



Traka Resources Limited

ABN: 63 103 323 173

4 February 2015

Company Announcements Office

ASX Limited

PO Box H224 Australia Square

SYDNEY NSW 2000

Dear Sir / Madam

Notice of Extraordinary General Meeting

The notice of meeting for the Extraordinary General Meeting of Traka Resources Limited, to be held on Tuesday 10 March 2015, is attached.

Yours faithfully

Peter Rutledge

Company Secretary

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

NOTICE OF EXTRAORDINARY GENERAL MEETING

to be held at

Suite 2, 43 Ventnor Avenue, West Perth

on 10 March 2015 at 2.00 pm WST

Notice is hereby given that an Extraordinary General Meeting of shareholders of Traka Resources Limited will be held at Suite 2, 43 Ventnor Avenue, West Perth, WA on 10 March 2015 commencing at 2.00 pm WST (the Meeting).

The Proxy Form forms part of this Notice of Meeting (the Notice).

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) at 2.00 pm WST on 8 March 2015.

AGENDA

1. Resolution 1: Issue of options to the Managing Director

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

“That, for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 of the Listing Rules of the Australian Securities Exchange (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 Memorandum accompanying this Notice of Meeting.”

Voting Restriction

The Company will disregard any votes cast on this resolution by Mr Verbeek and his associates and any permitted nominee of Mr Verbeek and any associates of that nominee. 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.

By order of the Board



Peter Rutledge
Company Secretary
21 January 2015

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

TRAKA RESOURCES LIMITED

ABN 63 103 323 173

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Extraordinary General Meeting of the Company to be held at Suite 2, 43 Ventnor Avenue, West Perth, Western Australia on 10 March 2015 commencing at 2.00 pm.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe is material to Shareholders in relation to the proposed resolution (Resolution). This Explanatory Memorandum explains the Resolution and identifies the Directors' reasons for putting it to Shareholders.

1. Resolution 1 – 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 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. The Company will announce the exercise price, so calculated, prior to the commencement of the Meeting. These options are not linked to the Company's performance.

1.1 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 2014 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) Mr Verbeek's overall level of remuneration for the previous financial year, as set out in the Remuneration Report in the Company's 2014 Annual Report and summarised in 1.2(iii) below;
- (b) the services provided by Mr Verbeek to the Company over the eleven years since its listing;
- (c) the importance of providing an option based incentive to Mr Verbeek for a continuing high level of service in future;
- (d) the general level of remuneration of other executives with similar roles to Mr Verbeek in the mineral exploration industry.

1.2 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.

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 amount payable per share on exercise of the options, calculated by taking the volume weighted average price of the Company's shares 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) and multiplying that figure by 1.25, calculated in cents to 2 decimal places;
- (d) Expiry Date: The options will expire on 9 March 2018 unless expiry occurs earlier under these terms and conditions;
- (e) Issue Date: The date the Resolution is passed by Shareholders;
- (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:
 - (i) 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;
 - (ii) 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 15 January 2015 - that is at the time of preparation of this Notice.

The value so calculated is 1.43 cents per option or \$28,600 for the 2,000,000 options.

The assumptions used in the valuation are set out below:

VWAP of Traka shares	2.46 cents
Exercise price - 25% premium to VWAP	3.08 cents
Risk free rate - 3-year Commonwealth Bond rate on 14 January 2015	2.08%
Expected volatility	100%
Time to expiry	3 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 three years – that volatility is approximately 100%.

The value of the options is particularly sensitive to volatility. The table below sets out the effect of different volatilities between 80% and 120% on the valuation above, all other assumptions remaining unchanged:

Volatility (%)	Value per option (cents)	Value of 2,000,000 options (\$)
80	1.16	23,200
90	1.30	26,000
100	1.43	28,600
110	1.55	31,000
120	1.66	33,200

The Exercise Price of the options will be based on the VWAP of the Company's shares up to and including the day prior to the Meeting. 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 (cents)	Exercise Price (cents)	Value per option (cents)	Value of 2,000,000 options (\$)
1.5	1.88	0.87	17,400
2.0	2.5	1.16	23,200
2.46	3.08	1.43	28,600
3.0	3.75	1.75	35,000
3.5	4.38	2.04	40,800

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 2015. 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 paid under the Consultancy Agreement for the year ended 30 June 2014 was \$277,000 plus reimbursement of work related expenses. The total remuneration package of the Managing Director for the 2014/15 year under the current agreement including the estimated value of the proposed options amounts to

Fees (payable to Malahang)	\$277,000
Estimated value of proposed options based on assumptions as at the time of preparing this Notice	<u>\$ 28,600</u>
Total remuneration package	<u>\$305,600</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	4,916,664	2,000,000

The 2,000,000 existing options referred to above are exercisable at 8.75 cents per share by 17 November 2016.

(v) The effect of the issue on existing shareholders

There are currently 111,848,198 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 1.76%.

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 6.5 cents and a low of 1.9 cents with the last sale price being 1.9 cents on 16 January 2015.

The estimated cost to the Company of the issue of the options, based on the valuation set out in subsection 1.2(ii), is \$28,600 or 0.03 cents per share on issue. The actual cost will depend on the VWAP of Traka shares prior to the Issue Date 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 the 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 the Resolution.

(vi) Directors' recommendation

Approval of the 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 the 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 the resolution.

1.3 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 the Resolution;
- (d) The options will be issued free on the terms and conditions set out in subsection 1.2(i) above;
- (e) A voting exclusion statement for the 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 3.08 cents per share, as used in the example valuation in subsection 1.2(ii), the exercising of the options would result in an additional \$28,600 of working capital for the Company.

Approval of shareholders is being sought under the 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

Ground Floor, 43 Ventnor Avenue
West Perth WA 6005

Mailing Address:

PO Box 601, West Perth WA 6872

Telephone: 61 8 9322 1655

Facsimile: 61 8 9322 9144

Email: traka@trakaresources.com.au

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 **2.00 pm on Tuesday 10 March 2015**, 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: 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 this Resolution

Additional Instructions:

Resolution 1: Where I/we have not specified above how my/our proxy is to vote in relation to Resolution 1 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/our proxy is the Chairman of the Meeting, I/we hereby expressly authorise him to exercise my/our proxy;
- b) where my/our proxy is not the Chairman of the Meeting, he is not permitted to cast my/our vote on this resolution, and my/our vote will not be counted in computing the required majority if a poll is called on this item.

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 apply in the case of Resolution 1 – see below. Please note that, If you mark the "Abstain" box for the 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 resolution**

Resolution 1 – Issue of options to the Managing Director

Subsection 250BD(1) of the Corporations Act provides that a person who is a member of the key management personnel for the Company, or a closely related party of that member, who is appointed as a proxy, is prohibited from voting on a resolution connected directly or indirectly with the remuneration of a member of the key management personnel for the Company where their appointment does not specify the way the proxy is to vote on the resolution. This restriction applies to Resolution 1 since it deals with the remuneration of the Managing Director, Mr P Verbeek, who is a member of the key management personnel of the Company.

Subsection 250BD(2) however states that the above prohibition does not apply to the Chairman of the Meeting (Chairman) where the appointment of the Chairman as proxy expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with a member of the key management personnel for the Company. In this instance the Chairman's stated voting intention in relation to Resolution 1 is to vote undirected proxies in favour of the resolution.

Shareholders eligible to cast a vote on Resolution 1 are encouraged to specify how their proxy is to vote on this resolution by marking the 'For' or 'Against' boxes alongside Resolution 1 overleaf.