



DRILLING AT THE KROUSSOU ZINC-LEAD PROJECT HAS COMMENCED

Confirmatory diamond drilling programme has commenced at the Kroussou Project. This first programme of modern drilling aims to unlock the potential of the basin.

ASX ANNOUNCEMENT

01 February 2017

ASX: TKM

ARBN: 124 462 826

Board of Directors

Mr Greg Bittar

Non-Executive Chairman

Mr Bradley Drabsch

Managing Director

Ms Sonja Neame

Non-Executive Director

Issued Capital

Shares – 139.3 M

Options – 46.5M

Share Price – A\$0.03

Market Cap. – A\$4.18M

Registered Office – Australia

Suite 5/56 Kings Park Rd

WEST PERTH WA 6005

Registered Office – Bermuda

Trinity Hall

43 Cedar Avenue

HAMILTON HM12

Postal Address

P.O. Box 1796

WEST PERTH WA 6872

T +61 8 6555 1879

E info@trekmetals.com.au

W trekmetals.com.au

HIGHLIGHTS

- **Initial diamond drill program at the Kroussou Project in Gabon has commenced**
- **Drill plan designed to confirm the historical work completed by the French Geological Survey (BRGM) during the 1960's – 1980's**
- **Better intersections historically include –**
 - **2.3m @ 21.2% Zn+Pb from 0.9m**
 - **8.3m @ 7.8% Zn+Pb from 13.6m and**
 - **7.0m @ 8.2% from 9.4m**
- **Placement to sophisticated investors raises \$500,000 to fund this initial drilling programme and provide additional working capital**

Drilling

Trek Metals Limited (TKM) is pleased to announce that drilling has commenced at the Kroussou Project in Gabon.

The drilling programme is designed to confirm the presence of near-surface zinc-lead mineralisation originally identified by the French Geological Survey (BRGM) as early as the 1960's.

Approximately 8-10 holes will be drilled, at the Dikaki Prospect, to varying maximum depths averaging about 50m. It is anticipated that the programme will take 4-6 weeks to complete with assays expected during Q2 2017.

Trek Managing Director, Bradley Drabsch commented, *"We are particularly pleased to be able to get the drilling at Kroussou underway. The opportunity to positively demonstrate the prospectivity of the stratigraphy in just one small section of an 80km long basin, where base metals are indicated right along its length, is tremendously exciting."*

Placement

The Company is also pleased to advise that it has received commitments from sophisticated and professional investors for a strategic share placement utilising its 15% placement capacity under Listing Rule 7.1 to raise \$500,000, before costs, through the issue of 16,666,667 shares at \$0.03.

Funds raised will be utilised to assist with funding the upcoming drilling programme and ongoing exploration at Kroussou Project in Gabon, to seek and access new resource opportunities and for general working capital purposes.

About the Kroussou Project

Zinc and lead mineralisation is hosted in Cretaceous sediments exposed on the margin of the Cotier (Coastal) Basin within preserved channels and onlapping unconformable Archaean and Paleoproterozoic basement rocks (Figures 2 and 3). Base metal occurrences are mapped along the length of the Kroussou Project License (84km strike for ~1,500km² of tenure, Figure 1). Only a limited number (2 of 18) of the exposed channels were drill tested by the Bureau de Recherches Géologiques et Minières (BRGM) historically, with both channels containing significant base metal mineralisation. Trek believes there is scope for the discovery of further base metal accumulations within the remaining untested 16 channels and also greater potential westward within the broader Cotier Basin.

The Dikaki Prospect (Figures 2 and 3), the area with the most historic drilling (small diameter diamond core) returned numerous shallow intersections of ore grade and width zinc plus lead mineralisation. Some of the better intersections reported included **2.3m @ 21.2% Zn+Pb from 0.9m, 8.3m @ 7.8% Zn+Pb from 13.6m and 7.0m @ 8.2% from 9.4m**. These holes were drilled by the BRGM in 1979-1980 (for further details refer to TKM's ASX Announcement from 2 November 2016).

Assaying of core by the BRGM was highly selective due to the high cost of analysis and transport back to France at the time. Only obviously mineralised (clearly visible galena – lead sulphide) core was sent for analysis, limiting defined and quantified mineralisation to these intersections. Sphalerite (zinc sulphide) is not always easy to identify in hand specimen and zinc rich core may not have been sent for assay. Further, BRGM limited their drill program to shallow holes (average depth of 16m) with numerous holes ending in mineralisation.

The BRGM drill holes confirm multiple horizons of flat lying mineralisation. Numerous intersections of massive sulphide were reported in drill logs adding to the potential for significant zinc and lead mineralisation at the Kroussou project. The style of mineralisation is likely Mississippi Valley Type, however some Sedex Type characteristics are also observed. Petrology undertaken by Battery Minerals Limited (BAT, formerly Metals of Africa, MTA) indicates relatively equal proportions of zinc and lead minerals and the sphalerite appears to have low iron content, making it more attractive for beneficiation.

BAT has identified eighteen channels that offer very shallow, near surface targets close to the Archaean and Paleoproterozoic basement rocks. A recent field visit by Trek, identified significant zinc and lead mineralisation within modern drainage systems outcropping within the historically drilled channels. BAT previously announced confirmation of high grade rock chips at the Dikaki and Kroussou Prospects with results returning grades as high as 9.7% zinc and 33.1% lead (see ASX announcement by BAT from 7 April 2015).

Access to Infrastructure

Access into the Kroussou project area has been greatly enhanced in recent times by the presence of several logging companies operating in the area. New, high quality roads and tracks have been established that allow for easy passage into the project from the bitumen highway that runs south from the capital city of Libreville.

A river port at Yeno (Figure 1), approximately 65km, by vehicle, to the west of the project area along a good quality road, is used by the timber and the oil industries to barge equipment and product to Gabon's main commercial shipping base at Port Gentil. This barge system presents an ideal, relatively cheap logistical solution for operations within the project to and from the main export facilities at Port Gentil.

Key Deal Terms

- Drill Option – TKM to fund an initial drilling programme at Kroussou up to US\$250,000.
- Should TKM elect to exercise this option (prior to 31st July 2017), TKM will pay BAT US\$240,000 in cash and/or shares as a reimbursement of costs and to secure the right to earn 30% of the Kroussou Project through the expenditure of US\$1M within 12 months of the exercise date.
- TKM can then earn a further 40% of the Project through the expenditure of US\$3M in the subsequent 24 months.
- TKM will then have earned 70% of the Kroussou Project and agrees to free carry BAT through to the completion of a PFS (Pre-Feasibility Study, as defined in JORC 2012). At that point BAT will have the option to contribute to the delivery of a DFS (Definitive Feasibility Study as defined in JORC 2012) or dilute, via standard industry formulae to 5%, whereby below that, its interest will convert to a 2.5% Net Smelter Royalty (NSR). TKM will have the option to buy back 1% of this royalty through the payment of US\$1M to BAT.

COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration results is based on information compiled by Mr Bradley Drabsch, Member of the Australian Institute of Geoscientists ("AIG") and Managing Director of Trek Metals Limited. Mr Drabsch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a competent person as defined in the JORC Code 2012. Mr Drabsch consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

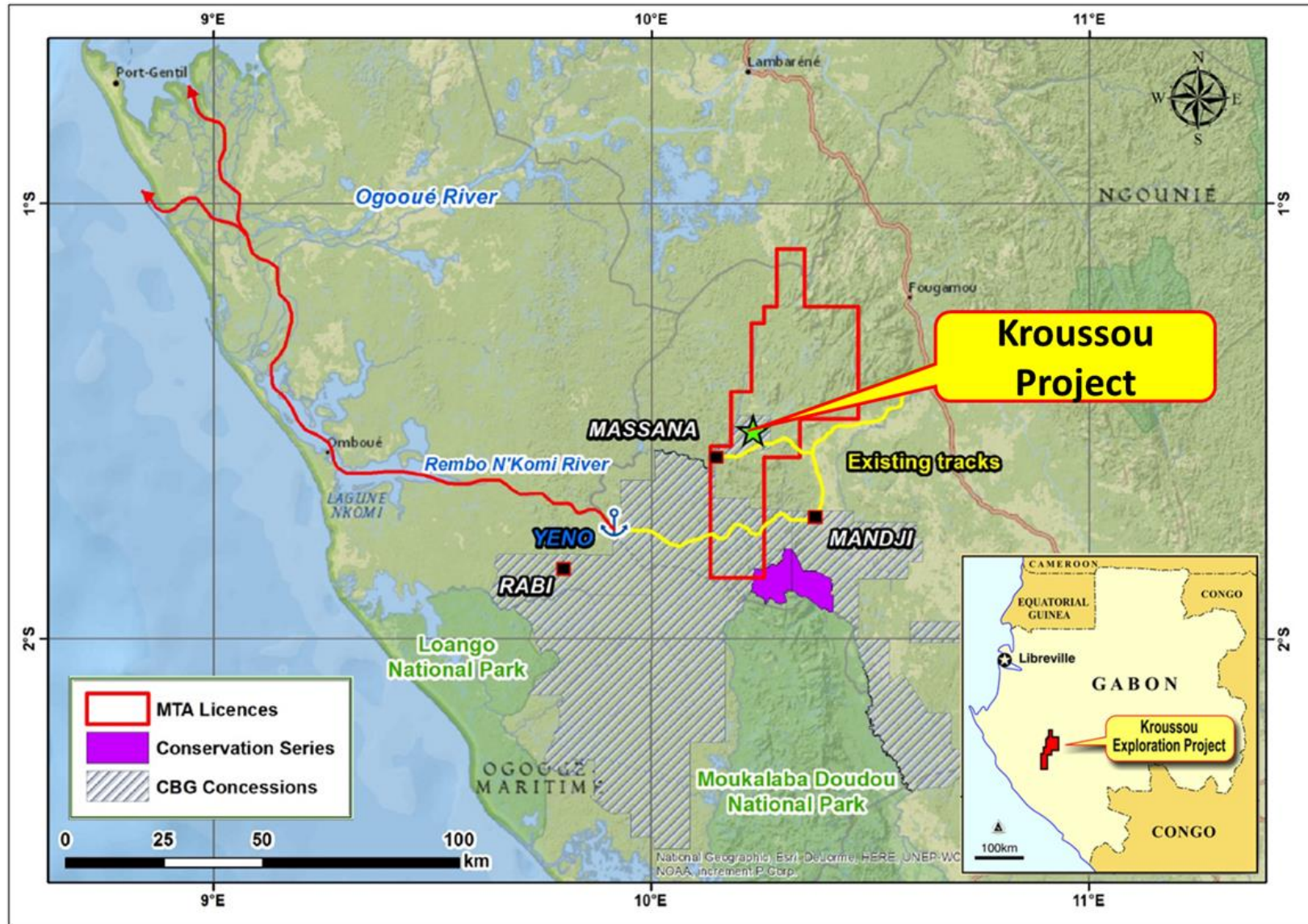


Figure 1: Location Plan of the Koussou Project in Gabon

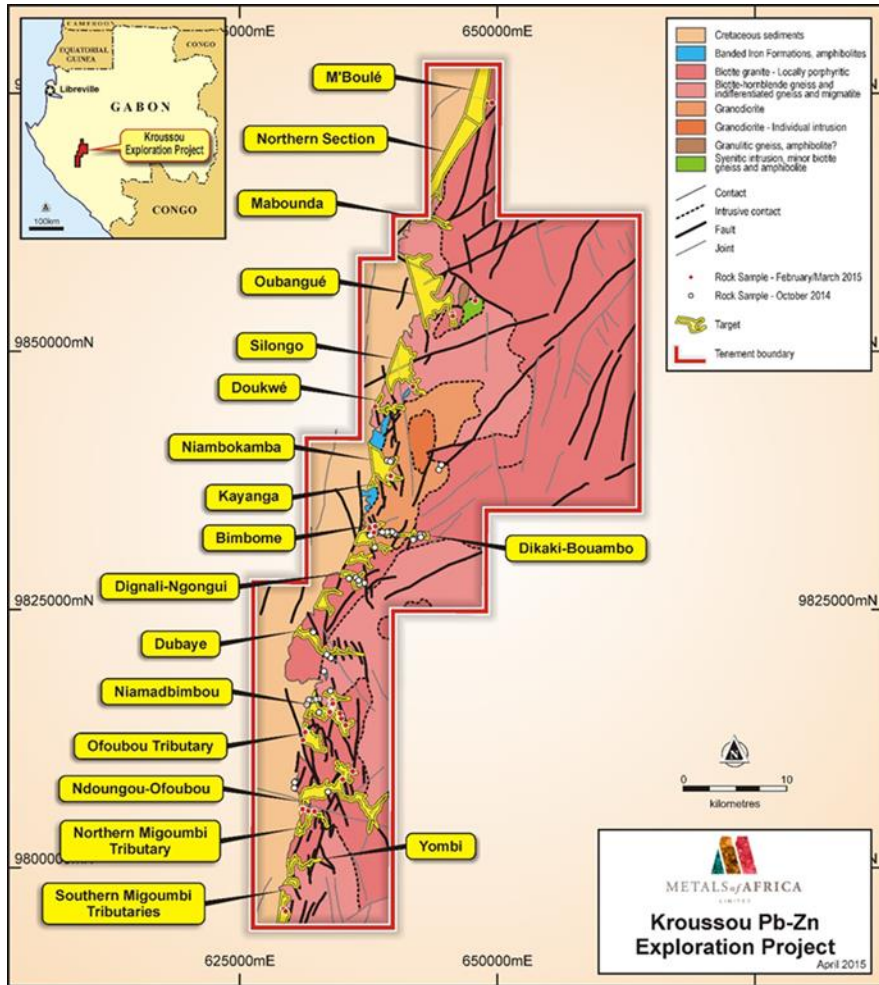


Figure 2: Plan of the Kroussou Project showing the 18 prospective channels

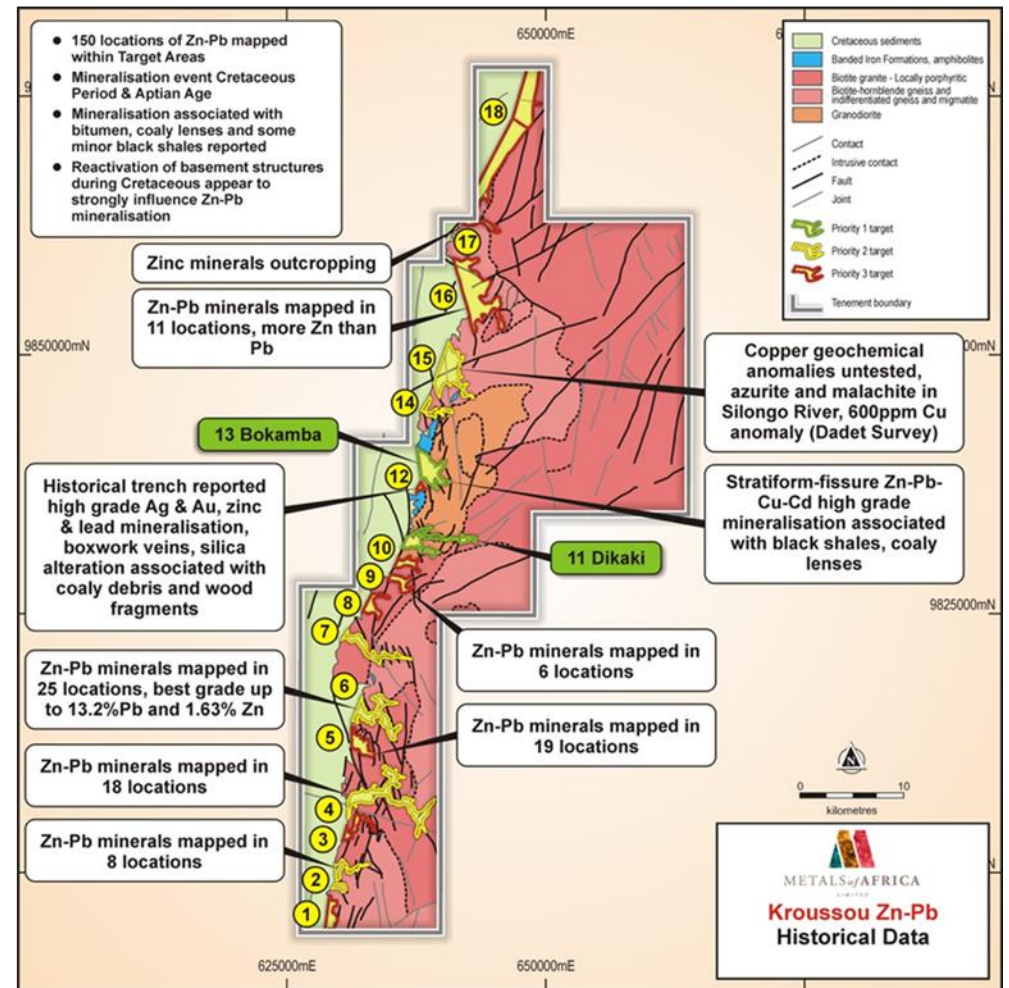


Figure 3: Details of some of the historic exploration conducted at the Kroussou Project