



Traka Resources Limited

ABN: 63 103 323 173

14 June 2018

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

Notice of Extraordinary General Meeting

The notice of meeting for the Extraordinary General Meeting of Traka Resources Limited, to be held on Tuesday 17 July 2018, is attached.

Peter Rutledge

Company Secretary

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Traka Resources Limited (the Company) will be held at Suite 2, 43 Ventnor Avenue, West Perth, WA on 17 July 2018 commencing at 2.00pm WST (the Meeting).

AGENDA

The following items of business will be considered:

Resolution 1: Ratification of previous share placement

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, in accordance with the Australian Securities Exchange (ASX) Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment on 5 December 2017 of 42,044,000 ordinary shares at 4.5 cents each to institutional and professional investors on the terms and conditions and for the purposes referred to in the Explanatory Statement accompanying this Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by any person who participated in the issue of shares and any associates of such persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the Proxy Form, or cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 2: Issue of options to the Managing Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) and Listing Rule 10.11 of the Listing Rules of the ASX and for all other purposes, Shareholders approve and authorise the issue at no cost of 2,000,000 options to the Managing Director, Mr Patrick Verbeek (or his permitted nominee), to acquire fully paid ordinary shares in the capital of Traka Resources Limited on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by Mr Verbeek and his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the Proxy Form, or cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

An Explanatory Statement setting out further information in respect of the agenda items accompanies this Notice of Meeting (Notice).

ENTITLEMENT TO VOTE

The Directors have determined pursuant to regulation 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as shareholders of the Company (Shareholders) 48 hours prior to the start of the meeting – that is at 2.00pm WST on 15 July 2018.

In accordance with the Corporations Act and the ASX Listing Rules, the Company will disregard any votes cast on certain resolutions by certain persons who are prohibited from voting on those resolutions. Details of any voting exclusion applicable to a specific resolution are set out in this Notice.

PROXIES

A Proxy Form is enclosed herewith and forms part of this Notice. A Shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two other persons, whether Shareholders or not, to attend the meeting and, on a poll, to vote instead of him/her. Where a Shareholder appoints two proxies, the proportion of the Shareholder's voting rights given in favour of each proxy must be specified. Proxies must be received by the Company, in accordance with the instructions accompanying the Proxy Form, no later than 48 hours before the meeting.

By order of the Board

P C RUTTLEDGE
Company Secretary

14 May 2018

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Mailing Address:
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Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 2.00pm on Tuesday 17 July 2018. It should be read in conjunction with the Notice.

The following matters should be noted in respect of the agenda items in the Notice:

Resolution 1: Ratification of previous share placement

On 5 December 2017, the Company issued 42,044,000 ordinary fully paid shares at an issue price of 4.5 cents per share (the Placement) to institutional and professional investors to raise \$1,891,000 before costs of approximately \$140,000.

Ratification is being sought for the Placement pursuant to Listing Rule 7.4. Ratification will have the effect of reinstating the ability of the Company to place up to 15% of its issued share capital during the 12 months following the Meeting without obtaining prior shareholder approval.

A voting exclusion statement for this resolution is included in the Notice.

Additional information relating to the Placement

The following additional information in relation to the Placement is provided to shareholders pursuant to Listing Rule 7.5:

- (a) The number of ordinary shares issued and allotted under the Placement was 42,044,000;
- (b) The issue price of the shares was 4.5 cents per share;
- (c) The shares are fully paid ordinary shares ranking pari passu in all respects with all other ordinary fully paid shares of the Company on issue;
- (d) The Placement was made within the Company's 15% capacity and did not require prior shareholder approval. The Placement, to institutional and professional investors, was managed by Veritas Securities Limited, supported by Alto Capital and Dolphin Partners;
- (e) The purpose of the Placement was to fund ongoing exploration of the Company's project portfolio in the West Musgrave area of central Australia, its Mt Short project at Ravensthorpe in the south west of Western Australia and its new Gorge Creek project in Queensland, as well as initial phase exploration of any new projects and general working capital.

In the Musgraves, the Company continues to have a substantial land holding and part of the funds raised were earmarked for advancement of the Company's prospects which are prospective for base and precious metal deposits.

Exploration at Mt Short involves the continuing search for nickel and base metal deposits which has been ongoing since the Company floated.

In November 2017 (*ASX announcement 23 Nov 2017*) the Company reached agreement with a private company, Cobalt QLD Pty Ltd (Cobalt), on the Gorge Creek Project located 30 kilometres west of Aeon Metals Ltd's emerging Walford Creek Cu, Pb, Zn, Ag and Co deposit in the highly prospective Mt Isa Inlier and Carpentaria Province, host to a number of Tier 1 base metal mines. The Company's expenditure commitment in terms of this agreement in the first year is \$300,000.

Allocation of funds between the prospects may be adjusted depending upon the success and ongoing review of the Company's exploration and other activities.

Resolution 2: Issue of options to the Managing Director

This resolution seeks approval to issue 2,000,000 options to Mr Patrick Verbeek, the Company's Managing Director, as an incentive. The options are exercisable within 3 years and 4 months of their issue at an exercise price that will be set at a 25% premium to the volume weighted average price of the Company's shares, calculated over the last five days on which the Company's shares have traded on the ASX up to and including the day prior to the date of the Meeting (VWAP). The Company will announce the VWAP, so calculated, prior to the commencement of the Meeting. These options are not linked to the Company's performance.

2.1 Background

The broad remuneration policy of the Company, as set out in the Remuneration Report which forms part of the Directors' Report in the Company's 2017 Annual Report, is to ensure that the remuneration package of key management personnel reflects their duties and responsibilities and is competitive in attracting, retaining and motivating people of the highest quality.

The non-executive directors, being all the directors other than Mr Verbeek, have reviewed Mr Verbeek's remuneration package and recommend the issue of these options to Mr Verbeek based on the following considerations:

- (a) the services provided by Mr Verbeek to the Company over the fifteen years since its listing;
- (b) the importance of providing an option based incentive to Mr Verbeek for a continuing high level of service in future;
- (c) Mr Verbeek's overall level of remuneration for the previous financial year, as set out in the Remuneration Report in the Company's 2017 Annual Report and summarised in 2.2(iii) below;
- (d) the general level of remuneration of other executives with similar roles to Mr Verbeek in the mineral exploration industry.

2.2 Chapter 2E of the Corporations Act – Related Party Transaction

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Verbeek, being a director of the Company, is a related party of the Company and the issue of the options does not fall within one of the nominated exceptions to the provision.

In accordance with Section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of options to Mr Verbeek.

(i) Terms and Conditions of the options

The proposed terms and conditions of the options are as follows:

- (a) Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of Traka Resources Limited;
- (b) Issue Price: Each option is issued for nil consideration;
- (c) Exercise Price: The Exercise Price is the VWAP multiplied by 1.25, calculated in cents to 2 decimal places;
- (d) Expiry Date: The options will expire on 16 November 2021 unless expiry occurs earlier under these terms and conditions;
- (e) Issue Date: The date this resolution is passed by Shareholders and in any event no later than 1 month after the date of the Meeting;
- (f) Not transferable and not listed: The options are not transferable and not listed;

- (g) Exercise: Subject to (h) below, the options may be exercised by notice in writing to the Company (the Exercise Notice), delivery of the option certificate and payment of the Exercise Price to the Company at any time prior to 5.00 pm Western Standard Time (WST) on the Expiry Date (the Exercise Period). The options may be exercised in one or more lots on different occasions during the Exercise Period, provided that such lots are equal to or a multiple of 50,000 options. Within 10 business days of receipt of the Exercise Notice and option certificate and payment of the Exercise Price, the Company will allot the corresponding number of fully paid ordinary shares to the option holder, procure the issue of a statement of holding for the shares and apply for the shares to be listed on the Australian Securities Exchange (ASX). The shares issued as a result of exercise of the options shall rank equally in all respects with the other issued fully paid shares in the Company. In the event of an exercise of less than all of the options a balance option certificate will also be issued;
- (h) Cessation of engagement:
- In the event that either Mr Verbeek or his associated company, Malahang Pty Ltd (Malahang), ceases to be engaged by the Company, or Mr Verbeek is deceased (the Cessation Date), the number of Mr Verbeek's options which can validly be exercised as at the Cessation Date may be exercised by or on behalf of Mr Verbeek or his nominated option holder or personal representative within the lesser of 3 months from the Cessation Date and the term remaining to the Expiry Date of the options, following which the options shall forthwith lapse and have no further effect, unless otherwise determined by the directors of the Company;
 - In the event that Mr Verbeek's or Malahang's services to the Company are terminated by the Company following, or as a result of, the takeover of the Company, or following a change of control of the Company (being a change in the composition of the shareholders of the Company whereby a person who does not presently control the Company within the meaning of Section 500A of the Corporations Act 2001 (Cth) gains such control over the Company), all the options shall remain in full force and effect for the full term up until the Expiry Date;
- (i) New share issues: There are no participation rights or entitlements inherent in the options and their holder will not be entitled to participate in new issues of capital offered to shareholders without exercising the options. The Company, however, will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be in accordance with the ASX Listing Rules. This will give the option holder the opportunity to exercise his options (should he otherwise be entitled to) prior to the date for determining entitlements to participate in any such issue;
- (j) Reorganisations: In the event of any reorganisation of the issued capital of the Company, the number of options or the exercise price of the options or both shall be reconstructed in a manner which complies with the ASX Listing Rules in force at that time and in all other respects the terms for the exercise of the options shall remain unchanged; and
- (k) Options not exercised by 5.00 pm WST on the Expiry Date will automatically expire.

(ii) Value attributed to the proposed issue of options

For illustrative purposes, the Company has used the Black Scholes option valuation model to calculate the value that would be attributable to the proposed options, had they been issued on 14 May 2018 - that is at the time of preparation of this Notice.

The value so calculated is 3.38 cents per option or \$67,600 for the 2,000,000 options.

The assumptions used in the valuation are set out below:

VWAP of Traka shares	5.05 cents
Exercise price - 25% premium to VWAP	6.31 cents
Risk free rate - 3-year Commonwealth Bond rate on 10 May 2018	2.16%
Expected volatility	112%
Time to expiry	3.33 years

The expected future volatility of the Company's shares for the purpose of this valuation has been based on the historical volatility of Traka's shares over the past year – that volatility is approximately 112%.

The value of the options is particularly sensitive to volatility. The table below sets out the effect of different volatilities between 90% and 130% on the valuation above, all other assumptions remaining unchanged:

Volatility	Value per option	Value of 2,000,000 options
(%)	(cents)	(\$)
90	2.82	56,400
100	3.09	61,800
112	3.38	67,600
120	3.57	71,400
130	3.77	75,400

The Exercise Price of the options will be based on the VWAP of the Company's shares. The value that will be attributed to the options in the Company's accounts can only be established as at the Issue Date. The table below sets out the effect of different VWAPs of Traka shares and hence related Exercise Prices, on the valuation above, all other assumptions remaining unchanged:

VWAP	Exercise Price	Value per option	Value of 2,000,000 options
(cents)	(cents)	(cents)	(\$)
3.0	3.75	2.01	40,200
4.0	5.0	2.68	53,600
5.05	6.31	3.38	67,600
6.0	7.5	4.02	80,400
7.0	8.75	4.69	93,800

Note: In accordance with Australian Accounting Standard AASB 2 "Share Based Payments", the Company will calculate the actual value attributable to these options as at the Issue Date, and this cost will be recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Total remuneration package of Mr Verbeek

The Company entered into a consultancy agreement with Malahang Pty Ltd on 14 October 2003 (Consultancy Agreement). In accordance with the terms of the Consultancy Agreement, Malahang agreed to provide the services of its employee, Mr 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 Consultancy Agreement commenced on 20 November 2003 with an initial term of 2 years and has been extended since for further terms of 1 or 2 years. The current term expires in November 2018. The current base consulting fee is \$250,000 per annum plus \$27,000 per annum compensation for the provision of a four-wheel-drive motor vehicle.

The amount expected to be paid under the Consultancy Agreement for the year ending 30 June 2018 is \$277,000 plus reimbursement of work related expenses. The total remuneration package of the Managing Director for the 2018/19 year under the current agreement and at the current rate of remuneration, including the estimated value of the proposed options, would amount to:

Fees (payable to Malahang)	\$277,000
Estimated value of proposed options based on assumptions as at the time of preparing this Notice	<u>\$ 67,600</u>
Total remuneration package	<u>\$344,600</u>

(iv) Relevant interest of Mr Verbeek in the securities of the Company

Mr Verbeek has the following relevant interests in the securities of the Company:

Holding	Interest	Shares	Options
Malahang Pty Ltd	Mr Verbeek is a director and shareholder of Malahang Pty Ltd	12,843,369	Nil

(v) The effect of the issue on existing shareholders

There are currently 331,321,018 shares on issue in Traka. Should the 2,000,000 options proposed to be issued in this resolution be exercised in full, existing members' interests will be diluted by 0.60%.

These options represent a new category of unlisted options and consequently there is no trading history. The Company's shares have a 12 month price range of a high of 9.4 cents and a low of 1.6 cents with the last sale price being 5.1 cents on 11 May 2018.

The estimated cost to the Company of the issue of the options, based on the valuation set out in subsection 2.2(ii), is \$67,600 or 0.02 cents per share on issue. The actual cost will depend on the VWAP of Traka shares and the related Exercise Price.

Except as stated in this Explanatory Memorandum, the Directors do not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by granting the options pursuant to this resolution to Mr Verbeek or his nominee upon the terms proposed, except as otherwise disclosed in this Explanatory Statement.

Neither the Company nor the Directors are aware of any undisclosed information that would be reasonably required by shareholders to make a decision in relation to the potential financial benefits contemplated by this resolution.

(vi) Directors' recommendation

Approval of this proposed resolution would have the effect of authorising the issue of 2,000,000 free options over unissued shares in the Company to Mr Verbeek.

The Directors, other than Mr Verbeek, do not have an interest in the outcome of this resolution and recommend that shareholders approve the issue of the options for the following reasons:

- (a) the options are considered by the Directors to provide a cost effective means of giving an incentive to Mr Verbeek to advance the Company's interests in accordance with the directions given from time to time by the board of directors; and
- (b) the number of options to be issued is considered to be in line with the number issued to directors of similar companies.

Mr Verbeek, who stands to gain personally from the issue of the options, declines to make any recommendation in relation to shareholders' consideration of this resolution.

2.3 Listing Rule 10.13 Disclosures

The following information is provided to satisfy ASX Listing Rule 10.13 to allow shareholders to assess the proposed issue of options in the Company:

- (a) The name of the director is Mr P A Verbeek;
- (b) The maximum number of options to be issued is 2,000,000;
- (c) The Issue Date will be the date of the passing of this resolution and in any event no later than 1 month after the date of the Meeting;
- (d) The options will be issued free on the terms and conditions set out in subsection 2.2(i) above;
- (e) A voting exclusion statement for this resolution is included in the Notice;

- (f) No funds will be raised by the issue of the options. If all the options are exercised, based on an Exercise Price of 6.31 cents per share, as used in the example valuation in subsection 2.2(ii), the exercising of the options would result in an additional \$126,200 of working capital for the Company.

Approval of shareholders is being sought under this Resolution pursuant to ASX Listing Rule 10.11 for the issue of up to 2,000,000 options. Consequently, in accordance with, ASX Listing Rule 7.2 (Exception 14), shareholder approval under ASX Listing 7.1 is not required for the issue of these options.

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

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Web: www.trakaresources.com.au

Proxy Form

I/we.....(full name, block letters)

of.....

being a member of **Traka Resources Limited** hereby appoint

.....
or, failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the company to be held at **2.00pm on Tuesday 17 July 2018**, and at any adjournment thereof in accordance with the directions indicated below.

MY/OUR INSTRUCTIONS AS TO VOTING ON THE RESOLUTIONS

If two proxies are being appointed, the proportion of voting rights this proxy is appointed to represent is

The proxy is directed to vote in relation to the resolutions referred to in the Notice as follows:

ORDINARY BUSINESS

FOR AGAINST ABSTAIN

Resolution 1: **Ratification of previous share placement**

Resolution 2: **Issue of options to the Managing Director**

Chairman's Voting Intentions

I/we understand that the Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Additional Instructions:

Resolution 2: Where I/we have not specified above how my/our proxy is to vote in relation to Resolutions 2 and my/our proxy is a member of the key management personnel of the Company, or a closely related party of that member, I/we understand that:

- a) where my proxy is the Chairman of the Meeting, I/we hereby expressly authorise him to exercise my my/our proxy, even if the resolutions are connected directly or indirectly with the remuneration of a member of the key management personnel of the Company;
- b) where my proxy is not the Chairman of the Meeting, he is not permitted to cast my/our vote on these resolutions, and my/our vote will not be counted in computing the required majority if a poll is called on these items.

AUTHORISED SIGNATURE/S

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

This form is to be used in accordance with the instructions overleaf.

Instructions for completing and lodging this Proxy Form

1. In order to direct the proxy in relation to all votes covered by this instrument in a particular manner, place a tick or a cross in one of the boxes headed "For", "Against" or "Abstain". Where no mark is made in any of the boxes for a resolution (that is no direction is given to the proxy) the proxy may vote as he sees fit, subject to restrictions that may apply such as in the case of Resolution 2 – see below. Please note that, if you mark the "Abstain" box for a particular resolution, your votes will not be counted in computing the required majority on a poll.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and, on a poll, to vote in their stead.
3. Where two proxies are appointed, neither proxy shall be entitled to vote on a show of hands and, on a poll, the appointment shall be of no effect unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights, in which case the shareholder should indicate the proportion of voting rights this proxy represents in the box provided.
4. A proxy may, but need not, be a shareholder of the Company.
5. The Proxy Form must be signed by the shareholder or his attorney duly authorised in writing (or, if the holder is a corporation, pursuant to Section 127(1) of the Corporations Act 2001).
6. The Proxy Form (and any power of attorney or other authority pursuant to which the Proxy Form has been signed) must:
 - either be deposited at the registered office of the Company, Ground Floor, 43 Ventnor Avenue, West Perth, WA 6005,
 - or be sent by post to Traka Resources Limited, PO Box 601, West Perth, WA 6872,
 - or be sent by facsimile to Traka Resources Limited at (08) 9322 9144
 - or be sent by email to traka@trakaresources.com.auin time to be received not later than 48 hours before the time fixed for the holding of the meeting.

7. Proxy voting by key management personnel on remuneration related resolutions

Resolution 2 – Issue of options to the Managing Director

In accordance with subsection 250R (4) of the Corporations Act, a vote on Resolution 2 must not be cast (in any capacity) by, or on behalf of, either

- (a) a member of the key management personnel of the Company, details of whose remuneration are included in the Remuneration Report; or
- (b) a closely related party of such a member.

Subsection 250R(5) however provides that a person described above may cast a vote on Resolution 2 as a proxy if the vote is not cast on behalf of a person described above, and either:

- (a) the person does so as a proxy, appointed by writing that specifies how the proxy is to vote on the resolution; or
- (b) the person is the chairman of the meeting, and the appointment of the chairman as proxy
 - (i) does not specify how the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chairman of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

Shareholders eligible to cast a vote on Resolution 2 are encouraged to specify how their proxy is to vote on these resolutions by marking the 'For' or 'Against' boxes alongside Resolution 2 overleaf.