



TREK METALS LIMITED

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ASX Announcement

31 July 2017

June 2017 Quarterly Operations Report

1. Key Points

Kroussou Project

- Trek's maiden drilling programme at the Kroussou Project has been completed. Best intersections appear below (full details appear in a later section herein and in ASX announcement date 11 May 2017)
 - **24.7m @ 2.9% Zn eq from 2.0m (DKDD003)**
Incl. 2.8m @ 20.1% Zn eq from 7.7m
 - **37.1m @ 2.0% Zn eq from 2.3m (DKDD001)**
Incl. 1.3m @ 8.6% Zn eq from 11m
and 12.5m @ 4.0% Zn eq from 14.5m)
- Sphalerite and galena have been observed in all drillholes including the twin of historic drillhole S1, DKDD005 which returned several, broad, low-grade intersections

Lawn Hill Project

- Evaluation of historic data is ongoing with potential for Copper, Cobalt, Zinc and Lead anomalies to be defined
- The process towards granting of the tenements continues

Kangaluwi Project

- The High Court of Lusaka is still yet to hand down the judgement with respect to the appeal lodged by environmental groups.
- The Company has taken the conservative accounting decision to impair the capitalised exploration and evaluation expenditure for the asset to \$Nil.

1. Kroussou Project

1.1 Drilling

During the quarter, the company announced the results from the confirmation drilling programme conducted at the Dikaki Prospect (refer to ASX announcement dated 11 May 2017).

A full tabulation of all results appears at the conclusion of this section. The best results from the programme included:

- **24.7m @ 2.9% Zn eq from 2.0m (DKDD003)**
Incl. 2.8m @ 20.1% Zn eq from 7.7m
- **37.1m @ 2.0% Zn eq from 2.3m (DKDD001)**
Incl. 1.3m @ 8.6% Zn eq from 11m
and 12.5m @ 4.0% Zn eq from 14.5m

In addition, the twin of S1 (DKDD005), a hole drilled historically for which assaying was not undertaken, returned several broad, low-grade intersections. This is pivotal because it shows the mineralisation may be present within the broader Cotier Basin, meaning the entire basin is now a target for exploration.

The results highlight Kroussou's immense zinc-lead potential and provides Trek with confidence that the historic drilling information is reliable and can be used to assist future targeting.

The drilling programme was 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 and provide Trek with the confidence that the broader basin was a viable exploration target.

The work conducted by the French Geological Survey (BRGM) did not highlight the broader lower grade, zinc rich zone, as their assaying was lead focussed and restricted to visually obvious lead mineralisation (galena, the main lead ore sulphide mineral is very easy to see in hand specimen whereas sphalerite, the main zinc sulphide ore mineral is more difficult to identify). During the drilling programme, Trek engaged Perth based consultancy CSA Global to evaluate the drill core from Dikaki. CSA commented in their report, specifically referring to Dikaki that:

*"The recent results show that the mineralisation at Dikaki **reaches potentially economic grade and thickness, and also highlights that the limited BRGM sampling has not adequately outlined the extent of mineralisation.** As a result, the channel target at Dikaki is **far from fully tested, while the scale of the target zone is substantial.** Considering the low strip ratio, there may still be potential for a substantial body of low to moderate grade economic mineralisation at Dikaki..."*

"Mineralisation at Kroussou shows great lateral extent along the Cretaceous unconformity, over 30 kilometres in the project area, indicating that the basin was productive for zinc-lead-silver mineralising fluids and experienced a major focused fluid flow event of uncertain timing and trigger. The location of Kroussou coincides with a major right-step relay and transform zone that would have acted to focus fluid flow out of the basin onto the rift-shoulder basin high, with additional focus provided by pinch out of basin aquifer units.

High-grade mineralisation is hosted in coarse clean high-energy clastic sediments deposited in palaeochannels in the embayments, as well as replacing lacustrine carbonate rocks. Low-grade halo mineralisation extends through the clastic stratigraphy with zinc more widely distributed than lead. Mineralisation is characterised by replacement of carbonate cement-and open-space fill in clean clastic units and subsidiary replacement of dolostone horizons. Chemistry and mineralogy are simple, characterised by Zn-Pb-Ag with anomalous Cu, with generally low-iron sphalerite and associated with marcasite. The gangue is calcite and locally barite with no dolomite.”

Hole ID	Easting (WGS84 32S)*	Northing (WGS84 32S)*	RL	Dip/Azimuth	Max Depth	From (m)	To (m)	Interval	Zn eq (%)	Zn (%)	Pb (%)
DKDD001	640,275	9,832,165	91	-90/000	39.4	2.3	39.4	37.1	2.1	1.1	1.2
	Including					11.0	12.3	1.3	8.6	4.9	4.5
	and					14.5	27	12.5	4.0	2.1	2.4
DKDD002	639,467	9,832,559	90	-90/000	47	2.0	29.8	27.8	1.0	0.6	0.4
	Including					5.5	6.4	0.9	5.0	1.2	4.6
DKDD003	639,704	9,832,495	102	-90/000	42.2	2.0	26.7	24.7	2.9	0.9	2.5
	Including					7.7	10.5	2.8	20.1	4.3	20.2
DKDD004	638,206	9,832,501	71	-90/000	49.87	2.0	27.9	25.9	0.6	0.5	0.1
DKDD005	637,305	9,832,491	64	-90/000	137.85	17	30	13	0.8	0.7	0.1
	and					72.4	120	47.7	0.3 ‡	0.2	0.1
DKDD006	639,782	9,832,466	94	-90/000	25.75	2.2	25.8	23.6	0.7	0.5	0.2
	Including					16.2	18.6	2.4	3.6	2.3	1.5
DKDD007	640,075	9,832,349	93	-90/000	27.7	2.9	26.3	23.4	0.9	0.7	0.1
	Including					5.4	10.7	5.3	1.9	1.7	0.3
DKDD008	640,330	9,832,164	77	-90/000	39.55	3.0	36.8	33.8	1.6	0.8	1.0
	Including					19	30.5	11.5	3.8	1.6	2.6
DKDD009	639,782	9,832,471	94	-90/000	41.45	7.1	31.5	24.4	0.8	0.6	0.2
	Including					15.2	18.2	3.0	2.1	1.2	1.0

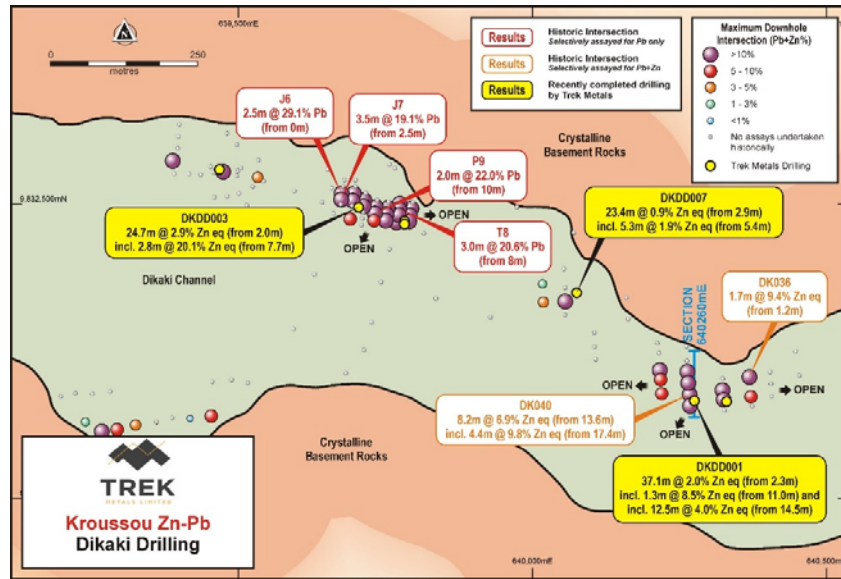


Figure 1: Dikaki Prospect historic and recent drillholes

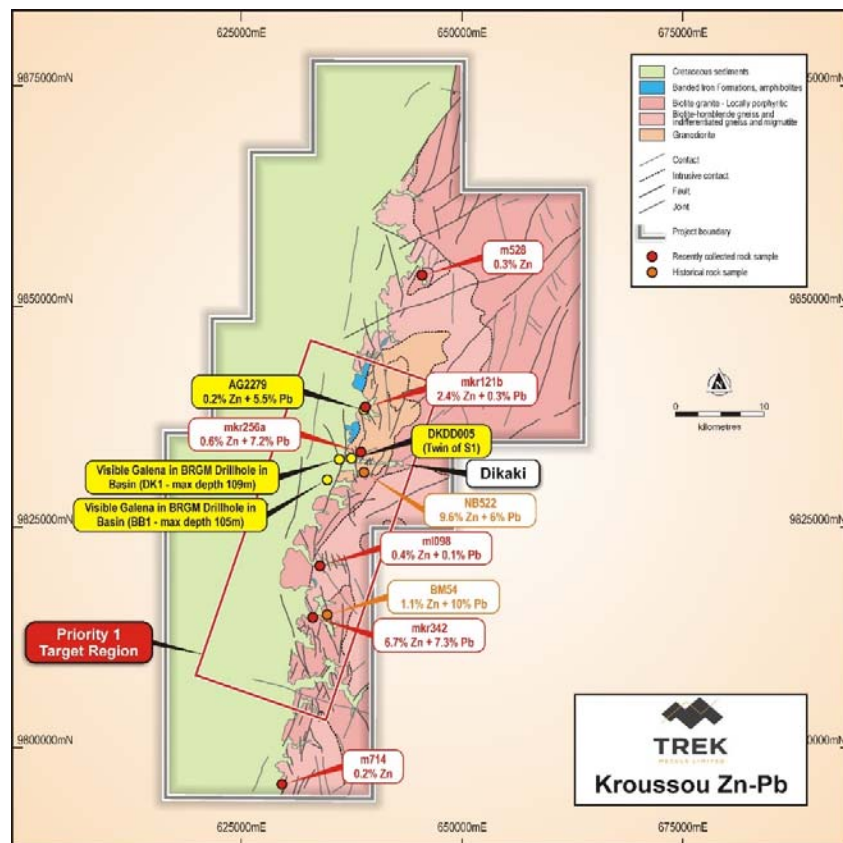


Figure 2: The Priority 1 target region identified for surface geochemical sampling

1.2 Continuing Exploration

Trek now plans to continue exploring the Dikaki Prospect in order 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.

In conjunction with this work, ground based geophysics (IP/EM) will be used in order to establish its effectiveness in directly detecting the sulphide rich mineralised zones.

Additional surface sampling throughout the Dikaki channel will also be completed as part of the broader regional survey that is underway. Sampling is expected to be finalised during the next quarter. It is hoped that subsequent target definition will allow for drilling to commence either late 2017 or early 2018.

1.3 Intention to Exercise Option

As announced on 11 May 2017, Trek intends to exercise its option to earn up to 70% of the Kroussou Project. Details of the proposed joint venture are currently being negotiated with Battery Minerals Limited (ASX:BAT).

2. Lawn Hill Project

2.1 Evaluation of Historic Exploration

Trek is continuing to evaluate the historic data available for the Lawnhill Project (Figure 3). The geology across much of the Project area is very similar to that which hosts the Walford Creek Project (see Aeon Minerals ASX:AML), across the border in Queensland approximately 30km to the east.

The available historic dataset contains, among other information, assays related to regional stream sediment sampling that may indicate anomalies for Copper, Cobalt Zinc and Lead. The processing of this dataset is ongoing.

2.2 Tenement Applications

The process of negotiating access arrangements to allow for the grant of the Lawn Hill Project tenure is ongoing. This process is expected to continue for the remainder of 2017.

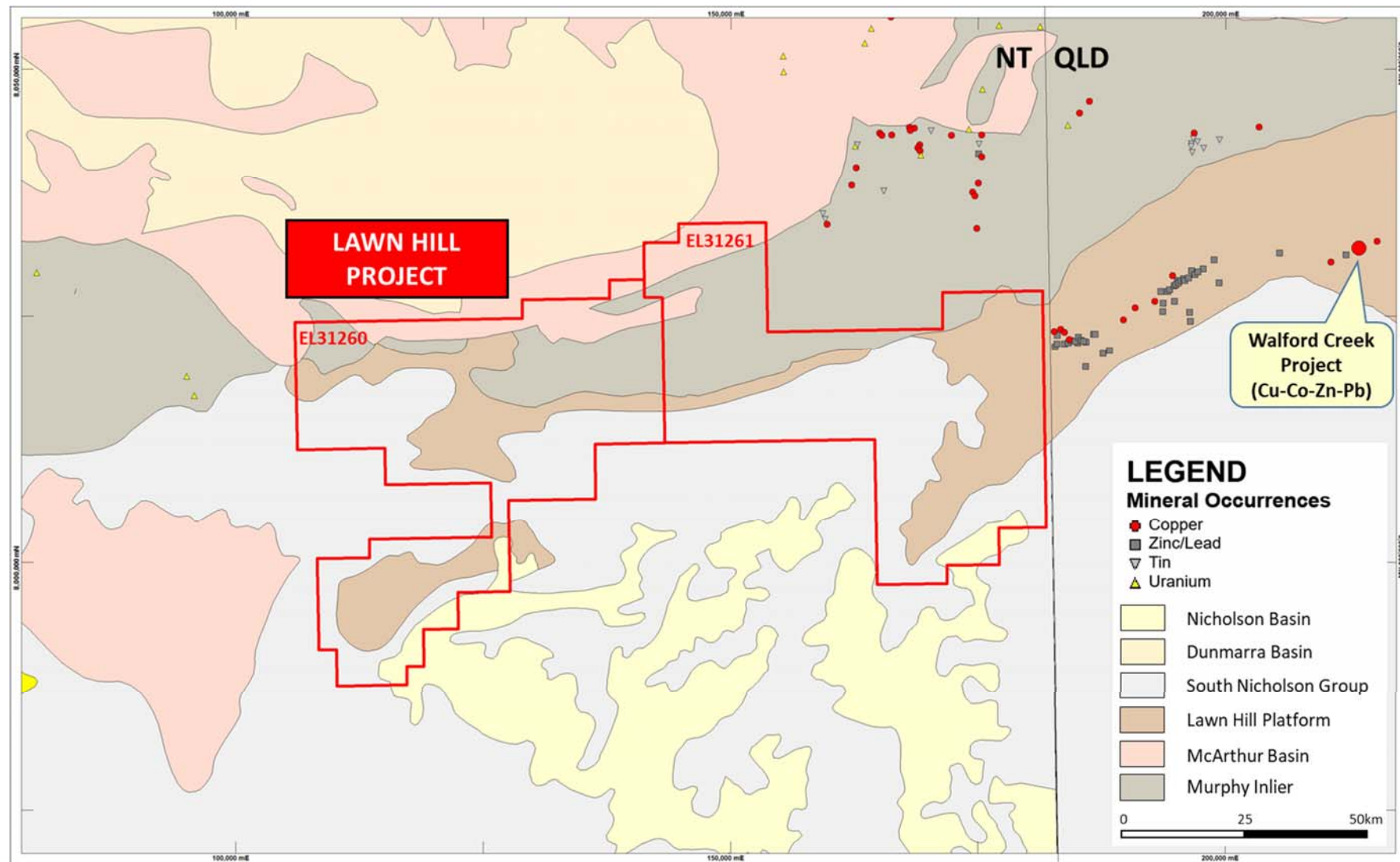


Figure 3: Trek's emerging Lawnhill Project in the Northern Territory is prospective for Copper, Cobalt, Zinc and Lead

3. Kangaluwi Copper Project

3.1 Court Case

The Company is awaiting written judgement by the Judge of the Lusaka High Court on the appeal lodged by organisations associated with the conservation movement in Zambia on 17 January 2014 against the decision of the Minister of Lands, Natural Resources and Environment Protection to approve the Company's 100% owned Kangaluwi Copper Project. The stay of execution remains in place pending the outcome of the appeal against the Minister's decision.

TKM continues to lobby to have the decision handed down, however, the Board has determined that it is unlikely that this situation will be resolved in the near term and has taken the conservative accounting decision to impair the capitalised exploration and evaluation expenditure for this asset to \$Nil.

TKM is currently evaluating its options with respect to the divestment of this Project.

4. Corporate

4.1 Fund Raising & Annual General Meeting

On 20 July 2017 the Company announced that it had received commitments from new and existing sophisticated and professional investors to raise \$1.8 million (before costs, facilitated by Longreach Capital) through the issue of 72 million new fully paid ordinary shares at an issue price of 2.5 cents per share. In a strong signal of support, Trek's major shareholder IMC Group will participate in the placement and will retain an approximate 39% interest in the Company.

The maximum number of new shares that will be issued pursuant to the placement is 80 million new fully paid ordinary shares at an issue price of 2.5 cents per share (**Placement Shares**). The Placement Shares will be subject to shareholder approval, which will be sought at Trek's Annual General Meeting to be held on 7 August 2017. A notice of meeting and addendum to the notice of this meeting were released on 21 July 2017 and 28 July 2017 respectively.

Funds raised are to be utilised as follows:

- Exercise option payment to Battery Minerals Limited (ASX:BAT) of US\$240,000
- Advancement of exploration activities at Kroussou Project, including:
 - o surface and geophysical sampling;
 - o access clearing and drill site preparation; and
 - o first pass drilling of new targets.
- Aboriginal heritage negotiations for the Lawnhill Project
- Evaluation of new project opportunities
- General working capital

5. Tenements

Tenement	Holder	Last Qtr Interest	Current Qtr Interest
G4-569 (Gabon)	Select Explorations Gabon SA (Wholly owned subsidiary of Battery Minerals Limited)	0% (Option agreement to enter into JV to earn up to 70%)	0%
G4-588	Select Explorations Gabon SA (Wholly owned subsidiary of Battery Minerals Limited)	0% (Option agreement to enter into JV to earn up to 70%)	0%
EL31260 (appl.) (Northern Territory)	TM Resources (100% owned subsidiary)	100%	100%
EL31261 (appl.) (Northern Territory)	TM Resources (100% owned subsidiary)	100%	100%
15547-HQ-LML (Zambia)	Mwembeshi Resources (100% owned subsidiary)	100%	100%
13170-HQ-LPL (Zambia)	Cheowa Resources (Incorporated JV- 51% Glencore 49% TKM)	49%	49%
13171-HQ-LPL (Zambia)	Cheowa Resources (Incorporated JV- 51% Glencore 49% TKM)	49%	49%
8573-HQ-LPL (Zambia)	Cheowa Resources (Incorporated JV- 51% Glencore 49% TKM)	49%	49%

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.