance
N Tomkinson	2,000,000	250,000	10,000	2,240,000
P Verbeek	1,750,000	100,000	-	1,850,000
J Pitt	2,000,000	500,000	350,000	2,150,000
G Petersons	1,750,000	-	-	1,750,000

Options over Ordinary Shares Director	Opening balance	Acquired during year	Disposed during year	Closing Balance
P Verbeek	-	2,000,000	-	2,000,000

Note 14 Director and Executive Disclosures

Remuneration of Directors and Executives

Principles used to determine the nature and amount of remuneration

The Board reviews the remuneration packages and policies applicable to the Directors and other officers of the Company on an annual basis.

Details of Remuneration

Details of the remuneration of each director of Traka Resources Ltd and the one specified executive, including their personally-related entities, are set out in the following tables:

Directors of Traka Resources Ltd 2004

Name	Director's Fees \$	Superannuation \$	Total \$
Non-Executive Directors of Traka Resources Limited			
N Tomkinson	12,192	1,097	13,289
J N Pitt	12,192	1,097	13,289
G J Petersons	18,899	1,701	20,600

Name	Consulting Fees \$	Value of Options Granted \$	Total \$
Executive Directors of Traka Resources Limited			
P A Verbeek	147,097	10,000	157,097

Total remuneration of directors of Traka Resources Ltd for the year ended 30 June 2003 is set out below.

Notes to the Financial Statements

Note 14 Director and Executive Disclosures (cont)

Directors of Traka Resources Ltd 2003

Name	Consulting Fees \$	Salary \$	Superannuation \$
P Verbeek	38,135	-	239
G Petersons	-	3,234	
Total	38,135	3,234	239

Specified Executive of the Company

2004

D J Kelly – Company Secretarial Services \$20,000

The company did not pay any other executives in the prior financial year.

Note 15 Auditors Remuneration

	2004 \$	2003 \$
Audit Services		
Fees paid to Horwath Perth		
Amounts received, or due and receivable by the auditors for:		
- Auditing the financial report of the company	6,500	2,000
- Other services	4,000	-
	10,500	2,000
Other Assurance Services		
Fees paid to Horwath Securities (WA) Pty Ltd		
- Independent Valuation Report	1,500	-
- Independent Accountants Report	5,000	-
	6,500	-
Total Remuneration	17,000	2,000

Note 16 Events occurring after reporting 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 entity, the results of those operations, or the state of affairs of the entity in financial years subsequent to the financial year ended 30 June 2004.

Note 17 Segment Information

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

Notes to the Financial Statements

Note 18 Exploration Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the entity has the following discretionary exploration expenditure requirements up until expiry of the tenements. These obligations, which are subject to renegotiation upon expiry of the tenements, are not provided for in the financial statements and are payable:

Not later than one year	836,110
Later than one year but not later than 2 years	836,110
Later than 2 years but not later than 5 years	2,508,330
Later than 5 years	-

Tenements are subject to annual expenditure requirements and thus commitments in excess of 12 months are subject to the Company wishing to retain the properties, and of maintaining them in good standing by meeting the minimum annual expenditure requirement.

The expenditure commitments may be reduced by separate agreements and undertakings entered into by the entity or they may increase if the entity is successful with further exploration.

Note 19 Other Commitments

The Company sub leases office accommodation, and office administration support up to the 30 April 2005 at a cost of \$4,500 per month excluding GST.

Note 20 Earnings per share

	2004 \$
Basic loss per share (cents per share)	(0.06)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	23,290,685
Diluted loss per share (cents per share)	(0.06)
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	23,290,685

Note 21 International Financial Reporting Standards

The Australian Accounting Standards Board (AASB) is adopting the International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The Company has not quantified the effects of the differences discussed below. Accordingly, there can be no assurances that the financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

The key potential implications of the conversion to IFRS on the company are as follows:

(a) Income Tax

Income tax will be calculated on the "balance sheet" approach, which will result in more deferred tax assets and liabilities, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

(b) Equity-based compensation benefits

Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services.

Notes to the Financial Statements

Note 21 International Financial Reporting Standards (cont)

(c) Comparatives

Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

(d) Exploration for and evaluation of mineral resources

The Company is currently addressing the issues and effects of the impact of IFRS and will endeavour to have in place all changes in reporting requirements to fully meet the new standards by 31 December 2004.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to IFRS, as not all standards have yet been analysed and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to IFRS on the Company's financial position and reported results.

Directors' Declaration

The directors of Traka Resources Limited declare that the financial statements and notes set out on pages 22 to 35:

- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the Company's financial position as at 30 June 2004 and its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date.

In the Directors' opinion:

- a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

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

NEIL TOMKINSON

Chairman

Dated the 27 day of September 2004.

Independent audit report to members of Traka Resources Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Traka Resources Limited (the company), for the year ended 30 June 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.


Audit opinion

In our opinion, the financial report of Traka Resources Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Dated the 27th day of September 2004.

HORWATH PERTH
Chartered Accountants

HORWATH PERTH


GLYN O'BRIEN
Partner

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders

The following substantial shareholders have lodged notices with the Company as at 27 September 2004.

Holders	Ordinary shares
Warrambo Holdings Pty Ltd	2,240,000
Wythenshawe Pty Ltd	2,150,000
Malahang Pty Ltd	1,750,000
George Juris Petersons	1,750,000

Class of shares and voting rights

At 27 September 2004, there were 371 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in clause 10.20 of the Company's Constitution, are:

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

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

At 27 September 2004, there were options over 2,000,000 unissued ordinary shares. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

On-market buy-back

There is no current on-market buy-back.

Distribution of Share Holders (as at 27 September 2004)

Category	Number of holders	
	Ordinary shares	Options
1 – 1,000	0	0
1,001 – 5,000	9	0
5,001 – 10,000	41	0
10,001 – 100,000	287	0
100,000 and over	34	1
	371	1

There were 3 holders holding less than a marketable parcel of ordinary shares.

ASX Additional Information

Unquoted Securities

There are the following unquoted securities on issue.

8,300,100 Ordinary fully paid shares

2,000,000 Options

Restricted Securities

The following securities are restricted securities as at 27 September 2004:

	Ordinary shares	Date of release
Restriction period applied by ASX	1,425,000	10 October 2004
Restriction period applied by ASX	6,875,100	20 November 2005
	Options	Date of Release
Restriction period applied by ASX	2,000,000	20 November 2005

Twenty Largest Security holders (as at 27 September 2004)

Holder name	Ordinary Shares		Options	
	Number	%	Number	%
Warrambo Holdings Pty Ltd	2,240,000	7.07		
Wythenshawe Pty Ltd	2,150,000	6.78		
Malahang Pty Ltd	1,750,000	5.52	2,000,000	100.00
George Juris Petersons	1,750,000	5.52		
Ian William Hodgson	1,010,000	3.19		
Consolidated Minerals Limited	1,000,000	3.15		
J P Morgan Nominees Australia Ltd	1,000,000	3.15		
Crescent Nominees Limited	704,011	2.22		
Desmond J Kelly < D J Kelly Family Acct>	650,000	2.05		
Yandal Investments Pty Ltd	650,000	2.05		
Second Naremi Pty Ltd	510,000	1.61		
Leecorp Pty Ltd	415,000	1.31		
Mulloy Pty Ltd	400,000	1.26		
Julian FG Phillips <FG Phillips Family Acct>	300,000	0.95		
Annsborough Pty Ltd <No2 Acct>	218,000	0.69		
J Williams & Co Pty Ltd	200,000	0.63		
Leecorp Pty Ltd	200,000	0.63		
Narrngulu Investments Pty Ltd <Clayton Cream Acct>	200,000	0.63		
Nattim Pty Ltd <Nattim Inv Acct>	200,000	0.63		
Maureen S Ashley	175,000	0.55		
Total	15,722,011	49.59	2,000,000	100.00

Other information

Traka Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.



Traka Resources Limited

ACN 103 323 173

Notice of Annual General Meeting and Proxy Form

Date of Meeting

25 November 2004

Time of Meeting

1.00 pm

Place of Meeting

The Celtic Club Inc
48 Ord Street
West Perth WA 6005

Notice of Annual General Meeting

Traka Resources Limited ACN 103 323 173

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Traka Resources Limited ACN 103 323 173 ("Company") will be held at 1.00 pm Thursday 25 November 2004 at The Celtic Club, 48 Ord Street West Perth WA 6005, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting ("Notice").

A Proxy Form accompanies this Notice.

GENERAL BUSINESS

Annual Accounts

To receive and consider the financial statements of the Company for the year ended 30 June 2004, consisting of the Statements of Financial Performance, the Statement of Financial Position, Statements of Cash Flows, the Directors' Report, Directors' Declaration and Auditors' Report.

Resolution 1: Re-election of Mr Joshua Pitt as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Joshua Pitt, being a director of the Company who retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

BY ORDER OF THE BOARD

D J Kelly

Company Secretary

Dated: 18h October 2004

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at the close of business on 23 November 2004 will be entitled to attend and vote at the Annual General Meeting.

Proxies

Members can return their proxy appointments to the Company by mail to the company at its registered office, by hand delivery to the same address or by facsimile on the facsimile number set out on the proxy form.

Proxy Form

Traka Resources Limited ACN 103 323 173

The Company Secretary

Traka Resources Limited

Registered Office Address:

Level 1

43 Ventnor Ave

WEST PERTH, WA 6005

Facsimile:

(08) 9322 9144

I/We (name of shareholder) _____

of (address) _____

being a member/members of Traka Resources Limited HEREBY APPOINT

(name) _____

of (address) _____

and/or failing him (name) _____

of (address) _____

or failing that person then the Chairman of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at The Celtic Club, 48 Ord Street West Perth WA 6005, on Thursday 25 November 2004 commencing at 1.00 pm Western Standard Time and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box below:

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Re-election of Mr Joshua Pitt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

If the Chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on the resolution, please place a mark in this box. By marking this box you acknowledge the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that resolution and votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, ☐ and you have not directed your proxy how to vote on the resolution, the Chairman of the Meeting will not cast your votes on any such resolution and your votes will not be counted in computing the required majority if a poll is called on any such resolution. Please be advised that the Chairman of the Meeting intends to vote undirected proxies in the outcome of which he does not have an interest in favour of the resolution.

This Proxy is appointed to represent _____ % of my voting right, or if 2 proxies are appointed Proxy 1 represents

_____ % and Proxy 2 represents _____ % of my total votes

My total voting right is _____ shares

If the shareholder(s) is an individual:

Name: _____

If the shareholder is a company:

Executed in accordance with the companies constitution

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

Dated: _____ 2004.

Instructions for Appointment of Proxy

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or pursuant to section 127(11) of the Corporations Act 2001. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form, together with a duly executed notice of non revocation.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting, by person, post or facsimile to the address stipulated in this proxy form.