



# Traka Resources Limited

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ABN: 63 103 323 173

20 October 2009

Company Announcements Office

ASX Limited

PO Box H224 Australia Square

SYDNEY NSW 2000

Dear Sir / Madam

**Annual Report**

Attached is the Traka Resources Limited 2009 Annual Report.

Yours faithfully

Peter Rutledge

Company Secretary



# Annual Report 2009

**Traka Resources Limited**

ABN 63 103 323 173



# Traka Resources Limited Annual Report 2009

ABN 63 103 323 173

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# Corporate Directory

## Directors

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

## Company Secretary

Peter Ruttledge BSc, CA, FFin

## Principal and Registered Office

Suite 2 Ground Floor  
43 Ventnor Avenue  
West Perth WA 6005  
Ph: (08) 9322 1655  
Fax: (08) 9322 9144  
Email: [traka@trakaresources.com.au](mailto:traka@trakaresources.com.au)  
Web: [www.trakaresources.com.au](http://www.trakaresources.com.au)

## Auditor

BDO Kendalls Audit and Assurance (WA) Pty Ltd  
128 Hay Street  
Subiaco WA 6008

## Share Register

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

## Stock Exchange Listing

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

# Managing Director's Report



The primary focus of the Company's business this year has been the advancement of the Musgrave Project. We've established a large portfolio of very prospective ground, initiated exploration programs and introduced Anglo American Exploration (Australia) Pty Ltd ("Anglo American") as a joint venture partner into part of the project. We've had some early encouragement too, which is a particularly satisfying given the relatively short window of time we've had to undertake field based exploration activity. We see the Musgrave Project as being particularly prospective for nickel, copper, gold and the Platinum Group of Elements ("PGE") but a Project of this size incorporates a diverse geological setting and presents other opportunities too.

Outside the Musgrave Project we continue to hold significant exploration interests in the Ravensthorpe and Lort River areas. Our Ravensthorpe Project holds potential for nickel sulphides, gold, pyrite and lithium while our Lort River Project near Esperance is prospective for gold (Figure 1).

Traka entered the year with limited cash but with the stated agenda of maintaining momentum by attracting joint venture partners into our projects. We've achieved this objective to some degree but the world financial crisis with the resultant market retraction of interest in exploration projects and the withdrawal of our joint venture partner on the Ravensthorpe Nickel Project has slowed our expected progress. Fortunately, there are now encouraging signs that the market conditions are improving. We have a very prospective portfolio of projects and these will continue to provide the Company with excellent exploration opportunities.



A brief summary of the status of each of the Company's exploration projects is provided below:

Figure 1: Location plan of Traka's exploration projects

# The Musgrave Project

Traka commenced exploration work on the Musgrave Project in October 2008 following successful consultation and negotiations with the Ngaanyatjarra Council and the Traditional Owners on four of the twelve exploration licences held by the Company at the time. While exploration work was underway on these licences dialogue with the relevant parties was continuing on the other areas so that the exploration activities could gradually expand. The ramp-up of exploration activity reflects the time needed to consult with different Traditional Owners in different areas. The Musgrave Project is very large, stretching over 200 kilometres, and numerous Traditional Owner groups are involved.

By December 2008 Traka had completed geological mapping and auger geochemical sampling over a large portion of the four licences originally granted. A number of anomalies were highlighted by this work including the very exciting Navigator Target.

On the 24th December 2008 we entered into an Option and Joint Venture Agreement with Anglo American on the Musgrave Project. Anglo American's entry into the project was consistent with our previously stated objective of partnering with a large company with sufficient resources and expertise to maintain the exploration push into this very large project. Anglo American assumed management of the

joint venture at this time and it is now their personnel operating in the field.

The key terms of the Option and Joint Venture Agreement with Anglo American are:

- Reimbursement of \$350,000 of exploration expense incurred by Traka on the project during 2008.
- Anglo American can elect to earn an initial 51% equity in the project by completing expenditure of \$3 million within 3 years.
- Upon Anglo American earning its 51% equity Anglo American can elect to earn an additional 24% by the additional expenditure of \$6 million within a further 4 year period.

The agreement with Anglo American encompassed the twelve exploration licences (5134 square kilometres) held by Traka at the time. Since the formation of the joint venture with Anglo American Traka has in its own right applied for eleven additional exploration licences (3256 square kilometres) and entered into Option Agreements with Polaris Resources Ltd ("Polaris") and Sammy Resources Pty Ltd ("Sammy") on other licences in the region. This ongoing activity by Traka capitalizes on our existing foothold in the area and builds the Company up as a focused and significant stakeholder in this very prospective but under explored terrain (Figure 2).

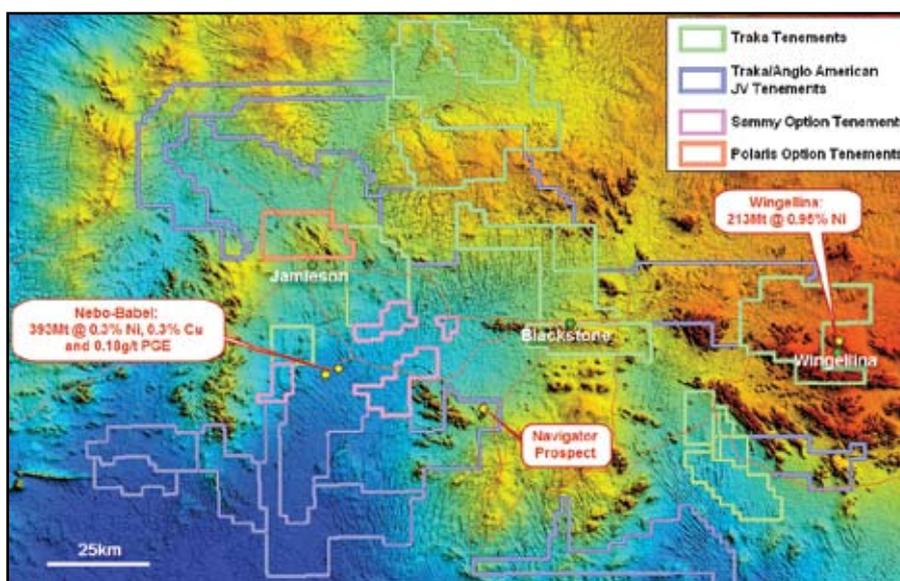


Figure 2: Location Plan showing Traka sole wholly owned and joint venture tenements in the Musgrave Project over a digital elevation model.

# The Musgrave Project in Joint Venture with Anglo American

Anglo American continued with the geological mapping and auger sampling program commenced by Traka and has undertaken a number of geophysical surveys. The Anglo American field crews are on site all through the year now so that new exploration data is steadily being introduced into our knowledge base. Most of the exploration activity underway represents the first modern systematic exploration ever undertaken in the Musgrave.

Auger geochemical sampling is being conducted at 800m spaced lines in a systematic manner in all areas of relatively shallow regolith cover. Where anomalies are located in this first pass sampling program, as at the Navigator Prospect, higher density infill sampling is undertaken to provide better definition of the target.

The Navigator Prospect is a strong geochemical anomaly and has been the primary focus of exploration to date. A geological mapping and infill auger geochemical sampling program has been completed and ground electromagnetic and induced polarisation geophysical surveys are underway. The combination of data from this work should be sufficient to define drill target locations within what is a very large zone of anomalism.

The Navigator anomaly is currently best defined by the geochemistry signature. It stretches over 7.5 kilometres as a multi-element (copper, nickel

and PGE's) zone which runs parallel with and coincides with an aeromagnetic feature (Figure 3). This zone is directly along strike from the Redstone Resources Ltd Halley's Prospect which extends many kilometres further to the north-west.

A strong association between the anomalous elements detected in the geochemical samples may be indicative of an underlying sulphide mineralisation source. Geological mapping shows that the anomalism is hosted by a suite of stratiform mafic and ultramafic rocks comprising part of the Saturn Layered Intrusive and that there are possibly a number of late stage intrusives into this complex. This geological setting is very favourable for the style of mineralisation being sought and in some respects is similar to the geological environment hosting the copper, nickel and PGE mineralisation found at the Babel and Nebo target situated 5 kilometres to the west (393 Million tonnes @ 0.3% Ni, 0.3% Cu and 0.18 g/t PGE owned by BHP Billiton).

The other targets aside from the Navigator Prospect are lower order geochemistry and aeromagnetic targets which are yet to be fully evaluated.

Another very important exploration program currently underway is a large airborne EM survey using Anglo American's proprietary "Spectrem" system (Figure 4). This survey will cover 7 of

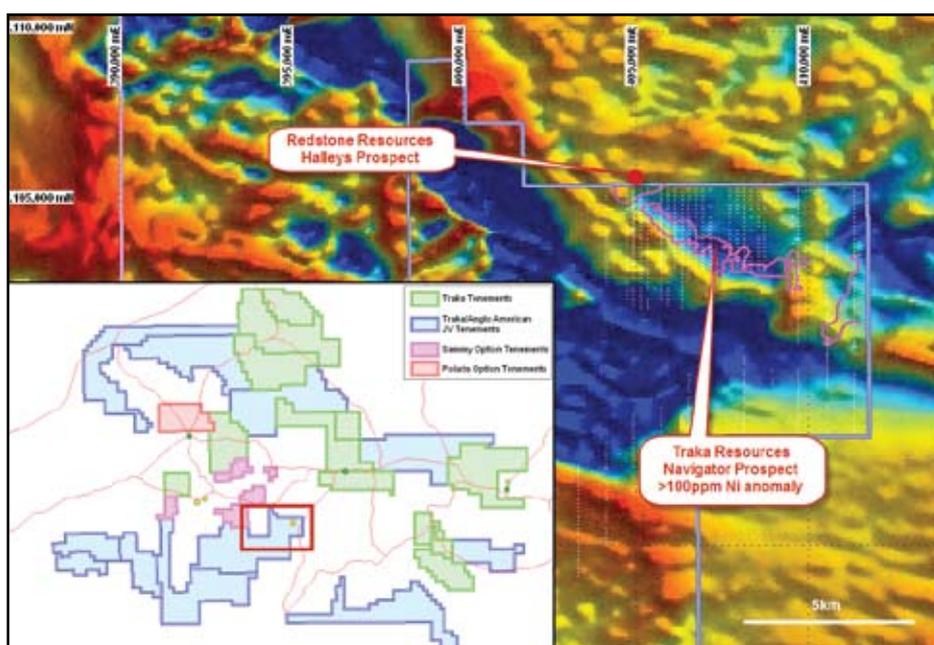


Figure 3: The Navigator Prospect showing nickel ("Ni") anomalism over an aeromagnetic image

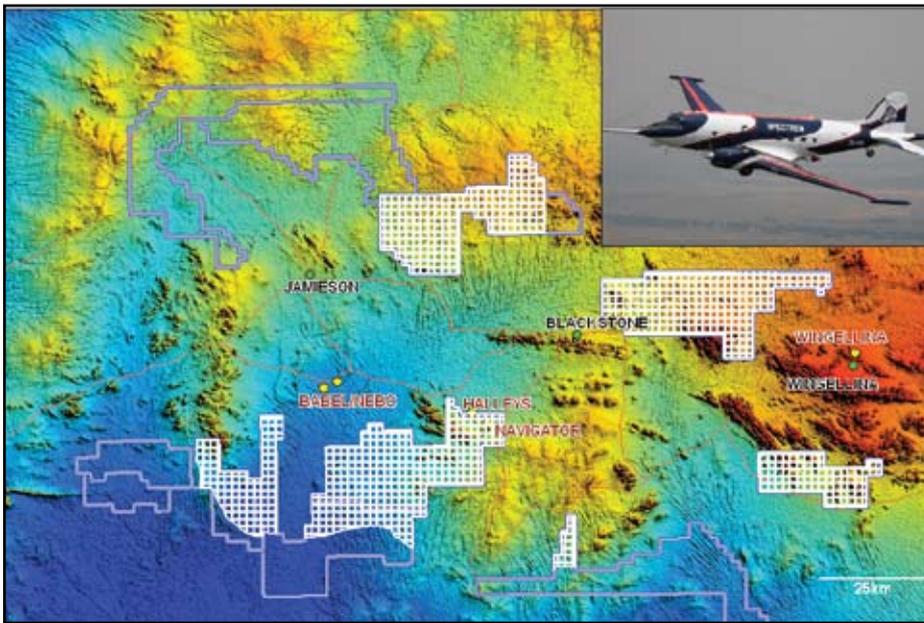


Figure 4: Plan showing the tenements to be covered by the Spectrem survey.

the Joint Venture tenements involving a total of about 12,000 line kilometres. The survey is expected to take about six weeks to fly and it will constitute the first use of the Spectrem equipment in the Musgrave Province and in Australia. The Spectrem survey will assist in

mapping the terrain by providing detailed and systematic EM and aeromagnetic data but is more specifically designed to directly locate electrical conductors associated with massive sulphide mineralisation.

## Traka's Musgrave Project

As previously stated Traka has continued to build on its position in the Musgraves by applying for new licences and by entering into agreements with third parties. The Option Agreements with Polaris Resources Ltd ("Polaris") and Sammy Resources Pty Ltd ("Sammy") secure tenure for Traka which is adjacent to our existing licence applications as well as encompassing prospective tenure

which includes intrusives of the Giles Mafic/ Ultramafic Complex (Figure 5). A few anomalies are recognized in this area but overall very limited exploration work has ever been undertaken despite the proximity to Babel and Nebo. Recent work by the Western Australian Geological Survey and our own experience in the area indicates a good level of prospectivity and that the application of modern exploration

techniques will allow effective exploration to be undertaken.

Negotiations with the Traditional Owners and Ngaanyatjarra Council have been initiated on these new areas

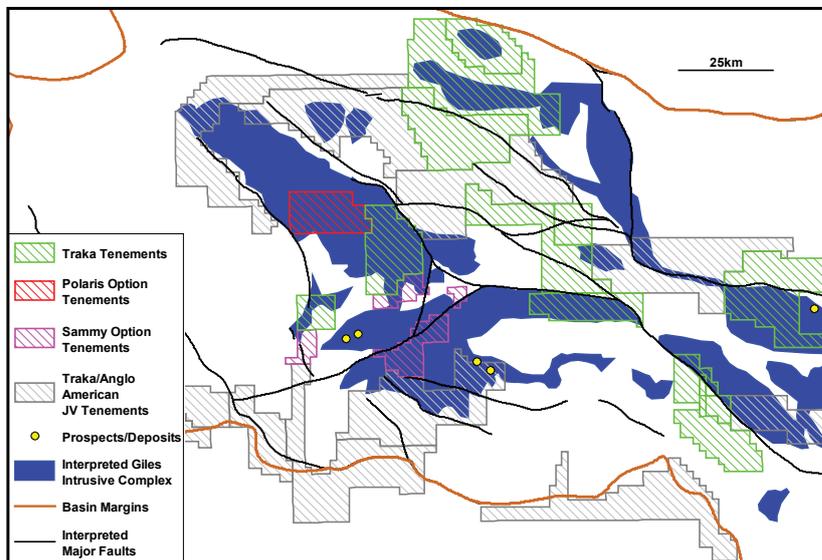


Figure 5: Plan showing Traka's wholly owned and Anglo American joint venture interests in relation to the interpreted occurrences of Giles Intrusive Complex rocks and major structures.

# The Ravensthorpe Project

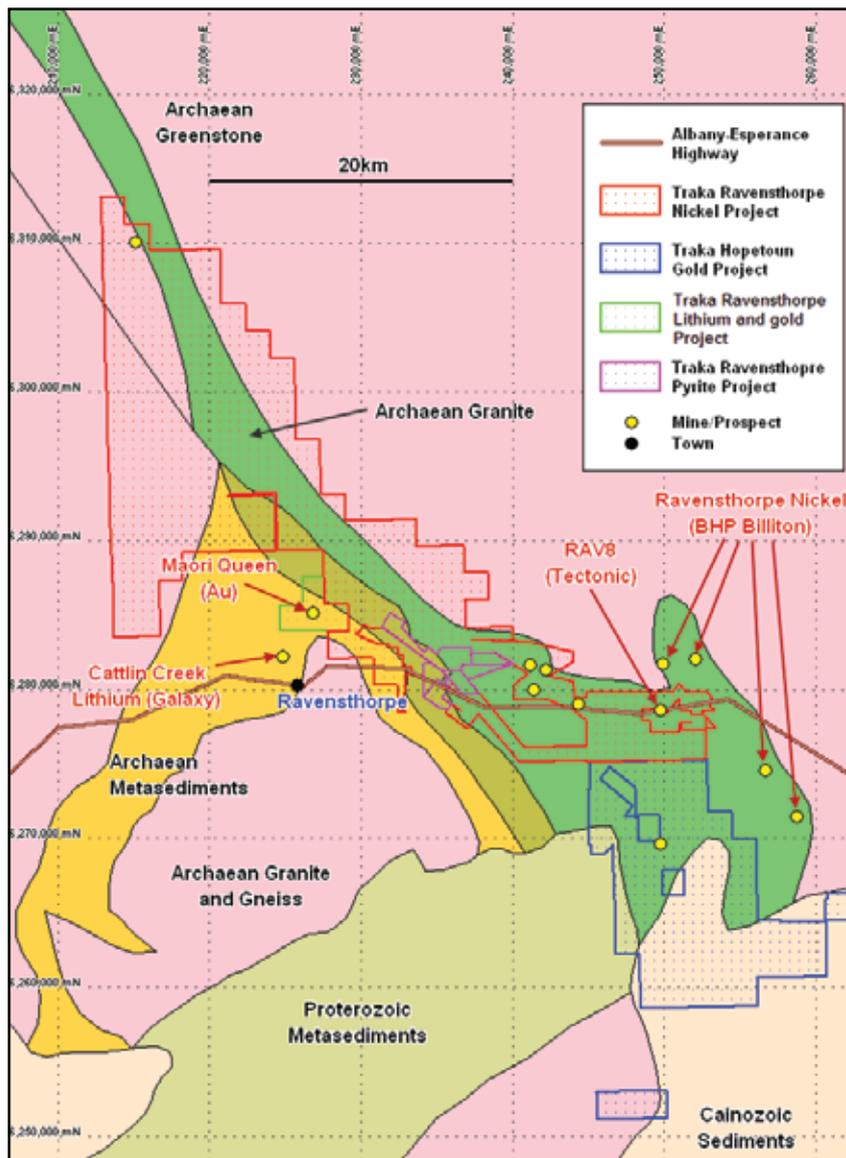


Figure 6: Location plan of the Ravensthorpe Project

The Ravensthorpe Project area straddles a significant part of the Ravensthorpe Greenstone Belt and comprises four different sub Projects (Figure 6). Foremost of these is Traka's Nickel Sulphide Project while the others are the Ravensthorpe Lithium and Gold Project, the Hopetoun Gold Project and the Ravensthorpe Pyrite Project.

## The Ravensthorpe Nickel Sulphide Project

Up to the 15th October 2008 the exploration work on this project was undertaken by our joint venture partner the Independence Group NL ("IGO"). IGO decided to withdraw from the project and Traka now has 100% equity in the project after having completed a fairly comprehensive early phase exploration programs comprising systematic geological, geochemical, geophysical surveys and some drilling.

The legacy of the work completed to date is an advanced exploration project with numerous drill ready targets. Only a few of the high ranking geophysical targets have been drill tested (Figure 7).

Given the Company's overall strategy to conserve funds a decision was made upon IGO's exit to attract another joint venture partner into this project. A number of parties have expressed an interest but at this point in time no new joint venture partner has been found. The recent financial crisis accompanied by the large fall in commodity prices has made attracting funding for nickel exploration projects very difficult. We are now hopeful that improving market conditions will enhance our ability to attract a new joint venture partner.

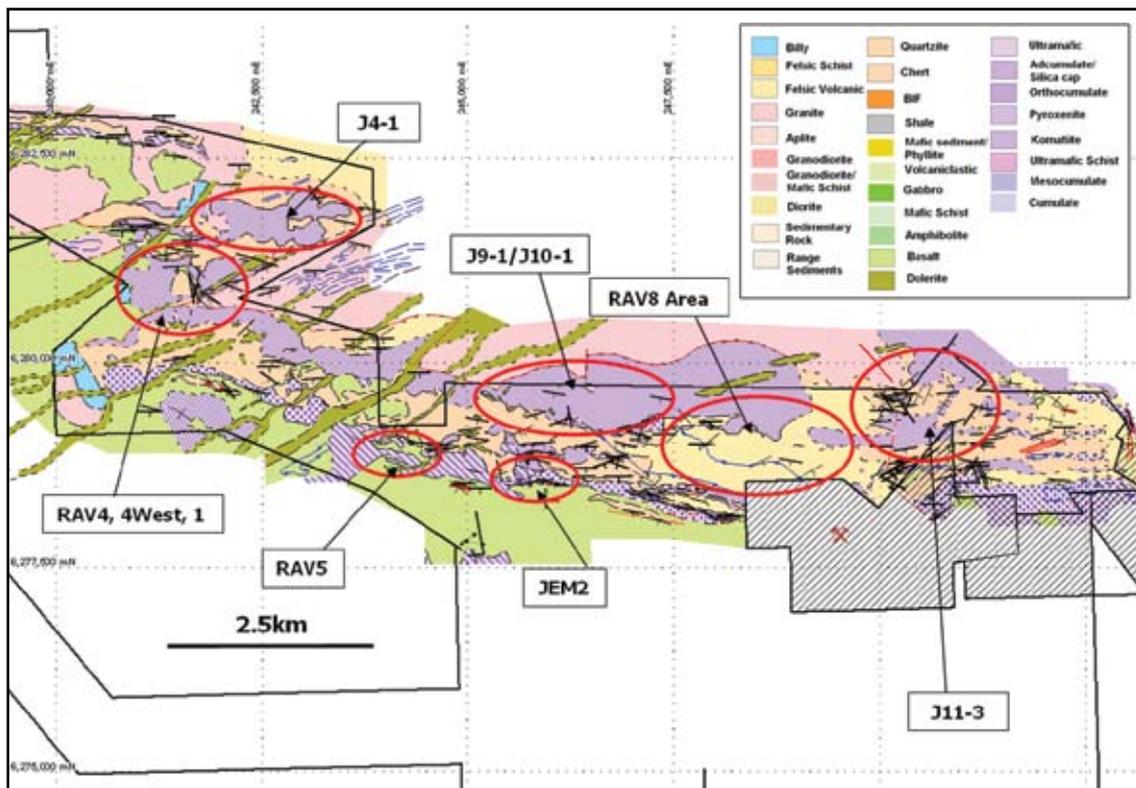


Figure 7: Geology plan of the Jerdacuttup area with target areas

## The Ravensthorpe Pyrite Project

Our investigative work over the past few years has indicated the potential for a substantial resource of massive pyrite within this project. This has been determined by rock-chip sampling, geological mapping and airborne geophysics. However, there does not appear to be any manner in which the inherent potential of this project to be a source of elemental

sulphur and/or sulphuric acid and iron can be realised in the current market. The financial crises and collapse in commodity prices is not conducive to the development of projects of this nature and as a consequence there are no immediate plans do further work on this prospect.

## The Ravensthorpe Lithium and Gold Project

This project is centred on what was historically known as the Western Group of Gold Mines situated north of Ravensthorpe. The project encompasses a number of old, narrow high grade gold mines originally worked by separate parties (Figure 8). Traka investigated these mines a few years ago and completed a number of drilling programs with the aim of building up the resource base. Although some success was achieved and new gold potential was indicated at the Sirdar and Maori Queen Mines the overall scale of the resource was considered too small to sustain an independent gold mining operation.

During the year a new development to the immediate south of our gold project has provided Traka with a new opportunity. Galaxy Resources Ltd ("Galaxy") is fast tracking the development of the Cattlin Creek Lithium Tantalum Project and there is some potential for this mineralisation to extend into Traka's project area. The spodumene rich pegmatite rocks that host the lithium and tantalum have been sampled in our licence. Galaxy is steadily expanding the resource footprint around Cattlin Creek itself (Figure 9). In order to participate in this opportunity a Sale and Joint Venture Agreement was reached with Galaxy on the 9th September 2009.

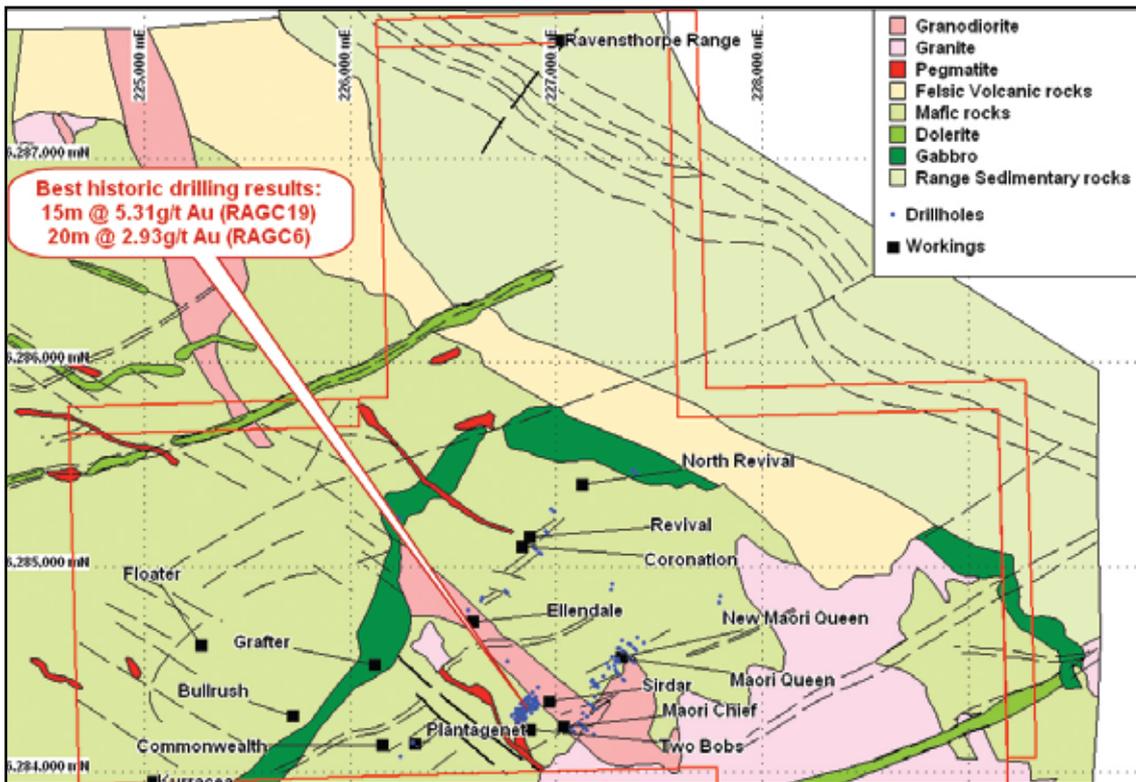


Figure 8: The Ravensthorpe Gold and Lithium Project

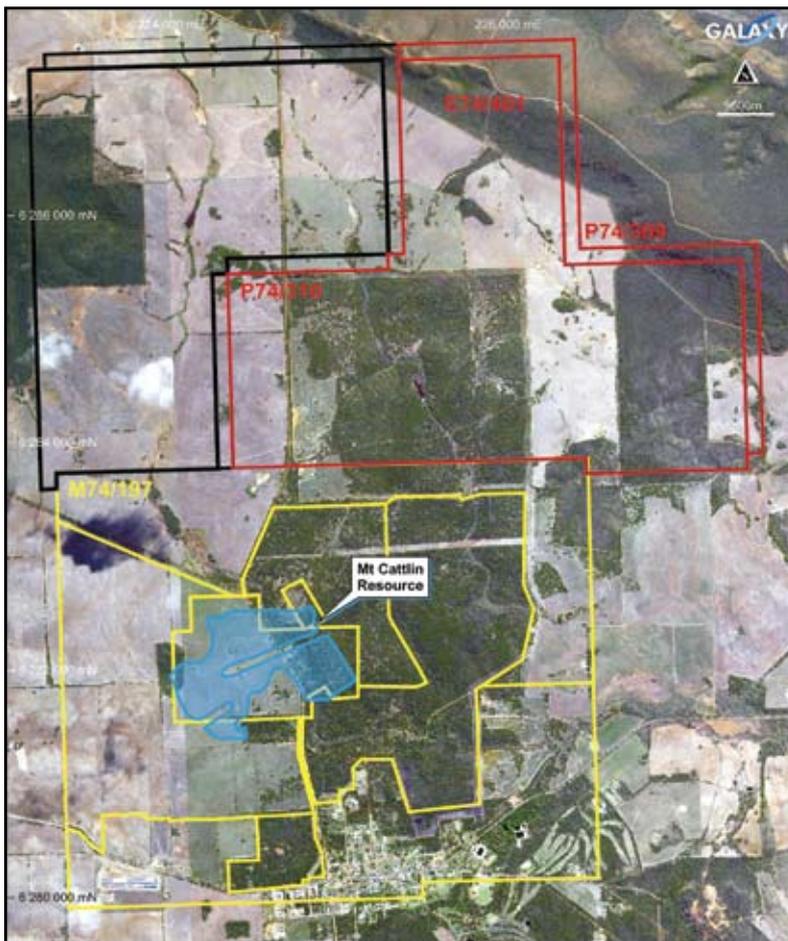


Figure 9: Traka's Lithium and Gold Project in relation to the Cattlin Creek deposit (image taken from Galaxy Resources ASX release)

The key term of the agreement with Galaxy provides for Traka to retain a 20% Free Carried position through to production on any lithium and tantalum mine development in our project area. The gold potential on the project, if it were ever to be exploited, would similarly be Free Carried but only to completion of a Feasibility Study.

Galaxy is planning to commence the development of the mine and the construction of a mineral processing plant in the third quarter of 2009 with first concentrate production scheduled for the third quarter of 2010. Exploration work on Traka's project can be expected to commence in the near future and any success could lead to the participation of Traka in an expanded mining operation.

## The Hopetoun Gold Project

One of the Hopetoun tenements was granted during the year. Grant of tenure allows for active examination of these under-explored landholdings within the highly prospective and tightly held Albany-Fraser geological region,

host to the Tropicana/Havana multi-million ounce gold deposit (Figure 10). Geological mapping and geochemical surveys will commence in the first instance.

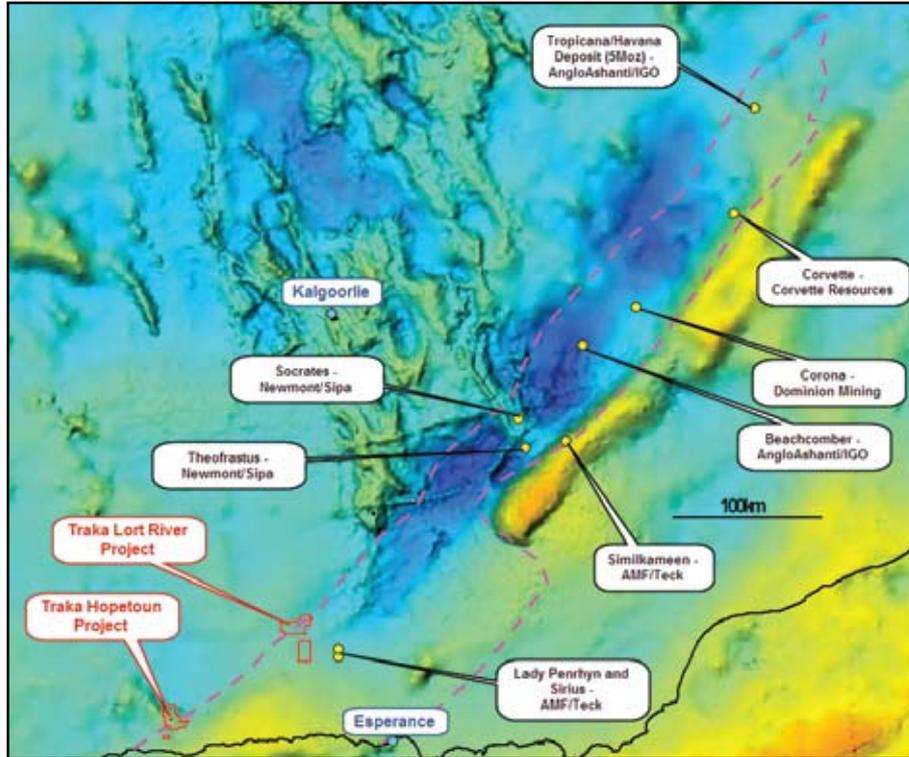


Figure 10: Location plan for the Hopetoun and Lort River Gold Projects over gravity image

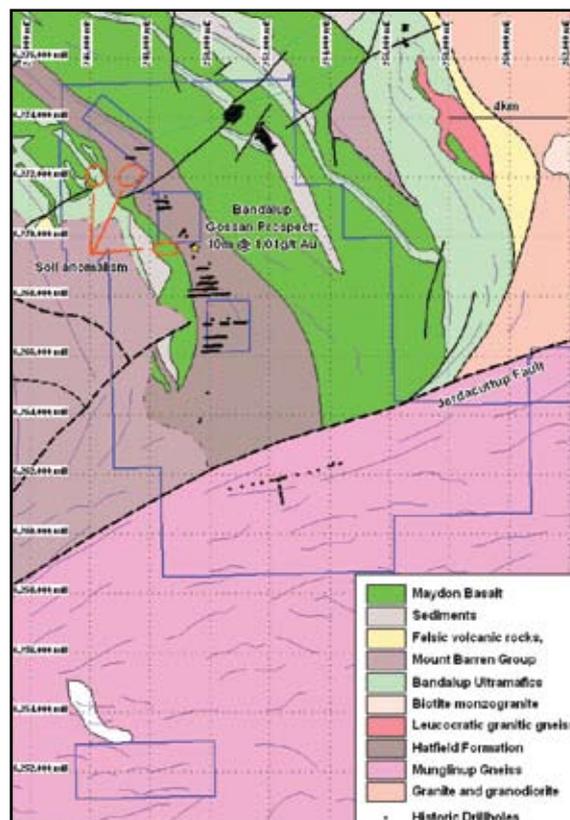


Figure 11: The Ravensthorpe Gold Project

# The Lort River Project

The two Lort River tenements were granted during the year. As with the Hopetoun Project, grant of tenure allows for active examination of these under-explored landholdings and again, geological mapping and geochemical surveys will commence in the first instance.

In the Lort River region competitor exploration activity has been intense near our tenement boundary and gold geochemical targets located will continue to be monitored. Triton Gold Ltd (“Triton”) formerly Australian Mineral Fields Ltd is currently evaluating a large gold soil geochemical anomaly (Figure 12) on our tenement boundary.

Triton have targeted a tectonic contact zone between the Archean aged Yilgarn Block to the west and the re-worked Archean aged rocks to the east which has become the recent focus of a high level of exploration activity by a number of companies following the discovery by Anglo Ashanti Gold and the Independence Group NL of the Tropicana Gold Project (5 million ounces) 600km to north-east. A number of other gold prospects along the contact zone between Tropicana and Lort River Projects are positive signs for further success.

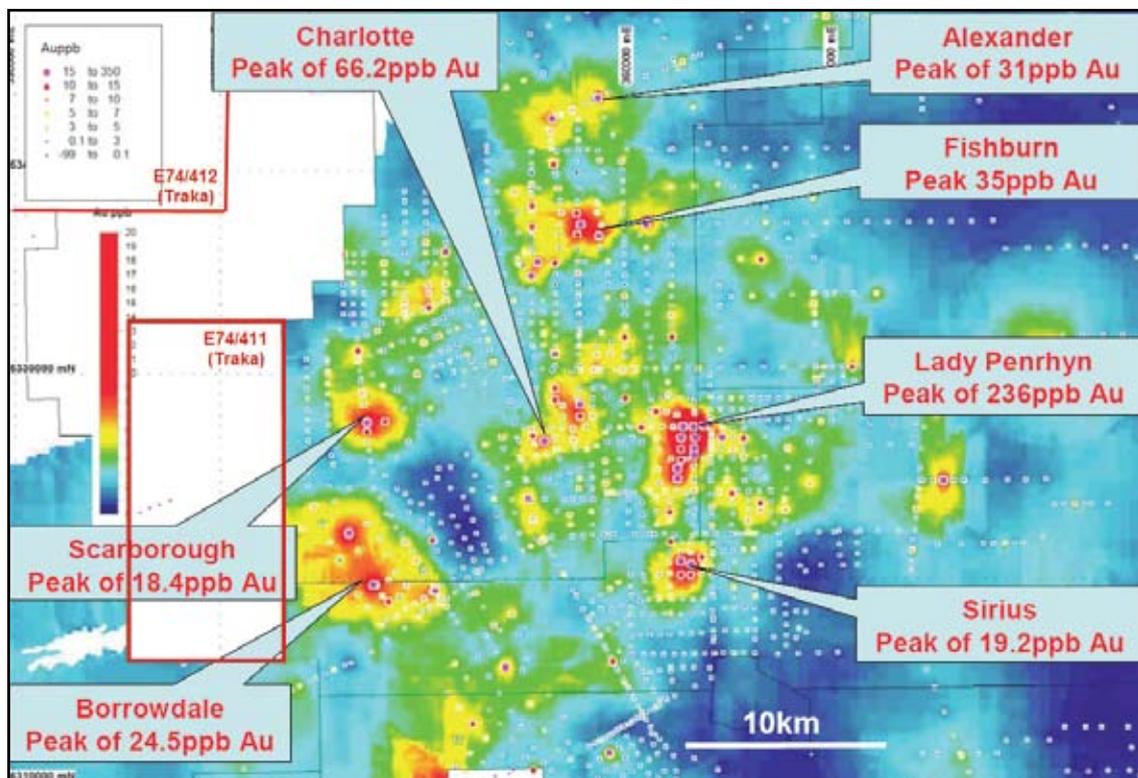


Figure 12: Traka's tenements with respect to Triton's gold geochemical anomalism at Lort River.

## Compliance Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr. P. A. Verbeek, the Managing Director of Traka Resources Ltd. Mr Verbeek is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under

consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Verbeek consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

# Schedule of Tenements

Tenement Type	Tenement Number	Project	Registered Holder	Traka % Interest
ELA	74/0411	Lort River	Traka Resources Ltd	100%
ELA	74/0412	Lort River	Traka Resources Ltd	100%
ELA	69/2236	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2237	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2238	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2239	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2240	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2312	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2378	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2403	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2411	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2448	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2449	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2452	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2493	Mt Blyth	Traka Resources Ltd	100%
EL	74/0073	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0144	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0209	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0332	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0378	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0379	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0380	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0381	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0386	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0400	Ravensthorpe	Vistarise Ltd	Earning up to 100%
EL	74/0401	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0408	Hopetoun	Traka Resources Ltd	100%
ML	74/0082	Ravensthorpe	Traka Resources Ltd	100%

# Schedule of Tenements

Tenement Type	Tenement Number	Project	Registered Holder	Traka % Interest
ML	74/0083	Ravensthorpe	Traka Resources Ltd	100%
ML	74/0084	Ravensthorpe	Traka Resources Ltd	100%
ML	74/0085	Ravensthorpe	Traka Resources Ltd	100%
ML	74/0105	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0106	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0130	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0204	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0215	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0216	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0217	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0218	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0223	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0224	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0225	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0226	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0227	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0228	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0229	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0230	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0231	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0232	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0233	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0234	Ravensthorpe	Traka Resources Ltd	100%
PLA	74/0253	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0262	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0263	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0264	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0265	Ravensthorpe	Traka Resources Ltd	100%

# Schedule of Tenements

Tenement Type	Tenement Number	Project	Registered Holder	Traka % Interest
PL	74/0266	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0267	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0268	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0269	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0270	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0271	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0272	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0273	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0274	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0275	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0279	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0280	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0281	Ravensthorpe	K H Piper	100%
PL	74/0293	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0294	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0295	Ravensthorpe	K H Piper	90%
PL	74/0296	Ravensthorpe	J H Kelly	90%
PL	74/0297	Ravensthorpe	J H Kelly	90%
PL	74/0298	Ravensthorpe	K H Piper	90%
PLA	74/0299	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0307	Ravensthorpe	Vistarise Ltd	Earning up to 100%
PL	74/0308	Ravensthorpe	Vistarise Ltd	Earning up to 100%
PL	74/0309	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0310	Ravensthorpe	Traka Resources Ltd	100%

EL Exploration Licence  
 ML Mining Licence  
 PL Prospecting Licence

ELA Exploration Licence Application  
 MLA Mining Licence Application  
 PLA Prospecting Licence Application

# Directors' Report

## For the year ended 30 June 2009

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

### DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Neil Tomkinson

Patrick Verbeek

George Petersons

Joshua Pitt

### PRINCIPAL ACTIVITIES

During the year the principal activity of the Company was exploration of Traka's mineral tenements.

### DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

### REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

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

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

#### *The Musgrave Project*

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

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

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

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

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

# Directors' Report

## For the year ended 30 June 2009

### REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

#### *The Ravensthorpe Pyrite Project (Traka 100%)*

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

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

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

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

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

#### *The Lort River Project (Traka 100%)*

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

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

The following matters have occurred subsequent to 30 June 2009:

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

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

# Directors' Report

## For the year ended 30 June 2009

### 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 emissions and energy use. For the first measurement period under this Act, 1 July 2008 to 30 June 2009, the directors have assessed that there are no current reporting requirements.

### INFORMATION RELATING TO DIRECTORS

#### Chairman

Neil Tomkinson LLB (Hons)

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

#### Managing Director

Patrick Verbeek BSc, AusIMM

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

#### Non Executive Directors

George Petersons

Mr Petersons is an experienced prospector with a long history of identifying and acquiring prospective exploration and ground packages. He is a founding director of Traka. He has established himself as a consultant to the industry with local and offshore mining interests in precious metals, gemstones and base metals. Mr Petersons is Executive Director of unlisted Mekong Mining Ltd (Australia) and Managing Director of Mekong Mining

Joshua Pitt BSc, MAusIMM

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

### INFORMATION RELATING TO COMPANY SECRETARY

Peter Campbell Ruttledge BSc, CA, FFin

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

# Directors' Report

## For the year ended 30 June 2009

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

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

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

### DIRECTORS' MEETINGS

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

	Meetings of Directors	Meetings attended
N Tomkinson	3	3
P A Verbeek	3	3
G J Petersons	3	3
J N Pitt	3	3

# Directors' Report

## For the year ended 30 June 2009

### REMUNERATION REPORT - AUDITED

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

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

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

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

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

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

#### Non-executive Directors

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

#### Executives

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

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

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

# Directors' Report

## For the year ended 30 June 2009

### REMUNERATION REPORT - AUDITED (continued)

#### (B) Details of Remuneration

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

2009					
	Short Term Salary & fees	Post Employment Superannuation	Share Based Payments Options	Total	Value of options as proportion of remuneration
	\$	\$	\$	\$	%
<b>Non-executive Directors</b>					
N Tomkinson	20,000	1,800	-	21,800	-
J N Pitt	20,000	1,800	-	21,800	-
G J Petersons	20,000	1,800	-	21,800	-
<b>Managing Director</b>					
P A Verbeek	240,000	-	32,900	272,900	12.05
	300,000	5,400	32,900	338,300	-
<b>Other specified executives</b>					
P C Rutledge	48,000	-	-	48,000	-
	48,000	-	-	48,000	-

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

# Directors' Report

For the year ended 30 June 2009

## REMUNERATION REPORT - AUDITED (continued)

2008

	Short Term Salary & fees	Post Employment Superannuation	Share Based Payments Options	Total	Value of options as proportion of remuneration
	\$	\$	\$	\$	%
<b>Non-executive Directors</b>					
N Tomkinson	20,000	1,800	-	21,800	-
J N Pitt	20,000	1,800	-	21,800	-
G J Petersons	20,000	1,800	-	21,800	-
<b>Managing Director</b>					
P A Verbeek	226,667	-	-	226,667	-
	286,667	5,400	-	292,067	-
<b>Other specified executives</b>					
P C Rutledge	36,000	-	-	36,000	-
	36,000	-	-	36,000	-

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

### (C) Service Agreements

#### *Managing Director*

The Company entered into a consultancy agreement with Malahang Pty Ltd ("Malahang") on 14 October 2003 ("Malahang Agreement"). In accordance with the terms of the Malahang Agreement, Malahang agreed to provide the services of its employee, Patrick Verbeek, to undertake all functions, duties, roles and authorities which the Company would require of a person engaged as Managing Director of the Company on a full time basis. The Malahang Agreement commenced on 20 November 2003 with an initial term of 2 years and has been extended since for further terms of 2 years at the consultant's election. The current term expires November 2009. The current level of remuneration in terms of this agreement is set at \$240,000 (including compensation for the provision of a 4 wheel drive vehicle). There are no termination arrangements in respect of Mr Verbeek's engagement other than the expectation that Malahang would receive 3 months' fees in the event of his services being terminated by the Company.

# Directors' Report

## For the year ended 30 June 2009

### REMUNERATION REPORT - AUDITED (continued)

#### (C) Service Agreements (continued)

##### *Company Secretary*

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

#### (D) Share-based compensation

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

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

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

Granted date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
10 December 2008	10 December 2008	10 December 2011	\$0.10	\$0.033

Each option is convertible into one ordinary share.

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

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

	Number of options granted and vested during the year	
	2009	2008
<b>Directors</b>		
P A Verbeek	1,000,000	-

# Directors' Report

## For the year ended 30 June 2009

### REMUNERATION REPORT - AUDITED (continued)

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

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

The model inputs for options granted included:

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

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

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

#### *Shares provided on exercise of remuneration options*

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

#### (E) Additional information

Share-based compensation: Options

Further details relating to options are set out below:

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

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

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

C = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year. Lapsed options refer to options that vested but expired unexercised. The 2,000,000 options which expired during the year have no intrinsic value.

This is the end of the audited Remuneration Report

# Directors' Report

## For the year ended 30 June 2009

### SHARES UNDER OPTION

The number of options on issue is:

Date option granted	Expiry date	Issue price of shares	Number under options
29 November 2005	29 November 2010	20 cents	1,000,000
28 December 2006	28 December 2011	20 cents	1,000,000
6 April 2007	6 April 2012	25 cents	150,000
10 December 2008	10 December 2011	10 cents	1,000,000
6 April 2007	6 April 2012	25 cents	200,000

### SHARES ISSUED ON EXERCISE OF OPTIONS

No options were exercised during the financial year ended 30 June 2009.

### INSURANCE OF OFFICERS

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

### PROCEEDINGS ON BEHALF OF THE COMPANY

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

No proceedings have been brought or intervened

### NON-AUDIT SERVICES

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

### AUDITOR

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

### AUDITOR'S INDEPENDENCE DECLARATION

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

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



NEIL TOMKINSON

Chairman

Dated the 10th day of September 2009

# Income Statement

For the year ended 30 June 2009

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

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

# Balance Sheet

As at 30 June 2009

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

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

# Statement of Changes in Equity

For the year ended 30 June 2009

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

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

# Cash Flow Statement

For the year ended 30 June 2009

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

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

# Notes to the Financial Statements

For the year ended 30 June 2009

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

### (a) Basis of preparation

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

#### *Compliance with IFRS*

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

#### *Reporting basis and conventions*

These financial statements have been prepared on an accruals basis and under the historical cost convention.

#### *Critical accounting estimates and judgements*

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

#### *Key Estimates — Impairment*

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

### (b) Segment reporting

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

### (c) Revenue recognition

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

Interest income is brought to account as income over the term of each financial instrument on an accrual accounting basis.

Other revenue is recognised as it accrues.

# Notes to the Financial Statements

For the year ended 30 June 2009

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

### (d) Income tax

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

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

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

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

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

### (e) Impairment of assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

### (f) Cash and cash equivalents

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

### (g) Trade and other receivables

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

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

### (h) Other financial assets and liabilities

#### *Recognition*

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

# Notes to the Financial Statements

## For the year ended 30 June 2009

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

#### (h) Other financial assets and liabilities (continued)

##### *Loans and receivables*

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

##### *Financial liabilities*

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

##### *Impairment*

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

#### (i) Exploration, evaluation and development expenditure

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

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

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

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

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

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

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

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

#### (j) Plant & equipment

##### *Recognition and measurement*

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

# Notes to the Financial Statements

For the year ended 30 June 2009

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

### (j) Plant & equipment (continued)

#### *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

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

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

### (k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (l) Employee benefits

#### *Wages and salaries and annual leave*

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

#### *Share based payments*

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

### (m) Contributed equity

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

# Notes to the Financial Statements

## For the year ended 30 June 2009

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

(n) **Loss per share**

*Basic loss per share*

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

*Diluted loss per share*

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

(o) **Joint ventures**

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

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

(p) **Goods and services tax (GST)**

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

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

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

#### **Going concern**

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

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

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

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

# Notes to the Financial Statements

For the year ended 30 June 2009

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

### New accounting standards and interpretation

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

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

\* Application date of the standard is for the annual reporting periods beginning on or after the date shown in the above table.

# Notes to the Financial Statements

## For the year ended 30 June 2009

### NOTE 2. FINANCIAL RISK MANAGEMENT

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

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

#### *Market risk*

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

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

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

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

#### *Liquidity Risk*

The Company has no significant exposure to liquidity risk as the Company's only debt is that associated with trade creditors in respect of which the Company's policy is to ensure payment within 30 days. The Company manages its liquidity by monitoring forecast cash flows.

#### *Credit risk*

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

# Notes to the Financial Statements

For the year ended 30 June 2009

## NOTE 2. FINANCIAL RISK MANAGEMENT (continued)

	2009	2008
	\$	\$
<i>Exposure to Credit risk</i>		
Closing carrying amount of Cash & cash equivalents	<b>408,252</b>	1,090,623

### *Fair value estimates*

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

### *Capital management risk*

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

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

## NOTE 3. SEGMENT INFORMATION

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

## NOTE 4. REVENUE

### *Revenue from continuing operations*

Interest received	<b>37,061</b>	106,124
Sundry income	<b>85,717</b>	68,819
Revenue from continuing operations	<b>122,778</b>	174,943

# Notes to the Financial Statements

For the year ended 30 June 2009

2009  
\$

2008  
\$

## NOTE 5. EXPENSES

Loss before income tax includes the following specific administration expenses:

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

## NOTE 6. INCOME TAX

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

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

# Notes to the Financial Statements

For the year ended 30 June 2009

	2009	2008
	\$	\$

## NOTE 6. INCOME TAX (continued)

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

### Deferred tax assets

Tax losses	1,897,248	1,654,806
Other temporary differences	6,308	16,505

### Deferred tax liabilities

Other temporary differences	-	-
Net deferred tax assets	<u>1,903,556</u>	<u>1,671,311</u>

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

## NOTE 7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

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

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

## NOTE 8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

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

Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 2. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

# Notes to the Financial Statements

For the year ended 30 June 2009

2009  
\$

2008  
\$

## NOTE 9. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

Plant and equipment at cost	184,718	228,587
Accumulated depreciation	(120,060)	(85,797)
	<b>64,658</b>	142,790

### 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.

Plant and equipment

Carrying amount at the beginning of the year	142,790	22,730
Additions	11,042	153,887
Disposals	(45,564)	-
Depreciation expense	(43,609)	(33,827)
Carrying amount at the end of the year	<b>64,659</b>	142,790

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

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

## NOTE 11. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

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

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

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

# Notes to the Financial Statements

For the year ended 30 June 2009

2009  
\$

2008  
\$

## NOTE 12. CURRENT LIABILITIES – PROVISIONS

Employee entitlements	<b>1,528</b>	760
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The current provision for employee entitlements relates to long service leave and includes all unconditional entitlements where employees have completed the required minimum period of service and those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current as the Company does not have an unconditional right to defer settlement

## NOTE 13. EQUITY – CONTRIBUTED EQUITY

### (a) Share capital

Fully paid ordinary shares – 44,782,202 (2008: 44,782,202)	<b>6,421,879</b>	6,421,879
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### (b) Movements in ordinary share capital in the last 2 years

Date	Details	Number of Shares	\$
<b>2009</b>			
1 July 08	Balance	44,782,202	6,421,879
	No movement	-	-
30 June 09	Balance	44,782,202	6,421,879
<b>2008</b>			
01 July 07	Balance	44,782,202	6,421,879
	No movement	-	-
30 June 08	Balance	44,782,202	6,421,879

### (c) Share Options

	No. of Ordinary Shares subject to option	Expiry Date	Exercise Price
Employee	1,000,000	29 November 2010	20 cents
Employee	1,000,000	28 December 2011	20 cents
Employee	50,000	6 April 2012	25 cents
Consultant	100,000	6 April 2012	25 cents
Employee	1,000,000	10 December 2011	10 cents

# Notes to the Financial Statements

## For the year ended 30 June 2009

### NOTE 13. EQUITY – CONTRIBUTED EQUITY (continued)

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

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

(e) *Ordinary shares*

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

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

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

### NOTE 14. EQUITY – RESERVES

Share based payment reserve	<b>245,580</b>	212,680
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#### *Nature and purpose of reserves*

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

### NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) *Key management personnel compensation*

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

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.

# Notes to the Financial Statements

For the year ended 30 June 2009

## NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

### Shareholdings

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

2009

	Balance 1 July 2008	Received as remuneration	Options exercised	Net changes other	Balance 30 June 2009
<i>Directors</i>					
N Tomkinson	3,813,647	-	-	-	3,813,647
P A Verbeek	1,916,666	-	-	-	1,916,666
J N Pitt	4,729,632	-	-	-	4,729,632
G J Petersons	1,750,000	-	-	-	1,750,000
<i>Other key management personnel</i>					
P C Rutledge	135,000	-	-	-	135,000

2008

	Balance 1 July 2007	Received as remuneration	Options exercised	Net changes other	Balance 30 June 2009
<i>Directors</i>					
N Tomkinson	3,766,299	-	-	47,348	3,813,647
P A Verbeek	1,916,666	-	-	-	1,916,666
J N Pitt	4,729,632	-	-	-	4,729,632
G J Petersons	1,750,000	-	-	-	1,750,000
<i>Other key management personnel</i>					
P C Rutledge	135,000	-	-	-	135,000

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

# Notes to the Financial Statements

For the year ended 30 June 2009

## NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

*Options provided as remuneration and shares issued on exercise of such options*

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

*Option holdings*

#### 2009

	Balance at the beginning of the year	Granted during year as compensation	Expired/ Exercised during year	Balance at the end of the year	Vested and exercisable at the end of the year
<i>Directors</i>					
N Tomkinson	-	-	-	-	-
P A Verbeek	4,000,000	1,000,000	(2,000,000)	3,000,000	3,000,000
J N Pitt	-	-	-	-	-
G J Petersons	-	-	-	-	-
<i>Other key management personnel</i>					
P C Rutledge	-	-	-	-	-

#### 2008

	Balance at the beginning of the year	Granted during year as compensation	Expired/ Exercised during year	Balance at the end of the year	Vested and exercisable at the end of the year
<i>Directors</i>					
N Tomkinson	-	-	-	-	-
P A Verbeek	4,000,000	-	-	4,000,000	4,000,000
J N Pitt	-	-	-	-	-
G J Petersons	-	-	-	-	-
<i>Other key management personnel</i>					
P C Rutledge	-	-	-	-	-

### (c) Loans to key management personnel

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

### (d) Other transactions with key management personnel

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

# Notes to the Financial Statements

For the year ended 30 June 2009

## NOTE 16. REMUNERATION OF AUDITORS

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

## NOTE 17. CONTINGENCIES

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

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

## NOTE 18. COMMITMENTS

### Lease commitments

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

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

### Exploration tenements

In order to maintain the mineral tenements in which the Company and other parties are involved, the Company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Industry and Resources for the next financial year is set out below. The amount shown for the current year is net of the amount expected to be paid by the party farming into the Company's Musgrave's Project.

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

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

# Notes to the Financial Statements

For the year ended 30 June 2009

## NOTE 18. COMMITMENTS (continued)

	2009	2008
	\$	\$
<b>Remuneration commitments</b>		
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	73,333	220,000
Later than one year but not later than five years	-	73,333
Later than five years	-	-
	<hr/> <b>73,333</b>	<hr/> <b>293,333</b>

## NOTE 19. RELATED PARTY TRANSACTIONS

Directors of Traka Resources Limited during the financial year were:

Neil Tomkinson  
Patrick Verbeek  
George Petersons  
Joshua Pitt

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

### Other related party transactions

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

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

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

# Notes to the Financial Statements

For the year ended 30 June 2009

## NOTE 20. INTERESTS IN JOINT VENTURES

The Company has interests in the following mineral exploration joint ventures as at 30 June 2008

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

The Company's joint ventures do not constitute separate legal entities but are contractual agreements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit. Refer note 1(o).

## NOTE 21. EVENTS OCCURRING AFTER BALANCE DATE

The following matters have occurred subsequent to 30 June 2009:

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

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

## NOTE 22. CASH FLOW INFORMATION

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

# Notes to the Financial Statements

## For the year ended 30 June 2009

<b>NOTE 23. LOSS PER SHARE</b>	<b>2008</b>	2007
	<b>Cents</b>	Cents
Basic and diluted loss per share	<b>(1.72)</b>	(2.02)
Reconciliation of loss	<b>\$</b>	\$
The loss used in calculating the basic and diluted loss per share is equal to the loss attributable to ordinary equity holders of the Company in the Income Statements	<b>(770,542)</b>	(902,624)
	<b>No of Shares</b>	No of Shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	<b>44,782,202</b>	44,782,202

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

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

### NOTE 24. SHARE BASED PAYMENTS

#### Traka Resources Limited Employee Share Option Plan

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

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

# Notes to the Financial Statements

For the year ended 30 June 2009

## NOTE 24. SHARE BASED PAYMENTS (continued)

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

Grant date	Expiry date	Exercise price	Balance at start date	Granted during the year	Exercised/expired/lapsed during the year	Balance at end of year
			Number	Number	Number	Number
<b>2009</b>						
10 Dec 2008	10 Dec 2011	\$0.15	-	1,000,000	-	1,000,000
6 April 2007	6 April 2012	\$0.25	100,000	-	(50,000)	50,000
28 Dec 2006	28 Dec 2011	\$0.20	1,000,000	-	-	1,000,000
29 Nov 2005	29 Nov 2010	\$0.20	1,000,000	-	-	1,000,000
05 Feb 2005	31 Dec 2009	\$0.20	50,000	-	(50,000)	-
10 Oct 2003	10 Oct 2008	\$0.35	2,000,000	-	(2,000,000)	-
			4,150,000	1,000,000	(2,100,000)	3,050,000
Weighted average exercise price	-	-	\$0.27	\$0.10	\$0.34	\$0.17
<b>2008</b>						
6 April 2007	6 April 2012	\$0.25	100,000	-	-	100,000
28 Dec 2006	28 Dec 2011	\$0.20	1,000,000	-	-	1,000,000
29 Nov 2005	29 Nov 2010	\$0.20	1,000,000	-	-	1,000,000
05 Feb 2005	31 Dec 2009	\$0.20	50,000	-	-	50,000
10 Oct 2003	10 Oct 2008	\$0.35	2,000,000	-	-	2,000,000
			4,150,000	-	-	4,150,000
Weighted average exercise price	-	-	\$0.27	-	-	\$0.17

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

The assessed fair value at grant date of options granted during the year ended 30 June 2009 was \$0.033 per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

# Notes to the Financial Statements

## For the year ended 30 June 2009

### NOTE 24. SHARE BASED PAYMENTS (continued)

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

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

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

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

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

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

# Directors' Declaration

For the year ended 30 June 2009

In the directors' opinion:

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

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

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



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**NEIL TOMKINSON**

Chairman

Dated the 10th day of September 2009



BDO Kendalls

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www.bdo.com.au

ABN 79 112 284 787

10 September 2009

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

Dear Sirs

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

As lead auditor of Traka Resources Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

**Peter Toll**  
Director

**BDO Kendalls Audit & Assurance (WA) Pty Ltd**  
Perth, Western Australia.



BDO Kendalls

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

### Report on the Financial Report

We have audited the accompanying financial report of Traka Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

*Auditor's Opinion*

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

- (a) the financial report of Traka Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

*Material Uncertainty Regarding Going Concern*

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

**Report on the Remuneration Report**

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

*Auditor's Opinion*

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

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

BDO Kendalls  


**Peter Toll**  
Director

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

# Corporate Governance Statement

For the year ended 30 June 2009

The Board of Directors of Traka Resources Limited (the "Company") is responsible for monitoring the business affairs of the Company and protecting the rights and interests of shareholders. High standards of corporate governance are essential to give effect to its responsibilities. The Company's corporate governance arrangements are set and reviewed by the Board on an ad-hoc basis having regard to any changing circumstances of the Company and the best interests of shareholders. They comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the 'Principles') as revised and reissued in August 2007.

This statement outlines the Company's approach to corporate governance policy for the financial year ended 30 June 2009. Any documents referenced in this statement as being available on the Company's website can be found on [www.trakaresources.com.au](http://www.trakaresources.com.au).

## 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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

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

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

- (a) approval of corporate strategy including annual approval of budget and monitoring performance against the budget;
- (b) determining the capital structure of the Company;
- (c) appointing and determining the duration, remuneration and other terms of appointment of the Managing Director and other senior management;
- (d) evaluating the performance of the Managing Director and other senior management;
- (e) approval of financial and other periodic reporting requirements;
- (f) approving the risk management strategy and frameworks and monitoring their effectiveness;
- (g) corporate governance systems and practices within the company;
- (h) approval of investments, corporate acquisitions, new joint ventures; and
- (i) appointment of the external auditors and principal advisors.

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

The Company has not prepared formal letters of appointment for the existing directors of the Board.

#### *Senior executives*

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

### 1.2 The process for evaluating the performance of senior executives

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

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

## 2. STRUCTURE THE BOARD TO ADD VALUE

### 2.1 Board members' independence

The Board is made up of 4 Directors only one of whom, Mr G Petersons, is independent in terms of the Relationships affecting Independent Status (the "Categories") in Recommendation 2.1 of the Principles.

# Corporate Governance Statement

## For the year ended 30 June 2009

### 2.1 Board members' independence (continued)

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

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

### 2.2 Chairman's independence

As detailed above the chairman is considered to be independent and the Board considers that the Board and shareholder structure of the Company ensure that the chairman effectively acts as an independent director

### 2.3 Roles of chairman and chief executive officer

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

#### *Role of the Chairman*

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

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

### 2.4 The Board should establish a nomination committee

No formal procedure governing the appointment of new Directors has been established. The Board considers that it is in the best interests of the Company to determine the criteria for the selection of new directors based on any perceived "gaps" in the skill set of the Board as and when a casual vacancy arises.

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

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

### 2.5 Board performance

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

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

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

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

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

#### *Company Secretary*

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

# Corporate Governance Statement

## For the year ended 30 June 2009

### 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

#### 3.1 Code of conduct

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

- (a) ensuring that all of its business affairs are conducted legally, ethically and with integrity;
- (b) ensuring that the Company itself and its joint venturers who act as operators of projects in which the Company has an interest adopt high standards of occupational health and safety, environmental management and ethics;
- (c) managing its legal obligations and the reasonable expectations of stakeholders effectively through the development and implementation of a risk management framework which incorporates these key areas; and
- (d) fostering and maintaining a culture of ownership, care, professional excellence, confidentiality, integrity and freedom from any conflict or perceived conflict of interest in each of the Company's employees and consultants.

#### *Director conflict of interest*

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

#### 3.2 Trading in company securities

The Traka Board policy is that directors, officers and employees are prohibited from dealing in the Company'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. 'Inside information' is information that, if it were generally available, would or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

### 4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

#### 4.1 Audit committee

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

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

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

Corporate governance recommendations 4.2 and 4.3 do not apply as there is no audit committee.

### 5. MAKE TIMELY AND BALANCED DISCLOSURE

#### 5.1 Compliance with ASX disclosure requirements

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

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

#### *Commentary on financial results*

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

# Corporate Governance Statement

## For the year ended 30 June 2009

### 6. RESPECT THE RIGHTS OF SHAREHOLDERS

#### 6.1 Communication with and participation of Shareholders

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

- (a) continuous disclosure reporting to the ASX;
- (b) the quarterly, half yearly and annual reports; and
- (c) media releases copies of which are lodged with ASX and placed on the Company's website, [www.trakaresources.com.au](http://www.trakaresources.com.au).

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

Traka Resources Limited maintains a website at [www.trakaresources.com.au](http://www.trakaresources.com.au) and complies with the continuous disclosure requirements of the ASX Listing Rules. Shareholders may find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile. Shareholders may also request a copy of the Company's ASX recent releases.

### 7. RECOGNISE AND MANAGE RISK

#### 7.1 Oversight and management of material business risks

The Company has a management policy in place for the identification and effective management of risk. The policy caters for the management of risk by the Board and management being principally the risks involved in exploration for copper, nickel, gold and platinum group elements.

#### 7.2 Design and implementation of systems to manage material business risks

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

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

The Company Secretary, who has overall responsibility for the implementation of the policy, reports to the Board on whether those risks are being managed effectively.

#### 7.3 Compliance with Corporations Act Section 295A

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

### 8. REMUNERATE FAIRLY AND RESPONSIBLY

#### 8.1 Remuneration committee

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

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

#### 8.2 Distinguishing remuneration structure

Remuneration for non-executive directors is fixed and non-executive directors do not participate in any incentive plans. Non-executive directors do not receive any retirement benefits, except that, as part of their fixed remuneration, they are paid superannuation. For information about non-executive director remuneration practice, please refer to the audited remuneration report set out in the Directors' Report.

#### *Managing Director*

For information about the remuneration of the Managing Director, please refer to the audited remuneration report set out in the Directors' Report.

# SHAREHOLDER INFORMATION

As at 9 September 2009

## NUMBER OF EQUITY SECURITIES

	No Listed	No. not listed	Total
<b>Shares</b>			
Ordinary shares fully paid	44,782,202	-	44,782,202
<b>Options over unissued shares</b>			
Exercisable at 20 cents expiring 29 Nov 2010	-	1,000,000	1,000,000
Exercisable at 10 cents expiring 10 Dec 2011	-	1,000,000	1,000,000
Exercisable at 20 cents expiring 28 Dec 2011	-	1,000,000	1,000,000
Exercisable at 25 cents expiring 6 Apr 2012	-	150,000	150,000
	-	3,150,000	3,150,000

## DISTRIBUTION OF SHAREHOLDERS AND OPTION HOLDERS

		Shareholders	Option Holders
1	- 1,000	20	-
1,001	- 5,000	29	-
5,001	- 10,000	52	-
10,001	- 100,000	229	2
100,001	+	72	1
		402	3

3,000,000 of the unlisted options are held by Mr P Verbeek or his nominee.

## MARKETABLE PARCEL

There are 30 holders of less than a marketable parcel of ordinary shares.

## RESTRICTED SECURITIES

There are no restricted securities.

## SUBSTANTIAL SHAREHOLDERS

The following shareholders are recorded as substantial shareholders of the Company:

Name	No of Shares	%
Wythenshawe Pty Ltd & Warramboe Holdings Pty Ltd	8,543,279	19.08
Tattersfield Securities Limited	6,675,025	14.91

# SHAREHOLDER INFORMATION

As at 9 September 2009

## VOTING RIGHTS

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

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

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

## ON MARKET BUY-BACK

There is no current on-market buy-back.

## TWENTY LARGEST HOLDERS OF LISTED EQUITY SECURITIES

Holder name	Ordinary shares	
	Number	%
1 Tattersfield Securities Ltd	6,675,025	14.91
2 Wythenshawe Pty Ltd	4,729,632	10.56
3 Warramboe Holdings Pty Ltd	3,813,647	8.52
4 G J Petersons	1,750,000	3.91
5 Malahang Pty Ltd	1,595,833	3.59
6 W M G Yovich	862,557	1.93
7 M J Pevats	850,000	1.90
8 Nalmor Pty Ltd <J Chappell Super Fund A/c>	671,966	1.50
9 Yandal Investments Pty Ltd	650,000	1.45
10 G F Pauley	490,000	1.09
11 Second Naremi Pty Ltd	450,000	1.00
12 Aiken and Associates Ltd	435,000	0.97
13 D & E Benney <Benney Family Super Fund A/c>	400,000	0.89
14 J F G Phillips <J F G Phillips Family A/c>	400,000	0.89
15 Nattim Pty Ltd <Nattim Inv A/c>	366,000	0.82
16 G F & M J Pauley Super Fund A/c>	358,444	0.80
17 Malahang Pty Ltd <Patrick Verbeek Super Fund A/c>	320,833	0.72
18 J F G Phillips	320,000	0.71
19 D R Boothey	266,666	0.60
20 Florin Mining Investment Company Limited <Trading A/c>	250,000	0.56
	<hr/> 25,655,603	<hr/> 57.29

# Notes



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