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**TRAKA RESOURCES LIMITED**

**ABN 63 103 323 173**

**FINANCIAL REPORT**

**30 JUNE 2021**

# **Directors' Report**

## **For the year ended 30 June 2021**

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

Your Directors present their report on Traka for the year ended 30 June 2021.

### **DIRECTORS**

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

Joshua Pitt

Patrick Verbeek

George Petersons

Neil Tomkinson (ceased on 30 October 2020)

### **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's focus this year has been the Mt Cattlin Gold Project. This followed an agreement with Galaxy Resources Ltd in July 2020, where Traka re-secured all metal rights (excluding lithium and tantalum) on the project. The pre-existing joint venture with Galaxy was dissolved and now Traka and Galaxy cooperate with separate exploration programs under the terms of the new agreement.

To fund the gold exploration on the Mt Cattlin Gold Project, Traka raised a total of \$2,236,000 (before costs) through the issue of 105,802,109 shares in both a placement to sophisticated investors and a 1:5 entitlement issue in August/September 2020. Subsequent to year end, a further 115,642,826 shares were issued in a placement and a share purchase plan, raising \$1,619,000 (before costs).

The Company currently has approximately \$1.8 million of cash reserves. Most of these funds will be used to undertake programs of work on the Mt Cattlin Gold Project. This work includes geophysical, geochemical and geological surveys as well as between 6000 and 8000 metres of RC and diamond drilling. The drilling has commenced and is targeted for completion in November.

The initial exploration results for the Mt Cattlin Gold Project are very encouraging. Numerous drill targets on small abandoned historic mines sites are present and drilling on two of these, the Maori Queen and Sirdar Mines, led to the definition of a JORC 2012 compliant Mineral Resource Estimate totalling 165,094 tonnes at 3.9 g/t Au (22,940 oz Au). These resources are defined to about 100 metres and remain open to depth. Other targets on similar narrow high-grade gold positions to that found at Maori Queen are present. Wide spaced drilling on a few of these positions has produced high grade intersections confirming the potential.

# **Directors' Report**

## **For the year ended 30 June 2021**

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

In addition to the potential recognised around the old mine positions, the current generation of exploration activity has highlighted the presence of a large porphyry intrusive complex which is prospective for copper and gold. This porphyry style of mineralisation is capable of hosting larger mineral occurrences than the vein hosted style seen at Maori Queen and Sirdar. A prospect called Revelation was the first of this style to be drilled, but a number of other positions with similar appearance to Revelation have been identified.

Very little activity has occurred outside of the that underway at Mt Cattlin. The Company's 100% interest in the Gorge Creek Project in north Queensland has effectively come to a halt because of COVID travel restrictions and the disruption in availability of contract services. With the onset of the 2021 wet season coming and COVID continuing to disrupt access, Gorge Creek is now being scheduled for follow-up work next year.

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

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

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

On 9 July 2021, the Company placed 71,428,571 fully paid ordinary shares with professional and sophisticated investors at a price of 1.4 cents per share to raise \$1,000,000 before costs.

On 10 August 2021, the Company issued a further 44,214,255 ordinary shares at 1.4 cents per share following a Share Purchase Plan to raise \$619,000 before costs.

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

### **ENVIRONMENTAL REGULATION**

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

# **Directors' Report**

## **For the year ended 30 June 2021**

### **INFORMATION RELATING TO DIRECTORS**

#### **Chairman – Non Executive**

Joshua Pitt BSc, MAusIMM, MAIG

Mr Pitt is a geologist with extensive exploration experience who has, for more than forty years, been a director of exploration and mining companies in Australia. Mr Pitt is involved in private mineral exploration and also in substantial resource investments. He was appointed a non-executive director of Traka in July 2003 and assumed the position of non-executive chairman in December 2019. He is the executive chairman of both Hampton Hill Mining NL (appointed a director in January 1997 and chairman in April 2012) and Red Hill Iron Limited (appointed a director in June 2005 and chairman in December 2019). He has held the position of non-executive director of Red Metal Limited since July 2003. Mr Pitt has held no other directorships of ASX listed companies during the last three financial years.

#### **Managing Director**

Patrick Verbeek BSc, MAusIMM

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

#### **Non Executive Director**

George Petersons

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

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

Peter Ruttledge BSc, CA, FFin

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

# Directors' Report

## For the year ended 30 June 2021

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

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

Director	Ordinary shares	Options over ordinary shares
J N Pitt	56,661,250	-
P A Verbeek	24,821,964	4,000,000
G J Petersons	2,325,331	-

### MEETINGS OF DIRECTORS

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

Director	Meetings of directors	Meetings attended
J N Pitt	19	19
N Tomkinson	11	11
P A Verbeek	19	19
G J Petersons	19	19

The Company does not have any subcommittees.

# Directors' Report

## For the year ended 30 June 2021

### AUDITED REMUNERATION REPORT

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

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

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

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

The remuneration framework has regard to shareholders' interests by:

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

The remuneration framework has regard to executives' interests by:

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

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

#### Non-executive directors

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

#### Executives

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

# Directors' Report

## For the year ended 30 June 2021

### AUDITED REMUNERATION REPORT (continued)

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

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

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

		2021	2020	2019	2018	2017
Revenue and other income	\$	16,833	275,258	21,677	28,849	201,515
Net loss	\$	1,705,258	862,658	1,412,947	1,265,290	765,952
Loss per share	Cents	0.35	0.22	0.42	0.41	0.30
Share price at year end	Cents	1.5	0.7	1.3	3.8	2.0

#### (b) Details of remuneration

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

		Short term benefits	Post employment benefits	Share based payments	Total	Performance related
	Year	Salary & fees	Superannuation	Options		
		\$	\$	\$	\$	%
<b>Non-executive directors</b>						
J N Pitt	2021	12,500	1,188	-	13,688	-
	2020	15,000	1,425	-	16,425	-
N Tomkinson	2021	3,333	317	-	3,650	-
	2020	15,000	1,425	-	16,425	-
G J Petersons	2021	12,500	1,188	-	13,688	-
	2020	15,000	1,425	-	16,425	-
<b>Managing director</b>						
P A Verbeek	2021	227,500	-	-	227,500	-
	2020	253,250	-	8,460	261,710	-
<b>Total</b>	<b>2021</b>	<b>255,833</b>	<b>2,693</b>	<b>-</b>	<b>258,526</b>	
	<b>2020</b>	<b>298,250</b>	<b>4,275</b>	<b>8,460</b>	<b>310,985</b>	

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

# Directors' Report

## For the year ended 30 June 2021

### AUDITED REMUNERATION REPORT (continued)

#### (c) Service agreements

##### Managing Director

The Company entered into a consultancy agreement with Malahang Pty Ltd (Malahang) on 14 Oct 2003 (Malahang Agreement). In accordance with the terms of the Malahang Agreement, Malahang agreed to provide the services of its employee, Patrick Verbeek, to undertake all functions, duties, roles and authorities which the Company would require of a person engaged as managing director of the Company on a full time basis. The Malahang Agreement commenced on 20 November 2003 with an initial term of 2 years and has been extended since for further terms of 1 or 2 years. Since November 2019 the Company has effectively renewed the Malahang Agreement on a month by month basis. The current level of remuneration in terms of this agreement is set at \$250,000 per annum. Mr Verbeek is reimbursed for the use of his four-wheel-drive motor vehicle on an as-claimed basis. There are no guaranteed fee increases fixed in the managing director's contract. There are no termination arrangements in respect of Mr Verbeek's engagement other than the expectation that Malahang would receive 3 months' fees in the event of his services being terminated by the Company.

#### (d) Share-based compensation

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

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

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

Grant date	Date vested and exercisable	Expiry date	Exercise price cents	Value per option at grant date	Number of options
17 Jul 2018	17 Jul 2018	16 Nov 2021	4.67	2.18 cents	2,000,000
29 Nov 2019	29 Nov 2019	28 Nov 2022	1.03	0.42 cents	2,000,000

No options were exercised or expired during the current year.



# Directors' Report

## For the year ended 30 June 2021

### AUDITED REMUNERATION REPORT (continued)

Details of the options in the Company provided as remuneration to key management personnel of the Company are set out below. Further information on options is set out in Note 19 to the financial statements.

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

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

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

	Balance at beginning of year	Acquired	Disposed	Other	Balance at end of year
J N Pitt	32,297,219	9,959,443	-	-	42,256,662
N Tomkinson	28,702,336	5,740,467	-	(34,442,803)	-
P A Verbeek	17,708,783	3,541,754	-	-	21,250,537
G J Petersons	1,937,776	387,555	-	-	2,325,331

Other changes relate to Mr Tomkinson ceasing to be a director during the year. No shares are held nominally.

### (f) Additional information

#### *Voting and comments at the Company's 2020 Annual General Meeting (AGM)*

The Company received a second "strike" on its remuneration report for the 2020 financial year. At a general meeting of shareholders ("spill meeting") held on 24 February 2021, all directors of the Company (other than the Managing Director) ceased to hold office immediately before the end of the spill meeting, and were subsequently re-elected as directors of the company with effect from the end of the meeting.

#### *Transactions with key management personnel*

During the financial year the Company paid \$10,200 (2020: \$10,200) to the PAV Unit Trust, a trust associated with Mr Verbeek, in respect of a storage unit for exploration equipment and documents. This rental agreement was entered into on normal commercial terms and conditions determined on an arm's-length basis between the entities.

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

# Directors' Report

## For the year ended 30 June 2021

### AUDITED REMUNERATION REPORT (continued)

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

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

The audited remuneration report ends here.

### SHARES UNDER OPTION

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

Grant date	Expiry date	Issue price of shares	Number under option	Percent vested
29 November 2019	28 November 2022	1.03 cents	2,000,000	100%
8 April 2019	4 April 2022	1.75 cents	650,000	100%
17 July 2018	16 November 2021	4.67 cents	2,000,000	100%

### INSURANCE OF OFFICERS

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

### PROCEEDINGS ON BEHALF OF THE COMPANY

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

### AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the board of directors. All matters that might properly be dealt with by such 33a committee are the subject of scrutiny at full board meetings.

### NON-AUDIT SERVICES

HLB Mann Judd (WA Partnership) (HLB), the Company's auditor, did not perform any non-audit services for the Company for the year ended 30 June 2021.

# Directors' Report

## For the year ended 30 June 2021

### AUDITOR'S INDEPENDENCE DECLARATION

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

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



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**JOSHUA PITT**

Chairman

Dated 13 September 2021

# Statement of Profit or Loss and Other Comprehensive Income

## For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from continuing operations	2	3,218	3,245
Other income	2	13,615	272,013
Exploration and evaluation expenditure	4	(1,272,675)	(654,629)
Administration expenses	3	(449,416)	(483,287)
Loss before income tax		(1,705,258)	(862,658)
Income tax expense	5	-	-
Loss for the year		(1,705,258)	(862,658)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		(1,705,258)	(862,658)
Loss per share attributable to the ordinary equity holders of the Company		Cents	Cents
Basic and diluted loss per share	6	(0.35)	(0.22)

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

# Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	7	596,840	120,010
Trade and other receivables	8	36,185	19,979
<b>Total current assets</b>		<b>633,025</b>	<b>139,989</b>
<b>Non-current assets</b>			
Plant and equipment	9	2,198	4,928
<b>Total non-current assets</b>		<b>2,198</b>	<b>4,928</b>
<b>Total assets</b>		<b>635,223</b>	<b>144,917</b>
<b>Current liabilities</b>			
Trade and other payables	10	104,628	40,123
Provisions	11	19,398	11,522
<b>Total current liabilities</b>		<b>124,026</b>	<b>51,645</b>
<b>Non-current liabilities</b>			
Provisions	11	-	2,652
<b>Total non-current liabilities</b>		<b>-</b>	<b>2,652</b>
<b>Total liabilities</b>		<b>124,026</b>	<b>54,297</b>
<b>Net assets</b>		<b>511,197</b>	<b>90,620</b>
<b>Equity</b>			
Issued capital	12	20,273,629	18,147,794
Reserves	13	856,568	856,568
Accumulated losses		(20,619,000)	(18,913,742)
<b>Total equity</b>		<b>511,197</b>	<b>90,620</b>

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

# Statement of Changes in Equity

## For the year ended 30 June 2021

	Issued capital	Share based payments reserve	Exercised option reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
<b>2021</b>					
As at 1 July 2020	18,147,794	738,415	118,153	(18,913,742)	90,620
Loss for the year	-	-	-	(1,705,258)	(1,705,258)
Total comprehensive loss for the year	-	-	-	(1,705,258)	(1,705,258)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	2,125,835	-	-	-	2,125,835
Exercise of share options, net of transaction costs	-	(1,906)	1,906	-	-
<b>As at 30 June 2021</b>	<b>20,273,629</b>	<b>736,509</b>	<b>120,059</b>	<b>(20,619,000)</b>	<b>511,197</b>
<b>2020</b>					
As at 1 July 2019	17,793,396	729,955	118,153	(18,051,084)	590,420
Loss for the year	-	-	-	(862,658)	(862,658)
Total comprehensive loss for the year	-	-	-	(862,658)	(862,658)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares, net of transaction costs	354,398	-	-	-	354,398
Share based payments	-	8,460	-	-	8,460
As at 30 June 2020	18,147,794	738,415	118,153	(18,913,742)	90,620

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

# Statement of Cash Flows

## For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Interest received		3,511	3,573
Payments to suppliers and employees		(399,188)	(460,581)
Payments for exploration activities		(1,371,966)	(584,188)
Other receipts		21,222	13,999
Receipt of government co-funding for exploration		100,316	-
<b>Net cash outflows from operating activities</b>	14	<b>(1,646,105)</b>	<b>(1,027,197)</b>
<b>Cash flows from investing activities</b>			
Payments for plant, equipment and motor vehicle		(2,900)	-
Proceeds from the disposal of tenements		-	250,000
<b>Net cash (outflows)/inflows from investing activities</b>		<b>(2,900)</b>	<b>250,000</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		2,239,681	-
Payments for share issue costs		(113,846)	(5,602)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>2,125,835</b>	<b>(5,602)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>476,830</b>	<b>(782,799)</b>
Cash and cash equivalents at the beginning of the financial year		120,010	902,809
<b>Cash and cash equivalents at the end of the financial year</b>	7	<b>596,840</b>	<b>120,010</b>

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

# Notes to the Financial Statements

For the Year Ended 30 June 2021

## NOTE 1 SEGMENT INFORMATION

Management has determined that the Company has one reportable operating and geographical segment, being mineral exploration within Australia. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the members of the board of directors. The board of directors monitors the Company based on actual versus budgeted exploration expenditure. This internal reporting framework is the most relevant to assist the board with making decisions regarding its ongoing exploration activities.

	2021	2020
	\$	\$
Reportable segment assets	2,198	4,928
<b>Reconciliation of reportable segment assets:</b>		
Reportable segment assets	2,198	4,928
Unallocated corporate assets	633,025	139,989
Total assets	635,223	144,917
Reportable segment liabilities	62,644	693
<b>Reconciliation of reportable segment liabilities:</b>		
Reportable segment liabilities	62,644	693
Unallocated corporate liabilities	61,382	53,604
Total liabilities	124,026	54,297
Includes non-current assets additions to segment	50,399	-
Reportable segment loss	(1,324,006)	(404,629)
<b>Reconciliation of reportable segment loss:</b>		
Reportable segment loss	(1,324,006)	(404,629)
Other revenue	16,833	25,258
Unallocated corporate expenses	(398,085)	(483,287)
Loss before tax	(1,705,258)	(862,658)
Includes depreciation to segment	(51,331)	(1,792)



# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 2 REVENUE AND OTHER INCOME

	2021	2020
	\$	\$
<b>Revenue from continuing operations</b>		
Interest received	3,218	3,245
<b>Other income</b>		
Recovery of doubtful debts	408	-
Proceeds from sale of tenements	-	250,000
Government grant - cash flow boost	13,207	22,013
	<b>13,615</b>	<b>272,013</b>

Revenue is measured at the fair value of the consideration received or receivable. Interest income is brought to account as income over the term of each financial instrument on an effective interest rate basis. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions, and are presented as Other income in the Statement of Profit or Loss and Other Comprehensive Income. Other revenue is recognised as it accrues. Government co-funding for exploration is offset against exploration and evaluation expenditure in the Statement of Profit and Loss.

### NOTE 3 ADMINISTRATION EXPENSES

	2021	2020
	\$	\$
Loss before income tax includes the following administration expenses:		
<i>Personnel expenses</i>		
Salaries, directors' fees and management fee	528,424	430,460
Superannuation	28,307	16,182
Share based payments	-	8,460
Less: included as part of exploration expenditure	(407,947)	(210,350)
	<b>148,784</b>	<b>244,752</b>
Depreciation	53,129	4,493
<i>Other expenses</i>		
Rental of office and storage	37,589	50,028
Company secretarial and accounting	66,872	66,572
Audit	21,765	21,115
Communications	35,120	19,178
Listing fees	15,242	16,524
Other	70,915	60,625
	<b>449,416</b>	<b>483,287</b>

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### NOTE 3 ADMINISTRATION EXPENSES (continued)

Rental of office and storage space is expensed to profit or loss as incurred as the Company has elected to utilise the exemption in paragraph 5 of AASB16 Leases relating to short term leases.

### NOTE 4 EXPLORATION AND EVALUATION EXPENDITURE

	2021	2020
	\$	\$
Exploration and evaluation expenditure incurred, net of Government co-funding for exploration	1,272,675	654,629

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

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

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

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

### NOTE 5 INCOME TAX

	2021	2020
	\$	\$

#### (a) Income tax benefit

The components of income tax benefit comprise:

Current tax	-	-
Deferred tax	-	-
	-	-

# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 5 INCOME TAX (continued)

2021 2020

\$ \$

#### (b) Reconciliation of income tax benefit to prima facie tax benefit on accounting loss

Operating loss before income tax	(1,705,258)	(862,658)
Prima facie tax benefit at the Australian rate of 30% (2020: 27.5%)	511,577	237,231
Adjusted for tax effect of the following amounts:		
Non-deductible items	-	(2,327)
Non-taxable items	25,861	22,631
Adjustment for change in tax rate	(89,571)	(793,322)
Distribution of carried forward tax losses	-	(152,653)
Income tax (benefit)/expense not brought to account	(447,867)	688,440
Income tax benefit	-	-

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

The Company does not satisfy all of the conditions to qualify as a base rate entity for the current year. Therefore, the full corporate tax rate of 30% applies to the Company.

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

2021 2020

\$ \$

The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end, at the future reduced corporate tax rate of 25% (2020: 25%), are made up as follows:

On income tax account:

Carried forward tax losses	4,431,376	3,975,463
Deductible temporary differences	100,167	108,287
Taxable temporary differences	(13)	(87)
Unrecognised net deferred tax assets	4,531,530	4,083,663

# Notes to the Financial Statements

For the Year Ended 30 June 2021

## NOTE 5 INCOME TAX (continued)

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

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

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

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

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

## NOTE 6 LOSS PER SHARE

	2021	2020
	Cents	Cents
Basic and diluted loss per share	0.35	0.22
<b>Reconciliation of loss</b>	\$	\$
The loss used in calculating the basic and diluted loss per share is equal to the loss attributable to ordinary equity holders of the Company	1,705,258	862,658
	<b>No of shares</b>	No of shares
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted loss per share	488,946,323	395,053,123

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 6 LOSS PER SHARE (continued)

Diluted loss per share adjusts the figures used in determination of basic loss per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year. The diluted loss per share is the same as the basic loss per share on account of the Company's potential ordinary shares (in the form of options) not being dilutive because their conversion to ordinary shares would not increase the loss per share.

### NOTE 7 CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at bank and on hand	<b>596,840</b>	120,010

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

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

### NOTE 8 TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Trade receivables	-	10,629
less: allowance for doubtful debts	-	(10,629)
Net trade receivables	-	-
Other receivables	<b>35,864</b>	19,633
Prepayments	<b>268</b>	-
Interest receivable	<b>53</b>	346
	<b>36,185</b>	19,979

Interest receivable comprises pro-rata interest receivable at balance date in respect of deposits at call which are expected to be repaid within 90 days. Other receivables relate to amounts recoverable from the Australian Taxation Office in respect of goods and services tax (GST) and cash flow boost grants.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. In the prior year trade receivables amounting to \$10,629 had been impaired as the balance was owed by a company in liquidation. No other trade receivables are considered impaired or past due.

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

# Notes to the Financial Statements

For the Year Ended 30 June 2021

## NOTE 9 PLANT AND EQUIPMENT

	2021	2020
	\$	\$
Field equipment – at cost	152,237	101,838
Accumulated depreciation	(150,039)	(98,708)
Field equipment – carrying amount	2,198	3,130
Office furniture and equipment – at cost	75,751	75,751
Accumulated depreciation	(75,751)	(73,953)
Office furniture and equipment – carrying amount	-	1,798
Motor vehicle – at cost	89,835	89,835
Accumulated depreciation	(89,835)	(89,835)
Motor vehicle – carrying amount	-	-
Total plant and equipment – carrying amount	2,198	4,928

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

	Field equipment	Office furniture & equipment	Motor Vehicle	Total
	\$	\$	\$	\$
<b>2021</b>				
Carrying amount at 1 July 2020	3,130	1,798	-	4,928
Additions during the year	50,399	-	-	50,399
Depreciation expense	(51,331)	(1,798)	-	(53,129)
<b>Carrying amount at 30 June 2021</b>	<b>2,198</b>	<b>-</b>	<b>-</b>	<b>2,198</b>
<b>2020</b>				
Carrying amount at 1 July 2019	4,922	4,499	-	9,421
Additions during the year	-	-	-	-
Depreciation expense	(1,792)	(2,701)	-	(4,493)
Carrying amount at 30 June 2020	3,130	1,798	-	4,928

# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 9 PLANT AND EQUIPMENT (continued)

#### *Recognition and measurement*

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

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

#### *Depreciation*

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

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

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

### NOTE 10 TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Trade creditors and accruals	88,919	23,404
Employee entitlements	15,709	16,719
	<b>104,628</b>	40,123

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. The Company's exposure to liquidity risk is disclosed in Note 23.

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

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### NOTE 11 PROVISIONS

	2021	2020
	\$	\$
<b>Current</b>		
Long service leave	19,398	11,522
<b>Non-current</b>		
Long service leave	-	2,652
Movement in provisions during the financial year, is as follows:		
Carrying amount at beginning of year	14,174	10,400
Increase in entitlement	5,224	3,774
Carrying amount at end of year	19,398	14,174

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

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

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

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



# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 12 ISSUED CAPITAL

	2021	2020
(a) Share capital	\$	\$
506,465,068 (2020: 400,462,959) fully paid ordinary shares	<b>20,273,629</b>	18,147,794

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

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

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

	2021 No of shares	2020 No of shares	2021 Amount \$	2020 Amount \$
At 1 July	<b>400,462,959</b>	370,462,959	<b>18,147,794</b>	17,793,396
Issue of ordinary shares:				
- Placement	<b>60,069,444</b>	30,000,000	<b>1,321,528</b>	360,000
- Entitlement issue	<b>45,732,665</b>	-	<b>914,653</b>	-
- Conversion of options	<b>200,000</b>	-	<b>3,500</b>	-
Capital raising costs	-	-	<b>(113,846)</b>	(5,602)
At 30 June	<b>506,465,068</b>	400,462,959	<b>20,273,629</b>	18,147,794

During the current year the Company concluded a placement of ordinary shares to professional and sophisticated investors at a price of 2.2 cents per share, followed by a 1 for 5 non-renounceable pro-rata entitlement issue at 2 cents per share. A further 200,000 staff options were converted at 1.75 cents per share.

The shares issued during the prior year were consideration for the acquisition of the balance of the Gorge Creek project from the Company's joint venture partner.

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### NOTE 12 ISSUED CAPITAL (continued)

#### (b) Options to acquire ordinary shares

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

Type of options	Expiry date	Exercise price	2021	2020
			No of options	No of options
Director options	28 Nov 2022	1.03 cents	2,000,000	2,000,000
Staff options	4 Apr 2022	1.75 cents	650,000	850,000
Director options	16 Nov 2021	4.67 cents	2,000,000	2,000,000
Staff options	8 Jan 2021	7.40 cents	-	650,000
Total			<b>4,650,000</b>	<b>5,500,000</b>

Details of share based payments are set out in Note 19.

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

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

### NOTE 13 RESERVES

	2021	2020
	\$	\$
Share-based payments reserve	736,509	738,415
Exercised option reserve	120,059	118,153
	<b>856,568</b>	<b>856,568</b>

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

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

# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 14 CASH FLOW INFORMATION

	2021	2020
	\$	\$
<b>Reconciliation of operating loss after income tax to net cash flow from operating activities:</b>		
Operating loss after income tax	(1,705,258)	(862,658)
Depreciation	53,129	4,493
Equity-based payments	-	8,460
Equity-based exploration expense	-	360,000
(Increase)/decrease in receivables	(11,455)	28,877
Increase/(decrease) in payables and provisions	17,479	(316,369)
Cash flow from investing activities	-	(250,000)
Net cash outflows from operating activities	<b>(1,646,105)</b>	<b>(1,027,197)</b>

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

### NOTE 15 CONTINGENCIES

The directors are not aware of any material contingent liabilities at 30 June 2021.

### NOTE 16 COMMITMENTS

#### (a) Lease commitments

Although AASB16 Leases applies to the Company's lease of office space from 1 July 2019, the Company has elected to utilise the exemption in paragraph 5 of AASB16 relating to short term leases with terms of 12 months or less. Consequently, no further lease commitments are recognised.

#### (b) Remuneration commitments

	2021	2020
	\$	\$
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	62,500	55,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	<b>62,500</b>	<b>55,000</b>

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### NOTE 16 COMMITMENTS (continued)

#### (c) Exploration commitments

In order to maintain the mineral tenements in which the Company and other parties are involved, the Company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. This represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined. The current year minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Mines, Industry Regulation and Safety and the Queensland Department of Natural Resources, Mines and Energy for the next financial year is \$525,000 (2020: \$358,000).

### NOTE 17 RELATED PARTY TRANSACTIONS

#### (a) Key management personnel

The key management personnel of the Company are the directors.

Directors of the Company during the financial year were:

Joshua Pitt

Neil Tomkinson (ceased to be a director on 30 October 2020)

Patrick Verbeek

George Petersons

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

	2021	2020
	\$	\$
Short term employee benefits	255,833	298,250
Post-employment benefits	2,693	4,275
Share based payments	-	8,460
	<b>258,526</b>	<b>310,985</b>

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

#### (b) Director-related entities

During the financial year the Company paid \$10,200 (2020: \$10,200) to the PAV Unit Trust, a trust associated with Mr Verbeek, in respect of a storage unit for exploration equipment and documents. This rental agreement was entered into on normal commercial terms and conditions determined on an arm's-length basis between the entities.

# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 18 INTERESTS IN JOINT VENTURES

Name of project	Interest	Activities	Other parties
Ravensthorpe Project (Bandalup Gossan JV)	20%	Gold and base metal exploration	ACH Minerals Pty Ltd

During the financial year, Traka reached agreement with Galaxy Resources Limited to exchange its 20% free carried Joint Venture interest in the Mt Cattlin North tenements for 100% of the gold and other mineral potential (excluding pegmatite minerals) on the tenement area.

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

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

### NOTE 19 SHARE-BASED PAYMENTS

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

- Under the ESOP the Company may offer options to subscribe for shares in the Company to eligible persons. Directors and part-time or full-time employees are eligible persons for the purpose of the ESOP.
- The board of directors has discretion to determine who and to what extent an eligible person is entitled to participate in the ESOP.
- Options under the ESOP are to be offered on such terms as the board determines and the offer must set out the number of options offered, the exercise price and the period of the offer. Exercise price is determined by the board with reference to the market value of the shares of the Company at the time of resolving to offer the options. The period of the offer will be no longer than five years.
- No consideration is payable for the options unless the board determines otherwise and the Company will not apply for quotation of the options.
- The options are exercisable in whole or part, and shares will be issued within 10 business days of the receipt of notice of exercise and payment in full of the exercise price.

# Notes to the Financial Statements

**For the Year Ended 30 June 2021**

## **NOTE 19 SHARE-BASED PAYMENTS (continued)**

- If an option holder ceases to be an eligible person prior to the earliest date for exercise of their options for any other reason than retirement at age 60 or over, permanent disability, redundancy or death, the options will automatically lapse. If an option holder ceases to be an eligible person after the earliest date for exercise of their options for any other reason than retirement at age 60 or over, permanent disability, redundancy or death, the options will lapse after three months.

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

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

Grant date	Expiry date	Exercise price	Outstanding at start of year	Granted	Exercised/Expired	Outstanding at end of year
		Cents	Number	Number	Number	Number
<b>2021</b>						
29 Nov 2019	28 Nov 2022	1.03	2,000,000	-	-	2,000,000
8 Apr 2019	4 Apr 2022	1.75	850,000	-	(200,000)	650,000
17 Jul 2018	16 Nov 2021	4.67	2,000,000	-	-	2,000,000
9 Jan 2018	8 Jan 2021	7.40	650,000	-	(650,000)	-
			5,500,000	-	(850,000)	4,650,000
Vested and exercisable at 30 June			5,500,000	-	-	4,650,000
Weighted average exercise price (cents)			3.22	-	-	2.70

# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 19 SHARE-BASED PAYMENTS (continued)

Grant date	Expiry date	Exercise price	Outstanding at start of year	Granted	Exercised/ Expired	Outstanding at end of year
		Cents	Number	Number	Number	Number
2020						
29 Nov 2019	28 Nov 2022	1.03	-	2,000,000	-	2,000,000
8 Apr 2019	4 Apr 2022	1.75	850,000	-	-	850,000
17 Jul 2018	16 Nov 2021	4.67	2,000,000	-	-	2,000,000
9 Jan 2018	8 Jan 2021	7.40	650,000	-	-	650,000
20 Dec 2016	19 Dec 2019	2.39	450,000	-	(450,000)	-
			3,950,000	2,000,000	(450,000)	5,500,000
Vested and exercisable at 30 June						5,500,000
Weighted average exercise price (cents)			4.23	1.03	-	3.22

The vesting expense of the options that were exercised during the current year was \$1,906 (2020: \$6,112).

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

### NOTE 20 AUDITOR REMUNERATION

2021	2020
\$	\$

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

Audit and review of the financial reports of the Company	<b>21,765</b>	21,115
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### NOTE 21 EVENTS OCCURRING AFTER BALANCE DATE

On 9 July 2021, the Company placed 71,428,571 fully paid ordinary shares with professional and sophisticated investors at a price of 1.4 cents per share to raise \$1,000,000 before costs.

On 10 August 2021, the Company issued a further 44,214,255 ordinary shares at 1.4 cents per share following a Share Purchase Plan to raise \$619,000 before costs.

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

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

### NOTE 22 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Historical volatility was used as the basis for estimating likely future share price volatility. Actual future volatility may differ from the estimate used. The expected average life of the options was estimated at 3 years. The actual life could differ from this estimate if the holder of the options chooses to exercise his options prior to their expiry date. The weighted average remaining contractual life of the options on issue is 0.88 years (2020: 1.71 years).

### NOTE 23 FINANCIAL RISK MANAGEMENT

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

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

#### **(a) Liquidity risk**

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

#### **(b) Credit risk**

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

#### **(c) Capital risk management**

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

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



# Notes to the Financial Statements

## For the year ended 30 June 2021

### NOTE 23 FINANCIAL RISK MANAGEMENT (continued)

#### (d) Market risk

##### *Interest rate risk*

The Company's market risk exposure is to Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of its cash assets and the interest rate return. The weighted average interest rate to which the Company was exposed on its cash assets at the year-end was 0.08% (2020: 1.14%).

The sensitivity analysis below has been determined based on the interest rate risk of the company's cash assets. The Company has no interest rate risk associated with any of its other financial assets or liabilities. This analysis reflects the effect of a 0.5% decrease or increase in interest rates and represents management's assessment of the change in interest rates possible over the next 12 months.

At balance date, if interest rates had been 0.5% higher or lower and all other variables were held constant, the Company's profit or loss would increase/decrease by \$2,984 (2020: \$600) with no effect (2020: nil) on other components of equity.

### NOTE 24 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The financial report was authorised for issue by the Board of Directors on 13 September 2021.

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

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

##### *Going concern*

During the year ended 30 June 2021, the Company incurred a net loss of \$1,705,258 and, at balance date, the Company's current assets exceeded current liabilities by \$508,999.

Subsequent to year end, the Company raised \$1,619,000 in a placement of shares and a Share Purchase Plan. (Refer Note 21).

The financial statements have been prepared on the going concern basis of accounting which assumes that the Company will be able to meet its commitments as and when they fall due.

# Notes to the Financial Statements

## For the Year Ended 30 June 2021

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

#### (b) Impairment of assets

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

#### (c) Financial assets and liabilities

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out in the relevant notes. The carrying value of financial assets and liabilities approximates their fair value.

#### (d) Employee benefits

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

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

##### *Retirement benefits obligations*

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

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

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

#### (f) Accounting standards and interpretations

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

In the year ended 30 June 2021, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2020.

# Notes to the Financial Statements

## For the year ended 30 June 2021

### (f) Accounting standards and interpretations (continued)

As a result of this review, the directors have determined that there is no material impact of any new and revised Standards and Interpretations issued on the Company and therefore no material change is necessary to accounting policies.

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

The directors have also reviewed all of the new and revised Standards and Interpretations issued, but not yet effective, that are relevant to the Company and effective for the reporting periods beginning on or after 1 July 2021.

As a result of this review, the directors have determined that there is no material impact on the Company for any new and revised Standards and Interpretations, but not yet effective, and therefore no material change is necessary to accounting policies.

# Directors' Declaration

## For the Year Ended 30 June 2021

1. In the opinion of the Directors of Traka Resources Limited (the Company):

- a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
  - i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year then ended; and
  - ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

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



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**JOSHUA PITT**

Chairman

Dated 13 September 2021

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Traka Resources Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia  
13 September 2021



**D I Buckley**  
Partner

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## INDEPENDENT AUDITOR'S REPORT

To the members of Traka Resources Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Traka Resources Limited ("the Company") which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

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

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

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

#### *Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's financial report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

*Responsibilities of the directors for the financial report*

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

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

*Auditor's responsibilities for the audit of the financial report*

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

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

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

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

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

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

### **Report on the Remuneration Report**

#### *Opinion on the remuneration report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Traka Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
Chartered Accountants

**Perth, Western Australia**  
**13 September 2021**



**D I Buckley**  
Partner