



# Traka Resources Limited

ABN: 63 103 323 173

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7 September 2018

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

Dear Sir/Madam

## **Financial Statements and Directors' Report**

Attached is a copy of the Financial Statements and Directors' Report for the company for the year ended 30 June 2018.

Yours faithfully

P C Ruttledge  
Company Secretary

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**TRAKA RESOURCES LIMITED**

**ABN 63 103 323 173**

**FINANCIAL REPORT**

**30 JUNE 2018**

# **Directors' Report**

## **For the year ended 30 June 2018**

Traka Resources Limited (Traka or the Company) is an Australian company listed on the Australian Securities Exchange (ASX). The registered and corporate office of the Company is Suite 2, Ground Floor, 43 Ventnor Ave, West Perth, WA, 6005.

Your Directors present their report on Traka for the year ended 30 June 2018.

### **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  
Joshua Pitt  
George Petersons

### **PRINCIPAL ACTIVITIES**

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

### **DIVIDENDS**

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

### **REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS**

The Company has interests in three projects within Western Australia (Musgraves, Ravensthorpe and Powder Puff Hill) and a fourth project in Queensland (Gorge Creek).

#### ***The Gorge Creek Project (Earning 51%).***

On 23 November 2017 Traka reached agreement with Cobalt QLD Pty Ltd whereby Traka would have the right to earn a joint venture interest of 51% by expenditure of \$1 million over three years on the Gorge Creek Project. The Gorge Creek Project is particularly prospective for sulphide copper and cobalt mineralisation of the same style as currently being delineated at the emerging Walford Creek discovery (Aeon Metals Ltd) 30 kilometres to the west.

Exploration comprising airborne electromagnetics, soil and rock geochemical surveys and geological mapping commenced at the start of the field season in May 2018 and is ongoing. The initial results are encouraging with a number of drill targets being highlighted for a drill program.

The Gorge Creek Project is currently the Company's main focus.

# **Directors' Report**

## **For the year ended 30 June 2018**

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

#### ***The Musgrave Project***

Traka continues to maintain a very substantial exploration portfolio in the Musgrave area although at this stage all tenements are in application stage awaiting completion of permitting to gain access. Previous joint venture activity in the Latitude Hill area of the project ceased following unsuccessful results of a drill program on six airborne electromagnetic targets.

Priority for access is currently being given to the Mt Morphett part of Traka's larger project area. Exploration targets at Mt Morphett include the 12-kilometre-long copper-nickel-PGE (Platinum Group Elements) Araplate Prospect plus Iron Oxide, Copper and Gold (IOCG) and hydrothermal copper targets associated with the Tollu Granite Intrusive and Faults.

A helicopter borne electromagnetic program is planned for this year, subject to permitting, so that drilling of targets generated can be undertaken next year at the start of the field season. Traka has been successful in obtaining a \$150,000 grant under the West Australian Exploration Incentive Scheme to assist with funding of such a drill program.

#### ***The Ravensthorpe Project***

Traka's holdings at Ravensthorpe comprise the wholly owned Mt Short Base Metals Project and a 20% Free Carried interest in the Mt Cattlin North Joint Venture area with Galaxy Resources Limited (Galaxy) as the manager.

Traka's joint venture interest with Galaxy is 20% Free Carried to production for any lithium and tantalum mined. Being adjacent (1 kilometre) to Galaxy's mine operations in addition to comprising a significant portion of Galaxy's exploration upside, with known occurrences of lithium and tantalum bearing pegmatite dykes, the opportunity to participate in future mining activity is promising. Over the year Galaxy commenced exploration programs comprising Deep Ground Penetrating Radar (DPGR), reverse circulation drilling and geological and geochemical surveys. A number of lithium bearing pegmatites have been selected for follow-up drilling and 5 new DGPR targets highlighted are yet to be tested.

The Mt Short Base Metal Project is prospective for copper, lead and zinc mineralisation. Low grade lead and zinc mineralisation were highlighted in several drill programs. A review of this project is currently being undertaken.

#### ***The Powder Puff Hill Project***

The Powder Puff Hill Project in the Lake Grace region of Western Australia and next to the Quicksilver nickel cobalt discovery (owned by Golden Mile Resources Ltd) was introduced into Traka's portfolio of projects in May 2018. This followed success in winning ballots on two key tenements on the northern and southern strike extension of the narrow greenstone belt that hosts Quicksilver.

# **Directors' Report**

## **For the year ended 30 June 2018**

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

Very little historic work has ever been undertaken on Traka's new tenements. These tenements for the large part occur in flat lying regolith covered farming land. Traka's new tenements are currently progressing through the normal course of Mines Department grant procedures.

Exploration work comprising ground electromagnetic work and geological mapping is contemplated once the tenements have been granted.

#### ***Project Generation***

The Company is maintaining an active program of project generation in addition to advancing its existing exploration projects.

The Company made a net loss for the financial year of \$1,265,290 (2017: \$765,952).

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than the operating results and the placement of shares 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**

Subsequent to the end of the financial year, 2,000,000 unlisted director options were issued following shareholder approval at the Extraordinary General Meeting held on 17 July 2018. These options are exercisable by 16 November 2021 at an exercise price of 4.67 cents per option.

To the best of the directors' knowledge and belief, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

### **ENVIRONMENTAL REGULATION**

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

# **Directors' Report**

## **For the year ended 30 June 2018**

### **INFORMATION RELATING TO DIRECTORS**

#### **Chairman – Non Executive**

Neil Tomkinson LLB (Hons)

Mr Tomkinson has considerable experience extending over the last thirty five years in the administration of and investment in exploration and mining companies and is an investor in private mineral exploration and in resources in general in Australia. He is the executive chairman of Red Hill Iron Limited (appointed a director and chairman in April 2008) and a non-executive director of Hampton Hill Mining NL (appointed in January 1997). Mr Tomkinson has held no other directorships of ASX listed companies during the last three years.

#### **Managing Director**

Patrick Verbeek BSc, MAusIMM

Mr Verbeek is a geologist with thirty years' experience in the resource industry in Australia and internationally. Mr Verbeek's experience is wide ranging and is spread equally between mineral exploration and mining, company management and corporate activity. Mr Verbeek has held a number of senior management positions in exploration and mining operations both in open-pit and underground gold and base metal operations as well as executive directorships in private and public resource companies. Mr Verbeek is a founding director of Traka. Mr Verbeek has held no other directorships of ASX listed companies during the last three years.

#### **Non-Executive Directors**

Joshua Pitt BSc, MAusIMM, MAIG

Mr Pitt is a geologist with substantial exploration experience who has, for more than thirty five years, been a director of exploration and mining companies in Australia. Mr Pitt is involved in substantial private mineral exploration and also in resource investments. He is the executive chairman of Hampton Hill Mining NL (appointed a director in January 1997 and chairman in April 2012) and a non-executive director of Red Metal Limited (appointed in July 2003) and Red Hill Iron Limited (appointed in June 2005). Mr Pitt has held no other directorships of ASX listed companies during the last three years.

George Petersons

Mr Petersons is an experienced prospector with a long history of identifying and acquiring prospective exploration ground. He is a founding director of Traka. He has established himself as a consultant to the industry with local and offshore mining interests in precious metals, potash and lithium. Mr Petersons is Managing Director of Mekong Mining Limited (Thailand), a company involved in exploration and project development in South East Asia. Mr Petersons has held no other directorships of ASX listed companies during the last three years.

### **INFORMATION RELATING TO THE COMPANY SECRETARY**

Peter Ruttledge BSc, CA, FFin

Mr Ruttledge is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia and has over thirty years' experience as company secretary of a number of listed mining and exploration companies.

# Directors' Report

## For the year ended 30 June 2018

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The numbers of shares and options in the Company held directly and indirectly by the directors as at the date of this report are as follows:

Director	Ordinary shares	Options over ordinary shares
N Tomkinson	21,526,752	-
P A Verbeek	12,843,369	2,000,000
J N Pitt	24,222,915	-
G J Petersons	1,453,332	-

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 45,749,667 shares.

### MEETINGS OF DIRECTORS

The number of meetings of directors held during the year and the number attended by each of the directors were as follows:

Director	Meetings of directors	Meetings attended
N Tomkinson	15	15
P A Verbeek	15	15
J N Pitt	15	15
G J Petersons	15	15

The Company does not have any subcommittees.

### AUDITED REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

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

The objective of the Company's remuneration policy is to ensure that:

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

# Directors' Report

## For the year ended 30 June 2018

### AUDITED REMUNERATION REPORT (continued)

The remuneration framework has regard to shareholders' interests by:

- focusing on sustained growth in share price, as well as focusing the executives on key non-financial drivers of value, and
- attracting and retaining high calibre executives.

The remuneration framework has regard to executives' interests by:

- rewarding capability and experience,
- reflecting competitive reward for contributions in shareholder growth,
- providing a clear structure for earning rewards, and
- recognising contribution.

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

#### **Non-executive directors**

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees are reviewed annually and remuneration packages are determined by the board within the maximum amount approved by shareholders from time to time (currently \$150,000 set in 2015) and are set fee amounts with prescribed superannuation, where applicable.

#### **Executives**

The remuneration of the managing director, Mr Patrick Verbeek, is determined by the board and comprises an agreed fee paid to Malahang Pty Ltd, a company associated with the managing director, and from time to time, at the discretion of the non-executive board members and with the approval of shareholders, the grant of options to acquire shares in the Company. The non-executive directors review terms of the managing director's remuneration on an annual basis. The nature and amount of remuneration paid to the managing director has been determined by reference to the services provided, experience, length of service and prevailing market rates.

#### **Company performance and its consequences on shareholder wealth**

It is not possible at this time to evaluate the Company's financial performance using generally accepted measures such as profitability and total shareholder return as the Company is an exploration company with no significant revenue stream. This assessment will be developed as and when the Company moves from explorer to producer.



# Directors' Report

## For the year ended 30 June 2018

### AUDITED REMUNERATION REPORT (continued)

The table below shows the gross revenue, losses and loss per share for the last five years for the Company:

		2018	2017	2016	2015	2014
Revenue and other income	\$	28,849	201,515	17,378	223,891	208,477
Net loss	\$	1,265,290	765,952	1,448,931	814,156	448,469
Loss per share	Cents	0.41	0.30	0.72	0.73	0.43
Share price at year end	Cents	3.8	2.0	2.0	1.6	3.2

### (b) Details of remuneration

The key management personnel of the Company are the directors. There are no other key management personnel. The remuneration of key management personnel for the year is summarised below:

		Short term benefits	Post employment benefits	Share based payments	Total	Performance related
	Year	Salary & fees	Superannuation	Options		
		\$	\$	\$	\$	%
<b>Non-executive directors</b>						
N Tomkinson	2018	20,000	1,900	-	21,900	-
	2017	20,000	1,900	-	21,900	-
J N Pitt	2018	20,000	1,900	-	21,900	-
	2017	20,000	1,900	-	21,900	-
G J Petersons	2018	20,000	1,900	-	21,900	-
	2017	20,000	1,900	-	21,900	-
<b>Managing director</b>						
P A Verbeek	2018	277,000	-	-	277,000	-
	2017	277,000	-	25,587	302,587	-
<b>Total</b>	<b>2018</b>	<b>337,000</b>	<b>5,700</b>	<b>-</b>	<b>342,700</b>	
	2017	337,000	5,700	25,587	368,287	

The options granted to the managing director during the prior year represented 8.5% of his total remuneration for the year.

No part of the remuneration of key management personnel is contingent upon the performance of the Company.

# Directors' Report

## For the year ended 30 June 2018

### AUDITED REMUNERATION REPORT (continued)

#### (c) Service agreements

Managing Director

The Company entered into a consultancy agreement with Malahang Pty Ltd (Malahang) on 14 Oct 2003 (Malahang Agreement). In accordance with the terms of the Malahang Agreement, Malahang agreed to provide the services of its employee, Patrick Verbeek, to undertake all functions, duties, roles and authorities which the Company would require of a person engaged as managing director of the Company on a full time basis. The Malahang Agreement commenced on 20 November 2003 with an initial term of 2 years and has been extended since for further terms of 1 or 2 years. The current term expires in November 2018. The current level of remuneration in terms of this agreement is set at \$250,000 per annum, plus \$27,000 per annum compensation for the provision of a four-wheel-drive motor vehicle. There are no guaranteed salary increases fixed in the managing director's contract. There are no termination arrangements in respect of Mr Verbeek's engagement other than the expectation that Malahang would receive 3 months' fees in the event of his services being terminated by the Company.

#### (d) Share-based compensation

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

Share based payments are generally provided in the form of options vesting immediately. Options granted under the plan carry no dividend or voting rights. Each option is convertible into one ordinary share. The issue of these options is not linked to past company performance since their principal purpose is to promote additional incentive to the key management personnel. There is no specific board policy restricting employees from taking action to limit their exposure to risk in relation to share based payments. Nevertheless, in terms of the Company's corporate governance policies, all employees are prohibited from dealing in the Company's securities when they possess inside information and they are obliged to inform the board of any proposed transactions in securities.

The basic terms and conditions of each grant of options affecting key management personnel remuneration in the previous, current or future reporting periods are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price cents	Value per option at grant date	Number of options
18 Nov 2013	18 Nov 2013	17 Nov 2016	8.75	4.11 cents	2,000,000
10 Mar 2015	10 Mar 2015	9 Mar 2018	2.56	1.08 cents	2,000,000
17 Nov 2016	17 Nov 2016	16 Nov 2019	2.39	1.28 cents	2,000,000
17 Jul 2018	17 Jul 2018	16 Nov 2021	4.67	2.18 cents	2,000,000

4,000,000 options with a combined vesting expense of \$47,087 were exercised during the current year.

2,000,000 options with a vesting expense of \$82,250 expired during the prior year.

# Directors' Report

## For the year ended 30 June 2018

### AUDITED REMUNERATION REPORT (continued)

Details of the options in the Company provided as remuneration to key management personnel of the Company are set out below. Further information on options is set out in Note 20 to the financial statements.

	Balance at beginning of year	Received as remuneration	Options exercised	Balance at end of year
N Tomkinson	-	-	-	-
P A Verbeek	4,000,000	-	(4,000,000)	-
J N Pitt	-	-	-	-
G J Petersons	-	-	-	-

### (e) Shares held by key management personnel

The numbers of shares in the Company held directly and indirectly by key management personnel and any movements over the year, are set out below.

	Balance at beginning of year	Received as remuneration	Options exercised	Net changes	Balance at end of year
N Tomkinson	21,526,752	-	-	-	21,526,752
P A Verbeek	12,843,369	-	4,000,000	(4,000,000)	12,843,369
J N Pitt	24,222,915	-	-	-	24,222,915
G J Petersons	1,453,332	-	-	-	1,453,332

Net changes relate to shares acquired or sold during the year. No shares are held nominally.

### (f) Additional information

#### *Voting and comments at the Company's 2017 Annual General Meeting (AGM)*

The Company received a majority of votes in favour of its remuneration report for the 2017 financial year. The Company did not receive any specific comments on its remuneration practices at the AGM or throughout that year.

#### *Transactions with key management personnel*

During the financial year the Company paid \$10,200 (2017: \$10,200) to the PAV Unit Trust, a trust associated with Mr Verbeek, in respect of a storage unit for exploration equipment and documents. This rental agreement was entered into on normal commercial terms and conditions determined on an arm's-length basis between the entities.

During the financial year the Company reimbursed Hampton Hill Mining NL, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for expenditure of \$277 (2017: \$1,205) incurred by Hampton Hill Mining NL on the Company's behalf.

The Company has not made any loans to key management personnel during the year.

# Directors' Report

## For the year ended 30 June 2018

### AUDITED REMUNERATION REPORT (continued)

There were no other transactions with key management personnel and related parties during the year other than those reported in Note 17.

The Company has not engaged remuneration consultants to make a remuneration recommendation in respect of any of the key management personnel.

The audited remuneration report ends here.

### SHARES UNDER OPTION

The numbers of options on issue at the date of this report are as follows:

Grant date	Expiry date	Issue price of shares	Number under option	Percent vested
20 December 2016	19 December 2019	2.39 cents	450,000	100%
9 January 2018	8 January 2021	7.4 cents	650,000	100%
17 July 2018	16 November 2021	4.67 cents	2,000,000	100%

### INSURANCE OF OFFICERS

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

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not party to any such proceedings during the year.

### AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

### NON-AUDIT SERVICES

HLB Mann Judd (WA Partnership) (HLB), the Company's auditor, did not perform any non-audit services for the Company for the year ended 30 June 2018.

# **Directors' Report**

## **For the year ended 30 June 2018**

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included in this Annual Report. HLB holds office in accordance with section 327C(2) of the Corporations Act 2001.

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



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**NEIL TOMKINSON**

Chairman

Dated 7 September 2018

# Statement of Profit or Loss and Other Comprehensive Income

## For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from continuing operations	2	27,883	12,665
Other income	2	966	188,850
Exploration and evaluation expenditure	4	(734,045)	(345,100)
Administration expenses	3	(560,094)	(622,367)
Loss before income tax		(1,265,290)	(765,952)
Income tax expense	5	-	-
Loss for the year		(1,265,290)	(765,952)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		(1,265,290)	(765,952)
Loss per share attributable to the ordinary equity holders of the Company		Cents	Cents
Basic and diluted loss per share	6	(0.41)	(0.30)

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

# Statement of Financial Position

As at 30 June 2018

	Notes	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	7	1,502,544	855,317
Trade and other receivables	8	39,503	19,345
<b>Total current assets</b>		<b>1,542,047</b>	874,662
<b>Non-current assets</b>			
Plant and equipment	9	22,467	38,092
<b>Total non-current assets</b>		<b>22,467</b>	38,092
<b>Total assets</b>		<b>1,564,514</b>	912,754
<b>Current liabilities</b>			
Trade and other payables	10	85,680	42,226
Provisions	11	9,000	-
<b>Total current liabilities</b>		<b>94,680</b>	42,226
<b>Non-current liabilities</b>			
Provisions	11	-	6,500
<b>Total non-current liabilities</b>		<b>-</b>	6,500
<b>Total liabilities</b>		<b>94,680</b>	48,726
<b>Net assets</b>		<b>1,469,834</b>	864,028
<b>Equity</b>			
Issued capital	12	17,311,563	15,462,630
Reserves	13	796,408	774,245
Accumulated losses		(16,638,137)	(15,372,847)
<b>Total equity</b>		<b>1,469,834</b>	864,028

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

# Statement of Changes in Equity

For the year ended 30 June 2018

	Issued capital	Share based payments reserve	Exercised option reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
<b>2018</b>					
As at 1 July 2017	15,462,630	709,445	64,800	(15,372,847)	864,028
Loss for the year	-	-	-	(1,265,290)	(1,265,290)
Total comprehensive loss for the year	-	-	-	(1,265,290)	(1,265,290)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	1,738,555	-	-	-	1,738,555
Share based payments	-	22,163	-	-	22,163
Exercise of share options, net of transaction costs	110,378	(53,353)	53,353	-	110,378
<b>As at 30 June 2018</b>	<b>17,311,563</b>	<b>678,255</b>	<b>118,153</b>	<b>(16,638,137)</b>	<b>1,469,834</b>
<b>2017</b>					
As at 1 July 2016	14,268,305	675,030	64,800	(14,606,895)	401,240
Loss for the year	-	-	-	(765,952)	(765,952)
Total comprehensive loss for the year	-	-	-	(765,952)	(765,952)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	1,194,325	-	-	-	1,194,325
Share based payments	-	34,415	-	-	34,415
As at 30 June 2017	15,462,630	709,445	64,800	(15,372,847)	864,028

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



# Statement of Cash Flows

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Interest received		27,177	10,852
Payments to suppliers and employees		(519,691)	(543,252)
Payments for exploration activities		(708,157)	(398,235)
Receipt of research and development incentive		-	183,052
Receipt of government co-funding for exploration		-	60,350
<b>Net cash outflows from operating activities</b>	14	<b>(1,200,671)</b>	<b>(687,233)</b>
<b>Cash flows from investing activities</b>			
Payments for plant, equipment and motor vehicle		(1,035)	(10,804)
<b>Net cash outflows from investing activities</b>		<b>(1,035)</b>	<b>(10,804)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		2,009,710	1,252,075
Payments for share issue costs		(160,777)	(57,750)
<b>Net cash inflows from financing activities</b>		<b>1,848,933</b>	<b>1,194,325</b>
<b>Net increase in cash and cash equivalents held</b>		<b>647,227</b>	<b>496,288</b>
Cash and cash equivalents at the beginning of the financial year		855,317	359,029
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>1,502,544</b>	<b>855,317</b>

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

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 1 SEGMENT INFORMATION

Management has determined that the Company has one reportable operating and geographical segment, being mineral exploration within Western Australia. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the members of the board of directors. The board of directors 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.

	2018	2017
	\$	\$
Reportable segment assets	<b>22,467</b>	38,092
<b>Reconciliation of reportable segment assets:</b>		
Reportable segment assets	<b>22,467</b>	38,092
Unallocated corporate assets	<b>1,542,047</b>	874,662
Total assets	<b>1,564,514</b>	912,754
Reportable segment liabilities	<b>38,049</b>	3,801
<b>Reconciliation of reportable segment liabilities:</b>		
Reportable segment liabilities	<b>38,049</b>	3,801
Unallocated corporate liabilities	<b>56,631</b>	44,925
Total liabilities	<b>94,680</b>	48,726
Reportable segment loss	<b>(734,045)</b>	(162,048)
<b>Reconciliation of reportable segment loss:</b>		
Reportable segment loss	<b>(734,045)</b>	(162,048)
Other revenue	<b>28,849</b>	18,463
Unallocated corporate expenses	<b>(560,094)</b>	(622,367)
Loss before tax	<b>(1,265,290)</b>	(765,952)

# Notes to the Financial Statements

For the Year Ended 30 June 2018

<b>NOTE 2 REVENUE AND OTHER INCOME</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>		
Interest received	<b>27,883</b>	12,665
<b>Other income</b>		
Recovery of doubtful debts	<b>966</b>	5,798
Research and development incentive	-	183,052
	<b>966</b>	188,850

Revenue is measured at the fair value of the consideration received or receivable.

Interest income is brought to account as income over the term of each financial instrument on an effective interest rate basis. Other revenue is recognised as it accrues.

## NOTE 3 ADMINISTRATION EXPENSES

Loss before income tax includes the following specific administration expenses:

### Personnel expenses

Salaries, directors' fees and management fee	<b>502,279</b>	534,350
Superannuation	<b>20,624</b>	24,026
Share based payments	<b>22,163</b>	34,415
Less: included as part of exploration expenditure	<b>(262,751)</b>	(249,042)
	<b>282,315</b>	343,749
Depreciation	<b>16,660</b>	16,332
Other expenses		
Rental and rates (office, storage, parking)	<b>55,933</b>	56,759
Company secretarial and accounting	<b>66,572</b>	84,140
Audit	<b>20,441</b>	19,514
Communications	<b>33,978</b>	20,182
Listing fees	<b>19,214</b>	18,359
Other	<b>64,981</b>	63,332
	<b>560,094</b>	622,367

# Notes to the Financial Statements

## For the year ended 30 June 2018

<b>NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE</b>	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenditure incurred	<b>734,045</b>	345,100

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

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

Accumulated costs in relation to an abandoned area are written off to profit or loss in the year in which the decision to abandon the area is made. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology on a discounted basis.

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

<b>NOTE 5 INCOME TAX</b>	<b>2018</b>	2017
	<b>\$</b>	<b>\$</b>
<b>(a) Income tax benefit</b>		
The components of income tax benefit comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

# Notes to the Financial Statements

For the Year Ended 30 June 2018

NOTE 5 INCOME TAX (continued)	2018	2017
	\$	\$
<b>(b) Reconciliation of income tax benefit to prima facie tax benefit on accounting loss</b>		
Operating loss before income tax	<b>(1,265,286)</b>	(765,953)
Prima facie tax benefit at the Australian rate of 27.5% (2017: 27.5%)	<b>347,954</b>	210,637
Adjusted for tax effect of the following amounts:		
Non-deductible items	<b>(6,095)</b>	(9,488)
Non-taxable items	<b>18,849</b>	61,333
Under-provision in prior year	-	(266,701)
Adjustment for change in tax rate	-	(144,587)
Distribution of carried forward tax losses	<b>(94,903)</b>	(253,912)
Income tax (benefit)/expense not brought to account	<b>(265,805)</b>	402,718
Income tax benefit	<b>-</b>	-

The credit for current income tax benefit is based on the loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

The income tax rate for small business entities was reduced to 27.5% effective 1 July 2016. The Company currently satisfies the conditions to be a small business entity.

## **(c) Deferred tax assets and liabilities not brought to account**

The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end, at the Australian corporate tax rate of 27.5% (2017: 27.5%), are made up as follows:

On income tax account:

Carried forward tax losses	<b>3,928,625</b>	3,672,198
Deductible temporary differences	<b>56,081</b>	46,509
Taxable temporary differences	<b>(892)</b>	(698)
Unrecognised net deferred tax assets	<b>3,983,814</b>	3,718,009

In the 2018 financial year, the Company cancelled carried forward tax losses of \$345,100 relating to the 2017 financial year and issued shareholders Exploration Development Incentive credits of \$94,902 using the Company's 2017 corporate tax rate.

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 5 INCOME TAX (continued)

In the 2017 financial year, the Company cancelled carried forward tax losses of \$923,317 relating to the 2016 financial year and issued shareholders with Exploration Development Incentive credits of \$263,145 using the Company's 2016 corporate tax rate.

The deferred tax benefits will only be obtained if the conditions for deductibility, as set out below, occur.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

### NOTE 6 LOSS PER SHARE

	2018	2017
	Cents	Cents
Basic and diluted loss per share	<b>0.41</b>	0.30

### Reconciliation of loss

The loss used in calculating the basic and diluted loss per share is equal to the loss attributable to ordinary equity holders of the Company in the Statement of Profit or Loss and Other Comprehensive Income

\$	\$
<b>1,265,290</b>	765,952

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## NOTE 6 LOSS PER SHARE (continued)

	No of shares	No of shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	<b>309,897,862</b>	258,777,090

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.

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 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. 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 7 CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash at bank and on hand	<b>1,502,544</b>	855,317

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

Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 23.

## NOTE 8 TRADE AND OTHER RECEIVABLES

Trade receivables	<b>12,561</b>	13,528
less: provision for doubtful debts	<b>(12,561)</b>	(13,528)
Net trade receivables	-	-
GST receivable	<b>36,259</b>	16,807
Interest receivable	<b>3,244</b>	2,538
	<b>39,503</b>	19,345

Interest receivable comprises pro-rata interest receivable at balance sheet date in respect of deposits at call which are expected to be repaid within 90 days.

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 8 TRADE AND OTHER RECEIVABLES (continued)

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. Trade receivables amounting to \$12,561 (2017: \$13,528) have been impaired as the balance is owed by a company in liquidation. No other trade receivables are considered impaired or past due.

Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 23.

### NOTE 9 PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Field equipment – at cost	93,175	92,140
Accumulated depreciation	<u>(86,455)</u>	(84,307)
Field equipment – carrying amount	<u>6,720</u>	7,833
Office furniture and equipment – at cost	75,751	75,751
Accumulated depreciation	<u>(68,309)</u>	(65,026)
Office furniture and equipment – carrying amount	<u>7,442</u>	10,725
Motor vehicle – at cost	89,835	89,835
Accumulated depreciation	<u>(81,530)</u>	(70,301)
Motor vehicle – carrying amount	<u>8,305</u>	19,534
Total plant and equipment – carrying amount	<u>22,467</u>	38,092

A reconciliation of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year is set out below:

	Field equipment	Office furniture & equipment	Motor vehicle	Total
	\$	\$	\$	\$
<b>2018</b>				
Carrying amount at 1 July 2017	7,833	10,725	19,534	38,092
Additions during the year	1,035	-	-	1,035
Depreciation expense	<u>(2,148)</u>	<u>(3,283)</u>	<u>(11,229)</u>	<u>(16,660)</u>
<b>Carrying amount at 30 June 2018</b>	<u>6,720</u>	<u>7,442</u>	<u>8,305</u>	<u>22,467</u>



# Notes to the Financial Statements

For the Year Ended 30 June 2018

## NOTE 9 PLANT AND EQUIPMENT (continued)

	Field equipment \$	Office furniture & equipment \$	Motor Vehicle \$	Total \$
2017				
Carrying amount at 1 July 2016	11,177	1,680	30,763	43,620
Additions during the year	-	10,804	-	10,804
Depreciation expense	(3,344)	(1,759)	(11,229)	(16,332)
Carrying amount at 30 June 2017	7,833	10,725	19,534	38,092

### *Recognition and measurement*

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

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of these assets.

### Depreciation

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

Plant and equipment:	10% - 20% straight line
Motor vehicle:	12.5% straight line

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

## NOTE 10 TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Trade creditors and accruals	64,141	27,951
Employee entitlements	21,539	14,275
	<b>85,680</b>	42,226

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 10 TRADE AND OTHER PAYABLES (continued)

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. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. The Company's exposure to liquidity risk is disclosed in Note 23.

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.

### NOTE 11 PROVISIONS

	2018	2017
	\$	\$
<b>Current</b>		
Long service leave	<b>9,000</b>	-
<b>Non-current</b>		
Long service leave	-	6,500

Movement in provisions during the financial year, is as follows:

Carrying amount at beginning of year	<b>6,500</b>	4,500
Increase in entitlement	<b>2,500</b>	2,000
Carrying amount at end of year	<b>9,000</b>	6,500

The provision for long service leave includes the unconditional entitlement to long service leave where employees have completed the required period of service or are entitled to pro-rata payments in certain circumstances.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required minimum period of service.

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departure and period of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## NOTE 12 ISSUED CAPITAL

### (a) Share capital

331,321,018 (2017: 284,627,018) fully paid ordinary shares 17,311,563 15,462,630

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.

The Company's capital risk management policy is set out in Note 23.

### (b) Movements in ordinary share capital during the past two years

	2018	2017	2018	2017
	No of shares	No of shares	Amount \$	Amount \$
At 1 July	<b>284,627,018</b>	227,714,527	<b>15,462,630</b>	14,268,305
Issue of ordinary shares	<b>46,694,000</b>	56,912,491	<b>2,009,710</b>	1,252,075
Capital raising costs	-	-	<b>(160,777)</b>	(57,750)
At 30 June	<b>331,321,018</b>	284,627,018	<b>17,311,563</b>	15,462,630

During the year the Company concluded a placement of 42,044,000 shares at 4.5 cents per share followed by a further issue of 4,650,000 shares as a result of the exercise of staff and director options.

### (c) Options to acquire ordinary shares

Set out below is a summary of unlisted options to acquire ordinary shares in the Company, issued in terms of the Company's Employee Share Option Plan:

			2018	2017
Type of options	Expiry date	Exercise price	No of options	No of options
Staff options	6 Jan 2018	3.10 cents	-	450,000
Director options	9 Mar 2018	2.56 cents	-	2,000,000
Staff options	19 Dec 2019	2.39 cents	<b>450,000</b>	650,000
Director options	16 Nov 2019	2.39 cents	-	2,000,000
Staff options	8 Jan 2021	7.40 cents	<b>650,000</b>	-
	Total		<b>1,100,000</b>	5,100,000

Movements in options are set out in Note 20.

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 12 ISSUED CAPITAL (continued)

#### (d) Rights attaching to ordinary shares

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares being held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote. The ordinary fully paid shares are listed on the ASX and carry no trade restrictions.

<b>NOTE 13 RESERVES</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Share based payments reserve	<b>678,255</b>	709,445
Exercised option reserve	<b>118,153</b>	64,800
	<b>796,408</b>	<b>774,245</b>

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

The exercised option reserve arises on the exercise of options when the share based payments reserve attributable to the options being exercised is transferred to this reserve.

### NOTE 14 CASH FLOW INFORMATION

#### Reconciliation of operating loss after income tax to net cash flow from operating activities:

Operating loss after income tax	<b>(1,265,290)</b>	(765,952)
Depreciation	<b>16,660</b>	16,332
Equity based payments	<b>22,163</b>	34,415
(Increase)/Decrease in receivables	<b>(20,158)</b>	24,447
Increase in payables and provisions	<b>45,954</b>	3,525
Net cash outflows from operating activities	<b>(1,200,671)</b>	(687,233)

There were no non-cash flows from financing and investing activities.

### NOTE 15 CONTINGENCIES

There are no contingent liabilities for termination benefits under service agreements with directors or executives at 30 June 2018.

The directors are not aware of any other contingent liabilities at 30 June 2018.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## NOTE 16 COMMITMENTS

2018  
\$

2017  
\$

### (a) Lease commitments

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

Not later than one year	31,233	32,617
Later than one year but not later than five years	31,233	-
Later than five years	-	-
	<b>62,466</b>	<b>32,617</b>

Representing:

Minimum lease payments in relation to non-cancellable operating leases	<b>62,466</b>	<b>32,617</b>
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Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### (b) 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	69,250	69,250
Later than one year but not later than five years	-	-
Later than five years	-	-
	<b>69,250</b>	<b>69,250</b>

### (c) Exploration commitments

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. This represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined. The current year minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Mines, Industry Regulation and Safety and the Queensland Department of Natural Resources, Mines and Energy for the next financial year is \$430,000 (2017: \$240,000).

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 17 RELATED PARTY TRANSACTIONS

#### (a) Key management personnel

The key management personnel of the Company are the directors.

Directors of the Company during the financial year were:

Neil Tomkinson

Patrick Verbeek

Joshua Pitt

George Petersons

The compensation paid to key management personnel during the year is set out below:

	2018	2017
	\$	\$
Short term employee benefits	337,000	337,000
Post-employment benefits	5,700	5,700
Share based payments	-	25,587
	<u>342,700</u>	<u>368,287</u>

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

#### (b) Director-related entities

During the financial year the Company paid \$10,200 (2017: \$10,200) to the PAV Unit Trust, a trust associated with Mr Verbeek, in respect of a storage unit for exploration equipment and documents. This rental agreement was entered into on normal commercial terms and conditions determined on an arm's-length basis between the entities.

During the financial year the Company reimbursed Hampton Hill Mining NL, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for expenditure of \$277 (2017: \$1,205) incurred by Hampton Hill Mining NL on the Company's behalf.

### NOTE 18 EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to the end of the financial year, 2,000,000 unlisted director options were issued following shareholder approval at the Extraordinary General Meeting held on 17 July 2018. These options are exercisable by 16 November 2021 at an exercise price of 4.67 cents per option.

To the best of the directors' knowledge and belief, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## NOTE 19 INTERESTS IN JOINT VENTURES

Name of project	Interest	Activities	Other parties
Ravensthorpe Project (Sirdar JV)	20%	Gold and base metal exploration	Galaxy Resources Limited
Ravensthorpe Project (Bandalup Gossan JV)	20%	Gold and base metal exploration	ACH Minerals Pty Ltd
Gorge Creek	*0%	Gold and base metal exploration	Cobalt Qld Pty Ltd

\*Traka earning up to 51%

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

The agreements are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs in proportion to their ownership of joint venture assets. The parties to the agreement do not hold any assets other than their title to the mineral tenements and accordingly the company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 4.

## NOTE 20 SHARE BASED PAYMENTS

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

- Under the ESOP the Company may offer options to subscribe for shares in the Company to eligible persons. Directors and part-time or full-time employees are eligible persons for the purpose of the ESOP.
- The board of directors has discretion to determine who and to what extent an eligible person is entitled to participate in the ESOP.
- Options under the ESOP are to be offered on such terms as the board determines and the offer must set out the number of options offered, the exercise price and the period of the offer. Exercise price is determined by the board with reference to the market value of the shares of the Company at the time of resolving to offer the options. The period of the offer will be no longer than five years.
- No consideration is payable for the options unless the board determines otherwise and the Company will not apply for quotation of the options.
- 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.

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 20 SHARE BASED PAYMENTS (continued)

- 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.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is independently determined using an option pricing model that takes into account the price, term, vesting and performance criteria, impact of dilution, non-tradeable nature of the unlisted options, share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term.

Set out below is a summary of the movement of options on issue during the current and prior years:

Grant date	Expiry date	Exercise price	Outstanding at start of year	Granted	Exercised/ Expired	Outstanding at end of year
		Cents	Number	Number	Number	Number
<b>2018</b>						
13 Jan 2015	6 Jan 2018	3.10	450,000	-	(450,000)	-
10 Mar 2015	9 Mar 2018	2.56	2,000,000	-	(2,000,000)	-
17 Nov 2016	16 Nov 2019	2.39	2,000,000	-	(2,000,000)	-
20 Dec 2016	19 Dec 2019	2.39	650,000	-	(200,000)	450,000
9 Jan 2018	8 Jan 2021	7.40	-	650,000	-	650,000
			<b>5,100,000</b>	<b>650,000</b>	<b>(4,650,000)</b>	<b>1,100,000</b>
<b>Vested and exercisable at 30 June</b>						<b>1,100,000</b>
<b>Weighted average exercise price (cents)</b>			<b>2.52</b>	<b>7.40</b>	<b>2.53</b>	<b>5.35</b>



# Notes to the Financial Statements

For the Year Ended 30 June 2018

## NOTE 20 SHARE BASED PAYMENTS (continued)

Grant date	Expiry date	Exercise price	Outstanding at start of year	Granted	Exercised/ Expired	Outstanding at end of year
		Cents	Number	Number	Number	Number
2017						
18 Nov 2013	17 Nov 2016	8.75	2,000,000	-	(2,000,000)	-
13 Jan 2014	17 Nov 2016	8.75	450,000	-	(450,000)	-
13 Jan 2015	6 Jan 2018	3.10	450,000	-	-	450,000
10 Mar 2015	9 Mar 2018	2.56	2,000,000	-	-	2,000,000
17 Nov 2016	16 Nov 2019	2.39	-	2,000,000	-	2,000,000
20 Dec 2016	19 Dec 2019	2.39	-	650,000	-	650,000
			4,900,000	2,650,000	(2,450,000)	5,100,000
Vested and exercisable at 30 June						5,100,000
Weighted average exercise price (cents)			5.70	2.39	8.75	2.52

During the current year no options expired and the vesting expense of the options exercised was \$53,353.

During the prior year no options were exercised and the vesting expense of the options that expired was \$93,550.

The assessed fair value of the options issued during the year was \$22,163 (2017: \$34,415) as calculated at the date of grant using the Black-Scholes model for the valuation of call options, the inputs of which included:

No of options	650,000
Grant date	9 Jan 2018
Exercise by	8 Jan 2021
Expected average life of the options	3 years
Exercise price per share	7.4 cents
Share price at grant date	6.2 cents
Expected volatility	104%
Risk-free interest rate	2.1%
Value of options at grant date	3.41 cents

Further details regarding any share based payments to key management personnel can be found in the audited Remuneration Report set out in the Directors' Report.

# Notes to the Financial Statements

## For the year ended 30 June 2018

NOTE 21 AUDITOR REMUNERATION	2018	2017
	\$	\$

Amounts received, or due and receivable, by HLB Mann Judd (WA Partnership) for:

Audit and review of the financial reports of the Company	20,441	19,514
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### NOTE 22 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### *Key estimates — impairment*

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amount of the asset is the higher of its value-in-use and its fair value less costs to sell. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and fair value less cost to sell is determined using market rates.

#### *Key estimates – share-based payments*

Historical volatility was used as the basis for estimating likely future share price volatility. Actual future volatility may differ from the estimate used. The expected average life of the options was estimated at 3 years. The actual life could differ from this estimate if the holder of the options chooses to exercise his options prior to their expiry date. The weighted average remaining contractual life of the options on issue is 2.1 years (2017: 1.57 years).

### NOTE 23 FINANCIAL RISK MANAGEMENT

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

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

#### **(a) 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.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## NOTE 23 FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk

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

### (c) Capital risk management

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

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

### (d) Market risk

#### *Interest rate risk*

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

The weighted average interest rate to which the Company was exposed on its cash assets at the year-end was 1.88% (2017: 2.13%).

The table following summarises the sensitivity of the Company's cash assets to interest rate risk. The Company has no interest rate risk associated with any of its other financial assets or liabilities. This analysis reflects the effect of a 0.5% decline and a 0.5% increase in interest rates as recent Australian Treasury announcements and press reports would indicate movements in interest rates of this magnitude are possible over the next 12 months.

Financial assets	Carrying amount of cash assets	Effect of increase or decrease of interest rate on			
		Post tax profit		Other components of equity	
		-0.5%	+0.5%	-0.5%	+0.5%
<b>2018</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	1,502,544				
<b>Total increase/(decrease)</b>		<b>(7,513)</b>	<b>7,513</b>	-	-
<b>2017</b>					
Cash and cash equivalents	855,317				
<b>Total increase/(decrease)</b>		<b>(4,277)</b>	<b>4,277</b>	-	-

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements that relate specifically to matters dealt with in the preceding notes, are set out in the relevant notes. The more general accounting policies not already set out above are listed below.

The accounting policies have been consistently applied to all the years presented unless otherwise stated.

#### **(a) Statement of compliance and basis of preparation**

The financial report was authorised for issue by the Board of Directors.

The financial report complies with the Corporations Act 2001 and Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The Company is a for-profit entity for the purpose of applying these standards.

The financial statements have been prepared on an accruals basis and are based on historical costs.

#### **(b) Impairment of assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any objective evidence that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **(c) Financial assets and liabilities**

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 in the relevant notes.

#### **(d) Employee benefits**

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

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

##### *Retirement benefits obligations*

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## NOTE 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In these circumstances it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis except for the GST components of investing or financing activities, which are presented as operating cash flow.

### (f) Accounting standards and interpretations

#### *New accounting standards and interpretations adopted*

There were no new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

#### *New accounting standards and interpretations in issue, not yet adopted*

The following Standards and Interpretations have been issued and/or amended by the AASB and are applicable to the Company but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date. The application date of the standard is for the annual reporting periods beginning on or after the date shown in the table below.

Reference and title	Nature of change to accounting policy and impact on initial application	Application date
AASB 9 Financial Instruments	Amends the requirement for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated.  The Company does not have any financial assets or liabilities measured at fair value through profit or loss. The adoption of this standard will have no impact on the financial statements.	1 Jan 2018
AASB 15 Revenue from contracts with customers	Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.  The adoption of this standard will have no impact on the financial statements as the Company's only revenue is interest income.	1 Jan 2018

# Notes to the Financial Statements

## For the year ended 30 June 2018

### NOTE 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 16 Leases	<p>Removes the classification of leases as either operating or finance leases for the lessee. Leases which are less than 12 months and leases on low value assets are exempt.</p> <p>Upon adoption of this standard, the Company will recognise a lease liability and a “right-of-use” asset in the Statement of Financial Position relating to the current lease commitment of \$62,466 (note 16). This will result in an increase in the recognised assets and liabilities, as well as a change in the expense recognition, with interest and depreciation replacing operating lease expense.</p> <p>The Company has not yet quantified the lease liability or the “right-of-use” asset and has elected not to early adopt this standard.</p>	1 Jan 2019
AASB 2016-5 Classification and measurement of share-based payment transactions	<p>Clarifies the accounting for various aspects of share-based payment transactions under AASB 2, being:</p> <ul style="list-style-type: none"> <li>- Impact of vesting and non-vesting conditions when measuring cash-settled share-based payment transactions;</li> <li>- Net settlement feature for withholding tax obligations; and</li> <li>- Changing classification from cash-settled to equity-settled.</li> </ul> <p>The Company has elected not to early adopt this standard and have not yet quantified the effect of application on future periods.</p>	1 Jan 2018

# Directors' Declaration

## For the year ended 30 June 2018

1. In the opinion of the Directors of Traka Resources Limited (the Company):
  - a) the accompanying financial statements and notes are 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 2018 and of its performance for the year then ended; and
    - ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - 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.
  - c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

This declaration is signed in accordance with a resolution of the board of Directors.



**NEIL TOMKINSON**

Chairman

Dated 7 September 2018

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Traka Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**7 September 2018**

**B G McVeigh**  
**Partner**



## **Independent Auditor's Report**

To the Members of Traka Resources Limited

### **REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

#### *Opinion*

We have audited the financial report of Traka Resources Limited ("the Company") which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. We have determined that there are no key audit matters to communicate in our report.

#### *Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

#### **HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Traka Resources Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

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.



**HLB Mann Judd**  
Chartered Accountants



**B G McVeigh**  
Partner

**Perth, Western Australia**

**7 September 2018**