



# Traka Resources Limited

ABN: 63 103 323 173

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11 October 2016

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

## **2016 Corporate Governance Statement**

Attached is a copy of the Traka Resources Limited 2016 Corporate Governance Statement.

P C Rutledge  
Company Secretary



## **CORPORATE GOVERNANCE STATEMENT**

The board of directors (the “Board”) of Traka Resources Limited (“Traka” or the “Company”) is responsible for monitoring the business affairs of the Company and protecting the rights and interests of all shareholders. High standards of corporate governance are essential to give effect to its responsibilities. The Company’s corporate governance arrangements are set and reviewed by the Board having regard to any changing circumstances of the Company, statutory and regulatory requirements and the best interests of all shareholders. They are designed to comply as far as possible with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition (the ‘Principles’). This statement outlines the Company’s approach to corporate governance for the financial year ended 30 June 2016. Any documents referenced in this statement as being available on the Company’s website can be found on [www.trakaresources.com.au](http://www.trakaresources.com.au).

### **1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

#### **1.1 Roles and responsibilities of the Board and management and those roles reserved for the Board and those delegated to management**

The Board’s key objective is the increase of shareholder value by successful exploration for and/or production of minerals. The Board focuses the Company’s activities on pursuing exploration opportunities in the mineral resource business which are judged to have the potential for success without exposing the Company to undue risk. Traka had three principal areas of interest during the financial year, namely the Musgrave Project, the Yallalong Project and the Ravensthorpe Project; the Company’s main thrust has been to add shareholder value by the discovery of economic mineral deposits in these areas.

The Board is accountable to shareholders for the performance of the Company, and its responsibilities include:

- (a) approval of corporate strategy including annual approval of budgets and monitoring performance against the budget;
- (b) determining the capital structure of the Company;
- (c) appointing and determining the duration, remuneration and other terms of appointment of the Managing Director and other senior management;
- (d) evaluating the performance of the Managing Director and other senior personnel;
- (e) overseeing the integrity of the Company’s accounting and corporate reporting systems, including the external audit;
- (f) approving the risk management strategy and frameworks and monitoring their effectiveness;
- (g) determining and monitoring of the Company’s corporate governance systems and practices;
- (h) approval of investments, corporate acquisitions, new joint ventures; and
- (i) appointment of the external auditors and principal advisors.

Due to the concentration of corporate aim and the small size of the Board all governance issues are considered by the full Board.



### *Senior executives*

#### Managing Director

The Managing Director is the chief executive officer of the Company.

The role of the Managing Director during the year under review has been to manage the Company's exploration activities on a day to day basis pursuant to authority delegated by the Board and to implement Board and corporate policy and planning in accordance with Board approved exploration programs and budgets. The Managing Director reports to the Board regularly and is under an obligation to make sure that all reports which he presents give a true and fair view of the Company's exploration activities.

#### **1.2 Appropriate checks to be carried out on prospective directors**

The Board oversees the selection, appointment and induction of new directors. An important part of this process is assessing potential candidates for the Board and includes undertaking appropriate checks before appointing a person as a director of the Company or putting forward to shareholders a new candidate for election as a director. The assessment of potential candidates includes their relevant qualifications, skills and experience, their character, details of other board commitments, potential conflicts of interest and whether they qualify as being independent.

The Board provides shareholders with biographical details and other relevant information as to the qualifications, experience and skills of a candidate standing for election or re-election as a director to enable the shareholders to make an informed decision as to whether or not to elect or re-elect the candidate.

#### **1.3 Written agreements with directors and senior executives**

A written agreement, in the form of a letter of appointment, is provided to new directors, setting out the term of their appointment, their remuneration, the time that it is envisaged they will need to commit to perform their duties, the requirement for them to disclose interests and matters that may affect their independence, the requirement for them to comply with key corporate policies including the Company's policy on trading its shares, and the requirement to adhere to ongoing confidentiality obligations. The letter of appointment also sets out indemnity and insurance arrangements, ongoing rights of access to corporate information and the circumstances in which directors may seek independent professional advice at the Company's expense.

Written contracts of engagement are entered into with Managing Director and any other senior executives that may be appointed, setting out their position, duties and responsibilities, termination circumstances and entitlements.

#### **1.4 Company Secretary accountable to the Board**

The Company Secretary is accountable to the Board and reports directly to the Chairman. The decision to appoint or remove the Company Secretary is made by the Board.

Each director may communicate directly with the Company Secretary and vice versa.

The duties and responsibilities of the Company Secretary include coordinating Board meetings and the timely circulation of Board papers, minuting board meetings and resolutions, regularly communicating with Board members on matters relating to Board procedures and compliance with ASX Listing Rules and advising the Board on governance matters.



### **1.5 Board diversity**

The Company believes that fair and equal access to employment opportunities should be afforded to all eligible employees, regardless of gender, age, nationality, race, religion or sexuality, and that a diverse workforce will provide the broadest and most effective talent pool. All appointments are nevertheless made on the basis of merit.

Due to the small size of its workforce, the Company does not have a formalised diversity policy in place, but the Board is cognisant of the benefits of diversity and will embrace the adoption of such a policy as and when the Company's growth allows.

#### *Measurable objectives for achieving gender diversity*

The Company will establish measurable objectives for achieving gender diversity as and when its workforce reaches a size that justifies such a policy.

#### *Employee proportions*

As at 30 June 2016 the Company's small permanent workforce (excluding directors), was comprised entirely of persons of the female gender. There were no changes to the personnel holding executive positions or the three non-executive Board positions, all of which are held by persons of the male gender.

### **1.6 Evaluation of Board performance**

Due to the size and composition of the Board, the Company does not have a formal process for evaluating the performance of the Board or individual non-executive directors. Accordingly, no formal performance evaluation for the Board or its non-executive members took place during the reporting period.

Directors are encouraged to attend director training and professional development courses, as required, at the Company's expense. New directors have access to all employees to gain a full background on the Company's operations.

All directors have access to company records and information and receive regular financial and operational reports from management. The Chairman and the other directors regularly consult with the managing Director and the Company Secretary and may consult with and request additional information from any company personnel.

The Board collectively, and each director individually, has the right to seek independent professional advice at the expense of the Company to assist with the discharge of their duties. While the Chairman's prior approval is required, it may not be unreasonably withheld.

### **1.7 Evaluation of the performance of senior executives**

The Board is responsible for setting the Managing Director's performance objectives and for evaluating his performance against them. The non-executive members of the Board carry out an annual review of the adequacy of his remuneration and participation in share incentive arrangements.

The Company Secretary's performance and remuneration are evaluated on an annual basis.



## **2 STRUCTURE THE BOARD TO ADD VALUE**

### **2.1 Nomination committee**

Due to the size of the Company and the composition of the Board, a nomination committee has not been established. The Board does not consider that the Company's affairs are of such a size and complexity as to merit the establishment of a separate nomination committee. Until this situation changes, the Board will carry out the functions of a nomination committee.

The Board considers that it is in the best interests of the Company to determine the criteria for the selection of new directors based on any perceived "gaps" in the skill set of the Board as and when a casual vacancy arises. The Board remains constantly aware of the requirement to balance the Company's need to retain the overall spread of knowledge, experience and skills that the current Board provides with any opportunity or need that may arise to enhance the overall capabilities of the Board either through the replacement of an existing director or the appointment of an additional director.

Retirement and rotation of directors is governed by the Corporations Act and the constitution of the Company. Each year, one-third of the directors must retire and offer themselves for re-election. Any director appointed to fill a casual vacancy between general meetings is required to stand for re-election by shareholders at the next Annual General Meeting of the Company.

Re-appointment of directors is not automatic. Shareholders are provided with relevant information on each of the candidates for election or, where applicable, re-election.

### **2.2 Board skills matrix**

The principal skills identified as important for the board of the Company are set out below identifying the number of directors (on the four-man board) providing those skills:

<b>Skills</b>	<b>No of Directors</b>
Strategic leadership	4
Business acumen / financial	4
Industry experience	4
Communication	2
Governance	2
Legal	1

Given the small size of the Company and of the board, the skill cover of the existing board is considered to be comprehensive.

Each director has the right to access all relevant company information and to communicate with any of the Company's personnel. Directors may also, subject to prior consultation with the Chairman, seek independent professional advice from a suitably qualified adviser at the Company's expense.

### **2.3 Independent directors**

During the year ended 30 June 2016, the Board consisted of four directors, one of whom, Mr G Petersons is considered independent in terms of the Factors relevant to assessing the independence of a director set out in Recommendation 2.3 of the Principles (Factors). Two of the directors, Mr N Tomkinson and Mr J Pitt, are not independent within the strict meaning of the Factors because they are associated with a substantial shareholder in the Company, as defined in the Corporations Act, and the Managing Director, Mr P Verbeek, cannot be considered independent as he is the Chief Executive Officer of the Company.



However, the directors believe that there exists a strong incentive for all Board members to carry out their directorial duties in an independent manner. The Board considers that this, combined with the fact that there is sufficient independence of view and variety of intellectual input among the directors, achieves the objectives of the Factors and consequently views all the non-executive directors to be effectively independent.

The non-executive directors have served as directors since their respective dates of appointment, as follows:

Mr G Petersons	appointed 8 January 2003
Mr J Pitt	appointed 8 January 2003
Mr N Tomkinson	appointed 4 September 2003

#### **2.4 Majority of the board should be independent directors**

As set out under Recommendation 2.3, the majority of the Board do not qualify as being independent in terms of the Factors.

A determination with respect to independence is made by the Board on an annual basis. In addition the directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.

#### **2.5 Chairman's independence and the roles of chairman and chief executive officer**

The Chairman is not an independent director in terms of the strict interpretation of the Factors, but he is independent of the role of Chief Executive Officer, which is filled by the Managing Director. On balance, the Board considers that the Chairman effectively acts as an independent director.

The small size of the Company, the limited number of executive personnel and the relative simplicity of operations, are all factors supporting the size of the Board being kept small despite the desired requirements of this Principle.

##### *Role of the Chairman*

The Chairman is responsible for providing leadership and governance to the Board. He is also responsible for the effective conduct of meetings of directors and general meetings of shareholders and for setting the agenda for Board meetings with the Company Secretary. Any director of the Board may request an item of business to be included on the agenda.

The Chairman and the Managing Director are authorised by the Board to make verbal statements on the Company's behalf.

#### **2.6 Program for inducting new directors and provision of professional development opportunities**

The Company Secretary is responsible for ensuring new directors are provided with an induction program to familiarise them with the Company's operations and policies and procedures.

Board members are encouraged to take opportunities to develop and maintain their skills and knowledge relevant to their position as a director of the Company – undertaking any such training or professional development courses at the expense of the Company is subject to prior approval by the Chairman.



### **3. ACT ETHICALLY AND RESPONSIBLY**

#### **3.1 Code of conduct**

The Company has a code of conduct which is committed to achieving the following objectives:

- (a) ensuring that all of its business affairs are conducted legally, ethically and with integrity;
- (b) ensuring that the Company itself and its joint venturers who act as operators of projects in which the Company has an interest adopt high standards of occupational health and safety, environmental management and ethics;
- (c) managing its legal obligations and the reasonable expectations of stakeholders effectively through the development and implementation of a risk management framework which incorporates these key areas; and
- (d) fostering and maintaining a culture of ownership, care, professional excellence, confidentiality, integrity and freedom from any conflict or perceived conflict of interest in each of the Company's employees and consultants.

##### *Director conflict of interest*

All directors are required to disclose any actual or potential conflict of interest upon appointment and are required to keep up to date these disclosures to the Board.

##### *Trading in company securities*

The Company's securities trading policy has been disclosed in accordance with the provisions of the ASX Listing Rules and is published on the Company's website.

### **4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

#### **4.1 Audit committee**

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

The Board monitors the form and content of the Company's financial statements and maintains an overview of the Company's internal financial control and audit system and risk management systems.

Additionally, the Board, in line with its overall responsibility to shareholders, annually reviews the performance and independence of the external auditor and the continuation of that appointment. The Board also approves the remuneration and terms of engagement of the external auditor. Any appointment of a new external auditor is submitted for ratification by shareholders at the next annual general meeting of the Company.

#### **4.2 CEO/CFO declaration required prior to approving financial statements for a financial period**

The Board, prior to approving quarterly, half-yearly and annual financial statements, receives from the Managing Director and the Company Secretary/Chief Financial Officer a declaration in writing that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.



#### **4.3 External auditor attends the annual general meeting**

The Company ensures that a representative of the external auditor attends the annual general meeting and is available to take questions from attendees concerning the conduct of the audit, the preparation and content of the audit report, the independence of the auditor and the accounting policies adopted by the Company.

### **5. MAKE TIMELY AND BALANCED DISCLOSURE**

#### **5.1 Policy for complying with continuous disclosure obligations under the ASX Listing Rules**

The Company's policy on continuous disclosure and its compliance procedures are designed to ensure it complies with the disclosure requirements of the ASX Listing Rules including timely and balanced disclosure.

All announcements to the ASX are promptly loaded onto the Company's website following their release.

### **6. RESPECT THE RIGHTS OF SECURITY HOLDERS**

#### **6.1 Information about the Company and its governance provided to investors via the Company website**

The Company's website is intended as a source of general information about the Company and its operations, as well as a source of information specifically for shareholders. It includes information about the Company's capital structure and its larger shareholdings and sets out the Company's Corporate Governance Statement. Copies of the annual, half yearly and quarterly reports and financial statements for at least the past five years can also be accessed. It is updated promptly with the Company's latest ASX announcements – these include notices of meetings and any investor updates and company presentations as well as a link to the Company's current share price on the ASX. Company contact details are provided, including a facility for visitors to the site to send any queries they may have direct to the Company.

#### **6.2 Design and implement an investor relations program to facilitate two-way communication with investors**

The Company has a simple investor relations program whereby it responds promptly to shareholder and investor communications that it receives and utilises the annual general meeting and its website to facilitate communications between the Company and its shareholders and investors.

#### **6.3 Policies and processes to facilitate and encourage participation at meetings of security holders**

The Company actively engages with shareholders at the annual general meeting, encouraging them to participate in discussion of the Company's business and affairs. It also uses the opportunity to update shareholders on the Company's operations and is proactive in encouraging attendees to participate in ensuing discussion. Any enquiries received from shareholders to be addressed at the annual general meeting are dealt with at the meeting and at all other times are responded to promptly.

#### **6.4 Provide security holders with the option to receive communications from and send communications to the Company electronically**

Shareholders are given the option to receive information such as the Annual Report in print or electronic form.

The Company maintains a website at [www.trakaresources.com.au](http://www.trakaresources.com.au). Shareholders can find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile. Shareholders may also request a print copy of the Company's recent ASX releases. The Company has not as yet initiated a direct on-line voting mechanism for its shareholders at general meetings as the cost of such a mechanism is considered out of proportion to the number of shareholders choosing to participate.





## **7. RECOGNISE AND MANAGE RISK**

### **7.1 Committee to oversee risk**

The Board does not consider that the Company's affairs are of such a size and complexity as to merit the establishment of a separate committee to oversee risk and relies on the Board as a whole to oversee and manage risk.

The processes the Board employs for overseeing the entity's risk management framework include:

- (a) the establishment of a register of business risks, being principally the risks involved in the Company's main business enterprise, namely exploration for gold, base metals and platinum group elements;
- (b) regularly reviewing the risks relative to any change in the Company's situation and external factors.

To the extent possible in a Company with a very small staff, internal controls are in place to mitigate against any material business risks. Risks of a strategic, financial and operational nature (such as ability to raise capital to fund exploration, commodity price and currency fluctuations, adequate levels of insurance, contract documentation, resourcing, and meeting financial reporting and compliance obligations) are reviewed on a regular basis by the Board. Potential operational risks involved in running the Company are managed by the Board. The Managing Director and the Company Secretary report to the Board on the effective management of risk at least quarterly.

### **7.2 Review of risk management framework at least annually**

The Board reviews its risk management framework regularly and at least annually. There have been no significant changes during the past year.

### **7.3 Internal audit function**

The Board considers that the Company's affairs are not of sufficient size or complexity to warrant an internal audit function.

The Board itself reviews and evaluates the effectiveness of its risk management and processes of internal control.

### **7.4 Material exposure to economic, environmental and social sustainability risks**

The Board is currently satisfied that the manner in which the Company conducts its business should not give rise to any material exposure to economic, environmental and social sustainability risks.

## **8. REMUNERATE FAIRLY AND RESPONSIBLY**

### **8.1 Remuneration committee**

The Board does not have a separate remuneration committee due to the small size of the Company and the limited number of employees. The full Board carries out the functions of a remuneration committee.

The Board on an annual basis reviews remuneration and incentive policies, as well as superannuation arrangements. The Board adheres to the principles used to determine the nature and amount of remuneration outlined in the audited Remuneration Report set out in the Directors' Report. The Board reviews these principles at least annually and, where necessary, will consult with external consultants and specialists. Executive directors do not participate in deciding their own remuneration.



## **8.2 Separate disclosure of remuneration policies and practices for non-executive directors and executive directors and senior executives**

Remuneration for non-executive directors is fixed and they do not participate in any incentive plans. They do not receive any retirement benefits, except that, as part of their fixed remuneration, they are paid statutory superannuation.

The Managing Director receives a set amount of remuneration and from time to time, subject to prior shareholder approval, is offered free unlisted options to acquire ordinary shares in the Company.

For information about director remuneration policies and practices, reference can be made to the audited Remuneration Report set out in the Directors' Report.

Remuneration of other Company personnel is by way of salary or fees, on a set or hourly basis, and, at the Directors' discretion, may include the grant of options to acquire shares in the company in accordance with the Company's Employee Share Option Plan.

## **8.3 Equity based remuneration scheme**

Recipients of equity-based remuneration such as incentive options are not permitted to enter into transactions which would limit the economic risk of participating in such schemes.