



Successful Placement Raises \$1.8 Million to Fund Kroussou Exploration and Drilling

*Kroussou Option to be exercised as exploration
continues in Gabon*

ASX ANNOUNCEMENT

20 July 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

Mr Michael Bowen

Non-Executive Director

Issued Capital

Shares – 156.0 M

Options – 55.5M

Share Price – A\$0.030

Market Cap. – A\$4.68M

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Trek Metals Limited (ASX:TKM) (Trek, or the Company) is pleased to advise that it has received commitments from new and existing sophisticated and professional investors to raise \$1.8 million (before costs, facilitated by Longreach Capital) to advance exploration at the highly prospective zinc-lead Kroussou Project (which is subject to an option agreement with Battery Minerals Limited (ASX:BAT)¹ in Gabon (**Placement**)).

The maximum number of new shares that will be issued pursuant to the Placement is 72 million new fully paid ordinary shares at an issue price of 2.5 cents per share (**Placement Shares**).

The Placement Shares will be issued, subject to shareholder approval, which will be sought at Trek's Annual General Meeting to be held by the end of July 2017. A notice of meeting will be released in the coming days.

In a strong signal of support, Trek's major shareholder IMC Group participated in the placement and retains an approximate 39% interest in the company.

Purpose of the Issue

The Trek Board is encouraged by recent advancements, including it's maiden drilling at the highly prospective Dikaki Prospect (refer to ASX Announcement dated 11 May 2017 for full details of drilling results).

The high-grade assay results confirmed the presence of near-surface zinc-lead mineralisation originally identified by the French Geological Survey (BRGM) as early as the 1960's and provides Trek with the confidence that the broader basin is a viable exploration target.

¹ Refer ASX announcement dated 2 October 2016 for summary of Kroussou Project key deal terms

Proceeds from the Placement will fund:

- Payment to exercise the option (US\$240,000) for the right to earn up to 70% in of the **Kroussou Project**.
- Advancement of exploration activities at the **Kroussou Project**.

Trek plans to continue exploring the Dikaki Prospect to further scope out the mineralisation discovered to date. The higher-grade zones are still open in most directions and present an excellent opportunity as near surface targets that are amenable to open pit extraction.

The future plan involves drilling and ground based geophysics (IP/EM) in order to potentially directly detect the sulphide rich mineralised zones. The next phase of drilling is planned to commence by the end of 2017.

Additional surface sampling throughout the Dikaki channel will also be completed as part of the broader regional survey that is underway. Soil anomalies generated will be infilled appropriately with ground based geophysical follow-up and then drill tested.

- Continuation of target generation within the broader Kroussou Project area. A surface geochemistry programme comprising soil sampling, stream-sediment sampling and rock chip sampling is underway and is anticipated to highlight a number of new target areas for exploration.
- Support ongoing exploration activities on the company's other base metals project in the Northern Territory, the **Lawnhill Project**.
- General working capital, including evaluation of new project opportunities

Director Remuneration

The Non-Executive Directors of Trek are fully committed to the successful restructure and redirection of the Company and continue to perform their duties unpaid.

Managing Director, Bradley Drabsch has agreed to a 20% reduction in fees, to \$160,000 per annum, as the Company remains focussed on maximising the amount of money available for investment in the Kroussou Project.

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. Base metal occurrences are mapped along the length of the Kroussou Project License (84km strike for ~1,500km² of tenure). 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, the area with the most historic drilling (small diameter diamond core) returned numerous shallow intersections of ore grade and width zinc plus lead mineralisation. Refer to ASX Announcement dated 11 May 2017 for full details of drilling results.

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 and more recently by Trek indicates relatively equal proportions of zinc and lead minerals and the sphalerite appears to have low iron content, making it more attractive for beneficiation.

Up to eighteen channels have been identified that offer very shallow, near surface targets close to the Archaean and Paleoproterozoic basement rocks. Significant zinc and lead mineralisation within modern drainage systems outcrops within the historically drilled channels.

Since becoming involved, Trek has advanced the project via an initial drilling programme that has confirmed the historic drilling results (for further details refer to TKM's ASX Announcement from 11 May 2017). Trek has also confirmed the presence of mineralization in several other channels within the basement (or further details refer to TKM's ASX Announcement from 14 February 2017) which has ultimately led to an ongoing surface geochemical programme.

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 small river port at Yeno, approximately 80km, by vehicle from Dikaki, 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 – Kroussou Project Location Plan