
TRAKA RESOURCES LIMITED

ABN 63 103 323 173

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The interim financial statements do not include all the notes of the type normally included in an annual financial statement. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Traka Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

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DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Your Directors present their report on Traka Resources Limited (Traka or the Company) for the half year ended 31 December 2017.

DIRECTORS

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

Neil Tomkinson	Chairman - Non executive
Patrick Verbeek	Managing Director
George Petersons	Director - Non executive
Joshua Pitt	Director - Non executive

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

The Company has a number of joint venture interests as well as projects in its own right. A recent capital raising plus existing cash reserves provide the Company with sufficient working capital to progress on all projects.

The Ravensthorpe Project

Traka's interests in the Ravensthorpe area comprise a 20% free carried to production joint venture interest with Galaxy Resources Limited (Galaxy) in the Mt Cattlin North tenements, 100% equity in the Mt Short Base Metal Project and a 20% free carried interest on the Bandalup Joint Venture area with ACH Minerals Pty Ltd (ACH).

Galaxy as manager of the Mt Cattlin North joint venture is currently undertaking Ground Penetrating Radar (GPR) surveys and drilling. The GPR has highlighted a number of drill targets which appear to show the presence of flat lying pegmatites similar in nature to those hosting lithium and tantalum in Galaxy's adjacent Mt Cattlin Mine. Drilling of some of these targets has recently been completed and the result of this work is expected within the next few weeks.

The Mt Short Base Metal Project which is prospective for lead, zinc and copper mineralisation is currently being drilled to test a strong IP (Induced Polarization) geophysical anomaly. The anomaly is about 600 metres north of where previous drilling highlighted low grade lead and zinc mineralisation within a stratigraphic sequence extending over 10 kilometres distance. It is hoped that the IP anomaly has successfully indicated the position of higher grade economic levels of mineralisation.

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

The Musgrave Project

The Company continues to maintain a very substantial exploration portfolio in the Musgrave area. In the Latitude Hill area of the project Traka's joint venture partner Chalice Gold Mines Ltd (Chalice) recently completed drill testing of six Spectrem airborne electromagnetic targets. Wide low grade intersections of copper mineralisation were intersected on the Manyas Target. Chalice is currently evaluating this drill data. Chalice can elect to withdraw from the joint venture having earned no equity or can, by spending a further \$5 million, earn 51% equity.

Traka's other tenement holdings in the Musgraves continues to be evaluated as new data comes to hand but is otherwise subject to ongoing access negotiations and funding. The field season in the Musgraves starts in about March and it is hoped some progress will have been made by this time.

The Gorge Creek Project

Traka recently entered into an earn in joint venture with Cobalt QLD Pty Ltd on the Gorge Creek copper/cobalt project in far north Queensland. Traka has the opportunity to earn 51% equity in the project by expenditure of \$1m over three years. This project is located on the same prospective stratigraphic sequence and structures that hosts the emerging Walford Creek copper/cobalt project owned by Aeon Minerals Ltd. Traka's principal exploration activity is expected to be concentrated on Gorge Creek this year. Field work will commence once the current wet season is over and land access is possible again.

Project Generation

The Company is maintaining an active program of project generation while advancing its existing exploration projects. Contested applications for tenements in the Lake Grace and Pilbara areas of Western Australia are currently subject to Mines Department ballots.

Corporate

In November 2017 the Company placed 42,044,000 ordinary shares at 4.5 cents per share to raise \$1,891,000 before costs.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

EVENTS OCCURRING AFTER BALANCE DATE

On 9 January 2018, the Company issued 650,000 unlisted staff options at an exercise price of 7.4 cents per share and with an expiry date of 8 January 2021.

200,000 unlisted staff options were exercised on 18 January 2018 at an exercise price of 2.36 cents per share.

Other than the matters noted above, there are no other matters or circumstances which have arisen since the end of the half year which have significantly affected the operations of the Company nor are there any such matters or circumstances or any likely developments which, in the opinion of the directors, may affect the future results of those operations or the state of affairs of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

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

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



NEIL TOMKINSON
Chairman

Perth, 13 February 2018

TRAKA RESOURCES LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Note	31 December 2017 \$	31 December 2016 \$
Revenue from continuing operations	2	8,872	3,304
Other income	2	966	5,798
Exploration and evaluation expenses	4	(269,646)	(166,891)
Administration expenses	3	(274,170)	(338,494)
Loss before income tax		(533,978)	(496,283)
Income tax expense		-	-
Loss for the half year		(533,978)	(496,283)
Total comprehensive loss for the half year attributable to ordinary equity holders of the Company		(533,978)	(496,283)
		Cents	Cents
Basic and diluted loss per share attributable to the ordinary equity holders of the Company		(0.18)	(0.21)

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

TRAKA RESOURCES LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	31 December 2017 \$	30 June 2017 \$
Current assets			
Cash and cash equivalents		2,074,139	855,317
Trade and other receivables		43,050	19,345
Total current assets		2,117,189	874,662
Non-current assets			
Property, plant and equipment		29,671	38,092
Total non-current assets		29,671	38,092
Total assets		2,146,860	912,754
Current liabilities			
Trade and other payables	5	56,343	42,226
Total current liabilities		56,343	42,226
Non-current liabilities			
Provisions		8,300	6,500
Total non-current liabilities		8,300	6,500
Total liabilities		64,643	48,726
Net assets		2,082,217	864,028
Equity			
Issued capital	6	17,214,797	15,462,630
Reserves	7	774,245	774,245
Accumulated losses		(15,906,825)	(15,372,847)
Total equity		2,082,217	864,028

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Contributed Equity	Share Based Payments Reserve	Exercised Option Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
As at 1 July 2017	15,462,630	709,445	64,800	(15,372,847)	864,028
Loss for the half year	-	-	-	(533,978)	(533,978)
Total comprehensive loss for the half year	-	-	-	(533,978)	(533,978)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares	1,891,980	-	-	-	1,891,980
Exercise of share options	13,950	(3,550)	3,550	-	13,950
Transaction costs of share issues	(153,763)	-	-	-	(153,763)
As at 31 December 2017	17,214,797	705,895	68,350	(15,906,825)	2,082,217
As at 1 July 2016	14,268,305	675,030	64,800	(14,606,895)	401,240
Loss for the half year	-	-	-	(496,283)	(496,283)
Total comprehensive loss for the half year	-	-	-	(496,283)	(496,283)
Transactions with equity holders in their capacity as equity holders:					
Issue of ordinary fully paid shares net of transaction costs	607,304	-	-	-	607,304
Share based payments	-	34,415	-	-	34,415
As at 31 December 2016	14,875,609	709,445	64,800	(15,103,178)	546,676

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

TRAKA RESOURCES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	31 December 2017	31 December 2016
	\$	\$
Cash flows from operating activities		
Interest receipts	7,542	3,139
Payments to suppliers and employees	(268,275)	(271,360)
Payments for exploration activities	(274,450)	(141,657)
Net cash outflow from operating activities	(535,183)	(409,878)
Cash flows from investing activities	-	-
Cash flows from financing activities		
Proceeds from share issues	1,905,930	636,515
Payment for share issue costs	(151,925)	(29,211)
Net cash inflow from financing activities	1,754,005	607,304
Net increase in cash and cash equivalents	1,218,822	197,426
Cash and cash equivalents at the beginning of the half year	855,317	359,029
Cash and cash equivalents at the end of the half year	2,074,139	556,455

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1 SEGMENT INFORMATION

The Directors of Traka, who, collectively as the Board, are the chief operating decision makers, have determined that the Company has one reportable operating segment, being mineral exploration within Western Australia. The Board monitors the Company based on actual versus budgeted exploration expenditure. This internal reporting framework is the most relevant to assist the Board to make decisions regarding its ongoing exploration activities.

	31 December 2017 \$	30 June 2017 \$
Reportable segment assets	29,671	38,092

Reconciliation of reportable segment assets:

Reportable segment assets	29,671	38,092
Unallocated corporate assets	2,117,189	874,662
Total assets	2,146,860	912,754

Reportable segment liabilities	7,389	3,801
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Reconciliation of reportable segment liabilities:

Reportable segment liabilities	7,389	3,801
Unallocated corporate liabilities	57,254	44,925
Total liabilities	64,643	48,726

	31 December 2017 \$	31 December 2016 \$
Reportable segment loss	(269,646)	(162,048)

Reconciliation of reportable segment loss:

Reportable segment loss	(269,646)	(166,891)
Unallocated corporate income	9,838	9,102
Unallocated corporate expenses	(274,170)	(338,494)
Loss before income tax	(533,978)	(496,283)

NOTE 2 REVENUE

Revenue from continuing operations

Interest received	8,872	3,304
Other income	966	5,798

Other income constitutes the receipt of bad debts previously provided for.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
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NOTE 3 ADMINISTRATION EXPENSES

Loss before income tax includes the following administration expenses:

Personnel expenses:

Salaries, directors' fees and management fees	238,377	286,604
Superannuation	9,453	14,019
Share based payments	-	34,415
less disclosed as exploration expenditure	(119,438)	(132,823)

	128,392	202,215
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Depreciation	8,419	8,158
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Other expenses:

Rental and rates	29,693	30,025
Company secretarial and accounting	31,686	30,949
Audit and tax	10,211	6,514
Communications	20,656	11,482
Listing fees	19,214	18,359
Other	25,899	30,792

	274,170	338,494
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	31 December 2017 \$	31 December 2016 \$
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NOTE 4 EXPLORATION AND EVALUATION EXPENSES

Exploration and evaluation expenditure incurred	269,646	229,491
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Less: recovered from third parties	-	(62,600)
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	269,646	166,891
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	30 June 2017 \$
NOTE 5 TRADE AND OTHER PAYABLES		
Trade creditors and accruals	44,492	27,951
Employee entitlements	11,851	14,275
	56,343	42,226

NOTE 6 ISSUED CAPITAL

	31 December 2017 No of Shares	31 December 2016 No of Shares	31 December 2017 \$	31 December 2016 \$
a) Ordinary Shares – fully paid				
At 1 July	284,627,018	227,714,527	15,462,630	14,268,305
Issue of shares	42,044,000	28,932,491	1,891,980	636,515
Exercise of options	450,000	-	13,950	-
Less cost of share issues	-	-	(153,763)	(29,211)
At 31 December	327,121,018	256,647,018	17,214,797	14,875,609
	No of Options	No of Options	\$	\$
b) Options - unlisted				
At 1 July	5,100,000	4,900,000	709,445	675,030
Issue of options	-	2,650,000	-	34,415
Expired options		(2,450,000)	-	-
Exercise of options	(450,000)	-	(3,550)	-
At 31 December	4,650,000	5,100,000	705,895	709,445

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	30 June 2017 \$
NOTE 7 RESERVES		
Share based payments reserve	705,895	709,445
Exercised option reserve	68,350	64,800
	774,245	774,245

Nature and purpose of reserves

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. During the half year, 450,000 options were exercised. Refer to Note 8 for details.

NOTE 8 SHARE BASED PAYMENTS

The Company from time to time issues options to the Managing Director and other staff members as an incentive. No options were issued to the Managing Director or other staff members during the half year. On 21 December 2017 450,000 staff options were exercised at an exercise price of 3.1 cents per share.

NOTE 9 COMMITMENTS FOR EXPENDITURE

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.

There has been no material change to these commitments since the last reporting date of 30 June 2017.

NOTE 10 RELATED PARTIES

Arrangements with related parties as set out in the financial statements for the year ended 30 June 2017 continue to be in place.

NOTE 11 EVENTS OCCURRING AFTER BALANCE DATE

On 9 January 2018, the Company issued 650,000 unlisted staff options at an exercise price of 7.4 cents per share and with an expiry date of 8 January 2021.

200,000 unlisted staff options were exercised on 18 January 2018 at an exercise price of 2.36 cents per share.

Other than the matters noted above, there are no other matters or circumstances which have arisen since the end of the half year which have significantly affected the operations of the Company nor are there any such matters or circumstances or any likely developments which, in the opinion of the directors, may affect the future results of those operations or the state of affairs of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 12 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities as at 31 December 2017.

NOTE 13 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Traka is a public company, incorporated and domiciled in Australia and listed on the Australian Securities Exchange (ASX).

Statement of compliance and basis of preparation

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

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

The half year financial statements should be read in conjunction with the annual financial statements of Traka as at 30 June 2017 and considered together with any public announcements made by Traka during the half year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The half year financial statements have been prepared on the accruals basis and are based on historical cost.

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

Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Company's financial statements for the year ended 30 June 2017 and corresponding interim reporting period.

Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

NOTE 13 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017

In the half-year ended 31 December 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2017.

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

Standards and Interpretations in issue not yet adopted applicable to 31 December 2017

The Company has also reviewed all the new and revised Standards and Interpretations in issue, not yet adopted, that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2018.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue, not yet adopted, on the Company and therefore no material change is necessary to accounting policies.

**DIRECTORS' DECLARATION
FOR HALF YEAR ENDED 31 DECEMBER 2017**

In the opinion of the Directors of the Company:

1. the accompanying financial statements and notes, as set out on this Interim Financial Report, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory reporting requirements; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2017 and of the performance for the half year then ended.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.



NEIL TOMKINSON

Chairman

Perth, 13 February 2018