



Annual Report 2008

Traka Resources Limited

ABN 63 103 323 173



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Corporate Directory

Directors

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

Company Secretary

Peter Rutledge BSc, CA, FFin

Principal and Registered Office

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43 Ventnor Avenue
West Perth WA 6005
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Fax: (08) 9322 9144
Email: traka@trakaresources.com.au
Web: www.trakaresources.com.au

Auditor

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

Share Register

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

Stock Exchange Listing

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

Managing Director's Report



Exploration activity on four projects and a continued push to generate new projects constituted the Company's business this year. The focus remains on the building of a portfolio of gold and base metals projects although, as previously reported, we have also identified iron and pyrite potential.

Your board is conscious of the limited funds presently available to the Company and plans to share risk while maintaining momentum with project generation through the use of joint venture funding where appropriate.

The Musgrave Project

I'm pleased to inform you that after two and a half years of patient effort we have recently finalised negotiations with the Traditional Owners on five exploration licences in the West Musgrave region (Figure 1 and 2) that covers 2670 square kilometres of very prospective ground. This has allowed us to start exploration work and is a major step forward in our aim to be a significant exploration force in the West Musgraves.

We have eight other exploration tenements within the West Musgraves giving us a very substantial combined holding of 6,547 square kilometres. We will progress the grant of these licences in an orderly fashion as our exploration programs advance and in accordance with the availability of the Traditional Owners to deal with the access issues onto their lands.

The Musgrave Project

Although we have commenced exploration work, our longer term intention is to find a joint venture partner to join us in our quest. We have the ability and the relationships to undertake the work required but unless our initial

exploration program meets with extraordinary success we will require the financial backing of a major mining group to maintain the work effort year by year.

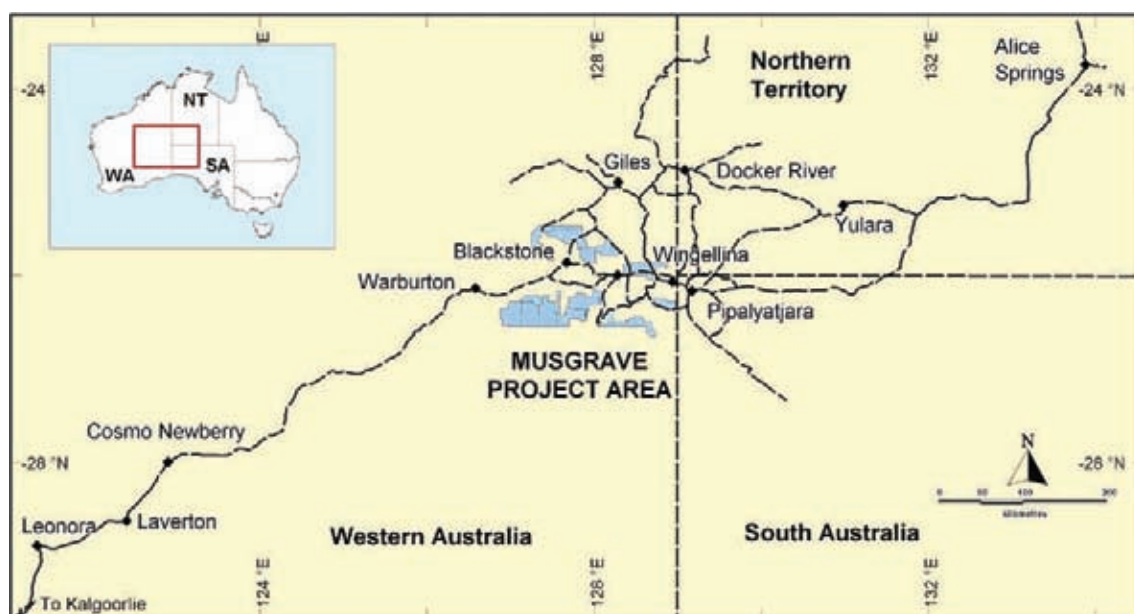


Figure 1. Location Plan of the Musgrave Project



Figure 2. Location Plan of the Musgrave Project showing the 5 granted tenements

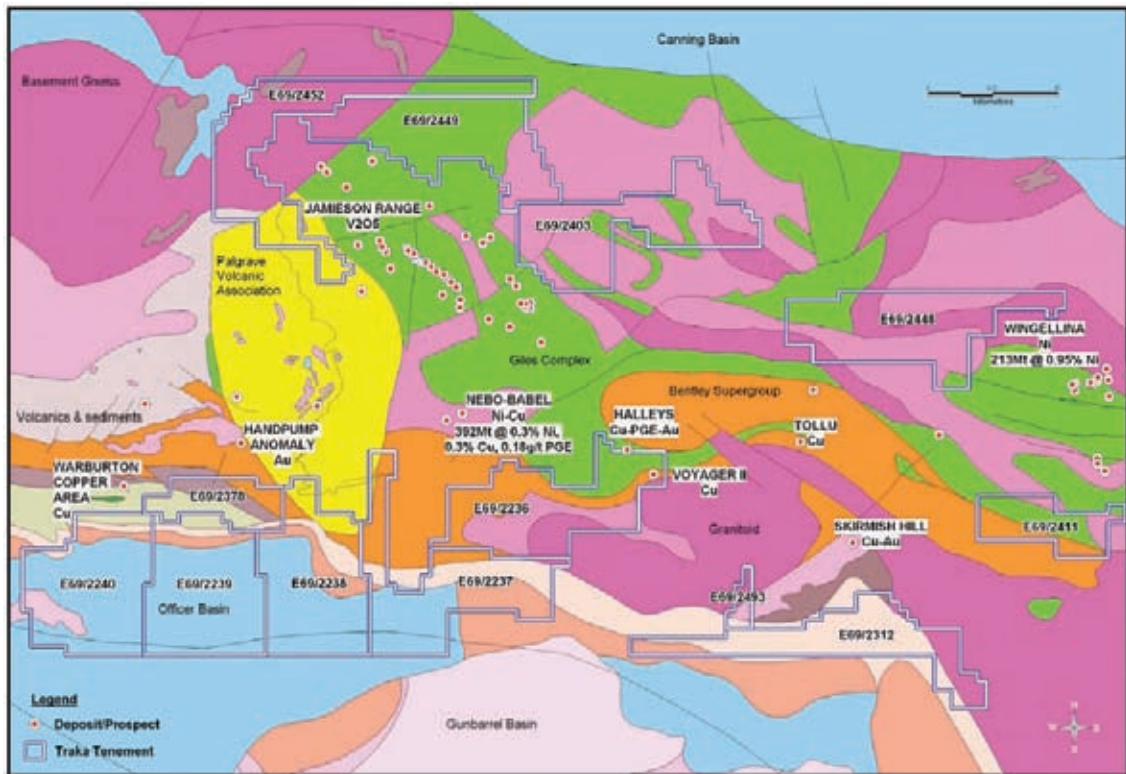


Figure 3. Schematic geology map showing know the location of mineralized prospects

Traka has identified four styles of mineralisation in the West Musgraves that has guided our land acquisition program (Figure 3).

- Nickel-Copper –Platinum Group Elements (“PGE”) mineralisation:* The mafic and ultramafic intrusive rocks of the Giles Complex provide the scope for discovery of this type of mineralisation. BHP Billiton’s nearby Babel Nebo discovery (392 million tonnes @ 0.3% nickel, 0.3% copper, 0.18 grams per tonne platinum group elements and gold) and the Halley’s Prospect of Redstone Resources Ltd on the northern tenement boundary of exploration licence E69/2236 are examples of this style of mineralisation.
- Sediment hosted copper, lead and zinc mineralisation:* The southern contact margins of the Musgrave Complex rocks comprising a mixed sequence of sedimentary and volcanic rock sequences in conjunction with the sedimentary rocks of the Officer Basin offer scope for the discovery of this style of mineralisation. A number of aeromagnetic targets and sedimentary horizons have been identified for follow up investigation (Figure 4).
- Iron Oxide Copper Gold (“IOCG”) mineralization:* The Musgrave Complex, being on the margins of a triple point junction of three major continental blocks, is an ideal geological setting for IOCG Type deposits like that found at Olympic Dam. A number of gravity and aeromagnetic features, which are characteristic features of this style of mineralisation, have been highlighted within the tenements.
- Orogenic gold mineralisation:* The presence of large deep seated structures and a cauldron subsidence structure offer good potential for the discovery of gold. Hydrothermal fluid migration along the conduit structures provide scope for gold mineralisation to precipitate and concentrate in favorable structural traps and/or with reactive host rocks.

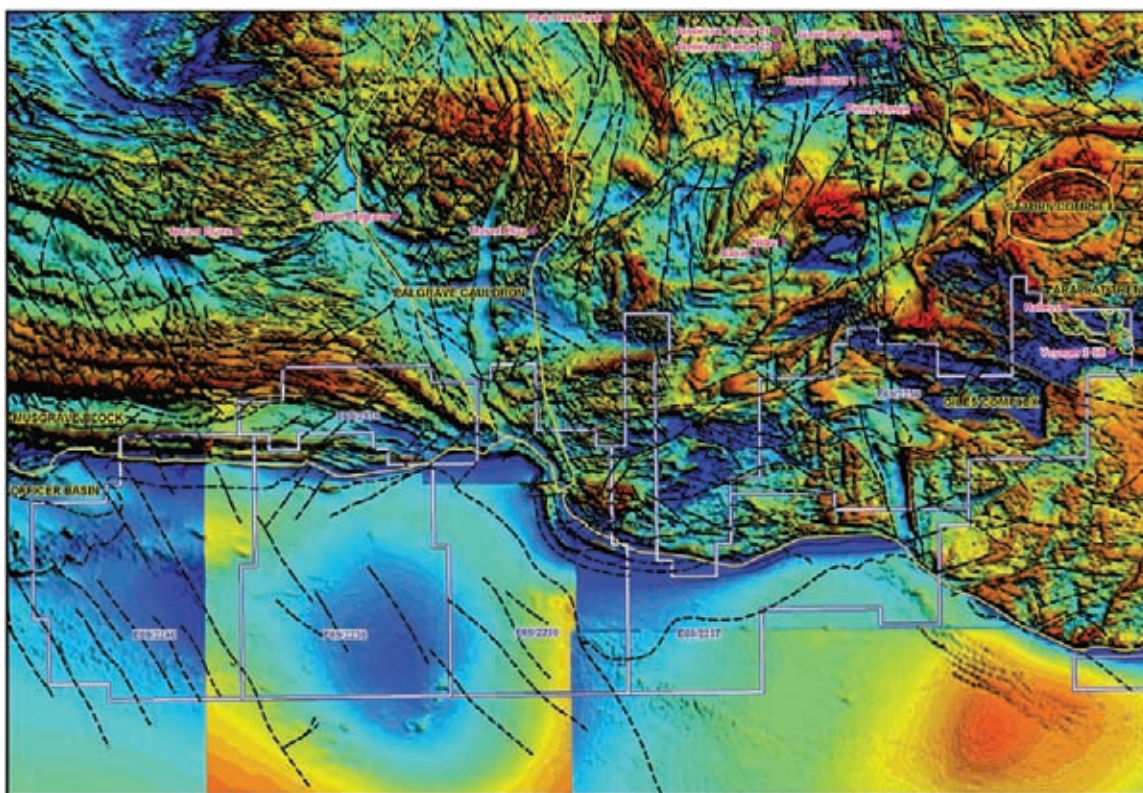


Figure 4. Aeromagnetic image of the Musgrave and Office Basin contact and structures

A key exploration strategy being adopted for our work programs is the widespread use of multi-element geochemical surveys. Multi-element geochemistry applied on a methodical basis enables rapid progress in one sweep for multiple target styles. Achieving an early focus on key target areas is an important component of managing both the financial and practical considerations of a project of this size in such a remote location. Geochemistry is a technique that has had demonstrated success in the area (Babel Nebo was a geochemical discovery) whereas much of the previous exploration work was limited to airborne geophysical surveys because of the areas remoteness and the poor relationships with the Traditional Owners..

Our own good standing and relationship with the Traditional Owners is an important consideration and I am very pleased to say we have got off to a good footing on this score and we look forward to a long and mutually rewarding association. I take this opportunity to thank the Traditional Owners for their willingness for us to come onto their lands and to the Ngaanyatjarra Council members for facilitating this outcome.

I look forward to reporting the result of our first rounds of exploration activity in the months to come.

The Ravensthorpe Nickel Project

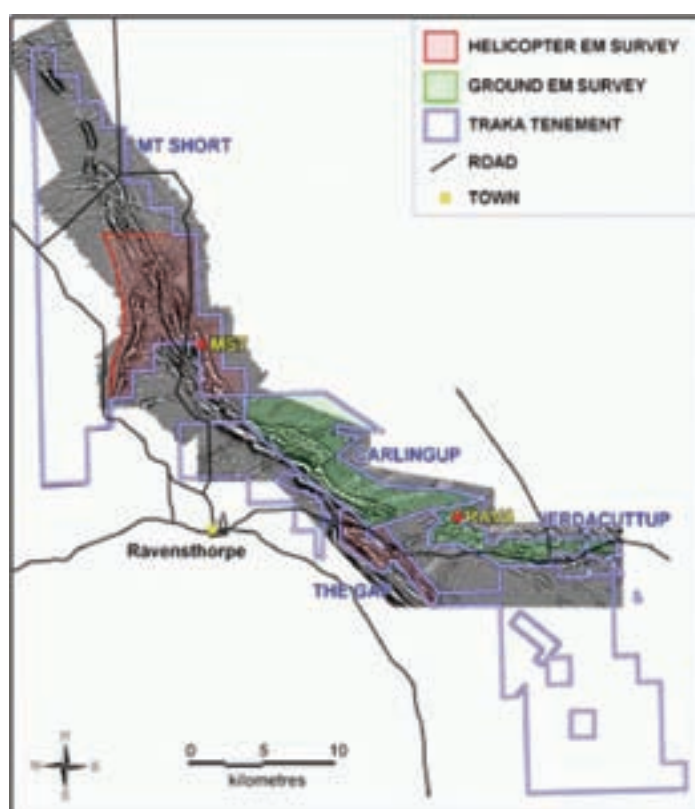


Figure 5. EM surveys completed on the Ravensthorpe Nickel Project.

Our Joint Venture partner the Independence Group Ltd (“IGO”) continues to explore and manage this project and are now three years into the task. IGO have the Option of initially acquiring 51% equity in this project by the aggregate expenditure of \$6.5 million by December 2009. IGO interests exclude the rights to iron ore, pyrite and laterite nickel; the latter rights being held by BHP Billiton who recently commissioned the \$3 billion Ravensthorpe Laterite Nickel Project. In the event that BHP Billiton was to exploit any laterite nickel within Traka’s tenements the Company would benefit from royalty payments.

The principal thrust of IGO’s exploration effort this year was the completion of very comprehensive and systematic electromagnetic (“EM”) surveys. Some of the EM work was ground based and some helicopter borne (Figure 5). In combination these surveys have now entirely covered the prospective nickel belt at Ravensthorpe. Numerous anomalies have been generated, some of which have already been drill tested, but there are still many that need to be assessed. An EM anomaly can unfortunately be generated by a number of different naturally occurring electrical conductors, other than nickel bearing sulphides and, this being the case, a fair degree of follow up investigation

is required on each anomaly. The geological setting, the nature of the regolith, the depth to ground water and the coincidence of the EM anomaly with other favourable indicators, like a coincident geochemical anomaly, are all taken into account to rank the target. Only a selection of the better ranked anomalies are tested.

In the Jerdacuttup area near the RAV 4 and RAV 4 West prospects IGO used their propriety High Powered EM system to test the down dip potential of the known nickel mineralisation. During the course of this survey the EM response was affected by a surface conductivity response but it was nevertheless concluded that if a large nickel sulphide body was present it should have been detected. Prior to this particular EM survey being undertaken a Scoping Study was completed to investigate the possibility of mining the shallow low-grade nickel mineralisation located at RAV 1, RAV 4 and RAV West. The study concluded that the project would have marginal economics at the projected long term nickel prices. This being the case and in consideration of the poor EM response at depth no further work was considered to be merited and exploration efforts turned to other targets.

In the Carlingup Area, one of the EM anomalies picked up by the helicopter borne EM surveys was found to coincide with some old ground EM targets and a good coincident multi-element soil geochemical anomaly. This anomaly, called MS7, was tested with a single diamond drill hole. A narrow massive sulphide intersection was made at the predicted distance down hole, attesting to the accuracy and effectiveness of the EM survey, but unfortunately there were only low levels of nickel mineralisation.

Exploration work currently underway at Ravensthorpe is focused on accessing five

EM anomalies in the Gap Area. Geological mapping and geochemical sampling of these targets will determine the ongoing nature of follow-up work. The geological setting of the Gap Area, where there are a number of favorable ultramafic units, is similar to that seen in the Carlingup Area. The rugged topography and thick vegetation in the Gap makes it particularly difficult to assess but it also means it has had a lot less attention over the years. Hopefully IGO's persistence in this difficult area will lead to the success we are looking for.

The Ravensthorpe Pyrite Project

This project was until recently referred to as the "Ravensthorpe Iron Ore Project" but during the course of the year our focus has been redirected. It was recognized that the near surface high grade haematitic iron samples in our early drill holes were formed over massive sulphide pyrite

bodies. Given the recent substantial price increase in sulphuric acid and elemental sulphur, which can be derived from pyrite, it became clear that the underlying pyrite provided a better opportunity.

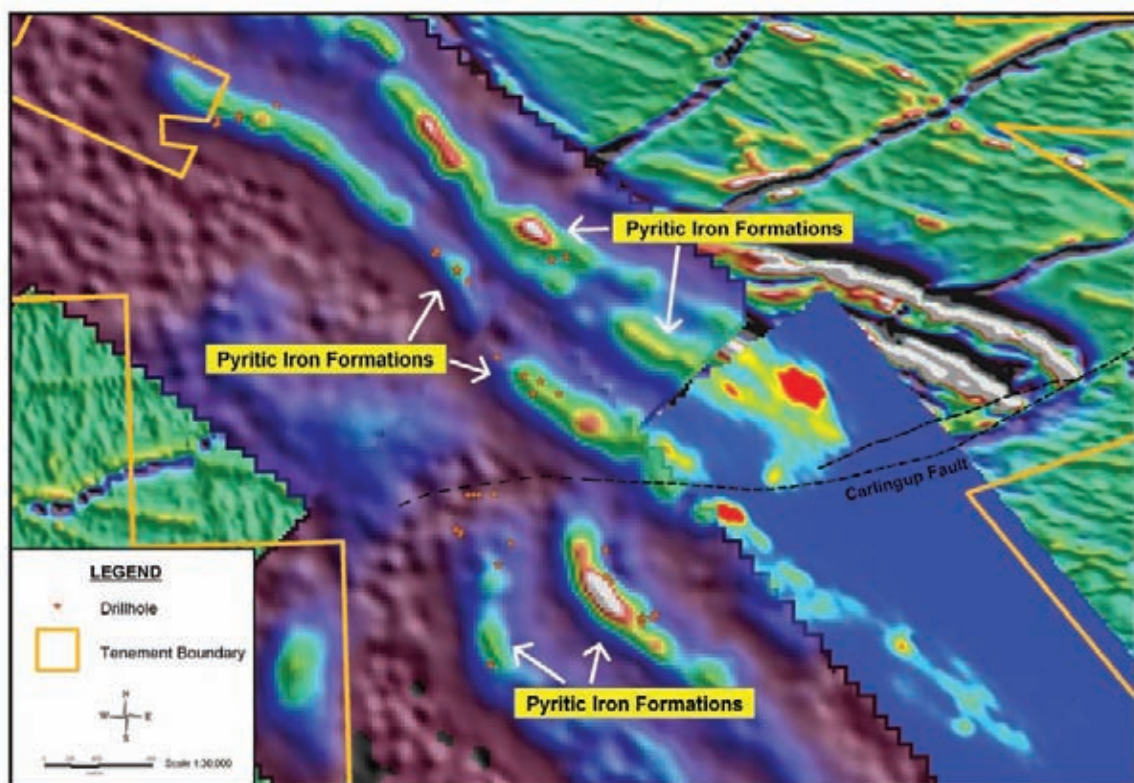


Figure 6. Pyritic iron formations in The Gap area of Traka and Galaxy's tenements

Geological and geophysical surveys completed in The Gap Area have highlighted the presence of pyrite bearing stratigraphic horizons that strike over 6 kilometres strike length within the tenements held by Traka and our Exploration Alliance partner Galaxy Resources NL ("Galaxy"). Drilling completed by Traka a few years ago and old generation wide spaced scout

type drilling completed by Galaxy indicates that the massive pyrite portions of these formations are 20 to 30 metres thick (Figure 6). Given the apparent substantial dimensions of the pyritic horizons there is obviously scope to define considerable tonnage of massive pyrite mineralisation possibly large enough to support economic exploitation.

The encouragement received to this point led to a study being undertaken in conjunction with Galaxy to identify the primary considerations for an operation which exploits pyrite for the production of elemental sulphur and/or sulphuric acid. The study was based on an operation which would utilize well established technology already in use in countless operations around the world. The study results were strongly positive based on the very high current prices. This is perhaps not so surprising but with a more conservative

longer term outlook an encouraging outcome was still achieved although it was clear that the capital development costs of project like this would be high.

The next logical steps are to establish a greater degree of confidence in the pyrite resource and to advance the study to pre-feasibility level. Traka is now consulting with Galaxy on how to fund and carry out these steps and I hope to be able to report on these developments in the near future.

The Lort River Project

The two exploration licences comprising the Lort River Project are still in the application stage and as a consequence investigative work has primarily comprised desk top research and compilation of data. These tenements were pegged for their gold potential within the geological feature known shown as the Mobile

Belt Collision Zone (Figure 7) and for uranium potential within palaeochannel lignite.

The Mobile Belt demarcates the contact zone between the Archean aged Yilgarn Craton to the west and the Proterozoic aged Fraser Range rocks to the east. This contact zone has

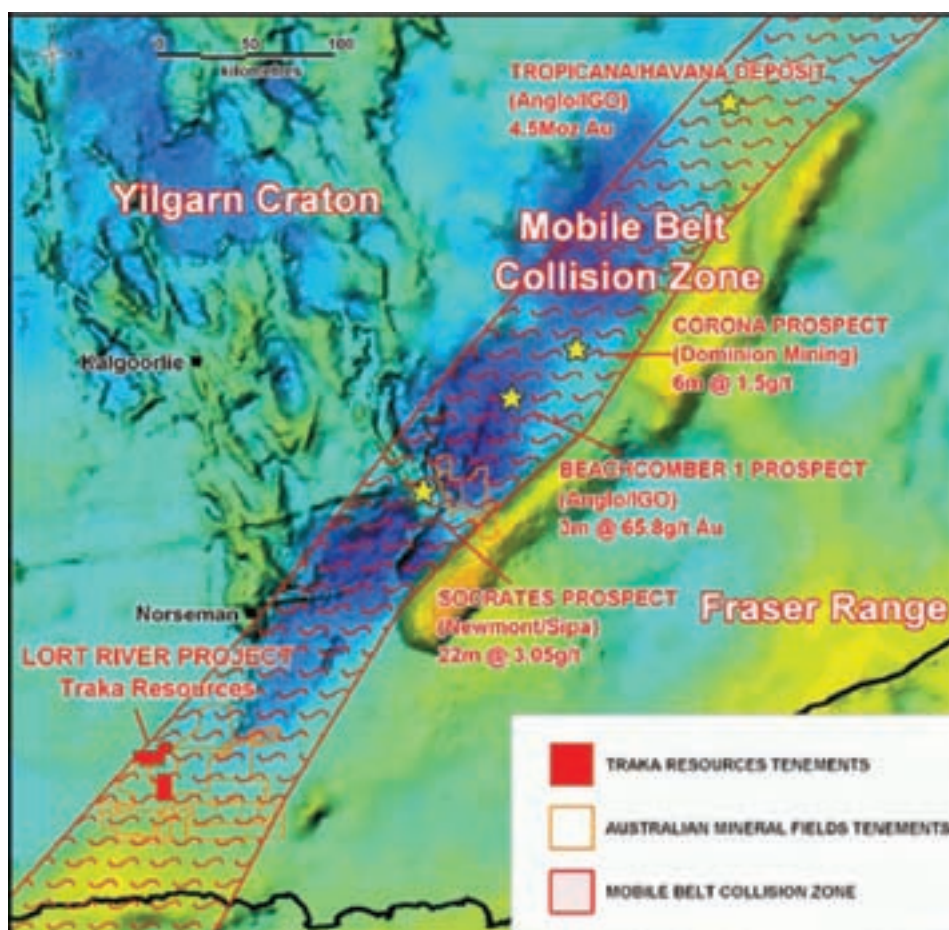


Figure 7. Lort River Project regional tectonic setting.

recently attracted great attention because of the discovery within the zone of several gold deposits including the Tropicana Gold Deposit.

Recent geochemical sampling results by Australian Mineral Fields Ltd (“AMF”) immediately adjacent to the Company’s tenements at Lort River have highlighted the fact that at our southern most tenement sits within a broad gold anomaly (Figure 8 and 9). This is obviously very encouraging and provides us with a very clear focus of exploration work once the tenements are granted.

With respect to the lignite potential at Lort River it appears as if the northern tenement may overlie extensions of the Sullivans lignite deposit within the Gilmore Palaeochannel. This deposit is being investigated by Spitfire Oil Ltd primarily for its kerogen potential as a source of fuel oil. The lignite occurs as a 20 to 22 metre thick seam at about 20 metres depth.

Traka will start exploration work as soon as the licences are granted and will focus initially on the gold potential although we will continue to monitor the progress of lignite evaluation work in the region.

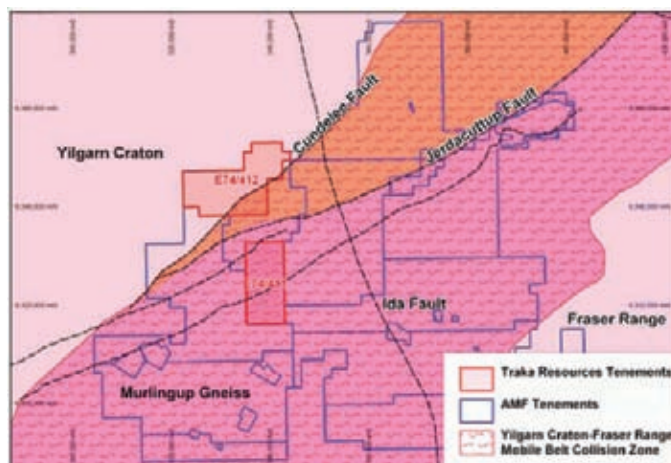


Figure 8 Lort River Project Geology

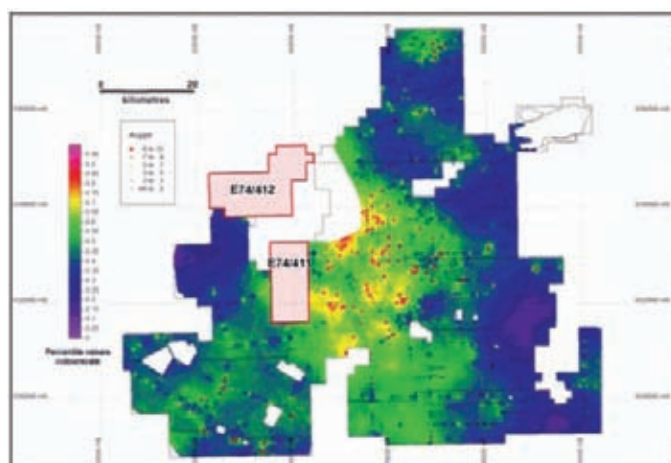


Figure 9. Lort River - AMF gold in soil anomalism extending into Traka ground

Concluding comments

Traka has encountered long lead times in obtaining access and commencing exploration on several of its projects in Western Australia. With access now clear to exploration in the Musgraves and other administrative hurdles being cleared on other projects the Company is prepared for significant exploration programmes and the resulting flow of exploration results.

As previously stated Traka will seek to fund high risk/cost exploration activity by seeking joint ventures whilst endeavouring to retain management of the exploration phase –

this is what we are good at. This strategy not only conserves our own funds and exposes others to the higher risk phase of exploration but also leads to the buildup of inter company relationships which are most useful at development.

Traka will also concentrate on new project generation with the aim of ensuring that the overall value of the Company’s portfolio and the exposure we get to new discoveries continue to expand.

Schedule of Tenements

Tenement Type	Tenement Number	Project	Registered Holder	Traka % Interest
ELA	74/0411	Lort River	Traka Resources Ltd	100%
ELA	74/0412	Lort River	Traka Resources Ltd	100%
ELA	69/2236	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2237	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2238	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2239	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2240	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2312	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2378	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2403	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2411	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2448	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2449	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2452	Mt Blyth	Traka Resources Ltd	100%
ELA	69/2493	Mt Blyth	Traka Resources Ltd	100%
EL	74/0073	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0144	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0209	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0332	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0378	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0379	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0380	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0381	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0386	Ravensthorpe	Traka Resources Ltd	100%
EL	74/0400	Ravensthorpe	Vistarise Ltd	Earning up to 100%
EL	74/0401	Ravensthorpe	Traka Resources Ltd	100%
ELA	74/0408	Hopetoun	Traka Resources Ltd	100%
ML	74/0082	Ravensthorpe	Traka Resources Ltd	100%
ML	74/0083	Ravensthorpe	Traka Resources Ltd	100%
ML	74/0084	Ravensthorpe	Traka Resources Ltd	100%
ML	74/0085	Ravensthorpe	Traka Resources Ltd	100%
ML	74/0105	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0106	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0130	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0204	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0215	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0216	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0217	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0218	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0223	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0224	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0225	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0226	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0227	Ravensthorpe	Traka Resources Ltd	100%

Schedule of Tenements

Tenement Type	Tenement Number	Project	Registered Holder	Traka % Interest
MLA	74/0228	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0229	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0230	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0231	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0232	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0233	Ravensthorpe	Traka Resources Ltd	100%
MLA	74/0234	Ravensthorpe	Traka Resources Ltd	100%
PLA	74/0253	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0262	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0263	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0264	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0265	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0266	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0267	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0268	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0269	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0270	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0271	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0272	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0273	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0274	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0275	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0279	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0280	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0281	Ravensthorpe	K H Piper	100%
PL	74/0293	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0294	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0295	Ravensthorpe	K H Piper	90%
PL	74/0296	Ravensthorpe	J H Kelly	90%
PL	74/0297	Ravensthorpe	J H Kelly	90%
PL	74/0298	Ravensthorpe	K H Piper	90%
PLA	74/0299	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0307	Ravensthorpe	Vistarise Ltd	Earning up to 100%
PL	74/0308	Ravensthorpe	Vistarise Ltd	Earning up to 100%
PL	74/0309	Ravensthorpe	Traka Resources Ltd	100%
PL	74/0310	Ravensthorpe	Traka Resources Ltd	100%

EL
ML
PL

Exploration Licence
Mining Licence
Prospecting Licence

ELA
MLA
PLA

Exploration Licence Application
Mining Licence Application
Prospecting Licence Application

Directors' Report

For the year ended 30 June 2008

Your Directors present their report on Traka Resources Limited ("Traka" or the "Company") for the year ended 30 June 2008.

DIRECTORS

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

Neil Tomkinson

Patrick Verbeek

George Petersons

Joshua Pitt

PRINCIPAL ACTIVITIES

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

DIVIDENDS

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

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

The Company made a net loss for the financial year of \$902,624 (2007: \$588,458).

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

The Musgrave Project (Traka 100%)

This project comprises 13 exploration licence applications in the Musgrave region of Western Australia. Access Agreements on 5 of the 13 tenements have recently been finalised with the Aboriginal Owners and Ngaanyatjarra Council which will enable the tenements to be granted and exploration activity to begin. The tenements are prospective for platinum group metals, base metals and gold. Exploration activity will in the first instance predominantly comprise geological mapping and geochemical sampling surveys.

The Ravensthorpe Nickel Project (The Independence Group earning 51% excluding Iron Ore, Pyrite and Laterite Nickel)

The Company's interests in the Ravensthorpe Nickel Project are subject to a joint venture with the Independence Group NL ("IGO"). IGO are able to earn 51% by total expenditure of \$6.5 million dollars by 31 December 2009.

During the year IGO completed a comprehensive electromagnetic survey ("EM") of the project and began methodical evaluation of the results to rank the numerous anomalies that were generated. This work is ongoing. One distinct anomaly discovery early in the work program, called the MS7 target, was drill tested with a single diamond drill hole. A narrow low grade nickel massive sulphide zone was intersected that accounted for the EM anomaly.

IGO are currently concentrating their exploration efforts in The Gap area of the project.

Directors' Report

For the year ended 30 June 2008

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

The Ravensthorpe Pyrite Project (Traka 100%)

This project developed from the company's initial interests in evaluating the Iron Ore potential at Ravensthorpe. The change in emphasis developed when it was found that much of the near surface high grade iron ore samples overlay pyrite at depth. The possibility of there being a substantial resource of pyrite combined with the recent market increase in the price of elemental sulphur and sulphuric acid (produced from pyrite) has led to the start of an evaluation to exploit the pyrite. The results of a brief study indicated that a development utilising conventional technology was theoretically feasible but the capital costs were relatively high and the long term price of elemental sulphur and sulphuric acid was an important consideration. Various options are currently being considered to advance this project.

The Lort River Project (Traka 100%)

This project comprises two exploration licence applications in the Lort River area for gold and lignite. Preliminary appraisal and data collation work indicates that at least one of these tenements is within a broad gold soil geochemical anomaly first identified by neighbouring tenement holders. The lignite potential is as yet unknown and can only be evaluated once the tenements are granted.

The Ravensthorpe Gold Project (Traka 100%)

Narrow small high grade gold resources occur within this project which currently does not appear to offer sufficient scope for economic exploitation as a standalone operation. Opportunities to advance this project in another fashion will continue to be sought.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

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

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.

Directors' Report

For the year ended 30 June 2008

INFORMATION RELATING TO DIRECTORS

Chairman

Neil Tomkinson LLB

Mr Tomkinson has extensive experience over the last 28 years in the administration of and investment in exploration and mining companies. Mr Tomkinson is the non-executive chairman of Hampton Hill Mining NL (appointed January 1997) and of Red Hill Iron Limited (appointed April 2008) and is a non-executive director of Pan Pacific Petroleum NL (appointed June 2006). Mr Tomkinson is also an investor in private mineral exploration and in resources in general in Australia.

Managing Director

Patrick Verbeek BSc, AusIMM

Patrick Verbeek is a geologist with over 27 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

George Petersons

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

Joshua Pitt BSc, MAusIMM

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

INFORMATION RELATING TO COMPANY SECRETARY

Peter Campbell Rutledge BSc, CA, FFin

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

Directors' Report

For the year ended 30 June 2008

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

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

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

DIRECTORS' MEETINGS

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

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

Directors' Report

For the year ended 30 June 2008

AUDITED REMUNERATION REPORT

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

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

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

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

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

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

Non-executive Directors

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

Executives

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

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

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

Directors' Report

For the year ended 30 June 2008

AUDITED REMUNERATION REPORT (continued)

(B) Details of Remuneration

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

2008					
	Short Term Salary & fees	Post Employment Superannuation	Share Based Payment Options	Total	Value of options as proportion of remuneration
	\$	\$	\$	\$	\$
Non-executive Directors					
N Tomkinson	20,000	1,800	-	21,800	-
J N Pitt	20,000	1,800	-	21,800	-
G J Petersons	20,000	1,800	-	21,800	-
Managing Director					
P A Verbeek	226,667	-	-	226,667	-
	286,667	5,400		292,067	-
Other specified executives					
P C Rutledge	36,000	-	-	36,000	-
	36,000	-	-	36,000	-

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

Directors' Report

For the year ended 30 June 2008

AUDITED REMUNERATION REPORT (continued)

2007

	Short Term Salary & fees	Post Employment Superannuation	Share Based Payment Options	Total	Value of options as proportion of remuneration
	\$	\$	\$	\$	\$
Non-executive Directors					
N Tomkinson	20,000	1,800	-	21,800	-
J N Pitt	20,000	1,800	-	21,800	-
G J Petersons	20,000	1,800	-	21,800	-
Managing Director					
P A Verbeek	200,000	-	133,333	333,333	39.94%
	260,000	5,400	133,333	398,733	-
Other specified executives					
D J Kelly	10,510	-	-	10,510	-
P C Rutledge	28,500	-	-	28,500	-
	39,010	-	-	39,010	-

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

(C) Service Agreements

Managing Director

The Company entered into a consultancy agreement with Malahang Pty Ltd on 14 October 2003 ("Malahang Agreement"). In accordance with the terms of the Malahang Agreement, Malahang agreed to provide the services of its employee, Patrick Verbeek, to undertake all functions, duties, roles and authorities which the Company would require of a person engaged as Managing Director of the Company on a full time basis. The Malahang Agreement commenced on 20 November 2003 with an initial term of 2 years and was extended for a further term of 2 years at the consultant's election. Following the expiry of the second term in November 2007 the Company extended the term of the Malahang Agreement for a further 2 years. The current level of remuneration in terms of this agreement is set at \$240,000 (including compensation for the provision of a 4 wheel drive vehicle) (2007: \$200,000 + reimbursement for vehicle expenses). There are no termination arrangements in respect of Mr Verbeek's engagement other than the expectation that Malahang would receive 3 months' fees in the event of his services being terminated by the Company.

Directors' Report

For the year ended 30 June 2008

AUDITED REMUNERATION REPORT (continued)

(C) Service Agreements (continued)

Company Secretary

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

(D) Share-based compensation

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

No options were issued to directors or other specified executives during the year ended 30 June 2008.

(E) Additional information

Share-based compensation: Options

No remuneration options were granted during the financial year.

Shares provided on exercise of remuneration options

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

This is the end of the audited remuneration report.

Directors' Report

For the year ended 30 June 2008

SHARES UNDER OPTION

The number of options on issue is:

Date option granted	Expiry date	Issue price of shares	Number under options
10 October 2003	10 October 2008	35 cents	2,000,000
5 February 2005	31 December 2009	20 cents	50,000
29 November 2005	29 November 2010	20 cents	1,000,000
28 December 2006	28 December 2011	20 cents	1,000,000
6 April 2007	6 April 2012	25 cents	200,000

SHARES ISSUED ON EXERCISE OF OPTIONS

No options were exercised during the financial year ended 30 June 2008.

INSURANCE OF OFFICERS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

The following non-audit services were provided by the company's auditor BDO Kendalls Audit & Assurance (WA) Pty Ltd or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the Company or jointly sharing economic risk and rewards.

Fees paid to related entities of BDO Kendalls Audit & Assurance (WA) Pty Ltd:

BDO Kendalls Corporate Tax (WA) Pty Ltd for taxation services \$nil (2007: \$8,700)

Directors' Report

For the year ended 30 June 2008

AUDITOR

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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



NEIL TOMKINSON

Chairman

Dated this 18th day of September 2008

Corporate Governance Statement

For the year ended 30 June 2008

Traka Resources Limited ("Traka") is a small listed company with an uncomplicated corporate structure and relatively simple financial and management control requirements. Governance arrangements are based on the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX Corporate Governance Council. The Company has adopted those of the Best Practice Recommendations which its board of Directors "the Board" considers to be appropriate to safeguard shareholder assets and efficiently manage the business, taking into account the size of the Company and the inherent and well understood high risk nature of the exploration industry.

In August 2007 the ASX Corporate Governance Council released the second edition of the Corporate Governance Principles and Recommendations ("Revised Principles"). Listed entities are required to report in accordance with these Revised Principles in the first financial year commencing on or after 1 January 2008. Consequently the Company will report in accordance with the Revised Principles for the financial year ending 30 June 2009.

The following statement, which is current at the date of the 2008 Directors' Report, outlines the Corporate Governance measures adopted by the Company and the extent to which the Company has followed the Best Practice Recommendations during the financial year ended 30 June 2008.

MANAGEMENT AND OVERSIGHT

Objectives of the Board

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

Board Responsibility

The Board concentrates Traka on the investigation of exploration opportunities in the mineral resource business which are judged to have the potential for success without exposing the Company to undue risk by establishing and maintaining adequate management control through monitoring systems which include:

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

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

Corporate Governance Statement

For the year ended 30 June 2008

MANAGEMENT AND OVERSIGHT (continued)

Materiality

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

- (a) Quantitative materiality
All statement of financial position and statement of financial performance items are material.
- (b) Qualitative materiality
 - (i) any matters which impact on the reputation of Traka and/or its Board;
 - (ii) any activities of the Company, its joint venturers, employees or contractors which may involve a breach of legislation or are in the Board's view outside the ordinary course of its business;
 - (iii) any matter which might negatively affect Traka's rights to its assets;
 - (iv) any activity of the Company its joint venturers, employees or contractors which has the capacity to involve a contingent liability that would in the Board's view have a potential material effect on the Company's statement of financial position or a similar effect on one or more statement of financial performance items.
- (c) Materiality in Contracts
Traka is a relatively small company and its Directors consider most contracts entered into by the Company to be material. With the exception of day to day agreements the responsibility for which fall upon the Managing Director, all Contracts are subjected to review by the Board.

BOARD OF DIRECTORS

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

Independent Directors

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

The Chairman

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

The Managing Director

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

Corporate Governance Statement

For the year ended 30 June 2008

BOARD OF DIRECTORS (continued)

Nomination for board positions

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

Independent professional advice

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

ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

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

Policy on share trading

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

INTEGRITY IN FINANCIAL REPORTING

Financial Reports

The Managing Director and the Company Secretary (as the nearest equivalent to Chief Financial Officer) are required to confirm in writing to the Board that the Company's annual financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee

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

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

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

TIMELY & BALANCED DISCLOSURE

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

Corporate Governance Statement

For the year ended 30 June 2008

COMMUNICATION WITH AND PARTICIPATION OF SHAREHOLDERS

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

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

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

RISK MANAGEMENT

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

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

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

Whilst high priority is given to the management of risk in the Company, current and potential investors are reminded that Traka is a company engaged in exploration activities which by their very nature are high risk and if successful may give rise to high rewards.

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

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

REMUNERATION OF DIRECTORS AND EXECUTIVES

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

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

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

Corporate Governance Statement

For the year ended 30 June 2008

CORPORATE CODE OF CONDUCT AND OBJECTIVES

Traka is committed to:

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

Corporate Responsibility

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

Employment

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

Third Parties

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

Conflict of Interest

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

Breach of Corporate Governance

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

Review of Rules of Corporate Governance

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

Income Statement

For the year ended 30 June 2008

	Notes	2008 \$	2007 \$
Revenue from continuing operations	4	174,943	83,094
Exploration and evaluation expenditure	10	(489,720)	(33,963)
Administration expenses	5	(587,847)	(637,589)
Loss before income tax		(902,624)	(588,458)
Income tax expense	6	-	-
Loss attributable to the ordinary equity holders of the Company		(902,624)	(588,458)
Loss per share for loss attributable to the ordinary equity holders of the Company		cents	cents
Basic and diluted loss per share (cents)	23	(2.02)	(1.48)

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

Balance Sheet

For the year ended 30 June 2008

	Notes	2008 \$	2007 \$
Current Assets			
Cash and cash equivalents	7	1,090,623	2,086,566
Trade and other receivables	8	27,341	31,086
Total current assets		1,117,964	2,117,652
Non-current assets			
Plant and equipment	9	142,790	22,730
Total non-current assets		142,790	22,730
Total assets		1,260,754	2,140,382
Current liabilities			
Trade and other payables	11	65,322	41,354
Provisions	12	760	1,732
Total current liabilities		66,082	43,086
Total liabilities		66,082	43,086
Net assets		1,194,672	2,097,296
Equity			
Issued capital	13	6,421,879	6,421,879
Reserves	14	212,680	212,680
Accumulated losses		(5,439,887)	(4,537,263)
Total equity		1,194,672	2,097,296

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

Statement of Changes in Equity

For the year ended 30 June 2008

	Issued Capital	Share based payments reserve	Accumulated losses	Total Equity
Balance at 1 July 2006	4,419,760	36,400	(3,948,805)	507,355
Net loss for the year	-	-	(588,458)	(588,458)
Total recognised income and expense for the year	-	-	(588,458)	(588,458)
Transactions with equity holders in their capacity as equity holders:				
Issue of ordinary fully paid shares	2,002,119	-	-	2,002,119
Equity settled share based payment transactions	-	176,280	-	176,280
Balance at 30 June 2007	6,421,879	212,680	(4,537,263)	2,097,296
Balance at 1 July 2007	6,421,879	212,680	(4,537,263)	2,097,296
Net loss for the year	-	-	(902,624)	(902,624)
Total recognised income and expense for the year	-	-	(902,624)	(902,624)
Transactions with equity holders in their capacity as equity holders:				
Issue of ordinary fully paid shares	-	-	-	-
Equity settled share based payment transactions	-	-	-	-
Balance at 30 June 2008	6,421,879	212,680	(5,439,887)	1,194,672

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

Cash Flow Statement

For the year ended 30 June 2008

	Notes	2008 \$	2007 \$
Cash flows from operating activities			
Interest received		105,539	83,094
Receipts from sublease of premises		64,712	57,860
Payments to suppliers and employees (incl GST)		(525,230)	(491,186)
Payments for exploration activities		(531,897)	(132,545)
Recovery of exploration expenditure		44,819	236,102
Net cash outflow from operating activities	22	(842,057)	(246,675)
Cash flows from investing activities			
Payments for plant & equipment		(153,886)	(15,767)
Net cash outflow from investing activities		(153,886)	(15,767)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,002,119
Net cash inflow from financing activities		-	2,002,119
Net (decrease)/increase in cash and cash equivalents held		(995,943)	1,739,677
Cash and cash equivalents at the beginning of the financial year		2,086,566	346,889
Cash and cash equivalents at the end of the financial year	7	1,090,623	2,086,566

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of Preparation

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

Compliance with IFRS

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

Reporting basis and conventions

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

Critical accounting estimates and judgements

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

Key Estimates — Impairment

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

(b) Segment Reporting

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

(c) Revenue Recognition

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

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

Other revenue is recognised as it accrues.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income Tax

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

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

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

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

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

(e) Impairment of assets

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

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

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

(f) Cash and cash equivalents

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

(g) Trade and other receivables

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

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Other financial assets and liabilities

Recognition

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

Loans and receivables

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

Financial liabilities

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

Impairment

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

(i) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Expenditure incurred during exploration and the early stages of evaluation of new areas of interest is written off as incurred.

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) **Plant & equipment**

Recognition and measurement

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

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:

Furniture and office equipment: 10% - 20%

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

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

(k) **Trade and other payables**

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

(l) **Employee benefits**

Wages and salaries and annual leave

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

Share based payments

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

(m) **Contributed equity**

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) **Loss per share**

Basic loss per share

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

Diluted loss per share

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

(o) **Joint Ventures**

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

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

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

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

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

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

Going concern

The Company incurred a loss for the year of \$902,624 (2007: \$588,458) and a net cash outflow from operating activities of \$842,057 (2007: \$246,675).

At 30 June 2008 the Company had cash assets of \$1,090,623 (2007: \$2,086,566) and working capital of \$1,051,882 (2007: \$2,074,566).

Whilst the Company has sufficient cash and assets to meet its ongoing exploration commitments and administration expenditure through to the end of the current financial year, the Directors recognise the need to raise additional funds to meet working capital requirements into the future. Based on known potential to raise the additional working capital, the Directors consider it appropriate that the finance report be prepared on a going concern basis.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretation

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

Reference	Affected Standard	Nature of change to accounting policy and impact on accounts	Application date *
AASB 8 (issued Feb 2007)	AASB 8 replaces AASB 114 Segment Reporting	As this is a disclosure standard, there will be no impact on amounts recognised in the financial statements. The amendments may have an impact on the Company's segment disclosures.	1 January 2009
AASB 101 (revised) (issued Sept 2007)	Amendments to AASB 101 Presentation of Financial Statements	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.	1 January 2009
AASB 2008-1 (issued Feb 2008)	Amendments to AASB 2 – Share Based Payments: Vesting Conditions and Cancellations	No impact because at reporting date the Company has not issued any options to employees that include non-vesting conditions.	1 January 2009
Amendments to International Financial Reporting Standards (IFRS)	Improvements to IFRSs	The Company has not yet determined the extent of the impact of the amendments, if any.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009
AASB 2008-5 (issued July 2008)	Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 and 1038)	Only the amendments to AASB 136 are applicable and there will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only.	1 January 2009

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 2. FINANCIAL RISK MANAGEMENT

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

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

Market risk

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

Bank deposits at call, amounting to \$225,000 (2007: \$225,000) mature within 30 days of balance date.

The weighted average rate of interest earned by the Company on its cash assets during the year was 6.42% (2007 1.84%)

The table below summarises the sensitivity of the Company's cash assets to interest rate risk. The Company has no interest rate risk associated with any of its other financial assets or liabilities.

Financial Assets	Weighted average carrying amount of cash asset	Effect of decrease or increase of interest rate on profit and equity of the Company			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
30 June 2008					
Cash and cash equivalents	1,653,694	-	-	-	-
Increase/(decrease)	-	(16,537)	(16,537)	16,537	16,537
30 June 2007					
Cash and cash equivalents	1,251,184	-	-	-	-
Increase/(decrease)	-	(12,512)	(12,512)	12,512	12,512

Liquidity Risk

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

Credit risk

The Company does not have any significant exposure to credit risk. The minimal exposure to credit risk that could arise is from having its cash assets all deposited at one bank. Whilst the risk of the bank failing is considered minimal, the Company manages this exposure by ensuring its funds are deposited only with a major bank with high security ratings.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 2. FINANCIAL RISK MANAGEMENT (continued)

	2008	2007
	\$	\$
<i>Exposure to Credit risk</i>		
Closing carrying amount of		
Cash & cash equivalents	1,090,623	2,086,566

Fair value estimates

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

Capital management risk

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

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

NOTE 3. SEGMENT INFORMATION

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

NOTE 4. REVENUE

Revenue from continuing operations

Interest received	106,124	83,094
Sundry income	68,819	-
Revenue from ordinary activities	174,943	83,094

Notes to the Financial Statements

For the year ended 30 June 2008

2008
\$

2007
\$

NOTE 5. EXPENSES

Loss before income tax includes the following specific administration expenses:

Personnel expenses

Salaries, superannuation and associated expenses	111,701	103,412
Share based payments	-	176,280

Depreciation	33,827	16,191
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Other Expenses

Management fee	186,600	147,617
Rental and rates (office, storage, parking)	87,223	42,973
Company secretarial and accounting	36,000	35,800
Insurance	25,302	20,116
Audit and tax	21,753	32,140
Communications	16,973	17,756
ASX fees	15,477	9,618
Other	52,991	35,686

587,847 637,589

NOTE 6. INCOME TAX

(a) Income tax expense	-	-
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(b) Loss from continuing operations before income tax	(902,624)	(588,458)
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Tax at the Australian tax rate of 30%	(270,787)	(176,537)
---------------------------------------	-----------	-----------

Tax effect of amounts that are not tax deductible (taxable) in calculating taxable income:

Employee share scheme	-	52,884
Deferred tax assets relating to tax losses and temporary differences not recognised	270,787	123,653

Income tax expense	-	-
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The franking account balance at year end was nil (2007: nil).

Notes to the Financial Statements

For the year ended 30 June 2008

2008
\$

2007
\$

NOTE 6. INCOME TAX (continued)

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

Deferred tax assets

Tax losses	1,654,806	1,370,320
Other temporary differences	16,505	34,153

Deferred tax liabilities

Other temporary differences	-	-
Net deferred tax assets	1,671,311	1,404,473

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

NOTE 7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and on hand	865,623	1,861,566
Deposits at call	225,000	225,000
Balance at 30 June 2007	1,090,623	2,086,566

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

NOTE 8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade creditors	4,440	15,093
Other creditors	22,901	15,093
	27,341	31,086

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

Notes to the Financial Statements

For the year ended 30 June 2008

2008	2007
\$	\$

NOTE 9. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

Plant and equipment at cost	228,587	74,701
Accumulated depreciation	(85,797)	(51,971)
	142,790	22,730

Reconciliations

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

Plant and equipment

Carrying amount at the beginning of the year	22,730	23,154
Additions	153,887	15,767
Depreciation expense	(33,827)	(16,191)
Carrying amount at the end of the year	142,790	22,730

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

Balance at the beginning of the year	-	-
Exploration and evaluation costs incurred during the financial year	489,720	33,963
Exploration and evaluation costs expensed during the financial year	(489,720)	(33,963)
Balance at the end of the year	-	-

NOTE 11. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade creditors and accruals	40,740	27,070
Employee entitlements	24,582	14,284
	65,322	41,354

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

Notes to the Financial Statements

For the year ended 30 June 2008

2008
\$

2007
\$

NOTE 12. CURRENT LIABILITIES – PROVISIONS

Employee entitlements	760	1,732
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NOTE 13. EQUITY – ISSUED CAPITAL

(a) Share capital

Fully paid ordinary shares – 44,782,202 (2007: 44,782,202)	6,421,879	6,421,879
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(b) Movements in ordinary share capital in the last 2 years

Date	Details	Number of Shares	Issue Price	\$
01 July 06	Balance	33,586,652	-	4,419,760
12 December 06	Pro-rata non-renounceable issue of ordinary shares on 1 for 3 basis	11,195,550	0.18	2,015,199
	Capital raising expense			(13,080)
30 June 07	Balance	44,782,202	-	6,421,879
	No movement	-	-	-
30 June 08	Balance	44,782,202	-	6,421,879

(c) Share Options

No. of Ordinary Shares Subject to Option	Expiry Date	Exercise Price
2,000,000	10 October 2008	35 cents
50,000	31 December 2009	20 cents
1,000,000	29 November 2010	20 cents
1,000,000	28 December 2011	20 cents
200,000	6 April 2012	25 cents

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 13. EQUITY – ISSUED CAPITAL (continued)

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

Date	Details	No. of Options	Exercise Price
01 July 06	Balance	3,050,000	-
28 December 06	Options issued	1,000,000	20 cents
06 April 07	Options issued	200,000	25 cents
30 June 07	Balance	4,250,000	-
	No movement	-	-
30 June 08	Balance	4,250,000	-

(e) *Ordinary shares*

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

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

2008	2007
\$	\$

NOTE 14. EQUITY – RESERVES

Share based payment reserve	212,680	212,680
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Nature and purpose of reserves

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

NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) *Key management personnel compensation*

Short term employee benefits	286,667	270,510
Post employment benefits	5,400	5,400
Share based payments	-	133,000
	292,067	408,910

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 forming part of this Annual Report.

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

Shareholdings

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

2008

	Balance 1 July 2007	Received as remuneration	Options exercised	Net changes other	Balance 30 June 2008
<i>Directors</i>					
N Tomkinson	3,766,299	-	-	47,348	3,813,647
P A Verbeek	1,916,666	-	-	-	1,916,666
J N Pitt	4,729,632	-	-	-	4,729,632
G J Petersons	1,750,000	-	-	-	1,750,000

2007

	Balance 1 July 2006	Received as remuneration	Options exercised	Net changes other	Balance 30 June 2007
<i>Directors</i>					
N Tomkinson	2,328,333	-	-	1,437,966	3,766,299
P A Verbeek	1,916,666	-	-	-	1,916,666
J N Pitt	2,886,193	-	-	1,843,439	4,729,632
G J Petersons	1,750,000	-	-	-	1,750,000

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the company is their combined holding of 8,543,279 shares (2007: 8,495,931 shares)

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 15. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

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

Option holdings

2008

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

2007

	Balance at the beginning of the year	Granted during year as compensation	Exercised during year	Balance at the end of the year	Vested and exercisable at the end of the year
<i>Directors</i>					
N Tomkinson	-	-	-	-	-
P A Verbeek	3,000,000	1,000,000	-	4,000,000	4,000,000
J N Pitt	-	-	-	-	-
G J Petersons	-	-	-	-	-

(c) *Loans to key management personnel*

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

(d) *Other transactions with key management personnel*

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 16. REMUNERATION OF AUDITORS

	2008	2007
	\$	\$
<i>Audit Services</i>		
Fees paid to BDO Kendalls Audit & Assurance (WA) Pty Ltd		
Amounts received, or due and receivable by the auditors for:		
- Auditing the financial reports of the company	19,101	14,303
<i>Taxation Services</i>		
Fees paid to BDO Kendalls Audit & Assurance (WA) Pty Ltd		
Amounts received, or due and receivable by the auditors for:		
- Tax compliance services including preparation of Company income tax returns	-	8,700
Total remuneration	19,101	23,003

NOTE 17. CONTINGENCIES

There are no contingent liabilities for termination benefits under service agreements with Directors or executives at 30 June 2008.

The Directors are not aware of any other contingent liabilities at 30 June 2008.

NOTE 18. COMMITMENTS

Lease commitments

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

Not later than one year	55,383	45,687
Later than one year but not later than five years	50,767	-
Later than five years	-	-
	106,150	45,687
Representing:		
Minimum lease payments in relation to non-cancellable operating leases	19,101	45,687

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 18. COMMITMENTS (continued)

Exploration tenements

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

	2008	2007
	\$	\$
Minimum estimated expenditure requirements	37,614	1,011,894

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

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	220,000	200,000
Later than one year but not later than five years	73,333	83,333
Later than five years	-	-
	293,333	283,333

NOTE 19. RELATED PARTY TRANSACTIONS

Directors of Traka Resources Limited during the financial year were:

Neil Tomkinson
Patrick Verbeek
George Petersons
Joshua Pitt

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

Other related party transactions

The Company has an agreement with Red Hill Iron Ltd ("Red Hill"), a company of which Mr Pitt and Mr Tomkinson are directors, whereby Red Hill rents office space from Traka on normal commercial terms and conditions. Amounts received from Red Hill totalled \$57,496 (2007: \$56,974).

The Company paid N Verbeek, daughter of the Company's Managing Director, \$45 for services as an office assistant.

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 20. INTERESTS IN JOINT VENTURES

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

Name of project	Interest	Activities	Other Parties
Ravensthorpe Nickel Project	100%	Nickel exploration	The Independence Group NL (earning 51%)

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

NOTE 21. EVENTS OCCURRING AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected, or may affect the operations of the entity, the results of those operations, or the state of affairs of the entity in financial years subsequent to the financial year ended 30 June 2008.

NOTE 22. CASH FLOW INFORMATION

	2008 \$	2007 \$
Reconciliation of operating loss after income tax to net cash used in operating activities:		
Operating loss after income tax	(902,624)	(588,458)
Depreciation	33,827	16,191
Non-cash employee benefit expense	-	176,280
Payments for exploration properties (investing cash flow)	-	-
(Increase)/decrease in receivables	4,120	147,986
(Decrease)/increase in payables and provisions	22,620	1,326
Net cash outflow from operating activities	(842,057)	(246,675)

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 23. LOSS PER SHARE

	2008	2007
	Cents	Cents
Basic and diluted loss per share	(2.02)	(1.48)
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 Income Statements	(902,624)	(588,458)
	No of Shares	No of Shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	44,782,202	39,738,053

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

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

NOTE 24. SHARE BASED PAYMENTS

Traka Resources Limited Employee Share Option Plan

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

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

Notes to the Financial Statements

For the year ended 30 June 2008

NOTE 25. SHARE BASED PAYMENTS (continued)

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

Grant date	Expiry date	Exercise price	Balance at start date	Granted during the year	Exercised during the year	Balance at end of year
			Number	Number	Number	Number
6 April 2007	6 April 2012	\$0.25	-	100,000	-	100,000
28 Dec 2006	28 Dec 2011	\$0.20	-	1,000,000	-	1,000,000
29 Nov 2005	29 Nov 2010	\$0.20	1,000,000	-	-	1,000,000
05 Feb 2005	31 Dec 2009	\$0.20	50,000	-	-	50,000
10 Oct 2003	10 Oct 2008	\$0.35	2,000,000	-	-	2,000,000
			3,050,000	1,100,000	-	4,150,000
Weighted average exercise price	-	-	\$0.30	\$0.20	-	\$0.27

No options expired during the periods covered by the above tables.

Share based payments to directors can be found in the directors' report.

There were no options granted during the year under the ESOP.

Directors' Declaration

For the year ended 30 June 2008

In the directors' opinion:

- (a) the financial statements and notes of the Company and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date ; and
 - (iii) The financial report also complies with International Financial Reporting Standards as disclosed in note 1 (a)
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (c) the remuneration disclosures included in the Director's Report (as part of the Remuneration Report) for the year ended 30 June 2008, comply with section 300A of the Corporations Act 2001.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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



NEIL TOMKINSON

Chairman

Dated the 18th day of September 2008

18 September 2008

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

Dear Sirs

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

As lead auditor of Traka Resources Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully



Peter Toll
Director



BDO Kendalls Audit & Assurance (WA) Pty Ltd

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

Report on the Financial Report

We have audited the accompanying financial report of Traka Resources Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

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

- (a) giving a true and fair view of the entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Going Concern

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Traka Resources Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls Audit & Assurance Pty Ltd.



Peter Toll
Director

Subiaco, Western Australia
Dated this 18th day of September 2008

ASX Additional Information

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set-up below as at 19 September 2008

SECURITY HOLDINGS

Substantial shareholders

The following substantial shareholders have lodged notices with the Company:

Holders	Ordinary shares	%
Wythenshawe Pty Ltd and Warrambo Holdings Pty Ltd	8,543,279	19.08
Tattersfield Securities	6,675,025	14.91

Class of shares and voting rights

There are 401 holders of ordinary shares in the Company.

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

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

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

There are options over 4,250,000 unissued ordinary shares. There are no voting rights attached to the unissued ordinary shares when the options have been exercised.

On-market buy-back

There is no current on-market buy-back.

Distribution of shareholders

Category	Number of holders	
	Ordinary shares	Options
1 – 1,000	16	0
1,001 – 5,000	31	0
5,001 – 10,000	47	0
10,001 – 100,000	230	3
100,001 +	77	1
	401	4

Unmarketable parcels

There are 54 holders holding less than a marketable parcel of ordinary shares.

ASX Additional Information

Unquoted securities

There are the following unquoted securities on issue:
4,250,000 options

Restricted Securities

There are no restricted securities

Twenty largest security holders

Holder name	Ordinary shares	
	Number	%
Tattersfield Securities Limited	6,675,025	14.91
Wythenshawe Pty Ltd	4,729,632	10.56
Warrambo Holdings Pty Ltd	3,813,647	8.52
G J Petersons	1,750,000	3.91
Malahang Pty Ltd	1,595,833	3.56
G D Riley and A M Riley <The Riley Super Fund A/c>	750,000	1.68
Yandal Investments Pty Ltd	650,000	1.45
Nalmor Pty Ltd <J C Chappell Super Fund A/c>	636,666	1.42
A Getz and R Getz <Super Fund A/c>	543,833	1.21
G F Pauley	490,000	1.09
G F Pauley and M J Pauley <Pauley Super Fund A/c>	458,444	1.02
Second Naremi Pty Ltd	450,000	1.00
J F G Phillips <J F G Phillips Family A/c>	400,000	.89
A Getz & R Getz	394,556	.88
Aiken & Associates Ltd	368,000	.82
Nattim Pty Ltd <Nattim Investment A/c>	366,666	.82
Malahang Pty Ltd <Patrick Verbeek Super Fund A/c>	320,833	.72
J F G Phillips	320,000	.72
Evalon Investments Pty Ltd	281,000	.63
D R Boothey	266,666	.60
Total	25,260,801	56.41

Other information

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

Notes

Notes



Annual Report 2008

Traka Resources Limited

ABN 63 103 323 173

