



Traka Resources Limited

ABN: 63 103 323 173

11 March 2011

Company Announcements Office

ASX Limited

PO Box H224 Australia Square

SYDNEY NSW 2000

Dear Sir / Madam

Interim Financial Report

Attached is the Traka Resources Limited Interim Financial Report for the half-year ended 31 December 2010.

Yours faithfully

Peter Rutledge

Company Secretary

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

INTERIM FINANCIAL STATEMENTS

FOR HALF YEAR ENDED 31 DECEMBER 2010

The interim financial statements do not include all the notes of the type normally included in an annual financial statement. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Traka Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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TRAKA RESOURCES LIMITED

CORPORATE DIRECTORY

Directors

Neil Tomkinson LLB (Hons) 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 Rutledge BSc, CA, FFin

Principal and Registered Office

Suite 2 Ground Floor
43 Ventnor Avenue
West Perth WA 6005

Auditor

BDO Audit (WA) Pty Ltd
38 Station 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 shares (TKL) are listed on the
Australian Securities Exchange

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Your Directors present their report on Traka Resources Ltd ("Traka" or the "Company") for the half-year ended 31 December 2010.

DIRECTORS

The following persons were directors of the Company during the whole of the half-year and up to the date of this report. Directors were in office for the entire period unless otherwise stated.

Neil Tomkinson
Patrick Andrew Verbeek
George Juris Petersons
Joshua Norman Pitt

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

The Company has maintained exploration activity on its main project areas in the Musgrave and Ravensthorpe regions. A summary of this activity follows:

The Musgrave Project – Traka managed

Geochemical, geological and geophysical programs have been completed on a number of tenements in the Jameson area of the Musgrave Project. This work has highlighted a number of copper, nickel, platinum and vanadium anomalies. Some of these anomalies are now scheduled for follow up diamond and RC drilling programs in May 2011. Other anomalies will be subject to further geological investigation ahead of any further decisions to drill.

Exploration programs will recommence in March 2011 on 5 exploration licences in the Jameson area of the Musgrave Project. Planning is also underway to negotiate access to new exploration licences. On the assumption of success exploration activity will be expanded later in the year to include these new areas.

The Musgrave Project – Anglo American (Australia) Pty Ltd ("AAE") managed

AAE has also maintained an active exploration program on their joint venture tenements within the Musgrave Project. A drilling program plus geophysical, geochemical and geological surveys have been undertaken and follow up work on a number of these targets have been scheduled for recommencement in April 2011. A new drilling program is also planned to recommence in June 2011.

Under the terms of the joint venture, AAE have the right to earn 51% in the joint venture tenements upon expenditure of \$3 million. Subsequent to reaching this equity position AAE can elect to earn up to 75% by the additional expenditure of \$6 million.

The Ravensthorpe Project

The Company's interests in the Ravensthorpe region are extensive and consist of a mixture of joint ventures, with the partners managing and funding exploration programs, in some areas and other areas which continue to be explored by Traka in its own right.

Traka currently has two joint ventures with Tectonic Resources NL, and one with Galaxy Resources Ltd. In all cases Traka is currently free carried.

TRAKA RESOURCES LIMITED

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Traka's sole interest tenements in the Ravensthorpe Project are located in the Jerdacuttup area for its nickel sulphide potential and in the Mt Short area for its nickel as well as copper, lead and zinc potential. A drilling program is currently underway in the Jerdacuttup area and a geophysical survey has just been completed in the Mt Short area. A number of newly discovered targets in the Mt Short area are currently being evaluated and may be scheduled for drilling.

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.

EVENTS OCCURRING AFTER BALANCE DATE

On the 14 February 2011, the Company announced that it had entered into an Option agreement with Tectonic Resources NL on the Company's ongoing exploration efforts in the Ravensthorpe region. Tectonic Resources NL will meet all expenditure commitments for the tenements over which they have an option. As referred to in Note 8 of the Financial Statements, the Company's estimated minimum exploration commitments for the next year reduce by approximately \$283,000 as a result of this Option agreement.

On 28 February 2011 the Company announced the placement of 7 million ordinary shares to professional and institutional investors at 22 cents per share. This was completed on 4 March 2011 raising \$1.45 million after costs. The Company also announced a Share Purchase Plan priced at 22 cents per share, capped at \$3 million in total, scheduled to open on 11 March and close on 1 April 2011.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in this Interim Financial Report.

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



NEIL TOMKINSON
Chairman

Dated at Perth on 10 March 2011

TRAKA RESOURCES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note	31 December 2010 \$	31 December 2009 \$
Revenue from continuing operations	3	31,920	5,151
Other income		80,600	41,034
Exploration and evaluation expenditure		(749,344)	(141,832)
Administration expenses	4	(615,455)	(248,181)
Loss before income tax		(1,252,279)	(343,828)
Income tax expense		-	-
Loss for the half year		(1,252,279)	(343,828)
Total comprehensive loss for the half year attributable to owners of the Company		(1,252,279)	(343,828)
		Cents	Cents
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company		(2.11)	(0.76)

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

TRAKA RESOURCES LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	31 December 2010 \$	30 June 2010 \$
Current Assets		
Cash and cash equivalents	1,016,949	1,616,232
Trade and other receivables	62,536	65,005
Total current assets	1,079,485	1,681,237
Non-current Assets		
Property, plant and equipment	53,497	54,206
Total non-current assets	53,497	54,206
Total assets	1,132,982	1,735,443
Current Liabilities		
Trade and other payables	140,800	162,845
Provisions	3,615	3,615
Total current liabilities	144,415	166,460
Total liabilities	144,415	166,460
Net assets	988,567	1,568,983
Equity		
Contributed equity	8,932,324	8,529,410
Reserves	514,530	245,580
Accumulated losses	(8,458,287)	(7,206,007)
Total equity	988,567	1,568,983

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

TRAKA RESOURCES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Contributed Equity	Share Based Payments Reserve	Future Value Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
As at 1 July 2010	8,529,410	245,580	-	7,206,007	1,538,983
Loss for the period	-	-	-	(1,252,279)	(1,252,279)
Total comprehensive loss for the period	-	-	-	(1,252,279)	(1,252,279)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares net of transaction costs	402,913	-	-	-	402,913
Issue of options	-	268,950	-	-	268,950
Transfer on exercise of options	-	(31,900)	31,900	-	-
As at 31 December 2010	8,932,323	482,630	31,900	(8,458,286)	988,567
As at 1 July 2009	6,421,879	245,580	-	(6,210,429)	457,030
Loss for the period	-	-	-	(343,828)	(343,828)
Total comprehensive loss for the period	-	-	-	(343,828)	(343,828)
Transactions with equity holders in their capacity as equity holders:					
Issue of options	-	-	-	-	-
As at 31 December 2009	6,421,879	245,580	-	(6,554,257)	113,202

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

TRAKA RESOURCES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	31 December 2010	31 December 2009
	\$	\$
Cash flows from operating activities		
Interest received	42,175	5,789
Receipts from sublease of premises	78,434	40,414
Payments to suppliers and employees	(363,337)	(242,526)
Payments for exploration activities	(754,907)	(280,060)
Recovery of exploration expenditure	-	160,793
	<hr/>	<hr/>
Net cash outflow from operating activities	(997,635)	(315,590)
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for plant & equipment	(7,986)	-
	<hr/>	<hr/>
Net cash outflow from investing activities	(7,986)	-
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from share issue	420,000	-
Payment for share issue costs	(13,662)	-
	<hr/>	<hr/>
	406,338	
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(599,283)	(315,590)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the half year	1,616,232	408,252
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half year	1,016,949	92,662
	<hr/>	<hr/>

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

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 1. BASIS OF PREPARATION OF THE HALF YEAR FINANCIAL STATEMENTS

The half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements.

The half-year financial statements should be read in conjunction with the annual financial statements of Traka Resources Limited as at 30 June 2010.

It is also recommended that the half-year financial statements be considered together with any public announcements made by Traka Resources Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Accounting

The half-year financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 "*Interim Financial Reporting*" and other mandatory professional reporting requirements.

The half-year financial statements have been prepared on the accruals basis and are based on historical cost modified for financial assets and liabilities for which the fair value basis of accounting has been applied.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

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

(b) Significant Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's annual Financial Statements for the year ended 30 June 2010 and corresponding interim reporting period.

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.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 2. SEGMENT INFORMATION

The Management of Traka Resources Limited has determined that the Company has one reportable operating segment, being mineral exploration within Western Australia. The Board monitors the Company based on actual versus budgeted exploration expenditure. This internal reporting framework is the most relevant to assist the Board with making decisions regarding its ongoing exploration activities.

	31 December 2010	30 June 2010
	\$	\$
Reportable segment assets	53,497	54,206
	31 December 2010	31 December 2009
	\$	\$
Reportable segment loss	(749,344)	(141,832)
Reconciliation of reportable segment loss		
Reportable segment loss	(749,344)	(141,832)
Other profit	112,520	46,185
Unallocated: Corporate expenses	(615,455)	(248,181)
Loss before tax	(1,252,279)	(343,828)

NOTE 3. REVENUE

Revenue from continuing operations

Interest received	31,920	5,151
Other Income	80,600	41,034

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

NOTE 4. EXPENSES

Loss before income tax includes the following administration expenses:

Personnel expenses		
Salaries, management fee and associated expenses	395,869	225,378
Share based payments	268,950	-
Recharged to exploration expenditure	(217,056)	(133,536)
	447,763	91,842
Depreciation	8,696	12,543
Other Expenses		
Rental and rates (office, storage, parking)	71,195	60,872
Company secretarial and accounting	25,002	24,000
Audit and tax	10,000	6,426
Communications	11,141	10,830
ASX fees	15,789	10,820
Other	25,869	27,968
	615,455	248,181

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

NOTE 5. EQUITY SECURITIES ISSUED

	31 December 2010 No.	31 December 2009 No.	31 December 2010 \$	31 December 2009 \$
Shares issued during the half year				
Placement net of transaction costs	1,100,000	-	202,913	-
Conversion of options	1,000,000	-	200,000	-
Options to acquire ordinary shares issued during the half year				
Grant of director options, pursuant to shareholder approval, and staff options, approved by the Board	2,750,000	-	268,950	-

NOTE 6 – SHARE BASED PAYMENTS

The Company from time to time issues options to the Managing Director, key management personnel and other staff members as part of their remuneration.

During the half year ended 31 December 2010, 750,000 options were granted to staff and 2,000,000 options were issued to the Managing Director following shareholder approval on 17 November 2010. Further information pertaining to share based payments to the Managing Director is set out in note 9.

The assessed fair value, and hence the cost to the Company, of the options granted during the half year 31 December 2010 was \$268,950. The fair value has been calculated as at the date of grant using the Black-Scholes model for the valuation of all options. The assumptions used in arriving at the value of the options issued are set out below:

	31 December 2010
No of options granted	2,750,000
Grant date	17 November 2010
Expiry date	17 November 2013
Exercise price per share	21.25 cents
Expected average life of the options	3 years
Underlying security spot price at time of grant	17 cents
Risk free interest rate	5.13%
Expected volatility	95.0%

TRAKA RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

NOTE 7. LOSS PER SHARE	31 December 2010	31 December 2009
	Cents	Cents
Basic and diluted loss per share (cents per share)	(2.11)	(0.76)
Weighted average number of ordinary shares used as a denominator	No.	No.
In calculating basic and diluted earnings per share	59,490,103	44,782,202
The loss used in the calculation of basic and diluted earnings per share is the loss before income tax as shown on the Condensed Income Statement	\$ (1,252,279)	\$ (343,828)

NOTE 8. COMMITMENTS FOR EXPENDITURE	31 December 2010	30 June 2010
	\$	\$

Lease Commitments

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

Not later than one year	100,000	100,000
Later than one year but not later than five years	41,667	91,667
Later than five years	-	-
	141,667	191,667

Representing:

Minimum lease payments in relation to non-cancellable operating leases

	141,667	191,667
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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.

	31 December 2010	30 June 2010
	\$	\$
Minimum estimated expenditure requirements	1,155,044	1,128,734

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

Subsequent to the period end, an option agreement signed with a third party (refer Note 10) has resulted in the Company's commitment for minimum estimated expenditure requirements being reduced by approximately \$284,000 from \$1,155,044 to \$871,099.

TRAKA RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

NOTE 8. COMMITMENTS FOR EXPENDITURE - CONTINUED

Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:

Not later than one year	230,500	240,000
Later than one year but not later than five years	-	80,000
Later than five years	-	-
	<u>230,500</u>	<u>320,000</u>

NOTE 9. RELATED PARTIES

Since the end of the previous reporting date arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2010 annual financial statements.

In November 2010, the Managing Director exercised 1,000,000 options at an exercise price of 20 cents each to acquire 1,000,000 ordinary shares in the Company.

The Company issued the Managing Director with 2,000,000 unlisted options at an exercise price of 21.25 cents following shareholder approval at the Annual General Meeting on 17 November 2010. These options vested at grant date. Fair values at grant date are determined using a Black-Scholes option pricing model. The model inputs for these options are set out in Note 6.

Director	Number of options	Value \$
P Verbeek	2,000,000	195,600

During the half year, the Company paid Nikita Verbeek, daughter of the Company's Managing Director \$1,260 (2009: nil) for administrative services.

NOTE 10. EVENTS OCCURRING AFTER BALANCE DATE

On the 14 February 2011, the Company announced that it had entered into an Option agreement with Tectonic Resources NL on the Company's ongoing exploration efforts in the Ravensthorpe region. Tectonic Resources NL will meet all expenditure commitments for the tenements over which they have an option. As referred to in Note 8, the Company's estimated minimum exploration commitments for the next year reduce by approximately \$283,000 as a result of this Option agreement.

On 28 February 2011 the Company announced the placement of 7 million ordinary shares to professional and institutional investors at 22 cents per share. This was completed on 4 March 2011 raising \$1.45 million after costs. The Company also announced a Share Purchase Plan priced at 22 cents per share, capped at \$3 million in total, scheduled to open on 11 March and close on 1 April 2011.

Other than as set out in this note, there have been no material items, transactions or events subsequent to 31 December 2010 which relate to conditions existing at that date and which require comment or adjustment to the figures dealt with in these statements.

NOTE 11. CONTINGENT LIABILITIES

At the end of the financial period the Company had no contingent liabilities.

TRAKA RESOURCES LIMITED

**DIRECTORS' DECLARATION
FOR HALF YEAR ENDED 31 DECEMBER 2010**

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001;
- (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.

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



NEIL TOMKINSON
Chairman

Dated at Perth on 10 March 2011

10th March 2011

Traka Resources Limited
The Board of Directors
Ground Floor
43 Ventnor Avenue
WEST PERTH WA 6005

Dear Sirs,

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

As lead auditor for the review of Traka Resources Limited for the half-year ended 31 December 2010, 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 review; and
 - no contraventions of any applicable code of professional conduct in relation to the review.
- This declaration is in respect of Traka Resources Limited.



Peter Toll
Director



BDO Audit (WA Pty Ltd
Perth, Western Australia

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Traka Resources Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Traka Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Traka Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Traka Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Peter Toll', is written over a faint, light blue BDO logo.

Peter Toll
Director

Perth, Western Australia
Dated this 10th day of March 2011