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**TREK METALS LIMITED**  
**COMPANY NO. (BERMUDA) 35116**  
**ARBN 124 462 826**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 12.30pm WST

**DATE:** 20 October 2022

**PLACE:** Hall Chadwick  
283 Rokeby Road  
Subiaco  
WA 6008

*The business of the Meeting affects your shareholding and your vote is important.*

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

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## **BUSINESS OF THE MEETING**

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### **AGENDA**

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#### **1. 2022 ACCOUNTS**

To receive and consider the financial report of the Company for the year ended 31 March 2022, and the reports by the Directors and the Company's independent auditors.

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#### **2. RESOLUTION 1 – APPOINTMENT OF AUDITOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That, for the purposes of Bye-law 68 of the Company, and for all other purposes, Hall Chadwick WA Audit Pty Ltd be and is hereby appointed as auditors of the Company until the conclusion of the next annual general meeting at a fee to be agreed by the Directors.*

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#### **3. RESOLUTION 2 – INCREASE OF AUTHORISED SHARE CAPITAL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That, for the purposes of Bermudian law and for all other purposes, the authorised share capital of the Company be and is hereby increased from the date of approval by Shareholders from £4,000,000 divided into 400,000,000 Shares of £0.01 each to £6,000,000 by the creation of an additional 200,000,000 Shares of £0.01 each in the capital of the Company each ranking pari passu in all respects with the existing shares.*

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#### **4. RESOLUTION 3 – ELECTION OF DIRECTOR – MS VALERIE HODGINS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That, for the purposes of clause 36 of the Bye-laws, Listing Rule 14.4 and for all other purposes, Ms Valerie Hodgins, a Director who was appointed casually on 1 July 2022, retires, and being eligible, is elected as a Director.*

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#### **5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR TONY LEIBOWITZ**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That, for the purposes of clause 38 of the Bye-laws, Listing Rule 14.5 and for all other purposes, Mr Tony Leibowitz, a Director, retires by rotation, and being eligible, is re-elected as a Director.*

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**6. RESOLUTION 5 – ACQUISITION OF SUBSTANTIAL ASSET FROM MR TONY LEIBOWITZ, A DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That the acquisition of 465,346 Edge Shares from, and the issue of 986,534 New Trek Shares to, Mr Tony Leibowitz, a Director, is approved under and for the purposes of Listing Rule 10.1.*

*Independent expert's report: Shareholders should carefully consider the Independent Expert's Report prepared by Nexia Australia for the purposes of shareholder approval in relation to Resolution 5. The Independent Expert's Report comments on the fairness and reasonableness of the acquisition of Edge Shares and the issue of New Trek Shares under Resolution 5 to non-associated shareholders. The Independent Expert has determined that the transaction is **FAIR AND REASONABLE** to non-associated shareholders.*

*Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:*

- (a) Mr Tony Leibowitz and any other person who will obtain a material benefit as a result of the acquisition (except a benefit solely by reason of being a holder of ordinary securities in the Company); or*
- (b) an Associate of that person (or those persons).*

*However, the Company will not disregard a vote if it is cast by:*

- (c) a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (d) the person chairing the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or*
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

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**7. RESOLUTION 6 – ACQUISITION OF SUBSTANTIAL ASSET FROM MR NEIL BIDDLE, A DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That the acquisition of 516,701 Edge Shares from, and the issue of 1,095,406 New Trek Shares to, Mr Neil Biddle, a Director, is approved under and for the purposes of Listing Rule 10.1.*

*Independent expert's report: Shareholders should carefully consider the Independent Expert's Report prepared by Nexia Australia for the purposes of shareholder approval in relation to Resolution 6. The Independent Expert's Report comments on the fairness and reasonableness of the acquisition of Edge Shares and the issue of New Trek Shares under Resolution 6 to non-associated shareholders. The Independent Expert has determined that the transaction is **FAIR AND REASONABLE** to non-associated shareholders.*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr Neil Biddle and any other person who will obtain a material benefit as a result of the acquisition (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person (or those persons).

However, the Company will not disregard a vote if it is cast by:

- (c) a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) the person chairing the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (iii) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (iv) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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## 8. RESOLUTION 7 – ACQUISITION OF SUBSTANTIAL ASSET FROM MR JOHN YOUNG, A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*That the acquisition of 538,459 Edge Shares from, and the issue of 1,141,533 New Trek Shares to, Mr John Young, a Director, is approved under and for the purposes of Listing Rule 10.1.*

Independent expert's report: Shareholders should carefully consider the Independent Expert's Report prepared by Nexia Australia for the purposes of shareholder approval in relation to Resolution 7. The Independent Expert's Report comments on the fairness and reasonableness of the acquisition of Edge Shares and the issue of New Trek Shares under Resolution 7 to non-associated shareholders. The Independent Expert has determined that the transaction is **FAIR AND REASONABLE** to non-associated shareholders.

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr John Young and any other person who will obtain a material benefit as a result of the acquisition (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an Associate of that person (or those persons).

However, the Company will not disregard a vote if it is cast by:

- (c) a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) the person chairing the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or

- (e) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (v) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
  - (vi) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

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## 9. RESOLUTION 8 – APPROVAL OF LISTING RULE 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

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## 10. RESOLUTION 9 – RENEWAL OF INCENTIVE PERFORMANCE RIGHTS AND OPTION PLAN

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*That for the purposes of ASX Listing Rule 7.2 Exception 13(b) and for all other purposes, Shareholders approve renewal of the Incentive Performance Rights and Option Plan and the issue of Options under that plan on the terms and conditions set out in the Explanatory Statement.*

*Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:*

- (a) *a person who is eligible to participate in the Incentive Performance Rights and Option Plan and any other person who will obtain a material benefit as a result of the acquisition (except a benefit solely by reason of being a holder of ordinary securities in the Company); or*
- (b) *an Associate of that person (or those persons).*

*However, the Company will not disregard a vote if it is cast by:*

- (c) *a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (d) *the person chairing the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or*
- (e) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (vii) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*

*the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

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**11. RESOLUTION 10 – INCREASE OF NON-EXECUTIVE DIRECTORS’ FEE POOL**

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

*“That, for the purposes of Listing Rule 10.17 and clause 42 of the By-laws, the maximum aggregate amount of directors’ fees that may be paid to the Company’s non-executive Directors per annum be increased by \$250,000, from \$250,000 per annum to \$500,000 per annum.”*

Voting Exclusion: *The Company will disregard any votes cast in favour of this Resolution by or on behalf of:*

- (a) *a Director; or*
- (b) *an Associate of that person (or those persons).*

*However, the Company will not disregard a vote if it is cast by:*

- (c) *a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (d) *the person chairing the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or*
- (e) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - (viii) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*

*the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Voting Prohibition: *It is noted that, in accordance with section 250BD(2) of the Corporations Act, a vote must not be cast on Resolution 10 as a proxy by a member of the KMP at the date of the AGM, or a Closely Related Party of such a member, unless it is cast as proxy for a person where the proxy form specifies the way the proxy is to vote on the item.*

*This restriction on voting undirected proxies does not apply to the Chair where the proxy form expressly authorises the Chair to exercise undirected proxies even if the item is connected, directly or indirectly, with the remuneration of the KMP. The Chair intends to exercise undirected proxies in favour of item 10.*

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**Dated: 12 September 2022**

**By order of the Board**

**Russell Hardwick  
Company Secretary**

## **Voting by Proxy**

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The health and safety of shareholders, staff and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. The Company intends to conduct the Meeting in person with shareholders strongly encouraged to vote by lodging a directed proxy appointing the Chair as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice. Instructions for lodging proxies are included on your personalised proxy form.

Shareholders who intend to participate and vote on a poll at the Meeting must contact the Company Secretary prior to 12.30pm (WST) on 18 October 2022 by emailing **rhardwick@trekmetals.com.au** or by calling the Company Secretary on +61 0417 714 292 to notify the Company that you intend to participate and vote on a poll at the Meeting by emailing the Company a poll form.

After giving notice and following the Proxy Cut-Off Time, the Company will send you a personalised poll form. The personalised poll form must be completed and returned to the Company prior to the close of polling. The results of the Meeting will then be announced on the ASX.

The Company strongly recommends its Shareholders to lodge a directed proxy as soon as possible in advance of the meeting.

In addition, the Company is happy to accept and answer questions submitted at least 2 business days prior to the meeting by to **rhardwick@trekmetals.com.au**.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or email and reach the respective offices of the Company, for Australian holders not later than 12.30pm WST on 18 October 2022. For the convenience of Shareholders, a Proxy Form is enclosed with Notices sent to Shareholders.

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## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### **1. RESOLUTION 1 – APPOINTMENT OF AUDITOR**

#### **1.1 General**

Section 89(1) of the Companies Act 1981 of Bermuda provides that members of a company at each annual general meeting shall appoint one or more auditors to hold office until the close of the next annual general meeting. In addition, section 89(6) provides that the remuneration of an auditor appointed by the members shall be fixed by the members or by the Directors, if they are authorised to do so by the members.

The Company's Bye-laws provide that, subject to the Companies Act, Shareholders shall appoint an auditor to the Company to hold office for such term as the Shareholders deem fit or until a successor is appointed.

Therefore, pursuant to Resolution 1, Hall Chadwick WA Audit Pty Ltd will be appointed as the Company's auditors until the close of the next annual general meeting at a fee to be agreed by the Directors.

The Chairman intends to vote all available undirected proxies in favour of Resolution 1.

#### **1.2 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

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### **2. RESOLUTION 2 – INCREASE OF AUTHORISED CAPITAL**

#### **2.1 General**

The Company is required to seek Shareholder approval in order to increase its authorised share capital. Currently, the Company has an authorised share capital of £4,000,000 (divided into 400,000,000 shares of £0.01 each).

In order for the Company to be capable of issuing that maximum number of Shares contemplated under its ASX Listing Rule 7.1 and 7.1A capacity and for future flexibility, the Company is required to increase its authorised share capital to £6,000,000 divided into 600,000,000 shares by the creation of an additional 200,000,000 Shares of £0.01.

<b>Shares</b>	<b>Number</b>	<b>Authorised Share Capital</b>
Authorised share capital as at 4 March 2021	400,000,000	£4,000,000
Additional number authorised to be issued	200,000,000	£2,000,000
<b>Total</b>	<b>600,000,000</b>	<b>£6,000,000</b>

The Chairman intends to vote all available undirected proxies in favour of Resolution 2.

## **2.2 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

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## **3. RESOLUTION 3 – ELECTION OF MS HODGINS AS A DIRECTOR**

### **3.1 General**

The Company's Bye-laws allow the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Bye-laws.

Pursuant to the Bye-laws and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Ms Valerie Hodgins, having been appointed by other Directors on 1 July 2022 in accordance with the Bye-laws, will retire in accordance with the Bye-laws and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

### **3.2 Qualifications and other material directorships**

Ms Hodgins is a highly experienced commercial lawyer with a strong governance and commercial background. Before undertaking legal studies, she worked in the private sector as a human resources professional and in industrial relations before qualifying as a commercial lawyer.

She has worked as a sole practitioner, as well as in the State and local government sectors, and was previously In-house Counsel for CGA Mining Limited, a junior TSX and ASX listed company with mining interests in the Philippines and Africa, up until its acquisition by Canadian gold miner B2 Gold Corp in January 2013.

As a GAICD and member of AICD WA, and a previous Board member of the Australian Association of Corporate Counsel and the WA Legal Practice Board, Ms Hodgins has a strong governance background and will bring diversity and independence to the Board of Trek.

### **3.3 Independence**

Ms Hodgins has confirmed that she considers she will have sufficient time to fulfil her responsibilities as a Non-Executive Director of the Company and does not consider that any other commitment will interfere with her availability to perform her duties as a Non-Executive Director of the Company.

Ms Hodgins has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected, the Board considers Ms Hodgins will be an independent Director.

### **3.4 Other material information**

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history and there were no concerns identified.

### **3.5 Directors' recommendation**

The Board (excluding Ms Hodgins) supports the election of Ms Hodgins and recommends that shareholders vote in favour of Resolution 3.

The Chairman intends to vote all available undirected proxies in favour of Resolution 3.

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## **4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR TONY LEIBOWITZ**

### **4.1 General**

The Bye-laws and Listing Rule 14.5 set out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Tony Leibowitz, who has served as a Director since 4 September 2020 and was last re-elected on 12 August 2021, retires by rotation and seeks re-election.

### **4.2 Qualifications and other material directorships**

Mr Leibowitz has over 30 years of corporate finance, investment banking and broad commercial experience and has a proven track record of providing the necessary skills and guidance to assist companies to grow and generate sustained shareholder value.

Previous roles include with Chandler Macleod Limited and Australian lithium producer Pilbara Minerals Limited (ASX: PLS), where as Chairman and an early investor in both companies, he was responsible for substantial increases in shareholder value and returns. Mr Leibowitz was also Chairman of Bardoc Gold Limited (ASX: BDC) prior to its takeover by St Barbara Limited and Greenvale Mining Limited ASX:GRV). He was previously a global partner at

Pricewaterhouse Coopers and is a Fellow of the Institute of Chartered Accountants in Australia.

#### **4.3 Independence**

Mr Leibowitz has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected, the Board considers Mr Leibowitz will be an independent Director.

The Chairman intends to vote all available undirected proxies in favour of Resolution 4.

#### **4.4 Board recommendation**

The Board has reviewed Mr Leibowitz's performance since his appointment to the Board and considers that Mr Leibowitz's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Leibowitz and recommends that Shareholders vote in favour of Resolution 4.

The Chairman intends to vote all available undirected proxies in favour of Resolution 4.

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### **5. RESOLUTIONS 5 TO 7 – ACQUISITION OF SUBSTANTIAL ASSETS FROM RELATED PARTIES**

#### **5.1 Background**

As announced on 6 June 2022, the Company proposes to acquire Edge Minerals Limited by way of a scheme of arrangement under Part 5.1 of the Corporations Act (**Scheme**). Under the Scheme, if approved by Edge Minerals shareholders, the Company will issue New Trek Shares to the Edge Minerals shareholders as consideration for their shares in Edge Minerals (**Edge Shares**).

For details of the Scheme, please refer to the scheme booklet announced to ASX.

Included amongst the Edge Minerals shareholders are:

- (a) John Young (jointly with Cheryl Young), a Trek Director, holding 482,049 Edge Shares;
- (b) Cheryl Young, the spouse of John Young, a Trek Director, holding 56,410 Edge Shares; and
- (c) the following Associates of Trek Directors:
  - (i) Kalonda Pty Ltd, an Associate of Mr Tony Leibowitz, holding 401,244 Edge Shares;

- (ii) Floreat Investments Pty Ltd, an Associate of Mr Tony Leibowitz, holding 64,102 Edge Shares;
- (iii) Biddle Partners Pty Ltd, an Associate of Mr Neil Biddle, holding 460,291 Edge Shares; and
- (iv) Hatched Creek Pty Ltd, an Associate of Mr Neil Biddle, holding 56,410 Edge Shares.

Listing Rule 10.1 applies where an entity is acquiring a “substantial asset” from certain prescribed persons, including Related Parties and their Associates.

ASX has characterised the Company’s acquisition of Edge Shares from the Trek Related Parties and their Associates (**Related Party Shares**) as such an acquisition. Accordingly, Resolutions 5 to 7 seek shareholder approval for the purposes of Listing Rule 10.1.

## **5.2 Requirement for shareholder approval – Listing Rule 10.1**

Listing Rule 10.1 provides that an entity must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- (a) 10.1.1 - a related party;
- (b) 10.1.2 - a child entity;
- (c) 10.1.3 - a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company;
- (d) 10.1.4 - an associate of a person referred to in listing rules 10.1.1 to 10.1.3; or
- (e) 10.1.5 - a person whose relationship with the company or person referred to in listing rules 10.1.1 to 10.1.4 is such that, in ASX’s opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

The acquisition of the Related Party Shares falls within Listing Rule 10.1.4 and involves the acquisition of a substantial asset. It therefore requires the approval of shareholders under Listing Rule 10.1.

Resolutions 5 to 7 seek the required shareholder approval to the acquisition of the Related Party Shares under and for the purposes of Listing Rule 10.1.

If Resolutions 5 to 7 are passed, the Company will acquire the Related Party Shares and will proceed with the Acquisition.

If any of Resolutions 5 to 7 are not passed, the Company will not acquire the Related Party Shares. Instead, prior to the record date for the Scheme, the relevant Related Parties and/or their Associates will divest their holdings of Edge Shares to unrelated third parties, and the Company will proceed with the Acquisition.

### 5.3 Required information – Listing Rules 10.5 and 10.6

Pursuant to Listing Rules 10.5 and 10.6, the following information is provided in respect of Resolutions 5 to 7:

- (a) the Related Party Shares are being acquired from:
  - (i) John Young who, as a Director, is a Related Party falling within LR 10.1.1;
  - (ii) Cheryl Young who, as the spouse of a Director, is a Related Party falling with LR 10.1.1
  - (iii) Kalonda Pty Ltd which, as an Associate of Mr Tony Leibowitz, a Director, falls within LR 10.1.4;
  - (iv) Floreat Investments Pty Ltd which, as an Associate of Mr Tony Leibowitz, a Director, falls within LR 10.1.4;
  - (v) Biddle Partners Pty Ltd which, as an Associate of Mr Neil Biddle, a Director, falls within LR 10.1.4;
  - (vi) Hatched Creek Pty Ltd which, as an Associate of Mr Neil Biddle, a Director, falls within LR 10.1.4;
- (b) the asset being acquired from the persons referred to in Section 5.3(a) above is the Related Party Shares, being 1,520,506 Edge Shares in aggregate;
- (c) the Company will issue 3,223,473 New Trek Shares as consideration for the Related Party Shares on the same terms as other Edge shareholders;
- (d) no funds are required to pay for the Related Party Shares;
- (e) it is intended to complete the acquisition of the Related Party Shares, and issue the New Trek Shares, on the Implementation Date and in any event no more than 3 months after the date of the Meeting;
- (f) the proposed acquisition of the Related Party Shares, and the issue of the New Trek Shares, is in accordance with the terms of the Scheme Implementation Deed, which are set out in Trek's ASX Release available at [www.trekmetals.com.au](http://www.trekmetals.com.au); and
- (g) the Notice:
  - (i) includes a voting exclusion statement in respect of Resolutions 5 to 7 whereby the holders of Related Party Shares and their Associates are prohibited from voting on the relevant Resolution; and
  - (ii) is accompanied by the Independent Expert's Report which includes a finding that the acquisition of the Related Party Shares and the issue of the New Trek Shares is **FAIR AND REASONABLE** to non-associated shareholders. The Independent Expert's Report accompanies this explanatory statement as Annexure A.

The Chairman intends to vote all available undirected proxies in favour of Resolutions 5 to 7.

#### **5.4 Board recommendation**

As each of Messrs Leibowitz, Biddle and Young, each a Director, has an interest of one of Resolutions 5 to 7, they decline to make a recommendation. Ms Hodgins recommends that Shareholders vote in favour of Resolutions 5 to 7.

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### **6. RESOLUTION 8 – APPROVAL OF 7.1A MANDATE**

#### **6.1 General**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$21,121,490 (based on the number of Shares on issue and the closing price of Shares on the ASX on 12 September 2022).

Resolution 8 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 8 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 8 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

#### **6.2 Technical information required by Listing Rule 7.1A**

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 8:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 6.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use any funds raised from issues of Equity Securities under the 7.1A Mandate for the continued exploration and development of the Company's Pilbara gold and battery metals projects and for general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 12 September 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)	Dilution			
	Shares issued – 10% voting dilution	Issue Price		
		\$0.034	\$0.068	\$0.102
		50% decrease	Current	50% increase
Funds Raised				
<b>Current</b> <b>310,610,150</b>	31,061,015	\$1,056,075	\$2,112,149	\$3,168,224
<b>50% increase</b> <b>465,915,225</b>	46,591,523	\$1,584,112	\$3,168,224	\$4,752,335
<b>100% increase</b> <b>621,220,300</b>	62,122,030	\$2,112,149	\$4,224,298	\$6,336,447

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are 310,610,150 Shares on issue at the date of this Notice
2. The issue price set out above is the closing market price of the Shares on the ASX on 12 September 2022.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of any potential Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 12 August 2021 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, the Company issued 26,145,369 Shares pursuant to the Previous Approval (**Previous Issue**), which represent approximately 9.99% of the total diluted number of Equity Securities on issue in the Company on 12 August 2021.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

<b>Date of Issue and Appendix 2A</b>	<b>Date of Issue:</b> 26 October 2021 <b>Date of Appendix 2A:</b> 26 October 2021
<b>Recipients</b>	Professional and sophisticated investors as part of a placement announced on 20 October 2021. The placement participants were identified through a bookbuild process, which involved EverBlu Capital Limited seeking expressions of interest to participate in the placement from non-related parties of the Company.
<b>Number and Class of Equity Securities Issued</b>	26,145,369 Shares <sup>1</sup>
<b>Issue Price and discount to Market Price<sup>1</sup> (if any)</b>	\$0.115 per Share (at a discount 14.8% to Market Price).
<b>Total Cash Consideration and Use of Funds</b>	<b>Amount raised:</b> \$3,006,717 (after costs) <b>Amount spent:</b> \$1,136,958 <b>Use of funds:</b> Exploration activity at the Pincunah, Jimblebar and Tambourah projects and for general working capital. <b>Amount remaining:</b> \$1,869,759 <b>Proposed use of remaining funds<sup>3</sup>:</b> For exploration at the Pincunah project including at the proposed new license acquisition E46/4640, commence preparation for works at the Centurion Farm-in project and for ongoing works at the Jimblebar and Tambourah projects and for general working capital.

#### Notes:

1. CDIs, ASX Code: ASX:TKM.
2. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

The Chairman intends to vote all available undirected proxies in favour of Resolution 8.

### **6.3 Voting Exclusion Statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

### **6.4 Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

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## **7. RESOLUTION 9 – RENEWAL OF INCENTIVE PERFORMANCE RIGHTS AND OPTION PLAN**

### **7.1 General**

The Company considers that it is desirable to maintain a plan pursuant to which the Company can issue Performance Rights and Options to eligible Directors, employees and consultants in order to attract, motivate and retain quality persons for the benefit of the Company and the Shareholders.

Accordingly, Resolution 9 seeks Shareholders' approval for the adoption of the Incentive Performance Rights and Option Plan (**Plan**) in accordance with Listing Rule 7.2 exception 13(b).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Performance Rights or Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of which is set out at Schedule 1.

In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

### **7.2 Application of Listing Rule 7.1 and Listing Rule 7.2 exception 13(b)**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Listing Rule 7.2 exception 13(b) provides an exception to Listing Rule 7.1 by which Equity Securities issued under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

Approval of the Plan was last given by Shareholders at a General Meeting on 4 March 2021. If Resolution 9 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a further period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary Securities without Shareholder approval in any 12 month period.

If Resolution 9 is not passed, the Company will be able to proceed with the issue of Performance Rights and Options under the Plan to eligible participants, but any issues of Performance Rights or Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Performance Rights or Options.

23,425,000 Equity Securities have been issued under the Plan since it was approved by Shareholders on 4 March 2021.

The maximum number of new securities proposed to be issued under the Plan, following Shareholder approval, is up to 25,000,000 Securities. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

Prior Shareholder approval will be required under Listing Rule 10.14 before any Director or other related party of the Company can participate in the Plan.

Pursuant to the Listing Rules, Shareholders must re-approve the Plan and all unissued Performance Rights or Options issuable pursuant thereto:

- (a) every 3 years; or
- (b) when the maximum number of Securities that have been approved for issue under the Plan have been issued, whichever occurs sooner.

As the number of Securities issued under the Plan since it was approved in March 2021 is approaching the maximum approved, the Directors have decided to seek renewal of the Plan earlier than the 3 years allowed.

The Chairman intends to exercise all available proxies in favour of Resolution 9.

### 7.3 Directors' recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 9.

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## 8. RESOLUTION 10 – INCREASE OF NON-EXECUTIVE DIRECTORS' FEE POOL

### 8.1 General

The maximum aggregate amount payable as remuneration to Non-Executive Directors (**Fee Pool**) was last approved by shareholders at \$250,000 per annum at the 2009 Annual General Meeting.

The Board seeks approval in accordance with ASX Listing Rule 10.17 and paragraph 42 of the Bye-laws to increase the Fee Pool by \$250,000 to \$500,000 per annum.

The current Fee Pool has not been increased since 2009. Since that time, the size and complexity of the Company has grown, and fees paid to non-executive directors have increased in line with market movements.

In addition, a third non-executive Director, Valerie Hodgins has been appointed (subject to election by Resolution 3) and as a result, there is limited headroom in the Fee Pool and there is no scope to appoint any further directors if considered appropriate.

The Board is therefore seeking approval from shareholders to increase the Fee Pool:

- (a) to reflect the changes in the roles and responsibilities of Non-Executive Directors as a result of increased scope and complexity of the Company's operations and due to evolving governance, legal and regulatory obligations;
- (b) to ensure that the Company remains able to attract and retain directors of appropriate skill and experience, including allowing for future increases to current fees to align with market competitive rates;
- (c) to allow room in the Fee Pool for the appointment of an additional non-executive director in the event that such an appointment is required to ensure that the Board has the appropriate mix of skills, diversity and experience in order to properly discharge its duties; and
- (d) to facilitate orderly Board succession planning, whereby new directors may be appointed prior to retirement of existing directors; this may result in short term increases in the size of the Board and the total fees payable to directors.

Details of fees paid to Non-Executive Directors for the year ended 31 March 2022 are provided on page 18 of the Company's 2022 Annual Report.

The Chairman intends to vote all available undirected proxies in favour of Resolution 10.

## **8.2 Directors' recommendation**

As Non-Executive Directors have an interest in the resolution contained in Resolution 10, the Directors have not made a recommendation on this resolution.

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## GLOSSARY

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In this Explanatory Statement and Notice of Meeting, in addition to the terms defined in the body of the Explanatory Statement, the following expressions have the following meanings:

**\$** means Australian dollars.

**£** means Great British Pounds.

**Annual General Meeting** or **Meeting** means the annual general meeting of shareholders of the Company convened by the Notice.

**ASX** means the ASX Limited ABN 98 008 624 691 and where the context permits the Australia Securities Exchange operated by ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the listing rules of the Australian Securities Exchange operated by ASX Limited ABN 98 008 624 691.

**Board** means the board of Directors.

**Bye-laws** means the bye-laws of the Company adopted on 4 March 2021.

**CDI** means a CHESS Depository Interest issued by CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 254514), in its capacity as depository of the CDIs under the ASX Settlement Operating Rules, where each CDI represents a beneficial interest in one Share.

**Chairman** means the person appointed to chair the Meeting of the Company convened by the Notice.

**CHESS** means the Clearing House Electronic Subregister System.

**Company** means Trek Metals Limited ARBN 124 462 826.

**Companies Act** means the Bermuda Companies Act 1981, as amended.

**Director** means a director of the Company.

**Edge Minerals** means Edge Minerals Limited ACN 126 632 899.

**Edge Share** has the meaning given in Section 5.1 of the Explanatory Statement.

**Equity Securities** has the same meaning as in the ASX Listing Rules.

**Explanatory Statement** means this Explanatory Statement.

**Scheme Implementation Deed** means the agreement dated 3 June 2022 between the Company and Edge Minerals, pursuant to which Trek agreed to acquire Edge Minerals by way of the Scheme, which is available at [www.trekmetals.com.au](http://www.trekmetals.com.au)

**New Trek Share** means a Share issued as consideration under the Scheme.

**Notice** or **Notice of Meeting** means the notice of annual general meeting that accompanies this Explanatory Statement.

**Option** means an option to acquire a Share.

**Performance Right** means a right to acquire a Share, subject to satisfaction of any vesting conditions.

**Proxy Form** means the proxy form accompanying the Notice of Meeting.

**Resolution** means a resolution referred to in the Notice of Meeting.

**Resolution** means fully paid ordinary securities in the Company.

**Scheme** has the meaning given in Section 5.1 of the Explanatory Statement.

**Section** means a section in this Notice.

**Shareholder** means a registered holder of Shares.

**Share** means a fully paid ordinary share in the capital of the Company or CDI as the context requires.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**Variable A** means Variable A as calculated in accordance with Listing Rule 7.1A.2.

## SCHEDULE 1 – Summary of the Plan

The material terms and conditions of the Incentive Performance Rights and Options Plan (**Plan**) are as follows:

(a) **Eligibility**

Participants in the Plan may be:

- (i) a Director (whether executive or non-executive), Company Secretary of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
- (i) a full or part time employee of any Group Company;
- (ii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
- (iii) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Options or Performance Rights (**Awards**) under the Plan (**Eligible Participant**).

(b) **Offer**

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).

(c) **Plan limit**

The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(d) **Issue price:**

Performance Rights granted under the Plan will be issued for nil cash consideration. Unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.

(e) **Exercise price**

The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the Option exercise price must not be less than any minimum price specified in the Listing Rules.

(f) **Vesting conditions**

An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).

(g) **Vesting**

The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written

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notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:
  - (A) a Relevant Person ceasing to be an Eligible Participant due to:
    - (I) death or total or permanent disability of a Relevant Person; or
    - (II) retirement or redundancy of a Relevant Person;
  - (B) a Relevant Person suffering severe financial hardship;
  - (C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant offer made to and accepted by the Participant; or
  - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,  
  
(**Special Circumstances**), or
- (ii) a change of control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(h) **Lapse of an Award**

An Award will lapse upon the earlier to occur of:

- (i) an unauthorised dealing, or hedging of, the Award occurring;
- (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (g) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iii) in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (g) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iv) in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and where required by the Board in its absolute discretion, the vested Award is not exercised within a one (1) month period (or such other period as the Board determines) as notified by the Board to the Participant after the date that person ceases to be an Eligible Participant;
- (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;

(vi) a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and

(vii) the expiry date of the Award.

(i) **Not transferrable**

Subject to the Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

(j) **Shares**

Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (k)) from the date of issue, rank on equal terms with all other Shares on issue.

(k) **Sale restrictions**

The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

(l) **Quotation of Shares**

If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 5 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.

(m) **No participation rights**

There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

(n) **Change in exercise price of number of underlying securities**

An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

(o) **Reorganisation**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.

(p) **Amendments**

Subject to express restrictions set out in the Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Award granted under the Plan including giving any amendment retrospective effect.

**Trek Metals Limited**

**Independent Expert's Report  
and Financial Services Guide**

30 August 2022

In our opinion the proposed  
transaction is fair and reasonable  
to the non-associated shareholders

## **FINANCIAL SERVICES GUIDE**

**Dated: 30 August 2022**

### **What is a Financial Services Guide ('FSG')?**

This FSG is designed to help you decide whether to use any of the general financial product advice provided by Nexia Perth Corporate Finance Pty Ltd ABN 84 009 342 661 ('NPCF'), Australian Financial Services Licence Number 289358 ('AFSL').

This FSG includes information about:

- NPCF and how they can be contacted;
- the services NPCF is authorised to provide;
- how NPCF are paid;
- any relevant associations or relationships of NPCF;
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that NPCF has in place.

Where you have engaged NPCF we act on your behalf when providing financial services. Where you have not engaged NPCF, NPCF acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NPCF.

### **Financial Services that NPCF is authorised to provide**

NPCF, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.

### **NPCF's responsibility to you**

NPCF has been engaged by the independent directors of Trek Metals Limited ('Trek' or the 'Client') to provide general financial product advice in the form of an independent expert's report dated on or about 30 August 2022 ('Report'), which is to be included in the Notice of Annual General Meeting (the 'Notice of Meeting' or the 'Document') to be sent to Trek shareholders in September 2022.

You have not engaged NPCF directly but have received a copy of the Report because you have been provided with a copy of the Document. NPCF or the employees of NPCF are not acting for any person other than the Client.

NPCF is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

## **General Advice**

As NPCF has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Notice of Meeting.

## **Fees NPCF may receive**

NPCF charges fees for preparing Reports. These fees will usually be agreed with and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NPCF \$28,000 (excluding GST and out of pocket expenses) for preparing the Report. NPCF and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

## **Referrals**

NPCF does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

## **Associations and Relationships**

Through a variety of corporate and trust structures NPCF is controlled by and operates as part of the Nexia Perth Pty Ltd. NPCF's directors and authorised representative may be directors in the Nexia Perth Pty Ltd group entities ('Nexia Perth Group'). Ms Evelyn Tan, and Ms Muranda Janse Van Nieuwenhuizen, both Directors and Representatives of NPCF, have prepared this Report. The financial product advice in the Report is provided by NPCF and not by the Nexia Perth Group.

From time to time, NPCF, the Nexia Perth Group and related entities ('Nexia entities') may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years, Nexia entities have received fees from the Client of \$3,600 plus GST in relation to performance rights valuations.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the proposed transaction described in this Report.

## **Complaints Resolution**

If you have a complaint, please let NPCF know. Formal complaints should be sent in writing to:

Nexia Perth Corporate Finance Pty Ltd  
Head of Compliance  
GPO Box 2570  
Perth WA 6001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Susan Montanari, on +61 8 9463 2463 and she will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

### **External Complaints Resolution Process**

If NPCF cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority ('AFCA'). AFCA is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available on its website [www.afca.org.au](http://www.afca.org.au) or by contacting it directly via the details set out below.

Australian Financial Complaints Authority  
GPO Box 3, Melbourne, Victoria 3001  
Telephone: 1800 931 678  
Email: [info@afca.org.au](mailto:info@afca.org.au)

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

### **Compensation Arrangements**

NPCF has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details  
You may contact NPCF at:

**Nexia Perth Corporate Finance Pty Ltd**  
**GPO Box 2570**  
**Perth WA 6001**

30 August 2022

The Independent Directors  
Trek Metals Limited  
2 Centro Avenue  
Subiaco WA 6008

Dear Sirs / Madams,

## **Independent Expert's Report**

### **1. BACKGROUND AND OUTLINE OF THE PROPOSED TRANSACTION**

#### **1.1 Background**

On 6 June 2022, Trek Metals Limited ('Trek' or the 'Company') announced a proposal to acquire all of the fully paid ordinary shares in Edge Minerals Limited ('Edge') by way of a scheme of arrangement (the 'Scheme') under Part 5.1 of the Corporations Act 2001 (Cth) ('Corporations Act'). Under the Scheme, if approved by the shareholders of Edge, the Company will issue new Trek shares ('New Trek Share(s)') to the shareholders of Edge as consideration for their shares in Edge ('Edge Share(s)').

Under the terms of the Scheme, the shareholders of Edge will receive 2.12 New Trek Shares for every one Edge Share held as at the record date in accordance with the Scheme Implementation Agreement dated 3 June 2022 ('Scheme Implementation Agreement').

The proposed acquisition of Edge includes the acquisition of Edge Shares held by directors of Trek, associates of directors of Trek or parties related to directors of Trek, including:

- 401,244 Edge Shares held by Kalonda Pty Ltd, an associate of Tony Leibowitz, a Trek director;
- 64,102 Edge Shares held by Floreat Investments Pty Ltd, an associate of Tony Leibowitz, a Trek director;
- 460,291 Edge Shares held by Biddle Partners Pty Ltd, an associate of Neil Biddle, a Trek director;
- 56,410 Edge Shares held by Hatched Creek Pty Ltd, an associate of Neil Biddle, a Trek director;
- 482,049 Edge Shares held by John Young (jointly with Cheryl Young), a Trek director; and
- 56,410 Edge Shares held by Cheryl Young, the spouse of John Young, a Trek director.

The proposed acquisition of Edge Shares held by directors and their associates is subject to shareholders' approval under Australian Securities Exchange ('ASX') Listing Rule 10.1 of Chapter 10 'Transactions with persons in a position of influence' ('ASX Listing Rule 10.1') as it involves the acquisition of a substantial asset and the issue of securities to a related party. Tony Leibowitz, Neil Biddle and John Young are directors of Trek as well as directors of Edge. Therefore, they are all deemed to be related parties (each a 'Related Party' or together the 'Related Parties').

Trek was advised that the approval it requires is the approval to acquire Edge Shares from, and the issue of New Trek Shares to, the Related Parties; and not the approval for the acquisition of all of the fully paid ordinary shares in Edge under the Scheme.

#### **Nexia Perth Corporate Finance Pty Ltd**

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Accordingly, the Notice of Annual General Meeting ('Notice of Meeting') contains resolutions that seek the approval from non-associated shareholders of Trek as follows:

- the acquisition of 465,346 Edge Shares from, and the issue of 986,534 New Trek Shares to, Tony Leibowitz, a Director, as Resolution 5;
- the acquisition of 516,701 Edge Shares from, and the issue of 1,095,406 New Trek Shares to, Neil Biddle, a Director, as Resolution 6; and
- the acquisition of 538,459 Edge Shares from, and the issue of 1,141,533 New Trek Shares to, John Young, a Director, as Resolution 7.

Nexia Perth Corporate Finance Pty Ltd ('NPCF') has been requested by Trek to prepare an Independent Expert's Report (the 'Report') in relation to the proposed acquisition of Edge Shares and the issue of New Trek Shares to the Related Parties of Edge as consideration for the acquisition of their Edge Shares ('Proposed Transaction') and to express an opinion on whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of Trek ('Shareholders'). Our Report has been prepared to accompany Trek's Notice of Meeting.

We note that, if any of approvals sought in the Notice of Meeting relating to the Proposed Transaction are not passed, the relevant Related Parties and/or their associates will divest of their holdings in Edge Shares to unrelated third parties, prior to record date, before Trek proceeds with the acquisition of Edge under the Scheme.

## 1.2 Outline of the Proposed Transaction

Trek Metals is proposing to acquire all of the fully paid ordinary shares of Edge by way of a scheme of arrangement. Under the Scheme, if approved by the shareholders of Edge, the Company will issue 2.12 New Trek Shares for every one Edge Share held as at the record date in accordance with the Scheme Implementation Agreement.

Edge's share capital consists of 22,790,317 ordinary shares. Edge shareholders include entities which Tony Leibowitz and Neil Biddle control and are directors of. Edge shareholders also include entities that John Young controls, and persons related to John Young. Each of Tony Leibowitz, Neil Biddle and John Young are directors of Trek as well as directors of Edge.

As detailed below, the percentage shareholdings of Tony Leibowitz, Neil Biddle and John Young in Edge (including the shareholding of parties related to them) are 2.04%, 2.27% and 2.36%, respectively:

Edge shareholders	Ord Shares	% Total
Entities of which Tony Leibowitz is a director and are controlled by Tony Leibowitz	465,346	2.04%
Entities of which Neil Biddle is a director and are controlled by Neil Biddle	516,701	2.27%
Entities controlled by John Young and shareholding of Cheryl Kaye Young (John Young's spouse)	538,459	2.36%
Other holders	21,269,811	93.33%
<b>Total Edge shareholding</b>	<b>22,790,317</b>	<b>100.00%</b>

Source: Scheme Booklet, Notice of Meeting and NPCF analysis

As detailed below, Trek's current capital structure consists of 310,610,150 ordinary shares, 20,150,000 unlisted options and 22,525,000 performance rights. The percentage shareholdings of Tony Leibowitz, Neil Biddle and John Young in Trek are 4.82%, 3.32% and 2.11%, respectively:

Trek shareholders and option and performance rights Holders	Ordinary			
	Shares	% Total	Options	Perf Rights
Entities of which Tony Leibowitz is a director and are controlled by Tony Leibowitz	14,966,953	4.82%	1,500,000	3,000,000
Entities of which Neil Biddle is a director and are controlled by Neil Biddle	10,313,726	3.32%	500,000	3,000,000
Entities controlled by John Young	6,551,738	2.11%	1,875,000	6,000,000
Other holders	278,777,733	89.75%	16,275,000	10,525,000
<b>Total Trek holding</b>	<b>310,610,150</b>	<b>100.00%</b>	<b>20,150,000</b>	<b>22,525,000</b>

Source: Trek's share, option and performance rights registers as at 23 August 2022

Subject to the Scheme becoming effective, based on Edge Shares being exchanged at a ratio of 2.12 New Trek Shares for each Edge Share, 48,315,472 New Trek Shares will be issued as consideration for the Edge Shares acquired under the Scheme. Following the implementation of the Scheme, Trek will have 358,925,622 Shares on issue (assuming no further Trek Shares are issued). The 48,315,472 New Trek Shares will represent 13.46% of the total number of Trek Shares on issue following implementation of the Scheme. The impact of the Proposed Transaction on Trek's capital structure is as follows:

	Ord Shares	% Total	Options	Perf Rights
Trek Shares pre-Proposed Transaction	310,610,150	86.54%	20,150,000	22,525,000
New Trek Shares to be issued to Edge shareholders	48,315,472	13.46%	-	-
<b>Total Trek Shares post-Proposed Transaction</b>	<b>358,925,622</b>	<b>100.00%</b>	<b>20,150,000</b>	<b>22,525,000</b>

Source: Trek's share, option and performance rights registers as at 23 August 2022, Share Implementation Agreement and NPCF analysis

The effect of the Proposed Transaction on the Related Parties' shareholding interests in Trek is as follows:

	Tony		
	Leibowitz	Neil Biddle	John Young
Trek Shares held pre-Proposed Transaction	14,966,953	10,313,726	6,551,738
New Trek Shares issued	986,534	1,095,406	1,141,533
<b>Trek Shares held post-Proposed Transaction</b>	<b>15,953,487</b>	<b>11,409,132</b>	<b>7,693,271</b>
Percentage of total Trek Shares pre-Proposed Transaction	4.82%	3.32%	2.11%
Percentage of total Trek Shares post-Proposed Transaction	4.44%	3.18%	2.14%

Source: Trek's share registry as at 23 August 2022, Notice of Meeting and NPCF analysis

The table above shows that the number of New Trek Shares to be issued to the Related Parties, Tony Leibowitz, Neil Biddle and John Young under the Proposed Transaction will be 986,534, 1,095,406 and 1,141,533 respectively (totalling 3,223,473 New Trek Shares). Following the implementation of the Scheme and the issue of New Trek Shares, neither the individual holdings of Tony Leibowitz, Neil Biddle and John Young nor their combined holdings will represent a controlling position in Trek.

The number of New Trek Shares to be issued to the non-related shareholders of Edge ('Non-Related Parties') as consideration for the acquisition of their Edge Shares is 45,091,999.

We note that, if any of approvals sought in the Notice of Meeting relating to the Proposed Transaction are not passed, the relevant Related Parties and/or their associates will divest of their holdings in Edge Shares to unrelated third parties, prior to record date, before Trek proceeds with the acquisition of Edge under the Scheme. In that situation, no New Trek Shares will be issued to the Related Parties.

## **2. PURPOSE OF REPORT AND BASIS OF ASSESSMENT**

### **2.1 Purpose of Report**

The purpose of this Report is to provide an opinion on whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of Trek.

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor its child entities, acquires or agrees to acquire a substantial asset from, or disposes of or agrees to dispose of a substantial asset to a related party or a substantial holder without obtaining its shareholders' approval, unless any of the exceptions in ASX Listing Rule 10.3 apply.

An entity that is in a position of significant influence specifically includes any related party to the listed entity and any 'substantial (10%+) holder' (as defined in the ASX Listing Rules). A related party includes directors of an entity and entities controlled by such directors (including directors within the past 6 months), and a 'substantial (10%+) holder' is a person who, together with their associates, holds a relevant interest in at least 10% of the issued voting shares in the listed entity.

An asset is substantial if its value, or the consideration being paid, is 5% or more of an entity's equity interests as set out in the accounts lodged with the ASX.

The requirement of an independent expert to report on the transaction is stated under ASX Listing Rule 10.5.10. The report provided by the independent expert is required to state the expert's opinion as to whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not be disregarded.

Tony Leibowitz, Neil Biddle and John Young are directors of Trek as well as directors of Edge. Therefore, they are all deemed to be related parties.

Consistent with the requirement under ASX Listing Rule 10.5.10, the independent Directors of Trek have requested NPCF to prepare an independent expert's report, the purpose of which is to provide an independent opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated Shareholders of Trek.

This Report is prepared pursuant to the requirements of ASX Listing Rule 10.1 and in accordance with the guidance of Australian Securities and Investments Commission's ('ASIC') Regulatory Guide 111 Content of expert report ('RG 111'), Regulatory Guide 112 Independence of experts ('RG 112') and Regulatory Guide 76 Related party transactions ('RG 76').

### **2.2 Basis of assessment**

RG 111 provides guidance to experts on how to draft an expert report that satisfies the requirements of the Corporations Act. Whilst RG 111 focuses on reports prepared for transactions under Chapters 2E, 5, 6 and 6A of the Corporations Act, whether they are required by the Corporations Act or are commissioned voluntarily, the principles may also be relevant to independent expert reports commissioned for other purposes, including independent expert reports required under the ASX Listing Rules.

Paragraphs RG 111.52 to RG 111.63 of RG 111 provide guidance on related party transactions under Chapter 2E of the Corporations Act or for a transaction with a person in a position of influence that requires member approval under ASX Listing Rule 10.

The regulatory guide states that when analysing related party transactions, an expert needs to focus on the substance of the related party transaction rather than the legal mechanism. In analysing a related party transaction, the expert is required to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members. This analysis is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under ASX Listing Rule 10.1.

RG 111.56 states that, where an expert assesses whether a related party transaction is 'fair and reasonable', this should not be applied as a composite test. There should be a separate assessment of whether the transaction is 'fair' and 'reasonable'.

A proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

A proposed related party transaction is 'reasonable' if it is 'fair' but it might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for members to vote for the proposal.

### **2.3 Conduct of our assessment**

We have assessed the Proposed Transaction as being:

- 'fair' if the value of the financial benefit to be provided by Trek to the Related Parties (in this case, the value of the New Trek Shares they receive) is equal to or less than the value of the consideration being received by Trek from the Related Parties (in this case, the value of their Edge Shares); and
- 'reasonable' if it is fair, or despite not being fair, after considering other significant factors, we believe there are sufficient reasons for Shareholders to approve the Proposed Transaction, in the absence of any alternative offers.

This engagement is conducted in accordance with Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

## **3. SUMMARY AND OPINION**

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion should be read in conjunction with this Report in its entirety. Our opinion is based solely on information available as at the date of this Report.

In our opinion, the Proposed Transaction is fair and reasonable to Shareholders in the absence of more superior alternative offers.

The principal factors that we have considered in forming our opinion are summarised below.

### **3.1 Assessment of Fairness**

In determining whether or not the Proposed Transaction is fair to Shareholders, we have compared the fair value of the financial benefit to be provided by Trek to the Related Parties (in this case, the value of the New Trek Shares they receive) to the fair value of the consideration being received by Trek from the Related Parties (in this case, the value of their Edge Shares). This is summarised as follows.

	Ref	Low	Preferred	High
Fair value of New Trek Shares provided to the Related Parties	9.1	\$128,939	\$209,526	\$290,113
Fair value of Edge Shares received from the Related Parties	10.1	\$180,940	\$273,691	\$367,962

Source: NPCF analysis

The analysis shows that the fair value of New Trek Shares provided to the Related Parties is less than the fair value of Edge Shares received by Trek from the Related Parties. Therefore, **we have concluded that the Proposed Transaction is fair to Shareholders.**

### 3.2 Assessment of Reasonableness

In accordance with RG 111, a related party transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, there are sufficient reasons for Shareholders to approve the Proposed transaction, in the absence of any alternative offers.

In forming our opinion, we have considered the following relevant factors (see section 12).

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>▪ The acquisition of Edge is value accretive to Trek</li> <li>▪ The acquisition of Edge offers near-term development opportunity in the battery minerals sector</li> <li>▪ There is no cash outlay in the Proposed Transaction</li> <li>▪ Potential to increase liquidity of Trek Shares</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dilution of Trek Shareholders' interests</li> <li>▪ May result in the re-direction of cash to the Hendeka Project and reduced focus on the Trek Projects</li> <li>▪ Risk profile of Trek following the acquisition of Edge may not suit the risk profile of Shareholders</li> </ul>

We note that, if any of approvals sought in the Notice of Meeting relating to the Proposed Transaction are not passed, the relevant Related Parties and/or their associates will have to divest of their holdings in Edge Shares to unrelated third parties, prior to record date, before Trek proceeds with the acquisition of Edge under the Scheme. In that situation, no New Trek Shares will be issued to the Related Parties.

Notwithstanding, it is likely that the Scheme can still be implemented. Whilst it may be remotely possible that the Related Parties could refuse to sell their Edge Shares, it is considered unlikely as each Related Party has confirmed their commitment to sell their Edge Shares and publicly stated that they are recommending the Scheme.

As the Proposed Transaction is fair, and taking into account other significant factors, **we have concluded that the Proposed Transaction is reasonable.**

## 4. LIMITATIONS

### 4.1 Individual shareholders' circumstances

The ultimate decision whether to approve the Proposed Transaction should be based on each shareholder's own assessment of the Proposed Transaction and own assessment of their circumstances, including their own risk profile, liquidity preference, tax position and expectations as to value and future market conditions. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Annual General Meeting, and consider their own specific

circumstances before voting in favour of or against the Proposed Transaction. If in doubt about the Proposed Transaction or matters dealt with in this Report, shareholders should seek independent professional advice.

#### **4.2 Limitations on reliance on information**

The documents and information relied on for the purposes of this Report are set out in Appendix B. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that documents and material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit or extensive examination might disclose. We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.

An important part of the information used in forming an opinion of the kind expressed in this Report is the opinions and judgement of Directors and management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

NPCF are not the auditors of Trek. We have analysed and reviewed information provided by the Directors and management of Trek and made further enquiries where appropriate. Preparation of this Report does not imply that we have in any way audited the accounts or records of Trek.

In forming our opinion we have assumed:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Notice of Annual General Meeting to be sent to shareholders is complete, accurate and fairly represented in all material respects; and
- the publicly available information relied upon by NPCF in its analysis was accurate and not misleading.

This Report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this Report which may impact upon this Report or which may impact upon the assumptions referred to in the Report.

Yours faithfully

#### **Nexia Perth Corporate Finance Pty Ltd**



**Evelyn Tan**  
Director



**Muranda Janse Van Nieuwenhuizen**  
Director

## **STRUCTURE OF REPORT**

Our Report is set out under the following headings:

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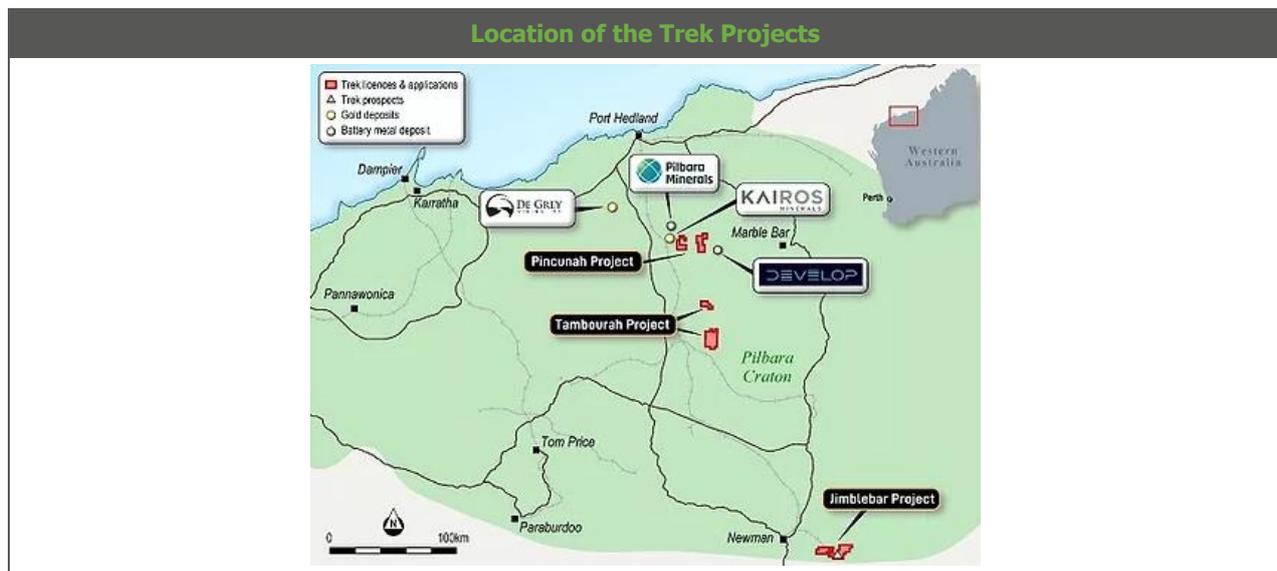
## 5. OVERVIEW OF TREK METALS LIMITED

### 5.1 Background

Trek Metals Limited ('Trek' or the 'Company') is a company incorporated in Bermuda, whose shares are publicly traded on the Australian Securities Exchange (ASX code: TKM). Trek operates predominantly in the mining and exploration industry. This comprises exploration and evaluation activities including gold, lithium and base metals projects in the Pilbara of Western Australia.

### 5.2 Overview of Trek's projects

An overview of Trek's three key exploration assets, the Pincunah Project (100% owned), the Jimblebar Project (100% owned) and the Tambourah Project (100% owned) ('Trek Projects'), is provided below:



Source: Trek

#### 5.2.1 Pincunah Project

The Pincunah Project (E45/4909, E45/4917, E45/4640 and ELA45/6113), with an area of 47 sub-blocks (approximately 150 square kilometres), is located 100 kilometres south of Port Hedland and 70 kilometres west of Marble Bar. Trek acquired the Pincunah Project (E45/4909 and E45/4917) in August 2020 and applied for the grant of ELA45/6113 in December 2021. In May 2022, Trek entered into an agreement with Pilbara Minerals Limited to acquire E45/4640.

Trek's maiden drilling program completed in 2021 delivered highly encouraging results at Valley of the Gossans, highlighting the potential for a large-scale volcanogenic massive sulphide base metal system. The drilling targeted an extensive (greater than two kilometre-long) multi-element geochemical anomaly defined by Trek earlier in the year which is open along strike. The Company is actively progressing exploration both at the Valley of the Gossans prospect and the greater Pincunah Project.

#### 5.2.2 Jimblebar Project

The Jimblebar Project (E52/3605, E52/3672, EL52/3983 and ELA52/4051), with an area of 69 sub-blocks (approximately 221 square kilometres), is located 50 kilometres east of Newman. The project is located five kilometres northwest of the Coobina Chromite Mine and 15 kilometres southeast of the major Jimblebar iron ore mine. Trek acquired the Jimblebar Project (E52/3605, E52/3672) in August 2020 and applied for the

grant of EL52/3983 and ELA52/4051 in August 2021 and February 2022, respectively. EL52/3983 was granted in July 2022.

The Jimblebar Greenstone Belt is considered prospective for gold and base metals, but it is one of the least explored greenstone belts in the region. The Jimblebar Project area encompasses a two-kilometre strike length of the old Jimblebar Goldfield. The Sunny South Prospect has a mineralised strike length of 600 metres, with small-scale mining occurring between 1930 and 1937.

The Jimblebar Project has encouraging Ni-Cu sulphide targets remaining from historic exploration. Historical data review and re-modelling of raw data identified several highly conductive downhole EM (electromagnetic) off-hole targets, highlighting the potential for massive sulphide nickel-copper mineralisation at the Millipede East Prospect. These results are indicative of a fertile magmatic sulphide system at Millipede East.

### 5.2.3 Tambourah Project

The Tambourah Project (E45/5484 and E45/5839), with an area of 43 sub-blocks (approximately 138 square kilometres), is located approximately 150 kilometres south of Port Hedland and between 45 to 70 kilometres south of the Trek's Pincunah Project. Trek acquired the E45/5484 tenement in early 2021 and E45/5839 was granted in September 2021.

The Tambourah Project encompasses the central portion of the 15-kilometre long Western Shaw Greenstone Belt. Gold occurrences and mine workings are scattered throughout the Greenstone Belt, associated with a shear zone complex extending over a strike length of at least 30 kilometres. The project is considered prospective for gold and lithium deposits with at least 13 known gold occurrences and old mining workings located on the project. The area is renowned historically for a large number of small-scale gold mines where miners have targeted narrow, high-grade, north-trending quartz veins in the past.

Refer to Mining Insights 'Independent Mineral Asset Valuations Report – Trek Metals Limited' in Appendix E for further information in respect of the Pincunah Project, the Jimblebar Project, and the Tambourah Project.

### 5.2.4 Other mineral assets

In addition to the Trek Projects above, Trek announced on 28 March 2022 that it had entered into a farm-in and joint venture agreement with Buxton Resources Limited (ASX:BUX) to earn up to a 75% interest in Buxton Resources Limited's Centurion Project (E80/5579) in Western Australia. Trek has also applied for a number of tenements surrounding E80/5579 which include E80/5743, E80/5744, E80/5745, E80/5746, E80/5747 and E80/5748.

Trek has four exploration licence applications (E1260, E1261, E1751 and E1752) located in the Northern Territory. These are subject to ongoing negotiations with the traditional owners and have not progressed much in the last couple of years.

Trek has applied for tenements covering part of the Perth Basin which is conceptual for hydrothermal energy and potential for lithium-brine mineralisation. The project has three exploration licences (E70/6000, E70/6004 and E70/6072) and one exploration licence application (E70/6001).

### 5.3 Directors and Key Management

Below is a table of the Directors and key management personnel of Trek:

Name	Position
Tony Leibowitz	Non-Executive Chairman
John Young	Executive Director
Neil Biddle	Non-Executive Director
Valerie Hodgins	Non-Executive Director
Derek Marshall	Chief Executive Officer
Russell Hardwick	Company Secretary

### 5.4 Financial Information

Set out in this section are the audited consolidated financial statements of Trek for the years ended 31 March 2020, 31 March 2021 and 31 March 2022 ('FY 2020', 'FY 2021' and 'FY 2022', respectively).

The audit reports for FY 2020, FY 2021 and FY 2022 were unqualified, however Trek's auditors drew attention in the notes to the financial statements for each period that Trek incurred a loss and had a cash outflow from operating activities in each year. It is noted in the financial statements that cash flow forecasts indicated that Trek would have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the signing of each audit. Also, that given Trek's history of raising capital, the Company was confident of its ability to raise additional funds as and when they are required.

In addition, the audit report for FY 2022 contained key audit matters ('KAMs') with regards to the recognition and recoverability of the capitalised exploration and evaluation costs due to the carrying value of capitalised exploration and evaluation costs representing a significant asset of Trek and determining whether impairment indicators exist involves significant judgement by management. Also, with regards to change of presentation currency from US dollars to Australian dollars due to the infrequent nature of this change and its pervasiveness to the financial statements, and with regards to the share-based payment expense due to the judgement involved in determining the inputs to the valuation model.

The audit report for FY 2021 contained KAMs with regards to the recognition and recoverability of the capitalised exploration and evaluation costs due to the carrying value of capitalised exploration and evaluation costs representing a significant asset of Trek and determining whether impairment indicators exist involves significant judgement by management.

The audit report for FY 2020 contained KAMs with regards to the accounting for disposal of subsidiary due to the judgement involved in determining the financial results of the operations. Also, with regards to the impairment of exploration and evaluation expenditure due to the significant judgement involved in determining the existence of impairment triggers.

On 1 April 2021, Trek changed its reporting currency from US dollars to Australian dollars to better reflect Trek's current and future underlying activities. As a result, the FY 2021 and FY 2021 financial statements presented below are in Australian dollars, whereas the financial statements for FY 2020 are in US dollars.

#### 5.4.1 Consolidated Statement of Profit or Loss and Other Comprehensive Income

Set out below are Trek's audited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the years ended 31 March 2020 (in United States Dollars, US\$), 31 March 2021 (in Australian Dollars, A\$) and 31 March 2022 (in Australian Dollars, A\$):

	Note	FY 2020 Audited In US\$	FY 2021 Audited In A\$	FY 2022 Audited In A\$
<b>Continuing operations</b>				
Investment revenue	a)	6,069	14,437	25,511
Other income		391	-	-
Share based payment expense	b)	(70,415)	(52,299)	(736,830)
Exploration expenses		(44,311)	(31,157)	(435)
Impairment of capitalised exploration & evaluation expenditure	c)	(2,035,696)	-	(653,581)
Foreign exchange gain/(loss)		(128,133)	237,045	3
Gain on sale of subsidiaries		282,207	-	-
Other operating expenses	d)	(424,004)	(442,190)	(820,290)
<b>Loss before tax</b>		<b>(2,413,892)</b>	<b>(274,164)</b>	<b>(2,185,622)</b>
Income tax expense		-	-	-
<b>Loss for the year</b>		<b>(2,413,892)</b>	<b>(274,164)</b>	<b>(2,185,622)</b>

Source: Trek's 31 March 2020, 31 March 2021 and 31 March 2022 audited financial statements

The table above should be read in conjunction with the following notes:

- Investment revenue between FY 2020 and FY 2022 entirely relates to interest revenue.
- The increase in the share-based payment expense in FY 2022 was due to the issuance of performance rights to key management personnel, staff and consultants.
- All capitalised exploration and evaluation expenditure is monitored for indications of impairment, where the carrying amount exceeds the recoverable amount, the capitalised expenditure which is not expected to be recovered is charged to the income statement.
- Other operating expenses increased in FY 2022 mainly due to wages, oncosts and recruitment costs.

#### 5.4.2 Consolidated Statement of Financial Position

Set out below are Trek's audited Consolidated Statement of Financial Position as at 31 March 2020 (in US\$), 31 March 2021 (in A\$) and 31 March 2022 (in A\$):

	Note	31 Mar 20 Audited In US\$	31 Mar 21 Audited In A\$	31 Mar 22 Audited In A\$
<b>Current assets</b>				
Cash and cash equivalents	a)	1,336,325	4,715,309	6,366,832
Trade and other receivables		10,775	53,783	90,327
Other assets		10,301	7,816	17,390
<b>Total current assets</b>		<b>1,357,401</b>	<b>4,776,908</b>	<b>6,474,549</b>
<b>Non-current assets</b>				
Property, plant and equipment		6,656	79,632	318,875
Exploration and evaluation expenditure	b)	610,200	2,049,134	3,703,707
Other assets		857	1,199	1,151
<b>Total non-current assets</b>		<b>617,713</b>	<b>2,129,965</b>	<b>4,023,733</b>
<b>Total assets</b>		<b>1,975,114</b>	<b>6,906,873</b>	<b>10,498,282</b>
<b>Current liabilities</b>				
Trade and other payables		70,355	277,821	171,188
Provision		58,819	3,357	8,885
<b>Total current liabilities</b>		<b>129,174</b>	<b>281,178</b>	<b>180,073</b>
<b>Total liabilities</b>		<b>129,174</b>	<b>281,178</b>	<b>180,073</b>
<b>Net assets</b>	c)	<b>1,845,940</b>	<b>6,625,695</b>	<b>10,318,209</b>

	Note	31 Mar 20 Audited	31 Mar 21 Audited	31 Mar 22 Audited
<b>Equity</b>				
<b>Capital and reserves</b>				
Issued capital		26,154,711	34,568,285	34,969,682
Reserves		35,896,252	51,620,098	55,757,269
Accumulated losses		(60,205,023)	(79,562,688)	(80,408,742)
<b>Total equity</b>		<b>1,845,940</b>	<b>6,625,695</b>	<b>10,318,209</b>

Source: Trek's 31 March 2020, 31 March 2021 and 31 March 2022 audited financial statements

The table above should be read in conjunction with the following notes:

- Cash and cash equivalents include the proceeds from capital raisings and a share purchase plan.
- Exploration and evaluation expenditure is capitalised on Trek's balance sheet and primarily consist of activities including drilling, assaying, geochemical and geophysical investigations and independent geological consultants in respect of each identifiable area of interest.
- Trek's net asset position increased from US\$1,845,940 (A\$3,009,067 at the relevant exchange rate on the date) as at 31 March 2000 to A\$10,318,209 as at 31 March 2022.

#### 5.4.3 Consolidated Statement of Cash Flows

Set out below are Trek's audited Consolidated Statement of Cash Flows for the years ended 31 March 2020 (in US\$), 31 March 2021 (in A\$) and 31 March 2022 (in A\$):

	FY 2020 Audited	FY 2021 Audited	FY 2022 Audited
	In US\$	In A\$	In A\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees	(465,037)	(633,532)	(863,926)
Payments for exploration and evaluation	(44,311)	(31,157)	-
Interest received	6,069	14,437	25,511
<b>Net cash used by operating activities</b>	<b>(503,279)</b>	<b>(650,252)</b>	<b>(838,415)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation	(176,106)	(378,275)	(2,482,444)
Payments for property, plant & equipment	-	(4,427)	(365,143)
Payments for exploration tenements	-	(59,186)	-
Cash flows from loan to other entities	-	(31,043)	-
Proceeds received on sale of subsidiaries	133,664	-	-
Acquisition of subsidiary, net of cash acquired	-	(217,505)	-
<b>Net cash used by investing activities</b>	<b>(42,442)</b>	<b>(690,436)</b>	<b>(2,847,587)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	1,614,398	4,240,156	5,577,501
Payments for share issue costs	(66,419)	(176,782)	(239,976)
<b>Net cash generated by financing activities</b>	<b>1,547,979</b>	<b>4,063,374</b>	<b>5,337,525</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,002,258</b>	<b>2,722,686</b>	<b>1,651,523</b>
Cash and cash equivalents at beginning of the year	462,200	2,189,979	4,715,309
Effects of exchange rate changes on the balance of cash held in foreign currencies	(128,133)	(197,356)	-
<b>Cash and cash equivalents at the end of year</b>	<b>1,336,325</b>	<b>4,715,309</b>	<b>6,366,832</b>

Source: Trek's 31 March 2020, 31 March 2021 and 31 March 2022 audited financial statements

## 5.5 Capital Structure and Ownership

### 5.5.1 Capital structure

Trek's issued capital comprised the following as at the dates below:

	31 Mar 2022 <sup>1</sup>	23 Aug 2022 <sup>2</sup>	Post-Scheme <sup>3</sup>
Fully paid ordinary shares	310,460,150	310,610,150	358,925,622
Unlisted options	20,150,000	20,150,000	20,150,000
Performance rights	22,675,000	22,525,000	22,525,000

Source: Trek's securities registers as at 23 August 2022

Notes:

<sup>1</sup>Trek's issued capital as at 31 March 2022, being the latest financial year end.

<sup>2</sup>For illustrative purposes, Trek's issued capital as at 23 August 2022.

<sup>3</sup>This reflects what Trek's issued capital will be following the implementation of the Scheme. This figure is based on a 48,315,472 New Trek Shares being issued to the shareholders of Edge as consideration for their shares in Edge.

### 5.5.2 Fully paid ordinary shares

Trek's issued capital as at 23 August 2022 comprised 310,610,150 fully paid ordinary shares. The top 10 shareholders hold 29.73% of the issued capital of Trek as set out below:

Shareholder	Shareholding	%
Mr Alex Jordan <The Jordan A/C>	18,000,000	5.80%
Kalonda Pty Ltd <Leibowitz Super Fund A/C>	12,956,084	4.17%
Mr Vaughan Thales Kent	11,000,000	3.54%
Biddle Partners Pty Ltd <Biddle Super Fund A/C>	10,313,726	3.32%
Font SF Pty Ltd <Fontanalice Pty Ltd A/C>	9,000,000	2.90%
Mr Scott Douglas Amos + Mrs Karen Elizabeth Amos <The Sda Super Fund A/C>	8,825,000	2.84%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <Drp A/C>	7,133,238	2.30%
HSBC Custody Nominees (Australia) Limited	5,342,661	1.72%
Mr Michael Alexander Ehrenberg <Ehrenberg Family A/C>	5,000,000	1.61%
Mr John Alexander Young + Mrs Cheryl Kaye Young <The Forever Young S/F A/C>	4,760,869	1.53%
<b>Top 10 Shareholders</b>	<b>92,331,578</b>	<b>29.73%</b>
	218,278,572	70.27%
<b>Total shareholders</b>	<b>310,610,150</b>	<b>100.00%</b>

Source: Trek's share register as at 23 August 2022

Trek's latest capital raising was announced on 20 October 2021. The capital raising comprised a share placement of 30,434,783 shares at an issue price of \$0.115 per Share to existing and new professional, sophisticated and other institutional investors to raise a total of \$3.50 million as well as a Share Purchase Plan, including 17,821,676 Shares on the same terms, which raised an additional approximately \$2.05 million, increasing the total raising to approximately \$5.55 million.

### 5.5.3 Shareholders by size of shareholding

The table below summarises Trek's current shareholders by size of shareholding as at 23 August 2022:

Range	Number of		
	Holders	Shares	% Total
1 – 1,000	524	78,841	0.02%
1,001 – 5,000	121	360,338	0.12%
5,001 – 10,000	162	1,264,230	0.41%
10,001 – 100,000	618	25,289,242	8.14%
100,001 and over	381	283,617,499	91.31%
<b>Total</b>	<b>1,806</b>	<b>310,610,150</b>	<b>100.00%</b>

Source: Trek's share register as at 23 August 2022

### 5.5.4 Options

Trek's issued capital as at 23 August 2022 included 20,150,000 unlisted options as set out below:

Options issued	No of options	Exercise price (\$)	Expiry	Number vested
Directors, consultant and broker options	10,650,000	0.056	30/09/2023	10,650,000
Consultant	1,500,000	0.056	30/06/2024	1,500,000
Director and broker options	3,000,000	0.100	5/03/2023	3,000,000
Broker options	5,000,000	0.200	31/10/2023	5,000,000
<b>Total unlisted options outstanding</b>	<b>20,150,000</b>			<b>20,150,000</b>

Source: Trek's options register as at 23 August 2022

Given that Trek Shares traded at \$0.075 per Share on the last close of business before the date of this Report, 12,150,000 of the vested unlisted options in Trek are in-the-money as at the date of this Report. If these unlisted options were exercised, Trek would receive \$680,400 in cash and the number of shares of Trek would increase by 12,150,000 to 322,760,150.

### 5.5.5 Performance rights

Trek's issued capital as at 23 August 2022 included 22,525,000 performance rights as set out below:

Performance rights issued	Number	Expiry
Performance Rights Class A	4,375,000	5/03/2025
Performance Rights Class B	4,000,000	5/03/2025
Performance Rights Class C	4,000,000	5/03/2025
Performance Rights Class D	750,000	5/03/2025
Performance Rights Class E	900,000	5/03/2025
Performance Rights Class F	900,000	5/03/2025
Performance Rights Class G	2,000,000	1/09/2025
Performance Rights Class H	2,000,000	1/09/2025
Performance Rights Class I	2,000,000	1/09/2025
Performance Rights Class J	800,000	28/01/2026
Performance Rights Class K	800,000	28/01/2026
<b>Total performance rights outstanding</b>	<b>22,525,000</b>	

Source: Trek's performance rights register as at 23 August 2022

## 5.6 Share Price and Volume Trading Analysis

The following chart provides a summary of the trading volumes and prices for Trek Shares from 4 June 2021 to 3 June 2022 (last full trading day prior to the announcement of the scheme of arrangement with Edge):



Source: Yahoo! Finance and Nexia analysis

The chart above shows that over the 12 months to 3 June 2022, the closing share price of Trek has traded within a range of \$0.058 and \$0.16, with a closing price of \$0.082 on 3 June 2022. Trek's Share price high and lows, volume weighted average prices (or 'VWAPs') and volumes for the year to 3 June 2022 are summarised in the table below:

To 3 June 2022	Share Price Low	Share Price High	Cumulative Volume Traded	VWAP	Trading as a % of current issued capital
1 day	\$0.082	\$0.082	343,021	\$0.082	0.1%
7 days	\$0.082	\$0.092	3,197,422	\$0.086	1.0%
30 days	\$0.071	\$0.092	12,074,888	\$0.078	3.9%
60 days	\$0.071	\$0.099	21,065,802	\$0.082	6.8%
90 days	\$0.062	\$0.099	35,684,048	\$0.077	11.5%
180 days	\$0.062	\$0.110	66,914,213	\$0.084	21.6%
365 days	\$0.058	\$0.160	247,888,373	\$0.095	85.6%

Source: ASX, Yahoo! Finance and NPCF analysis

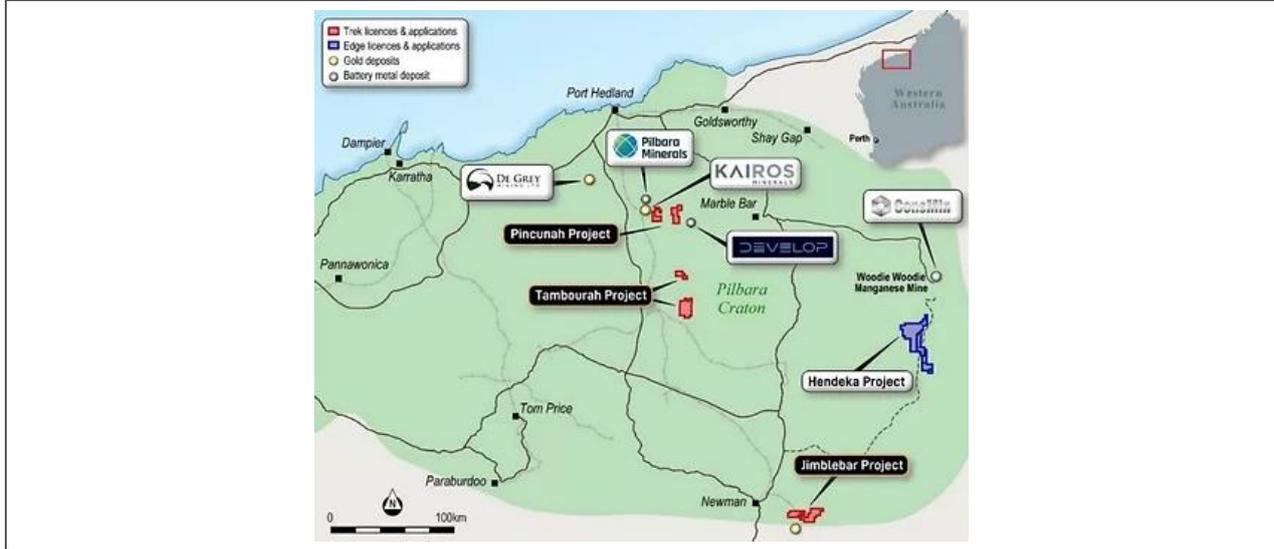
## 6. OVERVIEW OF EDGE MINERALS LIMITED

### 6.1 Overview of Edge

Edge Minerals Limited (Edge) (formerly Spitfire Australia SWW Pty Ltd) is a public company incorporated on 19 July 2007 in Western Australia and holds the South Woodie Project (re-named the Hendeka Project). Edge was de-merged from Bardoc Gold Limited ('Bardoc') when St Barbara Limited acquired Bardoc in April 2022. Edge's core focus is exploring the Hendeka Project.

The Hendeka Project area is approximately 70 kilometres south of Woodie Woodie and approximately 340 kilometres Southeast of Port Hedland, in the East Pilbara region of Western Australia. The location of Edge's Hendeka Project as well as the Trek Projects are shown below:

### Location of Edge's Hendeka Project and the Trek Projects



Source: Trek

The Hendeka Project comprises a portfolio of seven exploration licences (E46/616, E46/787, E46/835, E46/1159, E46/1160, E46/1282 and E46/1304), one retention licence (R46/2) and one exploration licence application (E46/1387) covering an area of approximately 448 square kilometres.

The tenements and the current status of the exploration permits are summarised below:

Tenement	Holder	Grant Date	Expiry Date	Blocks	Annual Rent	Minimum Expenditure
E46/616	Edge Minerals Ltd (80%), Planet Mining Pty Ltd (20%)	3/08/2005	2/08/2022 <sup>1</sup>	1	\$677	\$20,000
E46/787	Edge Minerals Ltd	22/07/2009	21/07/2023	4	\$2,708	\$0
E46/835	Edge Minerals Ltd	25/03/2011	24/03/2023	26	\$17,602	\$78,000
E46/1159	Edge Minerals Ltd	7/03/2018	6/03/2023	18	\$6,444	\$30,000
E46/1160	Edge Minerals Ltd	16/11/2017	15/11/2022	4	\$1,432	\$20,000
E46/1282	Edge Minerals Ltd	11/04/2019	10/04/2024	18	\$4,716	\$30,000
E46/1304	Edge Minerals Ltd	17/01/2020	16/01/2025	16	\$4,192	\$20,000
E46/1387	Edge Minerals Ltd		Applied, pending	54	n/a	n/a
R46/2	Edge Minerals Ltd (80%), Planet Mining Pty Ltd (20%)	4/07/2017	3/07/2022 <sup>1</sup>	100 Ha	\$980	\$0

<sup>1</sup> Tenement extension renewal applied

Source: Independent Mineral Asset Valuations Report prepared by Mining Insights Pty Ltd

Refer to Mining Insights 'Independent Mineral Asset Valuations Report – Trek Metals Limited' in Appendix E for further information in respect of the Hendeka Project.

## 6.2 Financial Information

Set out below are the unaudited Consolidated Statement of Financial Position of Edge as at 30 June 2022.

In A\$	Notes	30 Jun 22 Unaudited
<b>Current assets</b>		
Cash and cash equivalents		137,736
Trade and other receivables		9,263
Other assets		-
<b>Total current assets</b>		<b>146,999</b>
<b>Non-current assets</b>		
Other assets		-
<b>Total non-current assets</b>		<b>-</b>
<b>Total assets</b>		<b>146,999</b>
<b>Current liabilities</b>		
Trade and other payables		215,922
Borrowings		200,000
<b>Total current liabilities</b>		<b>415,922</b>
<b>Total liabilities</b>		<b>415,922</b>
<b>Net assets</b>		<b>(268,923)</b>
<b>Equity</b>		
<b>Equity attributable to equity holders</b>		
Contributed equity		5,000,100
Accumulated losses		(5,269,023)
<b>Total equity</b>		<b>(268,923)</b>

Source: Management accounts of Edge for the financial year ended 30 June 2022

## 7. INDUSTRY ANALYSIS

### 7.1 Gold mining in Australia

Gold is a counter-cyclical commodity, which means that gold is widely viewed as a safe-haven asset during national and global economic uncertainty, including the COVID-19 pandemic. Uncertain global economic conditions, higher domestic gold prices, and the COVID-19 pandemic's effects are expected to boost revenue in the gold ore mining industry over the five years through 2021-22. Expectations of higher inflation have kept global gold prices high by historical standards over the period.

Gold ore mining is a well-established industry in Australia and has grown considerably over much of the past decade. A depreciation of the Australian dollar has contributed to higher domestic gold prices over the past five years, as gold is traded in US dollars. Price increases have supported industry growth. These stronger local gold prices over the period have offset the higher cost of developing lower grade ores, encouraging Australian operators to expand production.

In July 2022, S&P Global Market Intelligence downgraded its mean gold price outlook for the September quarter to US\$1,750/oz due to rising interest rates and the increased likelihood of a recession amid the geopolitical and macroeconomic uncertainties. Reflecting the softening of prices through to year-end, S&P Global Market Intelligence expects the gold price to average US\$1,807/oz for the full-year 2022.

## **7.2 Silver, lead and zinc mining in Australia**

Over the past five years revenues for the silver, lead and zinc ore mining industry has been highly volatile, with a general upward trend due to greater export demand, moderate growth in domestic demand, and fluctuations in pricing for lead, silver and zinc. The industry's largest product segment, zinc ore and concentrate, has increased as a share of industry revenue, due to production increases and strong export growth. Very strong zinc output growth has coincided with volume falls for mined silver ore. Silver production volumes have decreased as downstream companies using silver in manufacturing processes have increasingly turned to substitute metals. Furthermore, domestic lead output volumes have increased over the period, as foreign demand has grown.

In early July, as a result of the global recessionary symptoms and further anticipated interest rate hikes, the London Metal Exchange three-month zinc price fell below US\$3,000/t, down from the multi-year peak of US\$4,498.50/t in April. Due to the recent market sell-off, S&P Global Market Intelligence has lowered its 2022 forecast for the average London Metal Exchange three-month zinc price to US\$3,563/t.

## **7.3 Copper mining in Australia**

Copper is one of the world's most versatile and useful metals. It conducts heat and electricity and is widely used in electronic devices and electrical wiring. Australia is one of the world's major copper mining countries, behind Chile, Peru, China, Democratic Republic of Congo, and the US.

Revenues from the copper ore mining industry are expected to increase over the five years through 2021-22. This strong growth is due to higher copper prices and stronger global copper demand (including from China for the construction, communications and manufacturing sectors), while production has weakened (impacted by the COVID-19 pandemic). Australia's copper ore production is expected to rise in 2021-22, as the industry's major players increase their output in response to greater demand growth from China and South Korea, particularly for use in electric vehicles.

However, a decline in the world price of copper during the current year is projected to hinder the industry in the current year. Recently, according to S&P Global Market Intelligence, the souring demand outlook and strengthening US dollar eroded investor sentiment, drove the London Metal Exchange three-month copper benchmark down to a 20-month low of US\$7,005 per tonne on 15 July. S&P Global Market Intelligence commented that concerns around the slowing global economic circumstances are expected to remain at the fore and they expect the London Metal Exchange three-month copper price to average lower in the September and December quarters at US\$7,677/t and US\$8,220/t, respectively.

## **7.4 Manganese**

Manganese is essentially a bulk commodity with multiple uses including in steel manufacturing and aluminium alloys. As much as 90% of manganese consumption globally is in the steel industry. Standard steel contains about 1% manganese while Hadfield steel, for high impact strength and anti-wear uses such as for railway tracks, uses up to 13% manganese. It is also used to make an aluminium alloy. Drinks cans are made of an alloy of aluminium with 1.5% manganese, to improve corrosion resistance. Other uses included magnetic alloys (with aluminium, antimony and copper), decolourise glass (removal of iron) to fertilisers and ceramics.

The world price of iron ore and steel acts as a proxy for manganese ore prices. Both iron ore and manganese are required to produce steel, therefore, a decrease in the world price of iron ore often correlates with a decrease in the price of manganese ore. Global prices and steel demand greatly affect manganese demand, with the volume of Chinese steel output largely driving the manganese industry's performance.

Other than the more common uses of manganese in ferroalloys (alloys of iron with a high proportion of one or more other elements such as manganese (Mn), aluminium (Al), or silicon (Si)), manganese is a commonly overlooked material in the production of batteries. High purity manganese plays an important role in battery

production. Electrolytic Manganese Metal (EMM), Electrolytic Manganese Dioxide (EMD) and Manganese Sulphate (MS) are upgraded (high grade) forms of manganese, all of which are used as a key cathode ingredients of lithium-ion batteries and in electric vehicle production.

The current preferred battery cathode compositions utilise manganese, cobalt, nickel and aluminium but manganese is by far the cheapest mineral to mine and produce. More recently, car maker Tesla and Volkswagen, have viewed manganese as the latest abundant metal that may make both batteries and electric vehicles affordable enough for mainstream buyers.

Manganese at present is a bulk commodity that operates on a large tonnage and low margin business model. It is envisaged that battery-grade high purity manganese could create new opportunities for manganese to become a high margin business with lower output.

## **8. VALUATION METHODOLOGIES**

### **8.1 Definition of market value**

In forming our opinion as to whether or not the Proposed Transaction is fair and reasonable to Shareholders, we have compared the fair value of the financial benefit to be provided by Trek to the Related Parties (in this case, the New Trek Shares they receive) to the fair value of the consideration being received by Trek from the Related Parties (in this case, the value of their Edge Shares). RG 111 defines fair value as the amount: *'assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length...'*

### **8.2 Selection of Methodology**

RG 111 provides guidance on the valuation methods that an independent expert should consider. These methods include:

- the discounted cash flow method and the estimated realisable value of any surplus assets (the 'DCF methodology');
- the application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (the 'capitalisation of earnings methodology');
- the amount that would be available for distribution to security holders on an orderly realisation of assets (the 'realisation of asset methodology');
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale ('quoted market price methodology');
- any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets; and
- the amount that an alternative bidder might be willing to offer if all the securities in the target were available for purchase.

The above are covered in more detail in Appendix D to this Report. Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly applied in valuing such an asset and the availability of appropriate information. It is possible for a combination of different methodologies to be used together to determine an overall value.

### **8.3 Valuation Methodology Applied for the New Trek Shares**

In determining the fair value of the New Trek Shares to be provided to the Edge shareholders, we have applied the sum-of-parts methodology as our primary approach and the quoted market price methodology as our secondary approach. The sum-of-parts methodology is based on the aggregation of the fair market values of the various assets and liabilities of the company, where different valuation methodologies may be adopted for different assets.

We have determined that the DCF methodology is not an appropriate approach to valuing the New Trek Shares as Trek is an exploration company with no development or operating projects that are likely to generate cash flows in the foreseeable future.

Trek does not have a historical track record of positive earnings and therefore the capitalisation of earnings methodology is also not suitable to be used.

The sum-of-parts methodology is relevant because this methodology is fundamentally an asset-based valuation approach which is suitable for exploration companies that predominantly hold interests in tenements that are not yet developed into operating projects.

To assessing the fair value of the key mineral assets of Trek, NPCF engaged the services of independent specialist, Mining Insights Pty Ltd ('Mining Insights') to undertake an independent mineral asset valuation of the Trek Projects, and in conjunction with this, Mining Insights prepared the Independent Mineral Asset Valuation Report ('MI Valuation Report') for the purpose of our Report.

As set out in section 5.2.4, Trek also has other mineral assets but these have not been separately valued by Mining Insights as they have been assessed to be immaterial.

The quoted market price methodology is relevant because Trek's Shares are listed on the ASX, meaning there is a regulated and observable market where Trek's Shares can be traded, and from where we can analyse historical prices for Trek Shares. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

The value of the New Trek Shares is assessed on a pre-Proposed Transaction basis.

### **8.4 Valuation Methodology Applied for Edge Shares**

In determining the fair value of Edge Shares, we have also applied the sum-of-parts methodology as our primary approach.

We have determined that the DCF methodology is not an appropriate approach to valuing Edge Shares as Edge is an exploration company with no development or operating projects that are likely to generate cash flows in the foreseeable future.

Edge does not have a historical track record of positive earnings and therefore the capitalisation of earnings methodology is also not suitable to be used.

The quoted market price methodology is also not relevant since Edge is not listed on any stock exchange.

The sum-of-parts methodology is relevant because this methodology is fundamentally an asset-based valuation approach which is suitable for exploration companies that predominantly hold interests in tenements that are not yet developed into operating projects.

We are not aware of any offers that Edge shareholders have received which could be utilised as a comparison to the valuation under the sum-of-parts methodology.

## 9. FAIR VALUE OF NEW TREK SHARES PROVIDED TO EDGE SHAREHOLDERS

In determining the fair value of the New Trek Shares being provided by Trek to the Related Parties, we have adopted the sum-of-parts methodology as our primary valuation methodology and the quoted market price methodology as our secondary valuation methodology.

### 9.1 Fair value of the New Trek Shares based on the sum-of-parts methodology

The fair value of the New Trek Shares being provided to the Related Parties based on the sum-of-parts methodology is set out below:

	Ref	Low	Preferred	High
Value per Trek Share using sum-of-parts methodology	9.4	\$0.040	\$0.065	\$0.090
New Trek Shares issued to the Related Parties	9.5	3,223,473	3,223,473	3,223,473
<b>Fair value of New Trek Shares provided to the Related Parties</b>		<b>\$128,939</b>	<b>\$209,526</b>	<b>\$290,113</b>

Source: NPCF analysis

### 9.2 Sum-of-parts methodology for the New Trek Shares

We assessed the equity value of Trek using the sum-of-parts approach by aggregating the fair value of the Trek Projects with the fair value of Trek's other assets and liabilities. NPCF engaged the services of Mining Insights to undertake an independent mineral asset valuation of the Trek Projects.

The MI Valuation Report was prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports 2015 Edition ('VALMIN Code') and the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves 2012 Edition ('JORC Code').

The sum-of-parts approach assesses value on a controlling basis. Since the New Trek Shares being provided to the Related Parties represent non-controlling interests, and the Proposed Transaction is not a control transaction, we applied a minority discount to assess the value of a New Trek Share on a minority basis.

Minority interest discount is calculated as the inverse of the control premium. To determine an appropriate minority discount, we have analysed the control premiums paid by acquirers of ASX listed mining companies over the last three years. Our analysis identified 11 transactions involving gold and diversified metals mining companies. Excluding two outliers, the average control premium paid by acquirors was approximately 32%.

In assessing a control premium that a potential acquirer is likely to pay for Trek, we considered the relative attractiveness of the Company as a target for a potential acquirer, including the exploration stage of the Trek Projects. We assessed that a control premium of between 20% and 30% for Trek shares would be appropriate. The minority interest discount, being the inverse of this control premium, is calculated to be between 17% and 23%.

Our estimated of the value of New Trek Shares based on our primary valuation methodology is summarised as follows.

	Ref	Low	Preferred	High
Value of the Trek Projects (\$)	9.2.1	9,900,000 <sup>1</sup>	19,000,000 <sup>1</sup>	28,100,000 <sup>1</sup>
Value of Trek's other assets and liabilities (\$)	9.2.2	6,304,193	6,304,193	6,304,193
<b>Equity value of Trek (\$)</b>		<b>16,204,193</b>	<b>25,304,193</b>	<b>34,404,193</b>

	Ref	Low	Preferred	High
Trek Shares outstanding pre-Proposed Transaction	5.5.2	310,610,150	310,610,150	310,610,150
<b>Assumed exercise of vested in-the-money options:</b>				
Cash received from exercise of vested options (\$)	5.5.4	680,400	680,400	680,400
Shares issued on exercise of vested options	5.5.4	12,150,000	12,150,000	12,150,000
<b>Value on a diluted basis:</b>				
Equity value of Trek (incl cash from options exercised) (\$)		16,884,593	25,984,593	35,084,593
Trek Shares outstanding pre-Proposed Transaction		322,760,150	322,760,150	322,760,150
Value per Trek Share (controlling basis) (\$)		0.052	0.081	0.109
Minority discount		23%	20%	17%
<b>Value per Trek Share (minority basis) (\$)</b>		<b>0.040</b>	<b>0.065</b>	<b>0.090</b>

<sup>1</sup>As the MI Valuation Report provided values in millions of dollars, we had to multiply the rounded figure by \$1,000,000 to enable us to work through our analysis to arrive at a value per Trek Share.

Source: MI Valuation Report, NPCF analysis

### 9.2.1 Value of Trek's Pincunah Project, the Jimblebar Project and the Tambourah Project

We engaged Mining Insights to undertake an independent mineral asset valuation of the mineral assets held by Trek, specifically Trek's three key exploration assets, the Pincunah Project, the Jimblebar Project and the Tambourah Project. Mining Insights considered the following generally accepted valuation approaches outlined by the VALMIN Code 2015 as follows:

- Income approach;
- Market approach; and
- Cost approach.

Mining Insights considered the applicability of various valuation approaches depending on the stage of exploration or development of the property. Given the early exploration stage at which the Trek Projects are at, Mining Insights opined that the market comparative method and cost-based methods are generally used to value such types of projects. Therefore, Mining Insights has preferred to apply a combination of the two methods to value each of the projects due to the uncertainties attached to their progress. The valuation methods applied to form an opinion of the value of the Trek Projects include market-based 'Comparable Transactions Method' and the cost-based 'Geoscientific Rating Method'.

The comparable market transactions approach is based on recent market transactions involving the sale and purchase of similar assets. The geoscientific rating method of valuation for exploration tenements is based on the future prospectivity of the area.

Mining Insights has placed equal weightage on the values obtained from both the above valuation approaches to arrive at a low, high and preferred value of a 100% interest in the Pincunah Project, the Jimblebar Project and the Tambourah Project. The preferred value is the midpoint value of the low and high value range.

A summary of the valuation of the Trek Projects is shown below. Values are in millions of Australian Dollars.

In A\$ million	Selected Valuation		
	Low	Preferred	High
Value of the Trek Projects using Market Comparable Method	9.99	19.12	28.24
Value of the Trek Projects using Geoscientific Method	9.90	18.90	27.90
<b>Selected Value of the Trek Projects</b>	<b>9.9</b>	<b>19.0</b>	<b>28.1</b>

Source: MI Valuation Report

A copy of the MI Valuation Report is provided in Appendix E of this Report.

### 9.2.2 Value of Trek's other assets and liabilities

We made adjustments to the assets and liabilities of Trek to arrive at the value of other assets and liabilities that are to be added to the value of the Trek Projects under the sum-of-parts approach:

	Note	31 Mar 22 A\$	Adjustments A\$	Adjusted A\$
<b>Current assets</b>				
Cash and cash equivalents	a)	6,366,832	(510,118)	5,856,714
Trade and other receivables	a)	90,327	14,284	104,611
Other assets	a)	17,390	19,127	36,517
<b>Total current assets</b>		<b>6,474,549</b>	<b>(476,707)</b>	<b>5,997,842</b>
<b>Non-current assets</b>				
Property, plant and equipment	a)	318,875	1,926	320,801
Exploration and evaluation expenditure	b)	3,703,707	(3,703,707)	-
Other assets	a)	1,151	178,849	180,000
<b>Total non-current assets</b>		<b>4,023,733</b>	<b>(3,522,932)</b>	<b>500,801</b>
<b>Total assets</b>		<b>10,498,282</b>	<b>(3,999,639)</b>	<b>6,498,643</b>
<b>Current liabilities</b>				
Trade and other payables	a)	171,188	16,600	187,788
Provision	a)	8,885	(2,223)	6,662
<b>Total current liabilities</b>		<b>180,073</b>	<b>14,377</b>	<b>194,450</b>
<b>Total liabilities</b>		<b>180,073</b>	<b>14,377</b>	<b>194,450</b>
<b>Net assets</b>		<b>10,318,209</b>	<b>(4,014,016)</b>	<b>6,304,193</b>

Source: Trek's 31 March 2022 audited financial statements, Trek's management accounts as at 30 June 2022 and NPCF analysis

The table above should be read in conjunction with the following notes:

- a) These balances were adjusted to reflect the balances as at 30 June 2022 based on Trek's management accounts. Management of Trek confirmed that this position has not changed materially since 30 June 2022 that would result in a material impact on our conclusion; and
- b) The value of the Pincunah Project, the Jimblebar Project and the Tambourah Project are separately value by Mining Insights in the MI Valuation Report, therefore not included in the value of other assets and liabilities.

### 9.3 Quoted Market Price Methodology for New Trek Shares

Trading history analysis of the quoted market price of a security provides a reliable measure of the fair market value of the securities of a company if, in an efficient and liquid market, it reflects all publicly available information.

As detailed below, to provide a comparison to the valuation of a Trek Share in section 9.2, as a secondary approach we assessed the quoted market price for Trek Shares by analysing the VWAP of Trek Shares over various periods during the 365 days to 3 June 2022, the last full day of trading prior the announcement of the scheme of arrangement with Edge.

As the quoted market price of Trek Shares is already reflective of a minority interest, no minority discount is required when assessing the value New Trek Shares being provided to Edge shareholders under the quoted market price approach.

Period	Share Price Low	Share Price High	Cumulative Volume Traded	VWAP	Shares traded as % of capital	% traded per week
1 day	\$0.082	\$0.082	343,021	\$0.082	0.11%	0.55%
7 days	\$0.082	\$0.092	3,197,422	\$0.086	1.03%	0.74%
30 days	\$0.071	\$0.092	12,074,888	\$0.078	3.89%	0.65%
60 days	\$0.071	\$0.099	21,065,802	\$0.082	6.79%	0.57%
90 days	\$0.062	\$0.099	35,684,048	\$0.077	11.49%	0.64%
180 days	\$0.062	\$0.110	66,914,213	\$0.084	21.55%	0.60%
365 days	\$0.058	\$0.160	247,888,373	\$0.095	85.62%	1.17%

Source: ASX, Yahoo! Finance and NPCF analysis

From our analysis in the table above, we note that the percentage of the Company's shares traded per week was less than 1% for all the periods up to the 180-day period. On this basis, we can reasonably conclude that there is low liquidity in Trek's shares.

As shown below, based on the quoted market price approach, we have assessed the range of values for a New Trek Share using our VWAP analysis to be between \$0.078 and \$0.084 with a midpoint of \$0.081 per share. This represents a minority interest value in Trek.

In A\$	Low	Midpoint	High
Value per Trek Share (minority basis)	0.078	0.081	0.084

Source: NPCF analysis

#### 9.4 Assessment of the value of a New Trek Share

The table below summarises our assessment of the value per New Trek Share using the sum-of-parts as the primary approach and quoted market price as a secondary approach:

In A\$	Ref	Low	Preferred/ midpoint	High
Value per Trek Share using sum-of-parts methodology	9.2	0.040	0.065	0.090
Value per Trek Share using quoted market price methodology	9.3	0.078	0.081	0.084

Source: NPCF analysis

Our assessed ranges for the fair value of a New Trek Share using the sum-of-parts and quoted market price methodologies overlap, but the quoted market price range is more aligned with the higher-end of the sum-of-parts range. The difference in values obtained from the two different approaches may be due to the following:

- low liquidity in the trading of Trek shares (that is, an absence of a sufficiently active trading market) may suggest that the share price may not reflect a fair market value of the Company's shares;
- investors' perceived value of the Trek Projects may differ from the valuation opinion of Mining Insights as investors may not necessarily have the same access to both private and public information that the independent specialist had access to; and
- investors' perception of the Trek Projects may have incorporated different views of the prospectivity of the tenements, outlook on commodity prices, and the potential returns expected from them.

We have relied on the primary approach using the sum-of-parts valuation method to conclude on the fair value of a New Trek Share. We consider that the quoted market price methodology provides reasonable support of the value we have ascribed to a New Trek Share based on our primary approach.

Therefore, we consider the value per New Trek Share to be between \$0.040 and \$0.090 with a preferred value of \$0.065.

## 9.5 New Trek Shares issued to the Edge Shareholders

As described in section 1.2, the number of New Trek Shares to be issued by Trek to the Related Parties is based on an exchange ratio of 2.12 New Trek Shares for each Edge share held. The total number of New Trek Shares issued as consideration for the acquisition of Edge is 48,315,472 and the number of New Trek Shares issued to the Related Parties and Non-Related Parties is as follows:

Edge shareholders	Edge Shares Held	%	Trek Consideration Shares
Entities of which Tony Leibowitz is a director and are controlled by Tony Leibowitz	465,346	2.04%	986,534
Entities of which Neil Biddle is a director and are controlled by Neil Biddle	516,701	2.27%	1,095,406
Entities controlled by John Young plus shareholding of Cheryl Kaye Young (John Young's spouse)	538,459	2.36%	1,141,533
Other holders	21,269,811	93.33%	45,091,999
<b>Total</b>	<b>22,790,317</b>	<b>100.00%</b>	<b>48,315,472</b>

Source: Scheme Booklet, Notice of Meeting and NPCF analysis

## 10. FAIR VALUE OF EDGE SHARES RECEIVED BY TREK

In determining the fair value of the Edge Shares being received by Trek from the Related Parties, we have used the sum-of-parts methodology as our primary valuation methodology.

### 10.1 Fair value of Edge using based on the sum-of-parts methodology

The fair value of Edge Shares being received by Trek from the Related Parties based on the sum-of-parts methodology is set out below:

	Ref	Low	Preferred	High
Value per Edge Share using sum-of-parts methodology	10.2	\$0.119	\$0.180	\$0.242
Edge Shares to be acquired from the Related Parties	9.5	1,520,506	1,520,506	1,520,506
<b>Fair value of Edge Shares received from the Related Parties</b>		<b>\$180,940</b>	<b>\$273,691</b>	<b>\$367,962</b>

Source: NPCF analysis

### 10.2 Sum-of-parts methodology for Edge Shares

We assessed the equity value of Edge using the sum-of-parts approach by aggregating the fair value of Edge's Hendeka Project with the fair value of Edge's other assets and liabilities. The value of the Hendeka Project is assessed in the MI Valuation Report.

The sum-of-parts approach assesses value on a controlling basis. Since the Edge Shares being provided by the Related Parties represent non-controlling interests, we applied a minority discount to assess the value of an Edgerek Share on a minority basis.

Our estimated of the value of Edge Shares based using the sum-of-parts methodology is summarised below:

	Ref	Low	Preferred	High
Value of Edge's Hendeka Project (\$)	10.2.1	3,800,000 <sup>1</sup>	5,400,000 <sup>1</sup>	6,900,000 <sup>1</sup>
Value of Edge's other assets and liabilities (\$)	10.2.2	(268,923)	(268,923)	(268,923)
<b>Equity value of Edge (\$)</b>		<b>3,531,077</b>	<b>5,131,077</b>	<b>6,631,077</b>
Edge Shares outstanding pre-Proposed Transaction		22,790,317	22,790,317	22,790,317
Value per Edge Share (controlling basis) (\$)		0.155	0.225	0.291
Minority discount		23%	20%	17%
<b>Value per Edge Share (minority basis) (\$)</b>		<b>0.119</b>	<b>0.180</b>	<b>0.242</b>

<sup>1</sup>As the MI Valuation Report provided values in millions of dollars, we had to multiply the rounded figure by \$1,000,000 to enable us to work through our analysis to arrive at a value per Edge Share.

Source: MI Valuation Report, NPCF analysis

### 10.2.1 Value of Edge's Hendeka Project

We engaged Mining Insights to undertake an independent mineral asset valuation of the mineral assets held by Edge, specifically the Hendeka Project.

Mining Insights used the comparable market transactions (with support from the yardstick method as secondary validation) to form an opinion on the value of the exploration leases of Edge's Hendeka Project that contain defined mineral resources.

The geo-scientific rating method was used to value the surrounding tenements with exploration potential (with no defined mineral resources). Only the geo-scientific rating method was used for tenements with exploration potential because Mining Insights was unable to identify comparable transactions involving manganese tenements with no mineral resource.

The comparable market transactions approach is based on recent market transactions involving the sale and purchase of similar assets. The geoscientific rating method of valuation for exploration tenements is based on the future prospectivity of the area.

Mining Insights has placed reliance on the comparable market transactions approach to arrive at a low, high and preferred value of the exploration leases of Edge's Hendeka Project that contain defined mineral resources.

The value of the exploration potential using the geo-scientific rating method – also with a low, high and preferred value - is added to the value of the exploration leases. The preferred value is the midpoint value of the low and high value range. These values are in millions of Australian Dollars.

In A\$ million	Priority	Selected Valuation		
		Low	Preferred	High
<b>Mineral Resource</b>				
Comparable Transactions	Primary	<b>2.87</b>	<b>3.72</b>	<b>4.48</b>
Yardstick Method	Supporting	5.53	8.29	11.05
<b>Exploration Potential</b>				
Kilburn Geoscientific Method	Primary	<b>0.88</b>	<b>1.65</b>	<b>2.42</b>
<b>Hendeka Project (100%)</b>		<b>3.8</b>	<b>5.4</b>	<b>6.9</b>

Source: MI Valuation Report

A copy of the MI Valuation Report is provided in Appendix E of this Report.

### 10.2.2 Value of Edge's other assets and liabilities

We considered adjustments to the assets and liabilities of Edge to arrive at the value of other assets and liabilities that are to be added to the value of the Hendeka Project under the sum-of-parts approach.

However, we noted that there was no exploration and evaluation expenditure capitalised on its balance sheet as Edge had impaired that balance completely before its spin out from Bardoc in April 2022.

We understand that Edge has not spent much money on exploration and evaluation since the impairment was made a few years ago. Accordingly, there were no adjustments made to arrive at the value of other assets and liabilities of Edge.

In A\$	Notes	30 Jun 22	Adjustments	Adjusted
<b>Current assets</b>				
Cash and cash equivalents		137,736	-	137,736
Trade and other receivables		9,263	-	9,263
Other assets		-	-	-
<b>Total current assets</b>		<b>146,999</b>	<b>-</b>	<b>146,999</b>
<b>Non-current assets</b>				
Other assets		-	-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>146,999</b>	<b>-</b>	<b>146,999</b>
<b>Current liabilities</b>				
Trade and other payables		215,922	-	215,922
Borrowings		200,000	-	200,000
<b>Total current liabilities</b>		<b>415,922</b>	<b>-</b>	<b>415,922</b>
<b>Total liabilities</b>		<b>415,922</b>	<b>-</b>	<b>415,922</b>
<b>Net assets</b>		<b>(268,923)</b>	<b>-</b>	<b>(268,923)</b>

Source: Management accounts of Edge, NPCF analysis

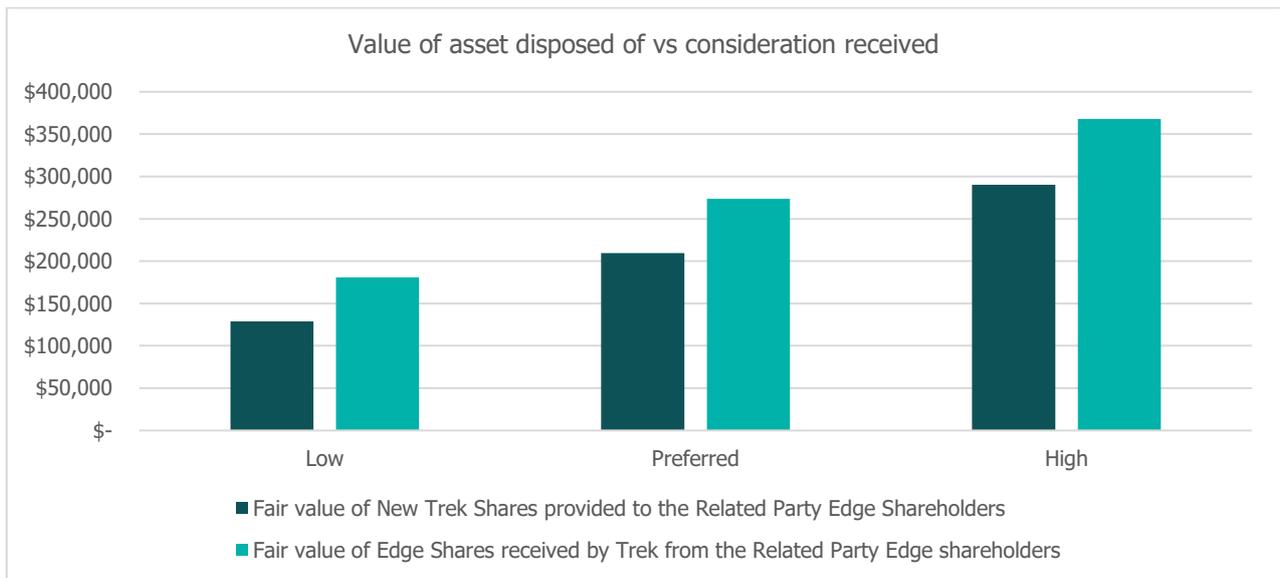
On 21 February 2022, Bardoc and Edge entered into a demerger implementation deed setting out the terms on which Bardoc intended to conduct a demerger of the South Woodie Woodie Manganese Project (now Hendeka Project) through a capital reduction and an in-specie distribution of shares in Edge. To ensure that Edge remains solvent, a loan was extended by the directors (Tony Leibowitz and Neil Biddle) through their associated entities (Biddle Partners Pty Ltd and Kalonda Pty Ltd) to Edge to be applied towards general working capital and exploration expenditure until Edge is able to obtain additional funds of at least \$1 million either through an equity capital raise or from an external financing arrangement. As at 30 June 2022, \$200,000 had been drawn and remained outstanding.

## 11. ASSESSMENT OF FAIRNESS OF THE PROPOSED TRANSACTION

In determining whether or not the Proposed Transaction is fair to the non-associated Shareholders of Trek, we have compared the fair value of the financial benefit to be provided by Trek to the Related Parties (in this case, the New Trek Shares they receive) to the fair value of the consideration being received by Trek from the Related Parties (in this case, the value of their Edge Shares).

In A\$	Ref	Low	Preferred	High
Fair value of New Trek Shares provided to the Related Parties	9.1	\$128,939	\$209,526	\$290,113
Fair value of Edge Shares received from the Related Parties	10.1	\$180,940	\$273,691	\$367,962

Source: NPCF analysis



Source: NPCF analysis

The analysis shows that the fair value of New Trek Shares provided to the Related Parties is less than the fair value of Edge Shares received by Trek from the Related Parties. Therefore, **we have concluded that the Proposed Transaction is fair to Shareholders.**

## 12. ASSESSMENT OF REASONABLENESS OF THE PROPOSED TRANSACTION

### 12.1 Approach to assessing Reasonableness

In accordance with RG 111, an offer is reasonable if it is fair. As set out above, the Proposed Transaction is fair. Therefore, we conclude that the Proposed Transaction is reasonable.

We have also considered the advantages and disadvantages of the Proposed Transaction, as well as the consequences of Shareholders not approving the Proposed Transaction.

### 12.2 Advantages of the Proposed Transaction

We consider the following advantages for Shareholders to approve the Proposed Transaction.

#### 12.2.1 The acquisition of Edge is value accretive to Trek

For the purpose of approving Resolution 5, Resolution 6 and Resolution 7 in the Notice of Meeting, we evaluated the fairness of the Proposed Transaction by assessing the fair value of New Trek Shares provided to the Related Parties against the fair value of Edge Shares received by Trek from the Related Parties.

However, to assess if the acquisition of Edge is value accretive to the shareholders of Trek, we also evaluated if the value of Trek post 100% acquisition ('Post-Acquisition') of Edge is higher than the value of Trek pre 100% acquisition ('Pre-Acquisition') of Edge.

We concluded that the acquisition of Edge is value accretive to the shareholders of Trek, since, on a diluted basis, the value of Trek Post-Acquisition of Edge is higher than the value of Trek Pre-Acquisition of Edge; both evaluated on a control basis. This is summarised as follows.

<b>Pre and Post Analysis</b>				
	<b>Ref</b>	<b>Low</b>	<b>Preferred</b>	<b>High</b>
<b>Pre-Acquisition of Edge</b>				
Value per Trek Share (control basis) (\$)	9.2	<b>0.052</b>	<b>0.081</b>	<b>0.109</b>
<b>Post-Acquisition of Edge</b>				
Equity value of Trek using sum-of-parts methodology (\$)	9.2	16,884,593	25,984,593	35,084,593
Equity value of Edge using sum-of-parts methodology (\$)	10.2	3,531,077	5,131,077	6,631,077
Total value of combined entities (\$)		<b>20,415,670</b>	<b>31,115,670</b>	<b>41,715,670</b>
Trek Shares outstanding Pre-Acquisition of Edge	5.5.2	310,610,150	310,610,150	310,610,150
Shares issued on exercise of vested options	5.5.4	12,150,000	12,150,000	12,150,000
New Trek Shares issued to the Edge shareholders	9.5	48,315,472	48,315,472	48,315,472
Trek Shares outstanding Post-Acquisition of Edge		<b>371,075,622</b>	<b>371,075,622</b>	<b>371,075,622</b>
<b>Value per Trek Share (control basis) (\$)</b>		<b>0.055</b>	<b>0.084</b>	<b>0.112</b>

Source: NPCF analysis

Since the acquisition of Edge is value accretive to the shareholders of Trek, approving the Proposed Transaction is aligned with the acquisition of Edge; even though we are aware that the Scheme can still proceed even if approvals sought in the Notice of Meeting relating to the Proposed Transaction are not passed; since the Related Parties can divest of their holdings in Edge Shares to unrelated third parties, prior to record date, before Trek proceeds with the acquisition of Edge under the Scheme.

Whilst it may be remotely possible that the Related Parties could refuse to sell their Edge Shares, it is considered unlikely as each Related Party has confirmed their commitment to sell their Edge Shares and publicly stated that they are recommending the Scheme. Therefore, notwithstanding, it is likely that the Scheme can still be implemented.

Approving the Proposed Transaction will enable an easier acquisition of Edge as the Related Parties will not have to divest of their holdings in Edge Share to unrelated third parties prior to record date, to enable Trek to proceed with the acquisition of Edge under the Scheme.

#### 12.2.2 The acquisition of Edge offers near-term development opportunity in the battery minerals sector

The acquisition of Edge will provide Trek with a near-term development opportunity in the rapidly expanding battery materials sector. The Hendeka Project has an existing Mineral Resource, positive preliminary metallurgy and all the required access agreements in place, which will enable Trek to progress its planned work programmes to expand the existing Mineral Resource, with the aim of producing battery-grade manganese products.

With high purity manganese becoming an increasingly desirable component of battery cathode composition, and less expensive than alternative cathode materials – such as cobalt and nickel – while also offering the benefits of reduced battery charging time and better safety performance, Trek expects to see strong demand growth of high purity manganese over the coming years.

The acquisition of Edge also provides Trek with exposure to manganese in general, which already has strong supply-demand fundamentals given its use in steel manufacturing.

Approving the Proposed Transaction will enable an easier acquisition of Edge as the Related Parties will not have to divest of their holdings in Edge Share to unrelated third parties prior to record date, to enable Trek to proceed with the acquisition of Edge under the Scheme.

### 12.2.3 There is no cash outlay in the Proposed Transaction

The Proposed Transaction, as well as the acquisition of Edge, is by way of a scrip exchange whereby the Company will issue 2.12 New Trek Shares for every one Edge Share held as at the record date in accordance with the Scheme Implementation Agreement.

As there is no cash consideration involved in the Proposed Transaction and the acquisition of Edge, there will be no cash outlay for Trek. Accordingly, the Company will be able to conserve its cash to undertake its planned work programmes to expand the existing Mineral Resource of the Hendeka Project.

### 12.2.4 Potential to increase liquidity of Trek Shares

In conjunction with the Proposed Transaction, the acquisition of Edge will involve the issue of additional New Trek Shares to both the Related Parties and to the Non-Related Parties (or remaining shareholders of Edge). The additional New Trek Shares may provide an opportunity to increase market liquidity in Trek Shares. Following implementation of the Scheme, the number of Trek's issued ordinary shares will increase from 310,610,150 to 358,925,622 (based on 48,315,472 New Trek Shares being issued). Depending on the subsequent level of trading, these additional shares could potentially add to the liquidity of Trek Shares.

## 12.3 Disadvantages of the Proposed Transaction

### 12.3.1 Dilution of Trek's shareholders' interests

Whilst the shareholding interests of the Related Parties will not increase substantially – Tony Leibowitz's and Neil Biddle's shareholding interests are expected to fall from 4.82% to 4.44% and 3.32% to 3.18% respectively, while John Young's interests will increase from 2.11% to 2.14% – the Scheme will result in the shareholding interests of Shareholders to be diluted from 100% to 86.5%.

	Ord Shares	% Total
Trek Shares Pre-Acquisition of Edge	310,610,150	86.54%
New Trek Shares to be issued to Edge shareholders	48,315,472	13.46%
<b>Total Trek Shares Post-Acquisition of Edge</b>	<b>358,925,622</b>	<b>100.00%</b>

Source: NPCF analysis

The Proposed Transaction on the Related Parties' shareholding interests in Trek is as follows:

	Tony Leibowitz	Neil Biddle	John Young
Trek Shares held pre-Proposed Transaction	14,966,953	10,313,726	6,551,738
New Trek Shares issued	986,534	1,095,406	1,141,533
<b>Trek Shares held post-Proposed Transaction</b>	<b>15,953,487</b>	<b>11,409,132</b>	<b>7,693,271</b>
Percentage of total Trek Shares pre-Proposed Transaction	4.82%	3.32%	2.11%
Percentage of total Trek Shares post-Proposed Transaction	4.44%	3.18%	2.14%

Source: Trek's share registry as at 23 August 2022, Notice of Meeting and NPCF analysis

### 12.3.2 May result in the re-direction of cash to the Hendeka Project and reduced focus on Trek Projects

If the Proposed Transaction, as well as the acquisition of Edge, is approved, the Company has indicated that it will undertake its planned work programmes to expand the existing Mineral Resource of the Hendeka Project. Trek had a cash and cash equivalents balance of almost \$6 million as at 30 June 2022. This cash is likely to be re-directed to the Hendeka Project, and therefore, less cash will be available for the Trek Projects unless a capital raising is undertaken, which may also result in reduced focus on the Trek Projects.

The Company's human, financial and other resources may also have to be spread over more projects with the acquisition of the Hendeka Project.

#### 12.3.3 Risk profile of Trek following the acquisition of Edge may not suit the risk profile of Shareholders

The risk profile and risk of investment for Shareholders will change as a result of the Proposed Transaction and the acquisition of Edge. Therefore, the risk profile of Trek, Post-Acquisition of Edge, may not suit the risk profile of Shareholders.

#### **12.4 Consequences of not approving the Proposed Transaction**

We note that, if any of approvals sought in the Notice of Meeting relating to the Proposed Transaction are not passed, the relevant Related Parties and/or their associates will have to divest of their holdings in Edge Shares to unrelated third parties, prior to record date, before Trek proceeds with the acquisition of Edge under the Scheme. In that situation, no New Trek Shares will be issued to the Related Parties.

Notwithstanding, it is likely that the Scheme can still be implemented. Whilst it may be remotely possible that the Related Parties could refuse to sell their Edge Shares, it is considered unlikely as each Related Party has confirmed their commitment to sell their Edge Shares and publicly stated that they are recommending the Scheme.

As the Proposed Transaction is fair, and taking into account other significant factors, **we have concluded that the Proposed Transaction is reasonable.**

### **13. OPINION**

**In our opinion, the Proposed Transaction is fair and reasonable to Shareholders.**

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Annual General Meeting, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

**APPENDIX A – GLOSSARY**

<b>Term</b>	<b>Definition</b>
<b>AFCA</b>	Australian Financial Complaints Authority
<b>AFSL</b>	Australian Financial Services Licence
<b>APES 225</b>	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
<b>ASIC</b>	Australia Securities and Investment Commission
<b>ASX</b>	Australian Securities Exchange
<b>ASX Listing Rule 10.1</b>	ASX Listing Rule 10.1 of Chapter 10 'Transactions with persons in a position of influence'
<b>Bardoc</b>	Bardoc Gold Limited
<b>Client or Company</b>	Trek Metals Limited (ACN: 124 462 826)
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>DCF methodology</b>	Discounted cash flow method of valuation
<b>Edge</b>	Edge Minerals Limited (ACN: 126 632 899)
<b>Edge Shares</b>	Fully paid ordinary shares in Edge
<b>FSG</b>	Financial Services Guide
<b>FY 2020</b>	the financial year ended or as at 31 March 2020
<b>FY 2021</b>	the financial year ended or as at 31 March 2021
<b>FY 2022</b>	the financial year ended or as at 31 March 2022
<b>Group</b>	Trek and its subsidiaries
<b>IPO</b>	Initial public offering
<b>JORC Code</b>	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition
<b>KAMs</b>	Key audit matters
<b>MI Valuation Report</b>	Mining Insight's Independent Mineral Asset Valuation Report on the Pincunah Project, the Jimblebar Project and the Tambourah Project
<b>Mining Insights</b>	Mining Insights Pty Ltd
<b>New Trek Shares</b>	New Trek shares issued to the shareholders of Edge as consideration for their shares in Edge
<b>Non-associated Shareholders</b>	Non-related party shareholders of Trek
<b>Non-Related Parties</b>	All remaining shareholders of Edge who are not the Related Parties
<b>Notice of Meeting or Document</b>	The Notice of Annual General Meeting & Explanatory Statement sent to shareholders on or about the date of this Report in which this Report is included
<b>Nexia entities</b>	Related entities within the Nexia Perth Group
<b>Nexia Perth Group</b>	Nexia Perth Pty Ltd group entities
<b>NPCF</b>	Nexia Perth Corporate Finance Pty Ltd (AFSL 289358)
<b>Pre-Acquisition</b>	Before the acquisition of 100% of Edge
<b>Post-Acquisition</b>	After the acquisition of 100% of Edge
<b>Proposed Transaction</b>	The proposed issue of New Trek Shares to the Related Parties as consideration for the acquisition of their Edge Shares
<b>Related Party(ies)</b>	Each of, or together, Tony Leibowitz, Neil Biddle and John Young
<b>Report</b>	Independent Expert's Report
<b>RG 76</b>	ASIC Regulatory Guide 76: Related party transactions
<b>RG 111</b>	ASIC Regulatory Guide 111: Content of expert reports
<b>RG 112</b>	ASIC Regulatory Guide 112: Independence of experts

<b>Term</b>	<b>Definition</b>
<b>Share(s)</b>	Fully paid ordinary share(s) in Trek
<b>Shareholders</b>	The non-associated shareholders of Trek
<b>Trek or TKM</b>	Trek Metals Limited (ACN: 124 462 826)
<b>Trek Projects</b>	Trek's three key exploration assets, the Pincunah Project, the Jimblebar Project and the Tambourah Project
<b>VALMIN Code</b>	Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports 2015 Edition
<b>VWAP</b>	Volume weighted average price of shares

## **APPENDIX B - SOURCES OF INFORMATION**

This Report has been based on the following information:

- Scheme Implementation Agreement dated 3 June 2022;
- Audited financial statements of Trek Metals Limited for the years ended 31 March 2020, 31 March 2021 and 31 March 2022;
- Trek Metals Limited's shareholder register, option register, performance rights register and shareholder range report;
- Management accounts for Trek Metals Limited for the period to 30 June 2022;
- Management accounts of Edge Minerals Limited for the year ended 30 June 2022;
- Binding Term Sheet of Loan Agreement between Edge and Biddle Partners Pty Ltd and Kalonda Pty Ltd for \$1 million dated 28 February 2022;
- Draft Notice of Annual General Meeting and Explanatory Memorandum prepared by Trek Metals Limited;
- Scheme Booklet for a scheme of arrangement in relation to the proposed acquisition of all of the fully paid ordinary shares in Edge Minerals Limited by Trek Metals Limited;
- Independent Mineral Asset Valuations Report dated 29 August 2022 prepared by Mining Insights Pty Ltd;
- Subscription based information and database including IBIS World S&P Capital IQ;
- Publicly available information; and
- Discussions with directors and/or management of Trek Metals Limited.

## **APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS**

### **Confirmation of Independence**

Prior to accepting this engagement Nexia Perth Corporate Finance Pty Ltd ('NPCF') determined its independence with respect to Trek Metals Limited and Edge Minerals Limited with reference to ASIC Regulatory Guide 112: Independence of expert's Reports ('RG 112'). NPCF considers that it meets the requirements of RG 112 and that it is independent of Trek Metals Limited and Edge Minerals Limited.

Also, in accordance with s648(2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with Trek Metals Limited and Edge Minerals Limited, their related parties or associates that would compromise our impartiality.

Ms Evelyn Tan, Director and Representative of NPCF, has prepared this Report. Neither she nor any related entities of NPCF have any interest in the promotion of the Proposed Transaction nor will NPCF receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the Proposed Transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, NPCF does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

NPCF provided a draft copy of this Report to the Directors and management of Trek Metals Limited for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of NPCF alone. Changes made to this Report, as a result of the review by the Directors and management of Trek Metals Limited, have not changed the methodology or conclusions reached by NPCF.

### **Qualifications**

NPCF carries on business at Level 3, 88 William Street, Perth WA 6000. NPCF holds Australian Financial Services Licence No 289358 authorising it to provide financial product advice on securities to retail clients. NPCF's directors and representatives are therefore qualified to provide this Report.

Evelyn Tan specifically was involved in the preparing and reviewing this Report. Evelyn Tan is a CFA® charterholder, a member of the CFA Institute and a member of the CFA Society Perth. She also holds a Master of Applied Finance from the University of Melbourne and has over 20 years of combined professional experience in the fields of corporate finance and banking in Australia and Singapore.

### **Consent and Disclaimers**

The preparation of this Report has been undertaken at the request of the Directors of Trek Metals Limited. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the Report should be used for any other purpose than to accompany the Notice of Annual General Meeting to be sent to Trek Metals Limited shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of NPCF's opinion as to whether or not the Proposed Transaction is fair and reasonable to Trek Metals Limited shareholders.

NPCF consent to the issue of this Report in the form and context in which it is included in the Notice of Annual General Meeting to be sent to Trek Metals Limited shareholders.

Shareholders should read all documents issued by Trek Metals Limited that consider the Proposed Transaction in their entirety, prior to proceeding with a decision. NPCF had no involvement in the preparation of these documents, with the exception of our Report.

This Report has been prepared specifically for the non-associated Shareholders of Trek Metals Limited. Neither NPCF, nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of Trek Metals Limited, in respect of this Report, including any errors or omissions howsoever caused. This Report is 'General Advice' and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

## **APPENDIX D - VALUATION METHODOLOGIES**

In preparing this Report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- the discounted cash flow method;
- the capitalisation of earnings method;
- asset based methods; and
- analysis of share market trading.

### **Discounted Cash Flow Method**

#### Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- a forecast of expected future cash flows;
- an appropriate discount rate; and
- an estimate of terminal value.

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under capitalisation of future maintainable earnings below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

#### Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

- early stage companies or projects;
- limited life assets such as a mine or toll concession;
- companies where significant growth is expected in future cash flows; or
- projects with volatile earnings.

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if reliable forecasts of cash flow are not available and cannot be determined.

## **Capitalisation of Earnings Method**

### Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- a level of future maintainable earnings; and
- an appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

Revenue – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBIT - in most cases EBIT will be more reliable than EBITDA as it takes account of the capital intensity of the business.

NPAT - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT value the whole businesses, or its enterprise value irrespective of the gearing structure. NPAT (or P/E) values the equity of a business

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources.

Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX or the NSX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. In Australia this has been called the comparable transaction methodology.

### Use of the Capitalisation of Earnings Method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- there are no suitable listed company or transaction benchmarks for comparison;
- the asset has a limited life;
- future earnings or cash flows are expected to be volatile; or
- there are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets.

## **Asset Based Methods**

### Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- orderly realisation;
- liquidation value;
- net assets on a going concern basis;
- replacement cost; and
- reproduction cost.

The orderly realisation of assets method estimates Fair Market Value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame.

Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimate the market values of the net assets of a company but do not take account of realisation costs.

The asset / cost approach is generally used when the value of the business's assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

### Use of Asset Based Methods

An asset-based approach is a suitable valuation method when:

- an enterprise is loss making and is not expected to become profitable in the foreseeable future;
- assets are employed profitably but earn less than the cost of capital;
- a significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments); or
- it is relatively easy to enter the industry (for example, small machine shops and retail establishments).

Asset based methods are not appropriate if:

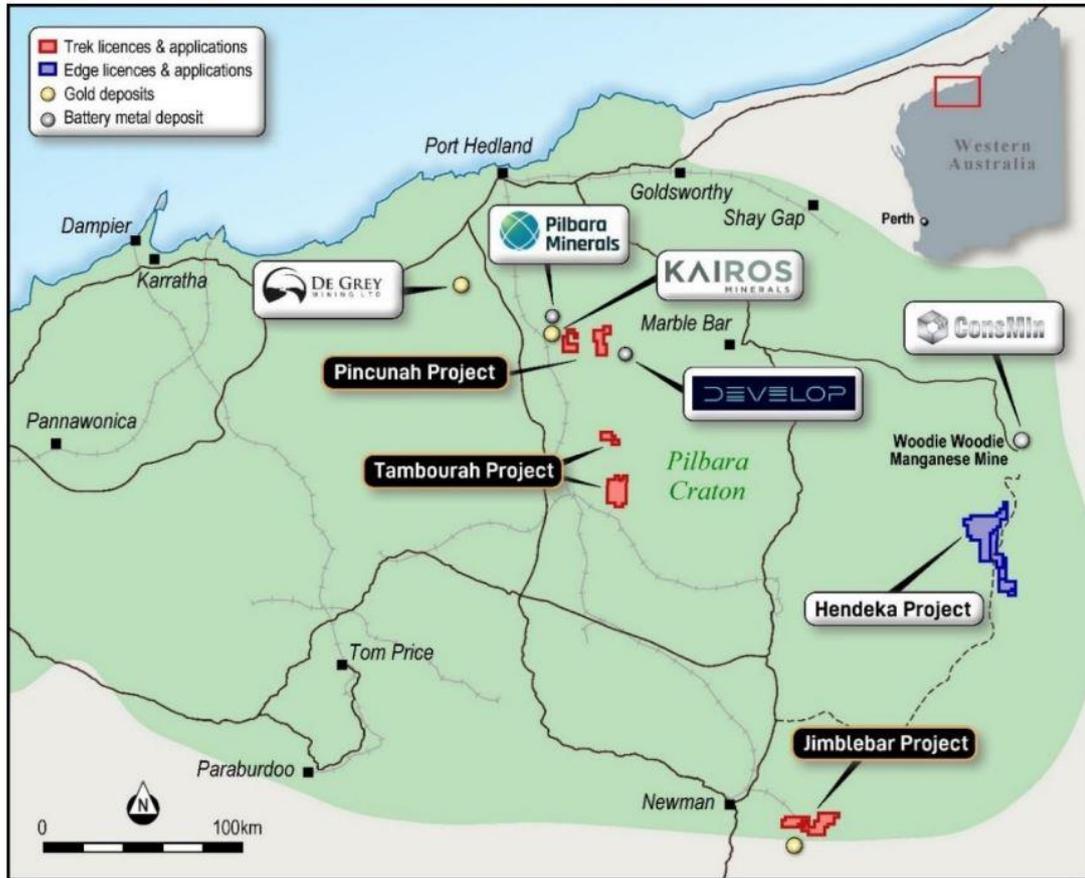
- the ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets; or
- a business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets.

## **Analysis of Share Trading**

The most recent share trading history provides evidence of the Fair Market Value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

**APPENDIX E - INDEPENDENT MINERAL ASSET VALUATION REPORT PREPARED BY MINING INSIGHTS**

# Independent Mineral Asset Valuation Report – Trek Metals Limited



Report Prepared for  
Nexia Perth Corporate Finance Pty Ltd.

Report Prepared by



# Nexia Perth Corporate Finance Pty Ltd

## Independent Mineral Asset Valuation Report – Trek Metals Limited

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**29 August 2022**

**Project Number P2222**

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## Key Abbreviations

A\$ or AUD	Australian Dollar
Ag	Silver
Au	Gold
AusIMM	Australasian Institute of Mining and Metallurgy
Cu	Copper
ha	Hectare(s)
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Mineral Council of Australia
K	Thousand
km	Kilometres(s)
km <sup>2</sup>	Square kilometre(s)
Li	Lithium
M	Million
Mt	Millions of tonnes
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated, and Measured categories.
Mining Insights	Mining Insights Pty Ltd.
Mtpa	Millions of tonnes per annum
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.  The reference point at which Reserves are defined, usually, the point where Ore is delivered to the processing plant must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
Pb	Lead
Trek	Trek Metals Limited
t	Tonne
Zn	Zinc

## Executive Summary

In June 2022, Trek Metals Limited ("Trek" or "Company") announced that it has entered into a Scheme Implementation Agreement with Edge Minerals Ltd ("Edge" or "Vendor") to acquire a 100% of the shares of Edge by way of a scheme of arrangement. Edge assets includes the South Woodie Woodie (renamed as Hendeka) Project, located in the Pilbara region of Western Australia.

Mining Insights Pty Ltd. ("Mining Insights") was instructed by Nexia Perth Corporate Finance Pty Ltd ("Nexia") to prepare an Independent Mineral Asset Valuation Report (Report) for the mineral assets currently held by Trek and those being acquired being the Hendeka roject which Nexia will use as part of their Independent Expert Report ("IER").

This Report is complete up to 29 August 2022. A draft of the technical component of the Report was provided to Trek, along with a written request to identify any material errors or omissions prior to lodgement.

## Trek Projects

Trek is a listed mineral exploration company with a diverse portfolio of exploration projects, predominately in Western Australia. The three key exploration assets are:

- Pincunah Base Metals (Zn-Pb-Cu-Ag) Project;
- Tambourah Gold Lithium Project; and
- Jimplebar Base Metals (Ni-Cu) Project.

### **Pincunah Project**

The Pincunah Project (E45/4909, E45/4917, E45/4640 & ELA45/6113) with an area of 47 sub-blocks (~150km<sup>2</sup>) is located 100km south of Port Hedland and 70km west of Marble Bar. The project is located just 5km southeast of Kairos Minerals (ASX: KAI) Mt York Gold Project and 25km west of the Sulphur Springs Project owned by Develop Global Ltd (ASX: DVP).

Several prospective northwest-trending structures occur on the licence that cross-cut mafic and ultramafic rocks. E45/4909 is located 5km south-east of Kairos Minerals Limited (ASX: KAI) Mt York Project. The Carlindi Shear lies with siliclastic sediments on EL45/4909 with a 6km long structural corridor which has been drilled in the past by Lynas Gold Limited. In 1969, Pickands Mather International conducted mapping, surface sampling and limited drilling on several gold and base metal prospects, collectively called the Valley of the Gossans, where mineralisation occurs in sheared brecciated and carbonate altered ultramafics.

EL45/4917 is located 10km east of Valley of the Gossans and 10km southwest of Venturix Resources Limited's (ASX: VXR) Sulphur Springs Copper-Zinc Project. Previous work focused on the western edge of a large granite intrusive at the Honey Eater prospect, where copper and gold anomalies occur over 4km along a highly prospective north-south shear zone.

Trek's maiden drilling program completed in 2021 delivered highly encouraging results at Valley of the Gossans (VOG), highlighting the potential for a large-scale VMS base metal system. The drilling targeted an extensive >2km long multi-element geochemical anomaly defined by Trek earlier in the year which is open along strike.

The Company is actively progressing exploration both at the Valley of the Gossans prospect and the greater Pincunah Project.

### **Tambourah Project**

The Tambourah Project (E45/5484 & E45/5839) with an area of 43 sub-blocks (~138km<sup>2</sup>) is located approximately 150km south of Port Hedland and between 45 to 70km south of the Trek's Pincunah Project. The Great Northern Highway (A95) connecting Newman to Port Hedland is located approximately 25km to the west of the tenements.

The Tambourah Project is considered prospective for gold and lithium deposits with at least 13 known gold occurrences and old mining workings located on the project. The area is renowned historically for a large number of small-scale gold mines where miners have targeted narrow, high-grade, north-trending quartz veins in the past. The Project encompasses the central portion of the 15km long Western Shaw Greenstone Belt, which occurs on the eastern limb of an anticline folded around the Tambourah Dome. The greenstone rocks comprise Archean-aged metavolcanic, metasedimentary and various granitoids that occur as large plutons and smaller intrusives. Structural deformation in the area is characterised by classic left-lateral strike-slip movement on various north- and northwest-trending shear zones. Gold occurrences are scattered throughout the greenstone belt, associated with a shear zone complex extending over a strike length of at least 30km.

Only a few companies have conducted systematic exploration of the Tambourah Project area. Some regional exploration work for base metals and gold was conducted including stream sediment sampling by Fortescue in 2014, rock sampling by Cazaly in 2012 and rock sampling by De Grey in 2008. Trek collected 53 rock samples in 2021 with encouraging gold geochemistry.

In May 2022, a review of historic data highlighted the potential for lithium-bearing pegmatite mineralisation on both of Trek's Tambourah tenements. Historically, Fortescue Metals Group Ltd (FMG) undertook a significant stream sediment sampling program that identified a large area with anomalous lithium, and other pathfinder elements such as caesium, rubidium and tantalum on what is now Trek's tenure. Rock chip samples taken by FMG also support the LCT potential with sample J576120 returning an assay result of 1.06% Li<sub>2</sub>O within E45/5839.

### **Jimblebar Project**

The Jimblebar Project (E52/3605, E52/3672, ELA52/3983 & ELA52/4051) with an area of 69 sub-blocks (~221km<sup>2</sup>) is located 50km east of Newman. The project is located 5km northwest of the Coobina Chromite Mine and 15km southeast of the major Jimblebar iron ore mine.

Gold mineralisation in the district is structurally controlled where minor structures cross-cut the major faults, shears and lithological contacts. The gold mineralisation is associated with a strongly pyritic and quartz-veined dacite porphyry intrusive. These intrusive rocks are interpreted to be reminiscent of 'mafic-series' granitoids intimately associated with gold mineralisation in the Yilgarn Craton.

The Jimblebar Greenstone belt is considered prospective for gold and base metals but it is one of the least explored greenstone belts in the region. The Project area encompasses a 2km strike length of the old Jimblebar Goldfield. The Sunny South Prospect has a mineralised strike length of 600m, with small-scale mining occurring between 1930 and 1937.

The Jimblebar Project has encouraging Ni-Cu sulphide targets remaining from historic exploration. The project has limited exploration with the last major exploration by Warwick Resources Limited and Hampton Hill Mining NL. Historical data review and re-modelling of raw data identified several highly conductive downhole EM off-hole targets, highlighting the potential for massive sulphide nickel-copper mineralisation at the Millipede East Prospect. These results are indicative of a fertile magmatic sulphide system at Millipede East.

## **Edge Minerals' Hendeka Project**

The Hendeka project area is approximately 70 km south of Woodie Woodie and approximately 340 km Southeast of Port Hedland, in the East Pilbara region of Western Australia.

Trek has secured an agreement to acquire an interest in the Hendeka Manganese Project from Edge Minerals Ltd. The Hendeka Project comprises a large portfolio of seven exploration licences (E46/616, E46/787, E46/835, E46/1159, E46/1160, E46/1282 and E46/1304), one retention licence (R46/2) and one exploration licence application (E46/1387) covering an area of approximately 448 km<sup>2</sup>.

The basement of the region is comprised of Archaean granites and gneisses. These are unconformably overlain by rocks of the Fortescue and Hamersley Groups including basalt, sandstones, shales, dolomites, cherts, and felsic volcanic. Local geology consists of highly altered Carawine Dolomite within the interpreted mineralisation envelopes and associated internal waste zones were based on bedding orientations of the Carawine Dolomite, with the geological model for manganese mineralization being based on manganese replacement along original bedding planes.

There are mineral resource estimates for the Contact, Contact North and the Tally-Ho deposits. These were previously reported under the JORC 2004 Code. There is no significant exploration at the project since 2014. A Gradient Array IP (GAIP) survey in 2014 identified several anomalies. The magnitude and size of these IP anomalies suggest that a shallow body of manganese similar to the known resources may be present within the project area.

In June 2022, Mr Lynn Widenbar, Principal Consultant of Widenbar and Associates Pty Ltd. reviewed and reported these under the JORC 2012 Code after disclosure in JORC Table 1 as required under JORC 2012.

### **Hendeka Project (E46/787) – Inferred Mineral Resource (10.1% Mn Cut-off)**

<b>Prospect</b>	<b>Tonnes (Mt)</b>	<b>Contained Mn (Mt)</b>	<b>Mn %</b>	<b>Al<sub>2</sub>O<sub>3</sub> %</b>	<b>Fe %</b>	<b>SiO<sub>2</sub> %</b>	<b>P %</b>	<b>LOI (1000)</b>
Contact	2.8	0.38	13.6	5.1	15.7	42.9	0.054	8.4
Contact North	8.5	1.31	15.4	3	15	42.4	0.057	8.6
<b>TOTAL</b>	<b>11.3</b>	<b>1.69</b>	<b>15.0</b>	<b>3.5</b>	<b>15.2</b>	<b>42.5</b>	<b>0.057</b>	<b>8.5</b>

Source: Trek ASX Announcement, 6 June 2022

## Mineral Asset Valuation

In forming its opinion of the reasonable value of Trek's and Edge Minerals' projects, Mining Insights has taken guidance from the comparable market transactions and Geo-scientific Rating methods. In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by these methods, with a preferred value being halfway between the low and high-value range.

### Trek Resources:

The summary of the valuation for the Trek Projects is shown in the table below.

#### **Valuation – Trek Projects**

Method	Selected Valuation (\$M)		
	Low	Preferred	High
Value - Market Comparable Method	9.99	19.12	28.24
Value - Geoscientific Method	9.90	18.90	27.90
<b>Selected Value - Trek Existing Projects</b>	<b>9.9</b>	<b>19.0</b>	<b>28.1</b>

Based on Market Comparable and Geoscientific Rating method, the valuation for Trek Resources' existing projects has been determined to be in the range of \$9.9M to \$28.1M with a preferred value of \$19.0M.

### Edge Minerals:

In forming its opinion of the reasonable value of the Hendeka Project, Mining Insights has taken guidance from the comparable market transactions for the defined mineral resource (with support from the yardstick method as secondary validation) and the Geo-scientific Rating method for the exploration potential.

In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by these methods, with a preferred value being halfway between the low and high-value range. On this basis, in Mining Insights' opinion, as detailed below, the likely market value of the Hendeka Project is between \$3.8 million and \$6.9 million with a preferred valuation of \$5.4 million.

#### **Valuation – Hendeka Project**

	Priority	Valuation (A\$M)		
		Lower	Preferred	Higher
<b>Mineral Resource</b>				
Comparable Transactions	Primary	2.87	3.72	4.48
Yardstick Method	Supporting	5.53	8.29	11.05
<b>Exploration Potential</b>				
Kilburn Geoscientific Method	Primary	0.88	1.65	2.42
<b>Hendeka Project (100%)</b>		<b>3.8</b>	<b>5.4</b>	<b>6.9</b>

This valuation range is considered appropriate for the Hendeka Project at this stage of development, reflecting the uncertainty and eventual extraction of a mineral resource.

## 1 Introduction

In June 2022, Trek Metals Limited ("Trek" or "Company") announced that it has entered into a Scheme Implementation Agreement with Edge Minerals Ltd ("Edge" or "Vendor") to acquire a 100% of the shares of Edge by way of a scheme of arrangement. Edge assets includes the South Woodie Woodie (renamed as Hendeka) Project, located in the Pilbara region of Western Australia.

Mining Insights Pty Ltd. ("Mining Insights") was instructed by Nexia Perth Corporate Finance Pty Ltd ("Nexia") to prepare an Independent Mineral Asset Valuation Report (Report) for the mineral assets currently held by Trek and those being acquired being the Hendeka Project which Nexia will use as part of their Independent Expert Report ("IER").

This Report is complete up to 29 August 2022. A draft of the technical component of the Report was provided to Trek, along with a written request to identify any material errors or omissions prior to lodgement.

### 1.1 Compliance with JORC and VALMIN Code

This Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports 2015 Edition ("The VALMIN Code") and the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves 2012 Edition (The JORC Code).

Both codes are binding upon Members of the Australian Institute of Geoscientists (AIG), the Australasian Institute of Mining and Metallurgy (AusIMM), the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves and the rules and guidelines issued by such bodies as ASIC and Australian Securities Exchange (ASX), which pertain to Independent Experts' Reports.

The authors have taken due note of the rules and guidelines issued by bodies such as the Australian Securities and Investments Commission (ASIC) and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports and ASIC Regulatory Guide 112 – Independence of Experts.

### 1.2 Qualifications

The principal person responsible for preparing and reviewing this Report is Mr Manish Garg (Director), a Mineral Valuation Specialist.

Mr Manish Garg [BEng (Minerals Engineering), Masters of Applied Finance, MAusIMM] is a mineral asset valuation specialist with over 30 years of experience in mining operations, mining feasibility studies, consulting and corporate roles in lead, zinc, copper, nickel, gold, graphite and coal – project management, metallurgy, scoping study and valuation.

The information in this Report that relates to the technical assessment and valuation of mineral assets reflects information compiled and conclusions derived by Mr Manish Garg, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Garg is employed by Mining Insights and is not a related party to Trek or Edge.

Mr Garg has sufficient experience relevant to the technical valuation of the mineral assets under consideration and to the activity which they are undertaking to qualify as Practitioners as defined in the 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets. Mr Garg consent to the inclusion in the Report of the matters based on the information in the form and context in which it appears.

### **1.3 Data Sources**

Mining Insights has based its review of the projects on the information made available by Trek along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. Mining Insights has relied upon discussions with Trek's management as well as recent exploration reports for the information contained within this Report.

Mining Insights has used its reasonable endeavours to verify the accuracy and completeness of the information provided to it by Trek, on which it has relied in compiling the Report. We have no reason to believe that any of the information or explanation supplied is false or that material information has been withheld.

### **1.4 Site Visit**

Mining Insights did not consider that a site visit was warranted. It was considered that a site visit would not reveal information or data material to the outcome of this Report due to the early nature of the projects. The specialist is satisfied that there is sufficient current information available to allow an informed evaluation to be made without an inspection.

### **1.5 Tenement Status**

A determination of the Status of Tenure is necessary and must be based on a sufficiently recent inquiry to ensure that the information is accurate for the Report. A tenure that is material must be or recently have been verified independently of the Commissioning Entity (Adapted from VALMIN Code 2015, Clause 7.2)

The status of the tenements has been verified based on a recent independent inquiry of the Department of Mines, Industry Regulation and Safety, WA, Mineral Titles On-Line database (source: <https://emits.dmp.wa.gov.au/emits/enquiry/home2.xhtml>) by Mining Insights, pursuant to section 7.2 of the Valmin Code, 2015.

Mining Insight is not aware of any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

### **1.6 Independence**

Neither Mining Insights nor the author(s) of this Report, have or have previously had any material interest in Trek or its projects/assets. Mining Insights nor the authors have not prepared any previous reports relating to the mineral assets that are the subject of this Report.

Mining Insights' relationship with Trek is solely one of professional association between independent consultant and client.

### **1.7 Professional Fees**

Mining Insights' estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, Mining Insights' knowledge of the assets and the availability of data. The fee payable to Mining Insights for this engagement is estimated at approximately \$38,000. The payment of this professional fee is not contingent upon the outcome of the Report.

## **1.8 Consent**

Mining Insights consents to this Report being included, in full, in the Notice of Meeting in the form and context in which the technical assessment is provided and not for any other purpose.

Mining Insights provides this consent on the basis that the technical assessments expressed in the summary and the individual sections of this Report are considered with, and not independently of the information set out in the complete Report.

## **1.9 Disclaimer**

The opinions expressed in this Report are appropriate as of 29 August 2022. The opinions expressed in this Report are based upon the information supplied to Mining Insights by Trek. The opinions in this Report are provided in response to a specific request to do so.

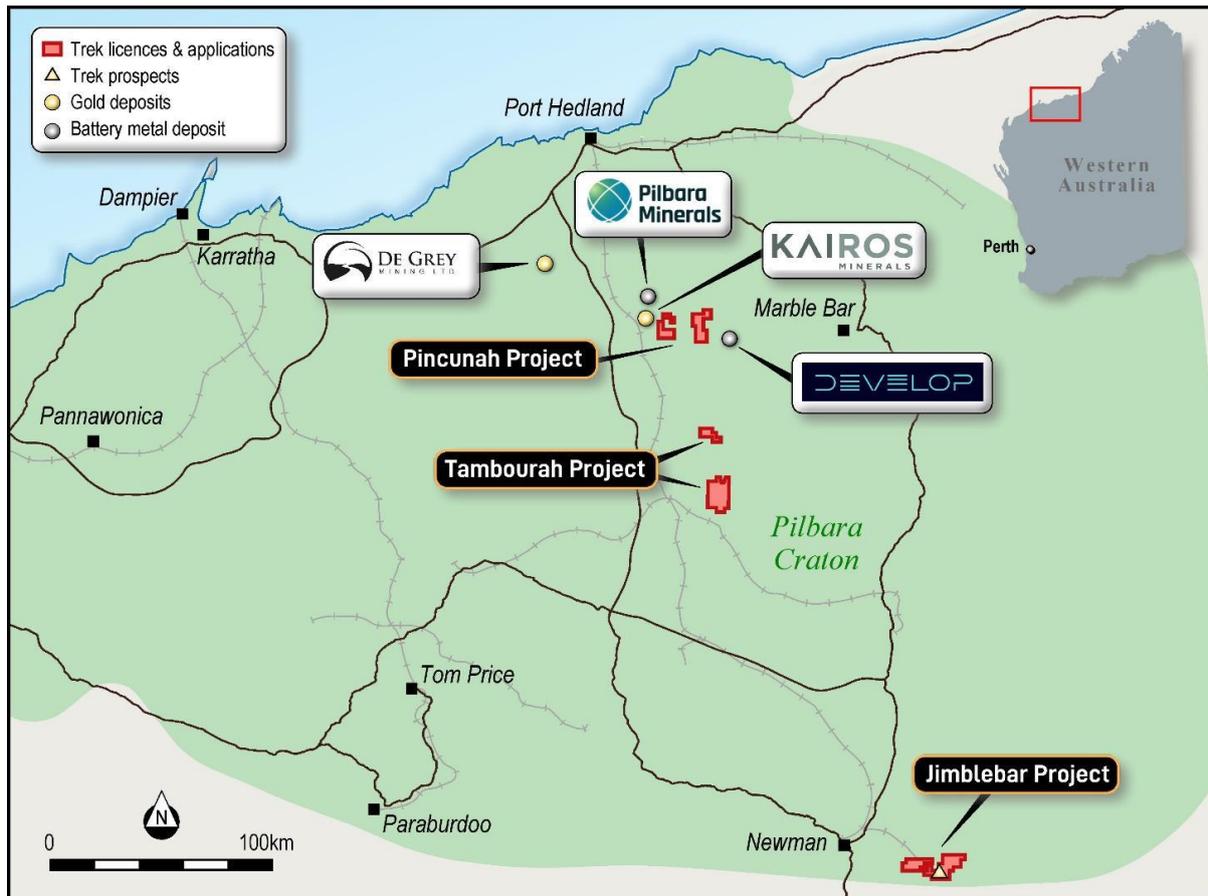
Mining Insights has exercised all due care in reviewing the supplied information. Whilst Mining Insights has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant upon the accuracy and completeness of the supplied data. Mining Insights does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of the investigations and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which Mining Insights had no prior knowledge nor had the opportunity to evaluate. Trek was provided with a technical section of this Report and requested to identify any material errors or omissions prior to its lodgement.

## 2 Trek Existing Mineral Assets

Trek is a listed mineral exploration company with a diverse portfolio of exploration projects, predominately in Western Australia. The three key exploration assets are:

- Pincunah Gold Project (WA);
- Jimplebar Gold-Copper Project (WA); and
- Tambourah Base Metal Project (WA).

**Figure 2:1 Location of Trek Assets**



Source: Trek ASX Announcement, 6 April 2022

Apart from projects in Western Australia, Trek holds/has applied for tenements in Victoria and Northern Territory. The mineral asset valuation of these projects is considered immaterial.

### 2.1 Tenement Status

A determination of the Status of Tenure is necessary and must be based on a sufficiently recent inquiry to ensure that the information is accurate for the Report. A tenure that is material must be or recently have been verified independently of the Commissioning Entity (Adapted from VALMIN Code 2015, Clause 7.2).

The tenements under review in this Report and the current status of the Exploration Permits are summarised in Table 2:1.

**Table 2:1 Trek - Exploration Permits Schedule**

Project	Tenement	Tenement Holder	Grant Date	Expiry Date	Blocks	Annual Rent	Minimum Expenditure
Pincunah	E45/4909 <sup>2</sup>	Acme Pilbara Pty Ltd	31/08/2018	30/08/2023	13	\$3,406	\$30,000
	E45/4917 <sup>2</sup>	Acme Pilbara Pty Ltd	24/11/2020	23/11/2025	24	\$3,504	\$24,000
	E45/4640 <sup>1</sup>	Pilbara Minerals Ltd	24/05/2017	23/05/2027	8	\$3,008	\$50,000
	E45/6113	Acme Pilbara Pty Ltd	Pending, applied 10/12/2021		2	n/a	n/a
Jimblebar	E52/3605 <sup>2</sup>	Acme Pilbara Pty Ltd	20/08/2019	19/08/2024	18	\$4,716	\$20,000
	E52/3672 <sup>2</sup>	Acme Pilbara Pty Ltd	12/10/2021	11/10/2026	34	\$4,964	\$34,000
	E52/3983	Acme Pilbara Pty Ltd	21/07/2022	20/07/2027	15	\$2,295	\$20,000
	E52/4051	Acme Pilbara Pty Ltd	Pending, applied 23/02/2022		2	n/a	n/a
Tambourah	E45/5839	Acme Pilbara Pty Ltd	13/09/2021	12/09/2026	9	\$1,314	\$20,000
	E45/5484 <sup>2</sup>	Acme Pilbara Pty Ltd	11/12/2019	10/12/2024	34	\$8,908	\$34,000

<sup>1</sup> 2.5% NSR Royalty

<sup>2</sup> 1% NSR Royalty

The status of the tenements has been verified based on a recent independent inquiry of the Department of Mines, Industry Regulation and Safety, WA, Mineral Titles On-Line database (source: <https://emits.dmp.wa.gov.au/emits/enquiry/home2.xhtml>) by Mining Insights, pursuant to section 7.2 of the Valmin Code, 2015.

Mining Insights is not aware of any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

## 2.2 Pincunah Base Metal (Zn-Pb-Cu-Ag) Project

The Pincunah Project (E45/4909, E45/4917, E45/4640 & ELA45/6113) with an area of 47 sub-blocks (~150km<sup>2</sup>) is located 100km south of Port Hedland and 70km west of Marble Bar.

The project is located just 5km southeast of Kairos Minerals (ASX: KAI) Mt York Gold Project and 25km west of the Sulphur Springs Project owned by Develop Global Ltd (ASX: DVP) (Figure 2:1).

Trek acquired the Pincunah Project (E45/4909 and E45/4917) in August 2020 and applied for the grant of EL45/6113 in December 2021. Subsequently, Trek entered into an agreement with Pilbara Minerals Limited to acquire E45/4640 in May 2022.

### 2.2.1 Geology

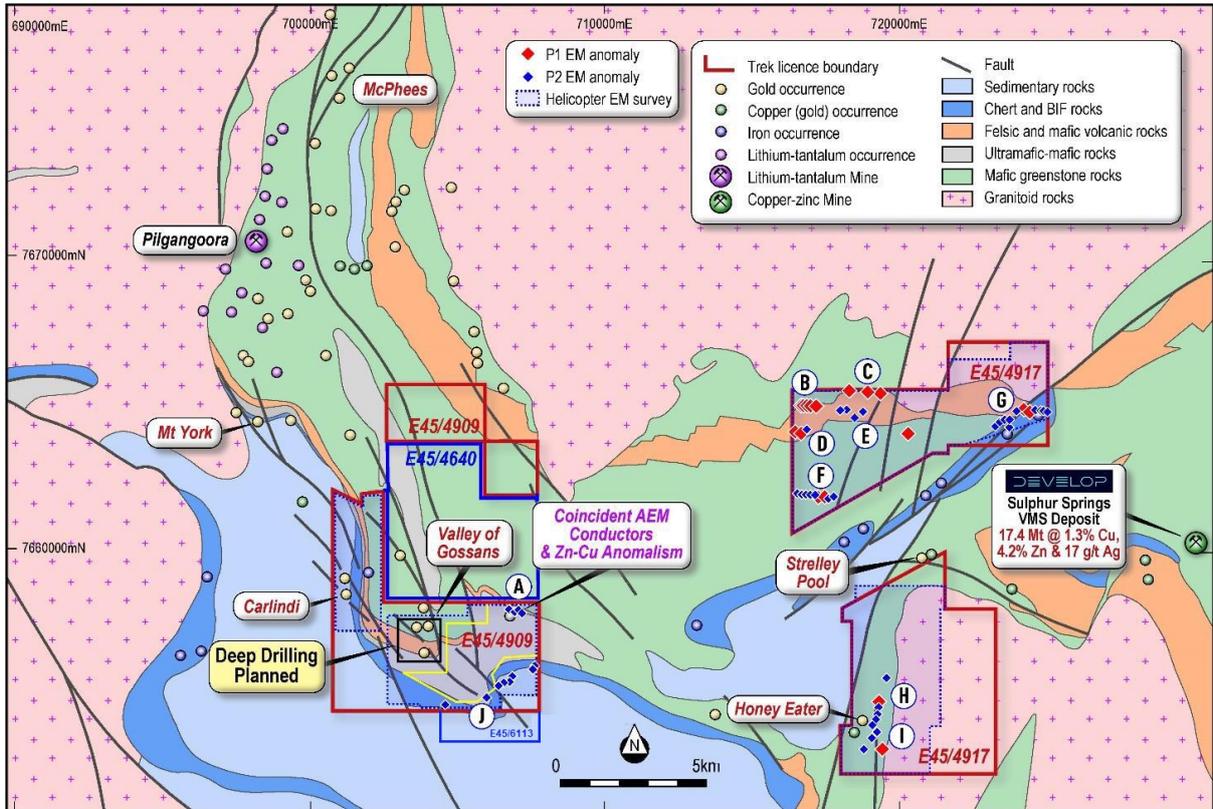
Gold prospects occur in several settings. Several prospective northwest-trending structures occur on the licence that cross-cut mafic and ultramafic rocks.

E45/4909 is located 5km south-east of Kairos Minerals Limited (ASX: KAI) Mt York Project. The Carlindi Shear lies with siliclastic sediments on EL45/4909 with a 6km long structural corridor which has been drilled in the past by Lynas Gold Limited. In 1969, Pickands Mather International conducted mapping, surface sampling and limited drilling on several gold and base metal prospects, collectively called the Valley of the Gossans, where mineralisation occurs in sheared brecciated and carbonate altered ultramafics.

EL45/4917 is located 10km east of Valley of the Gossans and 10km southwest of Venturix Resources Limited's (ASX: VXR) Sulphur Springs Copper-Zinc Project. Previous work

focused on the western edge of a large granite intrusive at the Honey Eater prospect, where copper and gold anomalies occur over 4km along a highly prospective north-south shear zone.

**Figure 2:2 Pincunah Project – Geology and Electromagnetic Anomalies (A-J)**



Source: Trek ASX Announcement, 17 May 2022

## 2.2.2 Recent Exploration

### 2.2.2.1 Drilling

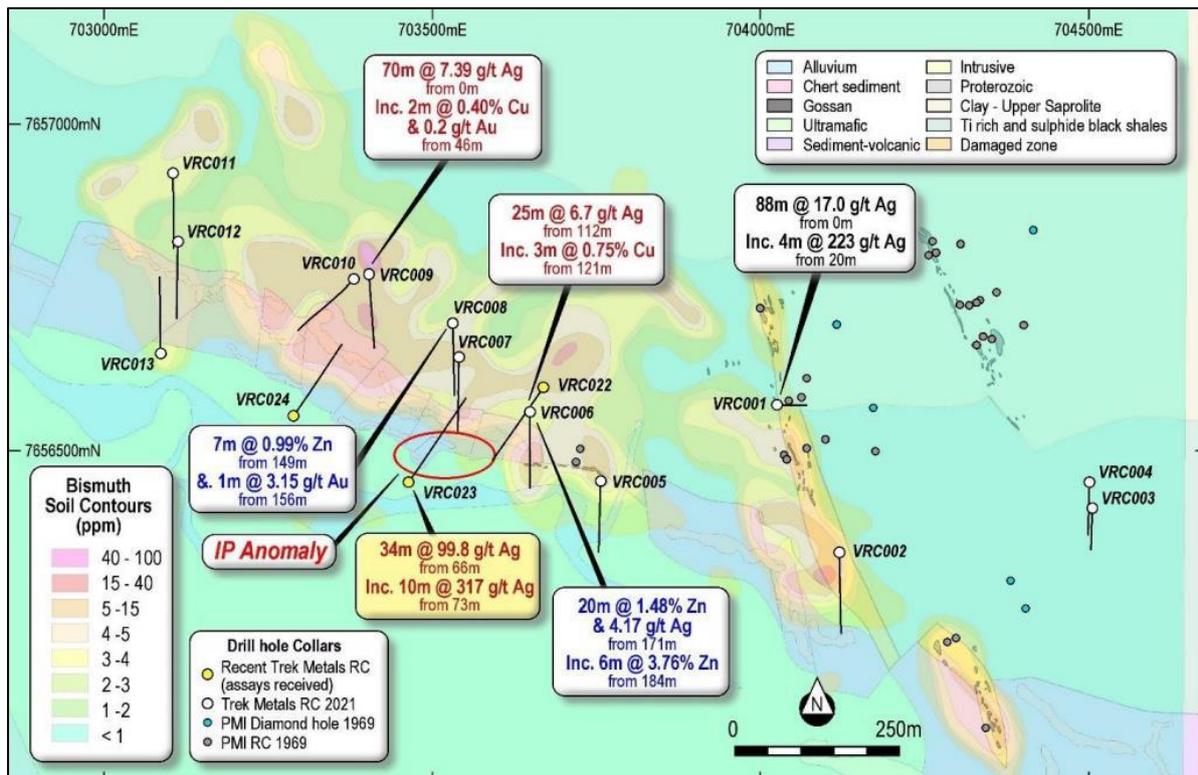
Trek conducted its maiden Reverse Circulation drilling program of 13 holes at the at Valley of the Gossans (VOG) prospect in July 2021. Highlights from the drilling results included:

- VRC001      88m @ 17.0g/t Ag from 0m inc. 4m @ 223g/t Ag from 20m
- VRC006      25m @ 6.70g/t Ag from 112m inc. 3m @ 0.75% Cu from 121m  
20m @ 4.17g/t Ag & 1.48% Zn from 171m inc. 6m @ 3.76% Zn from 184m
- VRC008      7m @ 0.99% Zn from 149m and 1m @ 3.15g/t Au from 156m
- VRC009      70m @ 7.39g/t Ag from 0m inc. 2m @ 0.4% Cu & 0.2g/t Au from 46m

A three-hole follow-up program was undertaken to further test the base metal mineralised stratigraphy, as well as an Induced Polarisation (IP) chargeability anomaly. Significant assays include:

- VRC023      34m @ 99.8g/t Ag from 66m down-hole, including 10m @ 317g/t Ag from 73m.

**Figure 2:3 Valley of Gossans (Pincunah Project) –Significant Drilling Intercepts**



Source: Trek ASX Announcement, 4 March 2022

Drilling assays at VOG suggest that the drilling intersected multiple horizons of classic VMS-style mineralisation and alteration, with highly anomalous zinc, copper and silver, plus multiple pathfinder elements indicating a very fertile volcanic environment.

The Company is planning to undertake deeper diamond drilling given the excellent correlation seen between the modelled chargeability anomalism and the observed mineralisation. Significantly, the chargeability anomaly is modelled to extend and broaden at depth, providing a deep drill target.

### 2.2.2.2 Electromagnetic (EM) Surveys

A helicopter-borne Electromagnetic (EM) program was completed at Valley of the Gossans (E45/4909) and the greater Pincunah Project area (E45/4917) to define significant conductive bodies related to massive sulphide mineralisation as immediate drill targets. The EM survey defined 10 priority zones with anomalous conductive responses that represent compelling volcanogenic massive sulphide (VMS) copper-zinc-lead (Cu-Zn-Pb), magmatic nickel-copper (Ni-Cu) and intrusive-related copper-gold (Cu-Au) targets. The highest priority targets identified were:

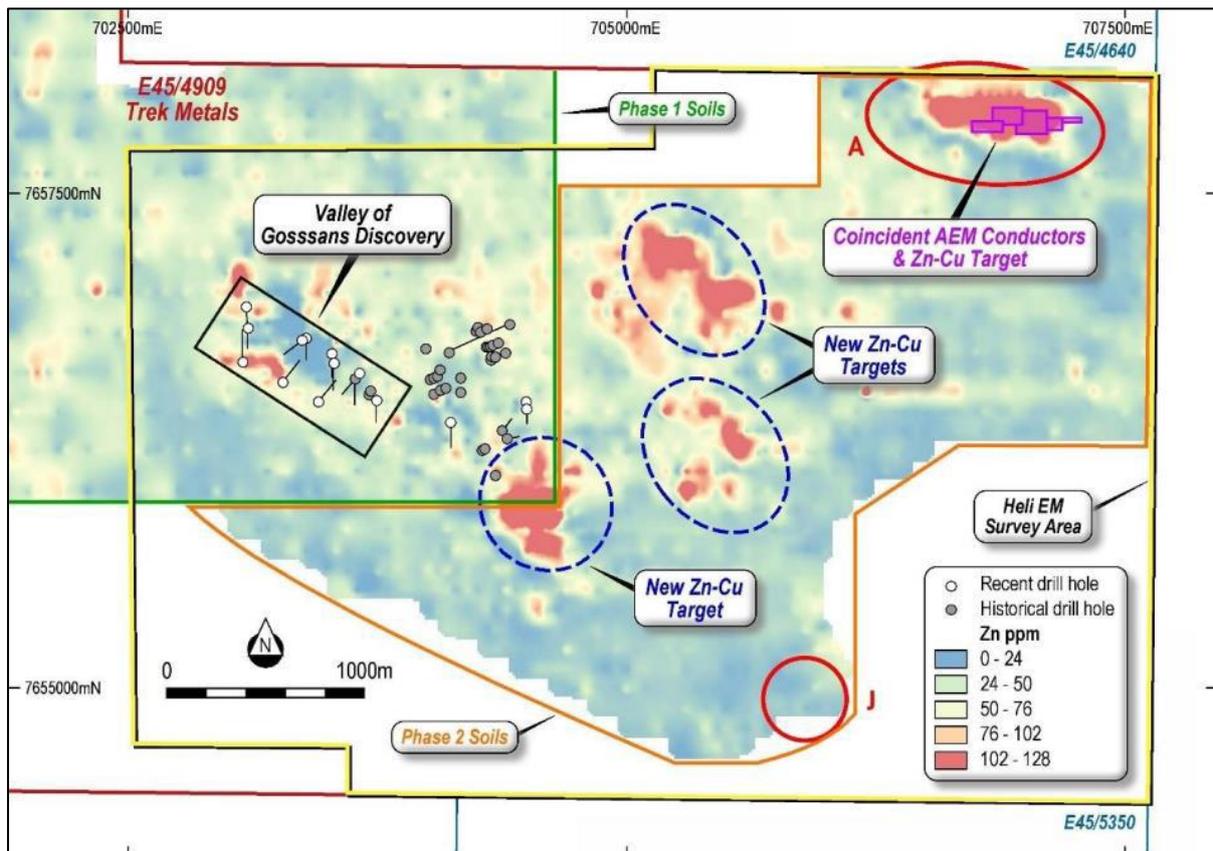
- Anomaly A is interpreted to sit within the same stratigraphic horizon along strike from the VMS base metal system at Valley of the Gossans.
- Anomaly B occurs as a cohesive multi-line conductive zone over 600m strike length sitting at the base of the mapped volcanic Coucal Formation.
- Anomaly F, which has a consecutive response over 1.2km of strike within Euro Basalt. This anomaly is possibly stratigraphic, however, the strong double peak anomalism increasing in amplitude towards the centre of the anomaly makes this a high-priority target.

### 2.2.2.3 Soil Geochemistry

Trek elected to extend the soil geochemistry coverage along strike from VOG to define the system extent after the multi-element anomaly in the Trek’s soil sampling program was shown to be related to a large VMS system on E45/4919.

Assay results from the soils program defined numerous additional target areas with anomalous base metal values. The new surface geochemistry results significantly upgraded the prospectivity of airborne EM conductive target “Anomaly A” as a compelling VMS target along strike from VOG discovery (Figure 2:4).

**Figure 2:4 Copper Geochemistry with coincident EM Conductive Target Zone “A”**



Source: Trek’s Annual Report, Year ending March 2022

### 2.2.3 Prospectivity

Trek’s maiden drilling program completed in 2021 delivered highly encouraging results at Valley of the Gossans (VOG), highlighting the potential for a large-scale VMS base metal system. The drilling targeted an extensive >2km long multi-element geochemical anomaly defined by Trek earlier in the year which is open along strike.

The Company is actively progressing exploration both at the Valley of the Gossans prospect and the greater Pincunah Project.

## 2.3 Tambourah Gold Lithium Project

The Tambourah Project (E45/5484 & E45/5839) with an area of 43 sub-blocks (~138km<sup>2</sup>) is located approximately 150km south of Port Hedland and between 45 to 70km south of the Trek's Pincunah Project. The Great Northern Highway (A95) connecting Newman to Port Hedland is located approximately 25km to the west of the tenements.

Trek acquired the E45/5484 tenement in early 2021 and E45/5839 was granted in September 2021.

### 2.3.1 Geology

The Project encompasses the central portion of the 15km long Western Shaw Greenstone Belt, which occurs on the eastern limb of an anticline folded around the Tambourah Dome. The greenstone rocks comprise Archean-aged metavolcanic, metasedimentary and various granitoids that occur as large plutons and smaller intrusives.

Structural deformation in the area is characterised by classic left-lateral strike-slip movement on various north- and northwest-trending shear zones. Gold occurrences and mine workings are scattered throughout the greenstone belt, associated with a shear zone complex extending over a strike length of at least 30km.

### 2.3.2 Previous Exploration

Only a few companies have conducted systematic exploration of the Tambourah Project area. Some regional exploration work for base metals and gold was conducted including stream sediment sampling by Fortescue in 2014, rock sampling by Cazaly in 2012 and rock sampling by De Grey in 2008 which produced highly encouraging gold results.

There has been very little drilling or trenching on the Project licences, with just a handful of historical programs conducted near the known gold workings. At least 13 known gold occurrences and old mining workings are located on the Tambourah Project.

Exploration to date, including work by De Grey, has focused largely on copper and base metal exploration associated with felsic volcanic stratigraphic horizons, similar to the host rocks at the Sulphur Springs deposit to the north. The possibility of bulk tonnage gold deposits comprising multiple stacked, narrow high-grade quartz veins has not been properly tested.

### 2.3.3 Recent Exploration

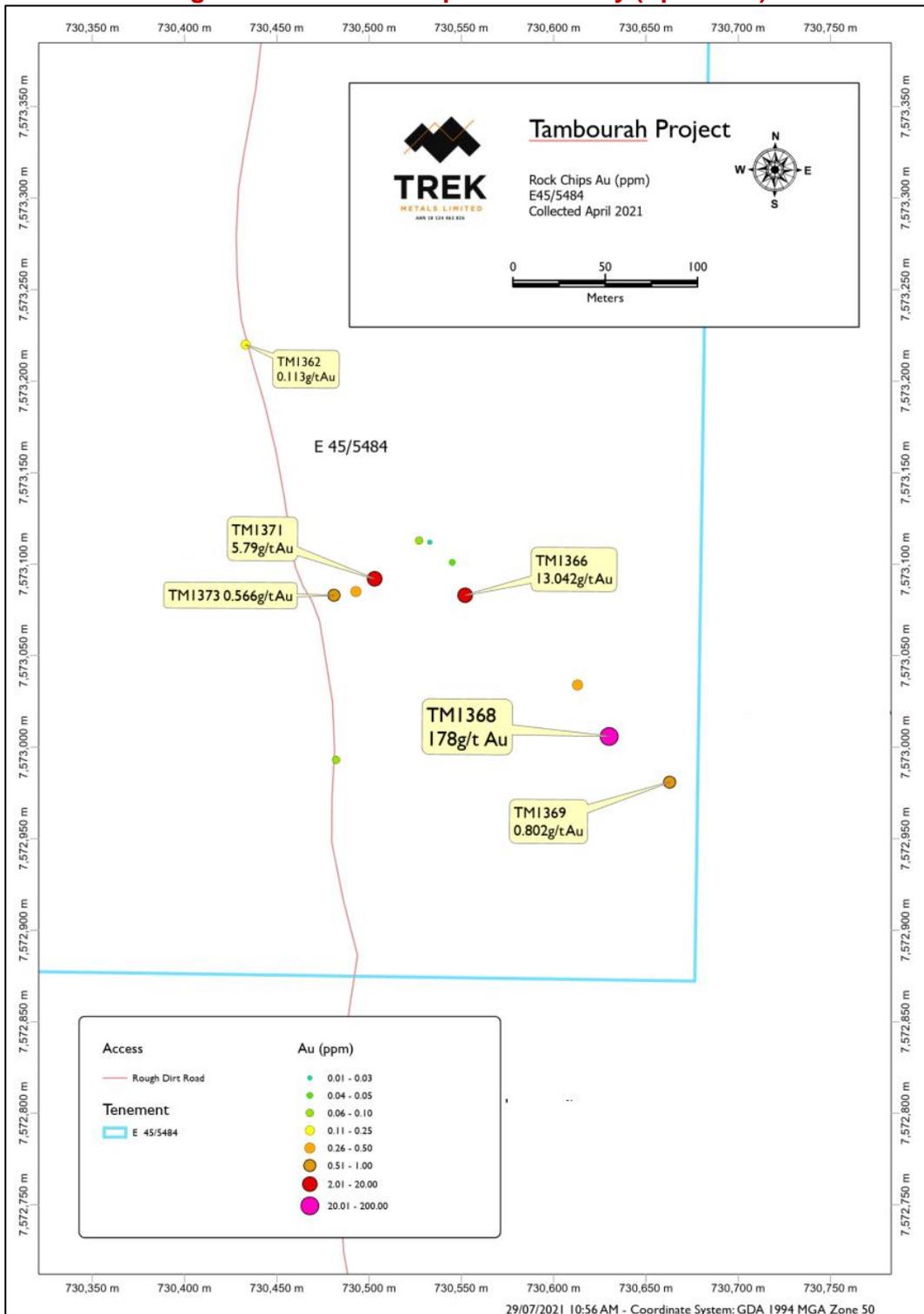
The Tambourah Project (E45/5484 & E45/5839) is considered highly prospective for gold & Lithium Caesium Tantalum (LCT) pegmatite deposits.

Trek collected 41 rock samples on E45/5484 in early 2021 with a number of outcropping highly gossanous quartz veins identified together with highly gossanous and often pyrite-bearing mafic and chert host rocks. 12 further rock samples were collected in April 2021. Significant rock chip samples in these programs include:

- RT037 - 3.95g/t Au
- RT003 - 3.68g/t Au
- RT015 - 3.04g/t Au
- TM1368 - 178g/t Au

- TM1366 - 13.0g/t Au
- TM1371 - 5.79g/t Au

**Figure 2:5 Rock Chip Geochemistry (April 2021)**

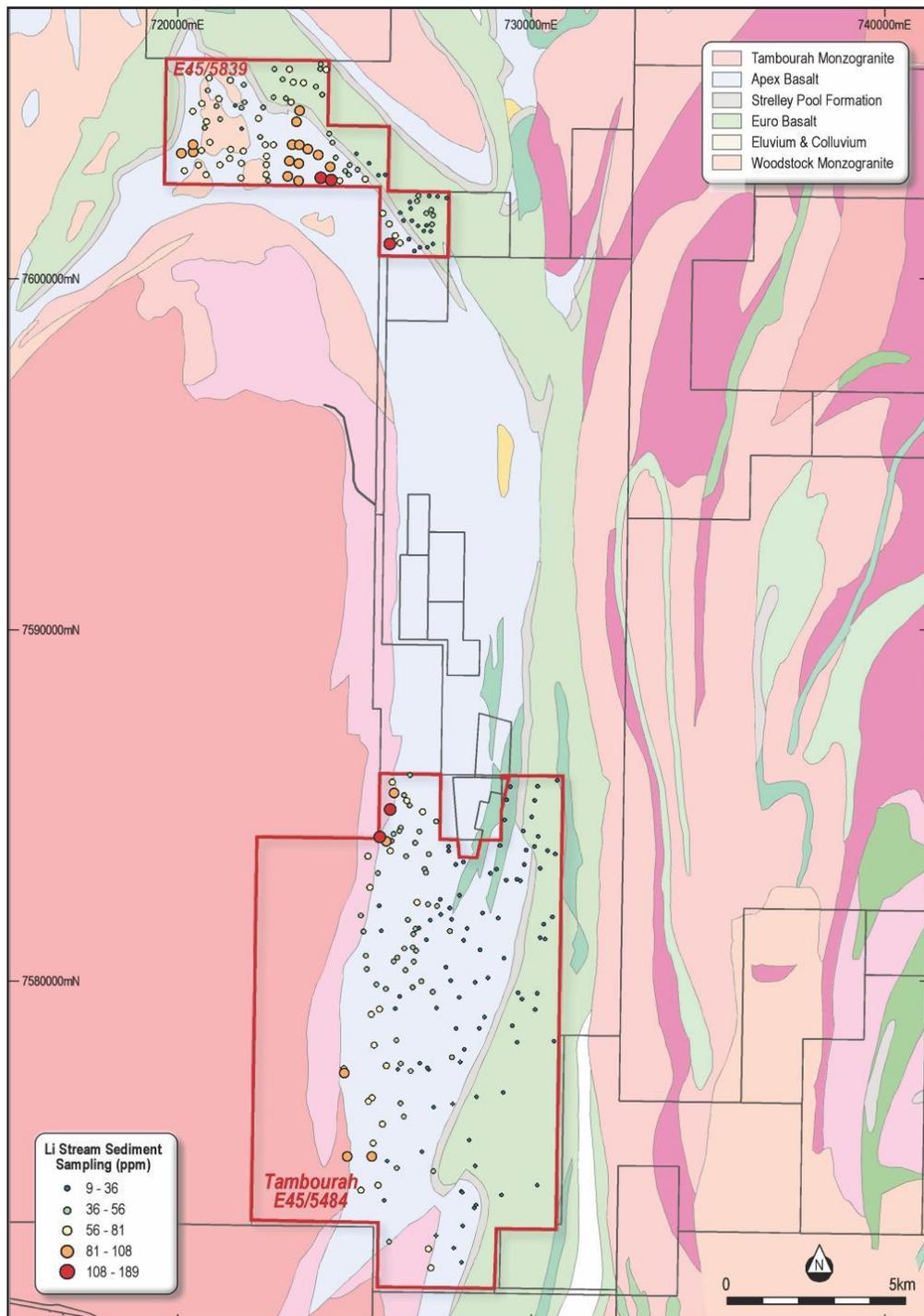


Source: Trek's ASX Announcement, 2 August 2021

In May 2022, a review of historic data highlighted the potential for lithium-bearing pegmatite mineralisation on both of Trek's Tambourah Project tenements (E45/5484 & E45/5839). Historically, Fortescue Metals Group Ltd (FMG) undertook a significant stream sediment

sampling program that identified a large area with anomalous lithium, and other pathfinder elements such as caesium, rubidium and tantalum on what is now Trek’s tenure. Rock chip samples were taken by FMG also support the LCT potential with sample J576120 returning an assay result of 1.06% Li<sub>2</sub>O within E45/5839 (Figure 2:6).

**Figure 2:6 Tambourah Project – Geology & Historical Stream Sediment Geochemistry**



Source: Trek ASX Announcement, 26 May 2022

Trek’s first reconnaissance trip to evaluate the lithium potential was completed in April 2022 and identified the presence of multiple outcropping pegmatites in the area of stream sediment anomalism.

### 2.3.4 Prospectivity

The Tambourah Project is considered prospective for gold and lithium deposits with at least 13 known gold occurrences and old mining workings located on the project. The area is renowned historically for a large number of small-scale gold mines where miners have targeted narrow, high-grade, north-trending quartz veins in the past. The Project encompasses the central portion of the 15km long Western Shaw Greenstone Belt, which occurs on the eastern limb of an anticline folded around the Tambourah Dome. The greenstone rocks comprise Archean-aged metavolcanic, metasedimentary and various granitoids that occur as large plutons and smaller intrusives. Structural deformation in the area is characterized by classic left-lateral strike-slip movement on various north- and northwest-trending shear zones. Gold occurrences are scattered throughout the greenstone belt, associated with a shear zone complex extending over a strike length of at least 30km.

## 2.4 Jimblebar Nickel-Copper Project

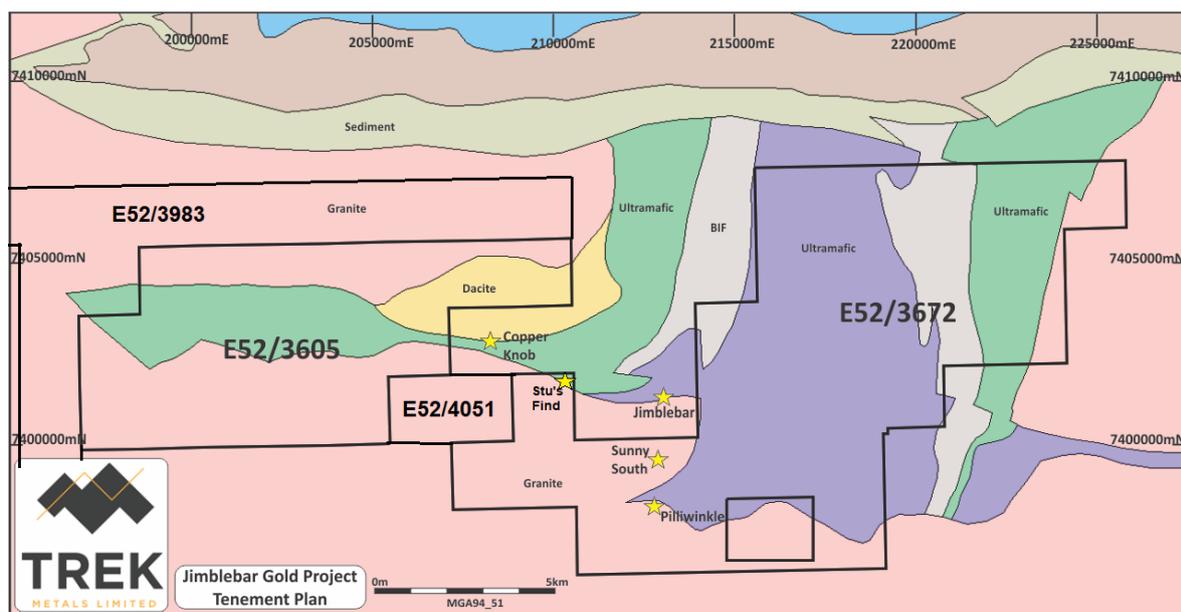
The Jimblebar Project (E52/3605, E52/3672, EL52/3983 & ELA52/4051) with an area of 69 sub-blocks (~221km<sup>2</sup>) is located 50km east of Newman. The project is located 5km northwest of the Coobina Chromite Mine and 15km southeast of the major Jimblebar iron ore mine.

Trek acquired the Jimblebar Project (E52/3605, E52/3672) in August 2020 and applied for the grant of EL52/3983 & ELA52/4051 in August 2021 and February 2022 respectively. EL52/3983 was granted in July 2022.

### 2.4.1 Geology

Gold mineralisation in the district is structurally controlled where minor structures cross-cut the major faults, shears and lithological contacts. The gold mineralisation is associated with a strongly pyritic and quartz-veined dacite porphyry intrusive. These intrusive rocks are interpreted to be reminiscent of ‘mafic-series’ granitoids intimately associated with gold mineralisation in the Yilgarn Craton.

**Figure 2:7 Jimblebar Project – Geology & Key Prospects**



Source: Adopted from Trek ASX Announcement, 14 July 2020

The mineralisation at Sunny South Prospect is hosted by a 30m to 50m wide felsic to intermediate intrusive that occurs stratigraphically above the banded iron formation (BIF) and dips moderately to the east.

Small-scale mining occurred between 1903 and 1937. Historically, the Sunny South Prospect (on E52/3672) was mined from three stacked lodes.

### **2.4.2 Previous Exploration**

The various Jimblebar historic gold mines and occurrences were explored extensively by Warwick Resources and Atlas Iron from 2003 to 2014 where a total of 613 air-core and RC drill holes were completed for 10,600m in the region. Warwick also completed a gradient array IP geophysics survey across the main workings at Shearers, Sunny South and Pilliwinkle (Figure 2:7).

The tenement covers the southern extension of the Sunny South Prospect which is located north of the company's tenement boundary where drilling by Warwick Resources returned high-grade gold up to 24m at 9.4g/t Au from 20m in WRKRC6 including 4m at 53.8g/t Au.

Hampton Hill Mining NL intersected semi-massive nickel sulphide with 2m returning 1.36% nickel & 0.62% Cu from 54m in drill-hole CP007 at the Millipede East Prospect. These results are indicative of a fertile magmatic sulphide system at Millipede East.

### **2.4.3 Recent Exploration**

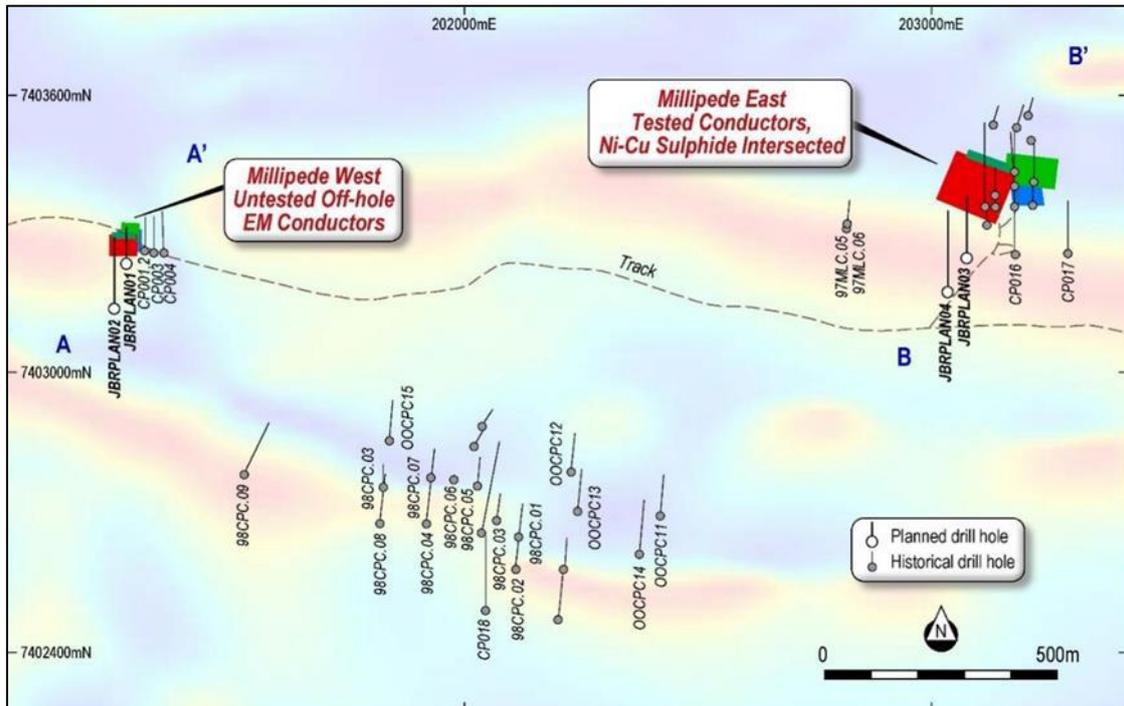
An area of extensive gold shafts and workings was identified at Stu's Find on an expired mining lease that occurs over a strike length of at least 300m along an east-west trend. Nine of the Eleven rock samples from outcrop and mullock at the Stu's Find gold workings returned gold assays above 0.3 g/t. High-grade results from separate samples included up to 4.0 g/t gold, 3.9 % copper and 30 g/t silver as well as other pathfinder metals up to 25 g/t molybdenum and 1136 ppm bismuth.

A sampling at the Pilliwinkle prospect also returned anomalous gold results, with the best result from a gossanous and quartz-veined banded iron formation (BIF) sample which returned an assay of 3.2 g/t Au. The Pilliwinkle samples are also highly anomalous in pathfinder metals, returning values of up to 40 ppm molybdenum and 175 ppm bismuth.

During Q2, 2022, historical data review and re-modelling of raw data identified several highly conductive off-hole targets, highlighting the potential for massive sulphide nickel-copper mineralisation. It was identified that Hampton Hill Mining NL intersected semi-massive nickel sulphide with 2 metres returning 1.36% nickel & 0.62% Cu from 54m in drill-hole CP007 at the Millipede East Prospect. These results are indicative of a fertile magmatic sulphide system at Millipede East.

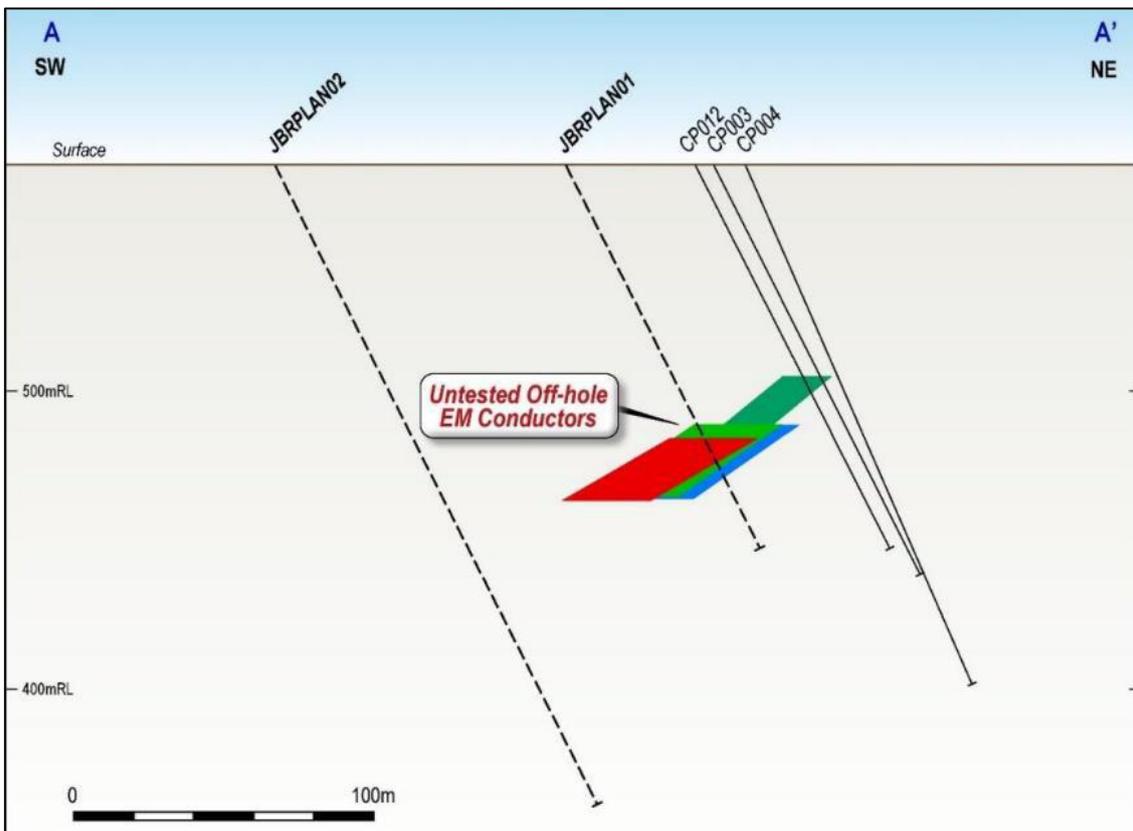
The defined mineralisation correlates with modelled EM plates. The defined plates plunge in a south-easterly direction and there is potential for additional mineralisation at depth. Previous drilling at Millipede West did not intersect the modelled downhole EM conductive plates and represents a compelling nickel-copper sulphide target (Figures 2:8 and Figure 2:9).

**Figure 2:8 Millipede Prospect - Off-hole TMI-RTP conductors related to nickel-copper sulphide mineralisation**



Source: Trek ASX Announcement, 22 Apr 2022

**Figure 2:9 Untested off-hole conductors at Millipede West Prospect**



Source: Trek ASX Announcement, 22 Apr 2022

#### **2.4.4 Prospectivity**

The Jimblebar Greenstone belt is considered prospective for gold and base metals but it is one of the least explored greenstone belts in the region. The Project area encompasses a 2km strike length of the old Jimblebar Goldfield. The Sunny South Prospect has a mineralised strike length of 600m, with small-scale mining occurring between 1930 and 1937.

The Jimblebar Project has encouraging Ni-Cu sulphide targets remaining from historic exploration. The project has limited exploration with the last major exploration by Warwick Resources Limited and Hampton Hill Mining NL. Historical data review and re-modelling of raw data identified several highly conductive downhole EM off-hole targets, highlighting the potential for massive sulphide nickel-copper mineralisation at the Millipede East Prospect. These results are indicative of a fertile magmatic sulphide system at Millipede East.

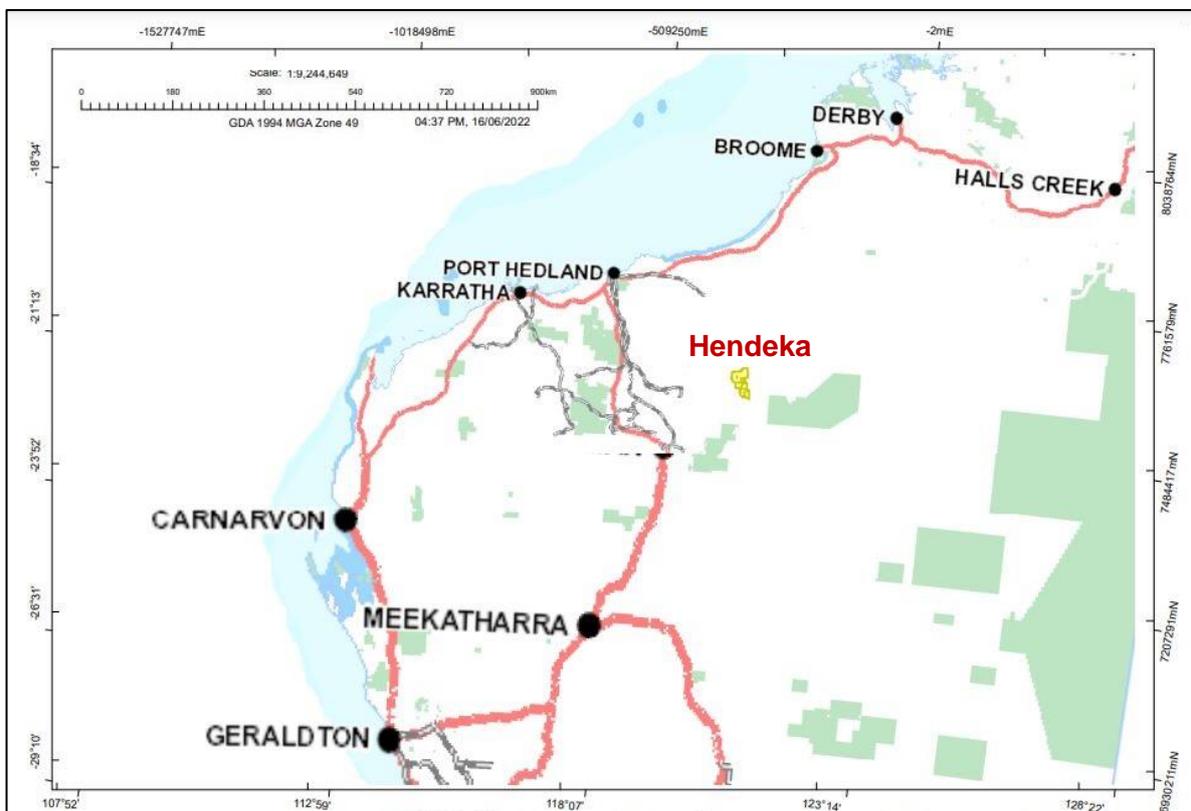
### 3 Edge Minerals' Hendeka Manganese Project

Edge assets includes the South Woodie Woodie (renamed as Hendeka) Project, located in the Pilbara region of Western Australia. The Hendeka Project comprises a large portfolio of seven exploration licences (E46/616, E46/787, E46/835, E46/1159, E46/1160, E46/1282 and E46/1304), one retention licence (R46/2) and one exploration licence application (E46/1387) covering an area of approximately 448 km<sup>2</sup>.

#### 3.1 Location

The Hendeka project area is approximately 70 km south of Woodie Woodie and approximately 340 km Southeast of Port Hedland, in the East Pilbara region of Western Australia (Figure 3:1).

**Figure 3:1 Location of Hendeka Project**



Source: WA GeoView

#### 3.2 Tenement Status

The status of the tenements has been verified based on a recent independent inquiry of the Department of Mines, Industry Regulation and Safety, WA, Mineral Titles On-Line database (source: <https://emits.dmp.wa.gov.au/emits/enquiry/home2.xhtml>) by Mining Insights, pursuant to section 7.2 of the Valmin Code, 2015.

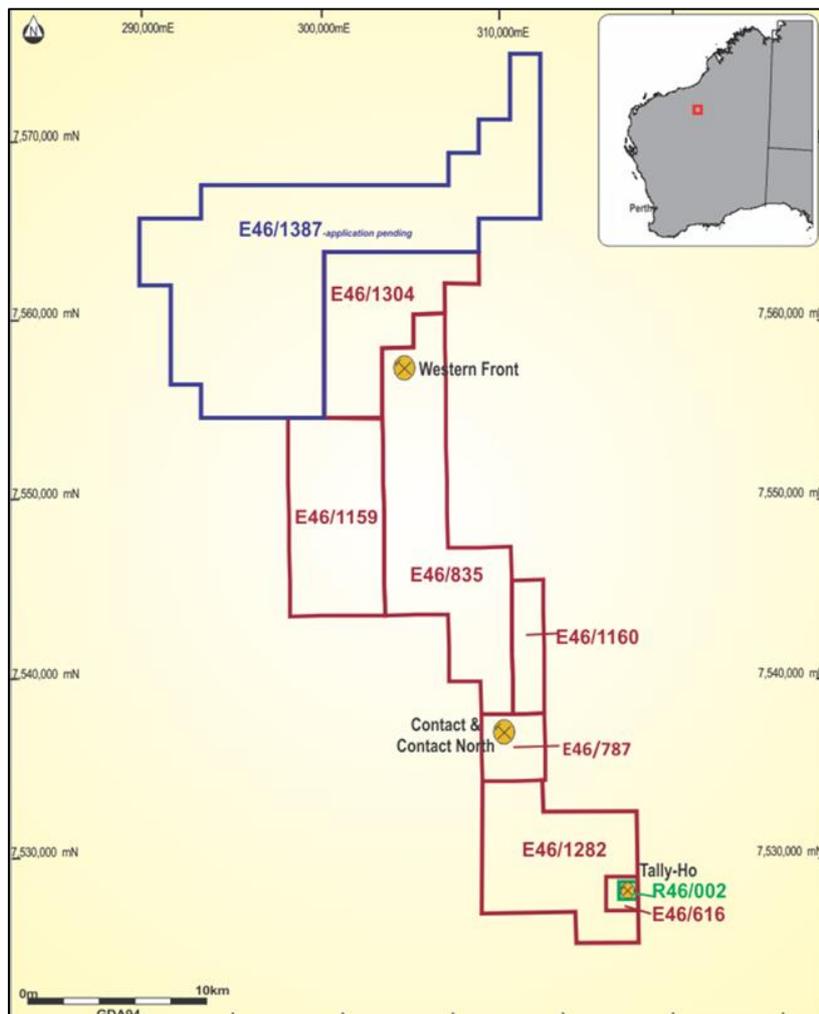
The tenements under review in this Report and the current status of the Exploration Permits are summarised in Table 3:1 and Figure 3:2.

**Table 3:1 Hendeka Manganese Project - Tenement Schedule**

Tenement	Holder	Grant Date	Expiry Date	Blocks	Annual Rent (\$)	Minimum Expenditure
E46/616	Edge Minerals Ltd (80%), Planet Mining Pty Ltd (20%)	3/08/2005	2/08/2022 <sup>1</sup>	1	677	\$20,000
E46/787	Edge Minerals Ltd	22/07/2009	21/07/2023	4	2,708	\$0
E46/835	Edge Minerals Ltd	25/03/2011	24/03/2023	26	17,602	\$78,000
E46/1159	Edge Minerals Ltd	7/03/2018	6/03/2023	18	6,444	\$30,000
E46/1160	Edge Minerals Ltd	16/11/2017	15/11/2022	4	1,432	\$20,000
E46/1282	Edge Minerals Ltd	11/04/2019	10/04/2024	18	4,716	\$30,000
E46/1304	Edge Minerals Ltd	17/01/2020	16/01/2025	16	4,192	\$20,000
E46/1387	Edge Minerals Ltd	Applied, pending		54	n/a	n/a
R46/2	Edge Minerals Ltd (80%), Planet Mining Pty Ltd (20%)	4/07/2017	3/07/2022 <sup>1</sup>	100 Ha	980	\$0

<sup>1</sup> Tenement extension renewal applied

**Figure 3:2 Hendeka Project – Tenure with main Prospects**



Source: Trek ASX Announcement, 6 June 2022

Mining Insights is not aware of any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

### 3.3 Geology

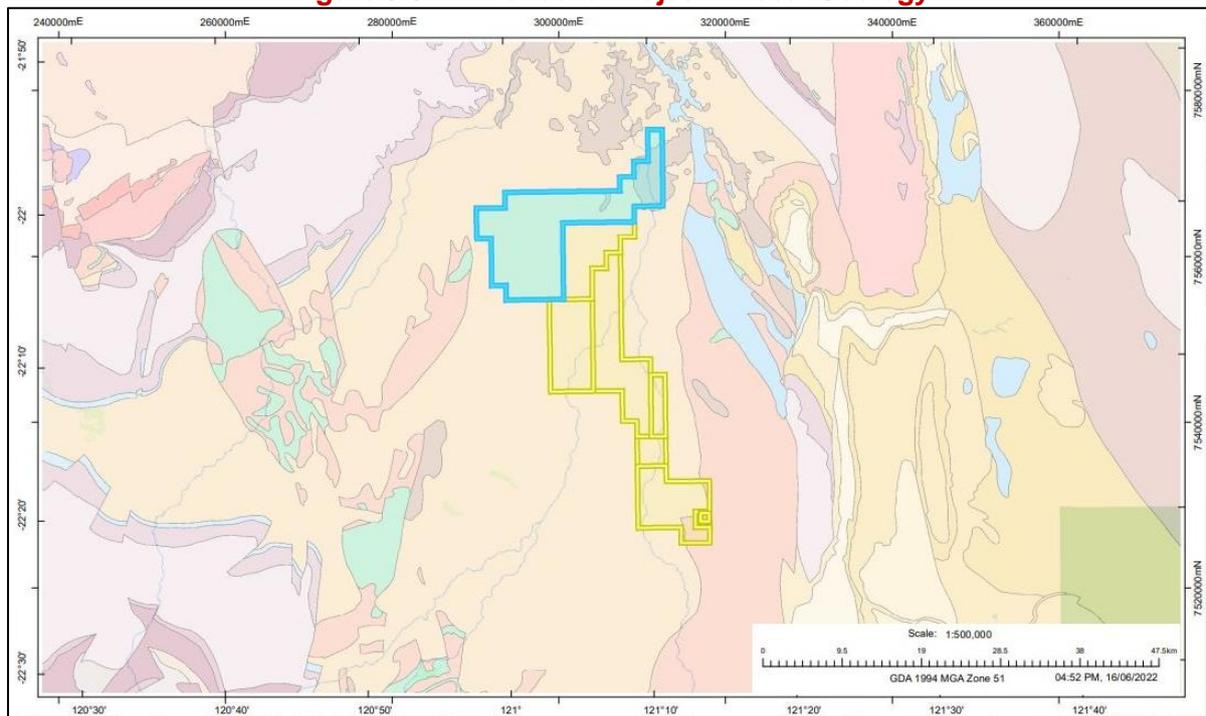
The basement of the region is comprised of Archaean granites and gneisses. These are unconformably overlain by rocks of the Fortescue and Hamersley Groups including basalt, sandstones, shales, dolomites, cherts, and felsic volcanic.

The Hamersley Group is subdivided into the lower 60m thick Marra Mamba Iron Formation (chert, shale, BIFs and jaspilite) and the upper 150m thick Carawine Dolomite (stromatolitic carbonate sequence with intercalated chert beds, veins and nodules). Secondary silicification of the Carawine Dolomite under subaerial conditions has led to the widespread formation of the Mesoproterozoic Pinjian Chert Breccia.

The area is also overlain by the Neoproterozoic Manganese group and Phanerozoic lithological units.

Local geology consists of highly altered Carawine Dolomite within the interpreted mineralisation envelopes and associated internal waste zones were based on bedding orientations of the Carawine Dolomite, with the geological model for manganese mineralization being based on manganese replacement along original bedding planes. Geological continuity is considered to be reasonably understood, but there are known variability between drill holes (Figure 3:3).

**Figure 3:3 Hendeka Project – Local Geology**

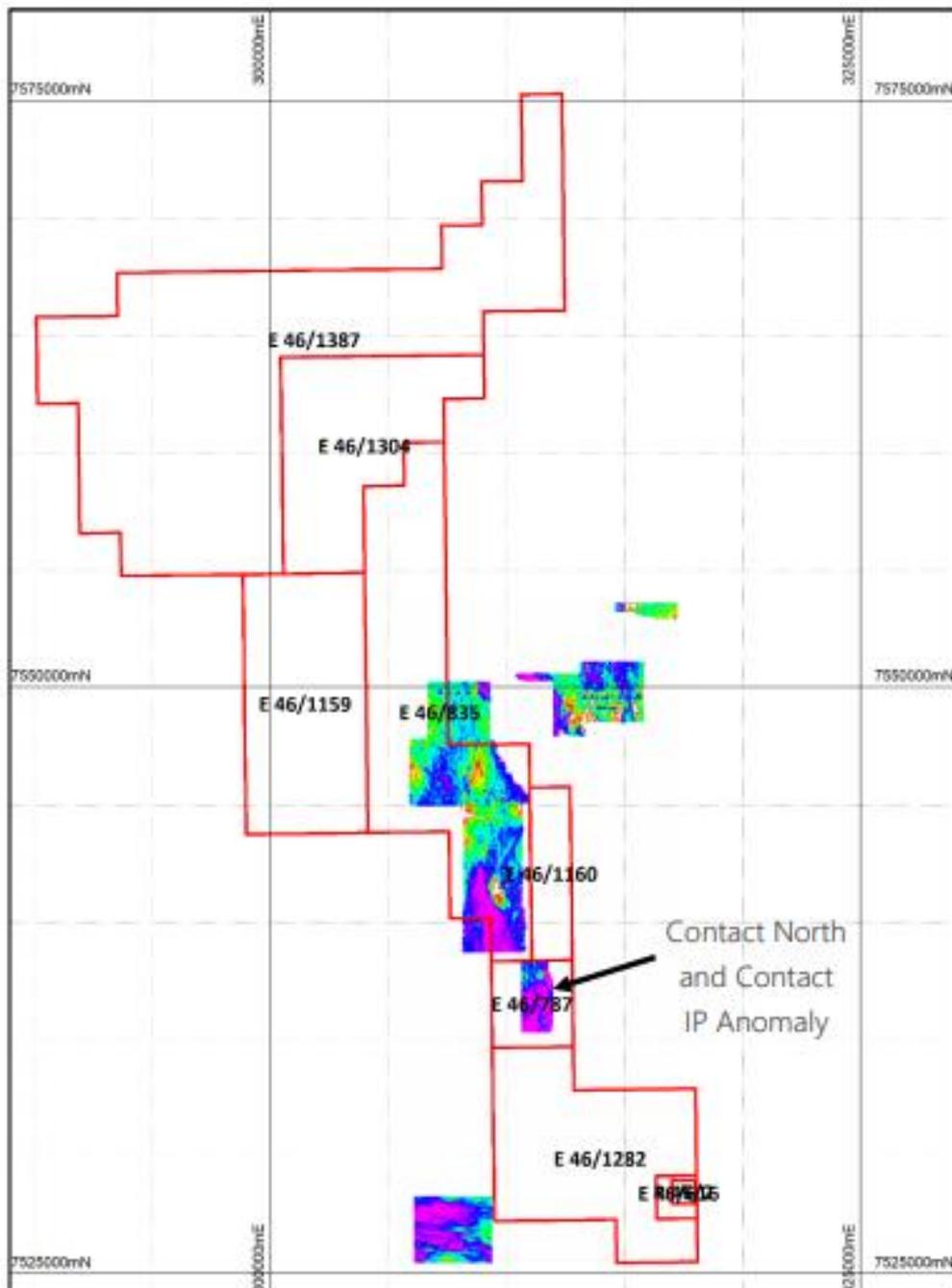


Source: WA GeoView

### 3.4 Recent Exploration

There is no significant exploration at the project since 2014. A Gradient Array IP (GAIP) survey in 2014 identified several anomalies. The magnitude and size of these IP anomalies suggest that a shallow body of manganese similar to the known resources may be present within the project area.

**Figure 3:4 Hendeka Project – Induced Polarisation Anomalies**



Source: Bardoc Gold Scheme Booklet, 23 Feb 2022

Bardoc has reported that they plan to undertake a review of the project, especially given the recent improvement in the manganese market and the targets identified in the gradient array IP survey remain untested.

### 3.5 Mineral Resource

There are mineral resource estimates for the Contact, Contact North and the Tally-Ho deposits. These were previously reported under the JORC 2004 Code.

In June 2022, Mr Lynn Widenbar, Principal Consultant of Widenbar and Associates Pty Ltd. reviewed and reported these under the JORC 2012 Code after disclosure in JORC Table 1 as required under JORC 2012 (Table 3:2).

**Table 3:2 Hendeka Project (E46/787) – Inferred Mineral Resource (10.1% Mn Cut-off)**

Prospect	Tonnes (Mt)	Contained Mn (Mt)	Mn %	Al <sub>2</sub> O <sub>3</sub> %	Fe %	SiO <sub>2</sub> %	P %	LOI (1000)
Contact	2.8	0.38	13.6	5.1	15.7	42.9	0.054	8.4
Contact North	8.5	1.31	15.4	3	15	42.4	0.057	8.6
<b>TOTAL</b>	<b>11.3</b>	<b>1.69</b>	<b>15.0</b>	<b>3.5</b>	<b>15.2</b>	<b>42.5</b>	<b>0.057</b>	<b>8.5</b>

Source: Trek ASX Announcement, 6 June 2022

### 3.5.1 Notes to the Modifying Factors

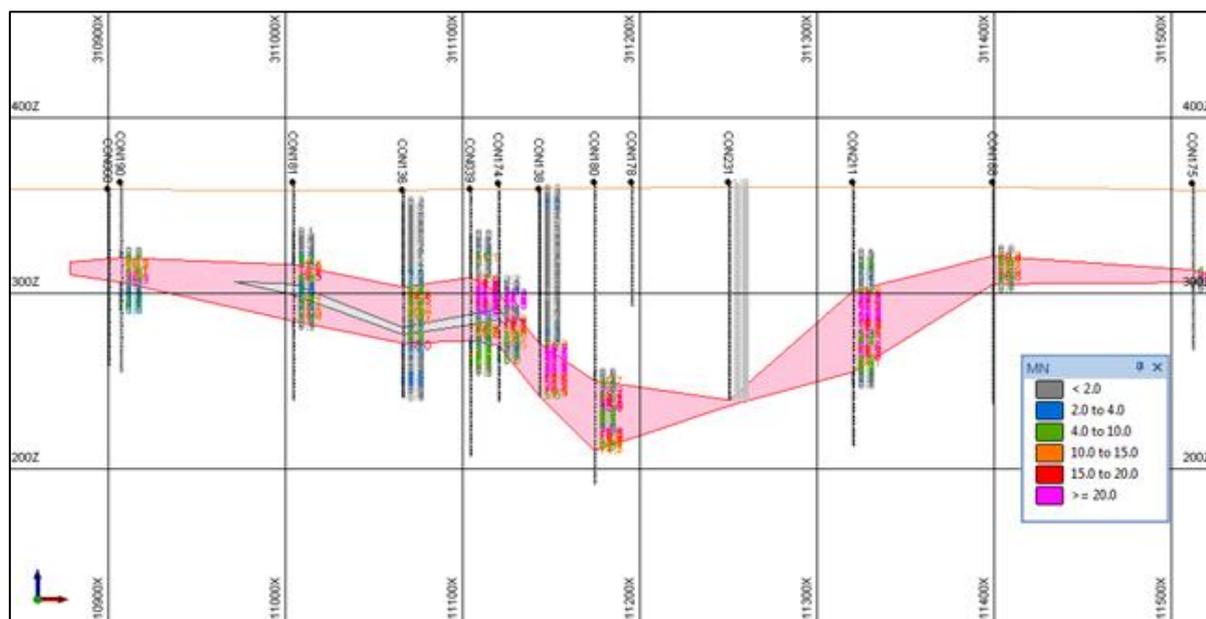
#### 3.5.1.1 Geology And Geological Interpretation

Local geology consists of highly altered Carawine Dolomite within the interpreted mineralization envelopes and associated internal waste zones were based on bedding orientations of the Carawine Dolomite, with the geological model for manganese mineralization being based on manganese replacement along original bedding planes. Geological continuity is considered to be reasonably understood, but there are known variability between drill holes.

Sectional interpretations provided by Spitfire Resources Limited (Spitfire) represented the mineralized zones at Contact and Contact North. There was an additional minor footwall zone at Contact North, and a series of discontinuous internal waste zones were also defined. A nominal 4% Mn cut-off was used in conjunction with geological logging to define mineralised zones.

A series of wireframe solids were developed from this geological interpretation. Codes were assigned to assay data based on these surfaces. A typical section is shown below in Figure 3:5.

**Figure 3:5 Hendeka Project – Typical Section (7,537,500 North)**



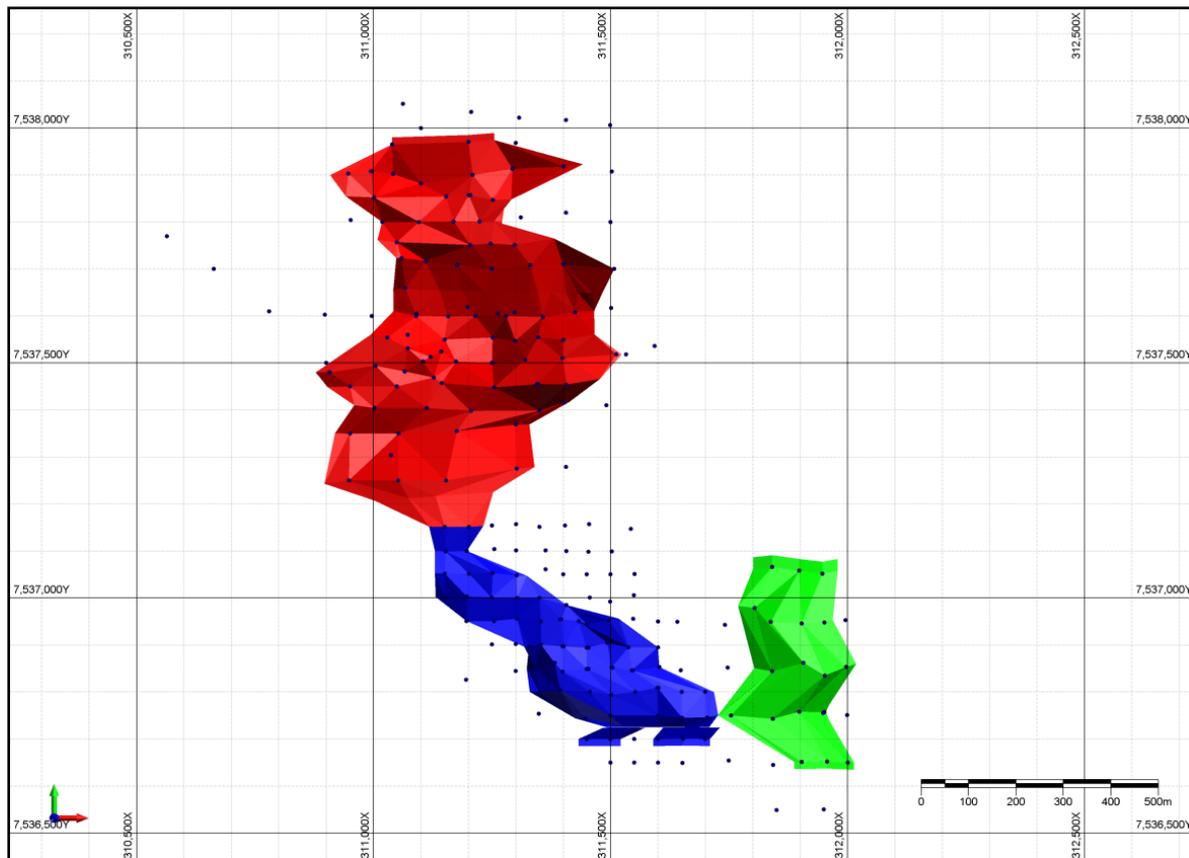
Source: Trek ASX Announcement, 6 June 2022

### 3.5.1.2 Drilling Techniques

A total of 236 Reverse Circulation (RC) holes have been drilled in the project area, of which 88 holes were at the Contact Deposit, 101 holes were at Contact North and 27 holes were at Contact South. Drill hole spacing is generally 50m by 50m at Contact and Contact North and 100m by 50m at Contact South (Figure 3:6).

Drill hole location plots have been used to ensure that local drill spacing conforms to the minimum expected for the resource classification. Drill hole locations have been surveyed using hand-held GPS, with RLs derived by draping over a topography surface.

**Figure 3:6 Plan view of the 3D Resource Model showing drill collar locations. Contact North in red, Contact in blue and Contact South shown in green**



Source: Trek ASX Announcement, 6 June 2022

### 3.5.1.3 Sampling Techniques, Sub-Sampling Techniques, Sample Preparation and Analysis

Reverse circulation drilling was undertaken by Profile drilling services. The RC drill bit was 139.7mm in diameter and of standard RC type. The RC rig used a truck-mounted auxiliary compressor to boost up to 1,150 psi if required. All RC holes were drilled perpendicular to the surface. The rig was fitted with a cyclone and cone splitter with samples collected on a standard 1m basis. The cone splitter fed a riffle splitter which directed a representative portion (approximately 3.5kg) of material into a numbered calico bag which was retained for assay purposes, with the remainder of the sample being collected in a green plastic bag.

A representative portion of the material in the green plastic bag was sieved for geological logging purposes and a small portion was retained in plastic chip trays as a record of logged chips.

Samples were analysed at Nagrom Analytical Laboratory by X-Ray fluorescence (XRF) for Mn, Fe, SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, CaO, Cr<sub>2</sub>O<sub>3</sub>, P<sub>2</sub>O<sub>5</sub>, Ba, K<sub>2</sub>O, MgO, Na<sub>2</sub>O, S and TiO<sub>2</sub> and Loss on Ignition. Duplicates and standards were inserted at regular intervals as per standard industry practice.

Out of a total of 15,698 assay intervals, 1,742 were used in resource modelling of the main mineralized zones.

### 3.5.1.4 Estimation Methodology

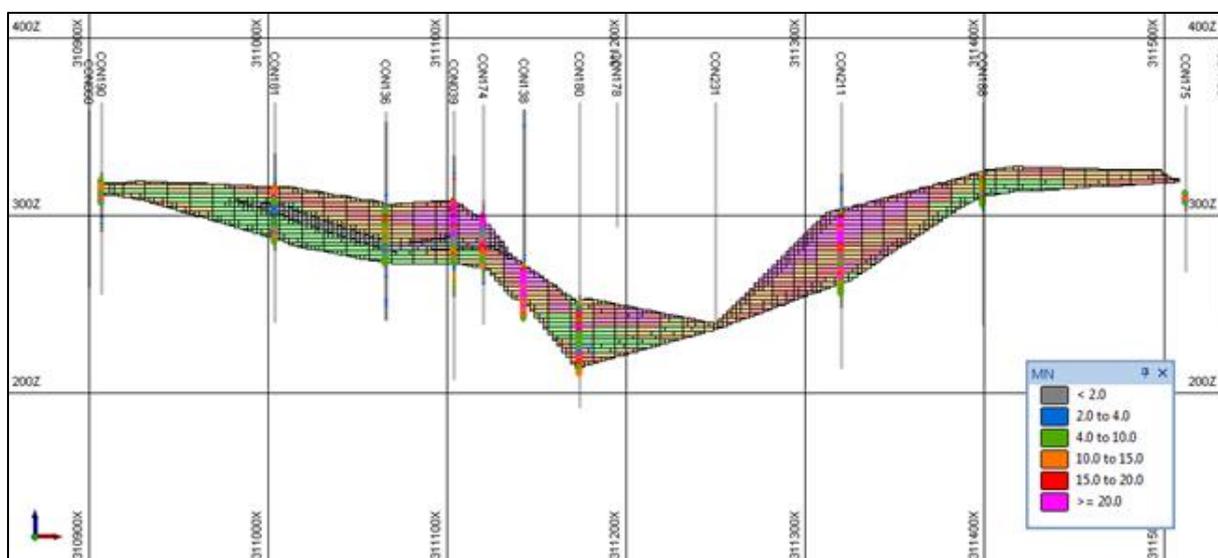
A conventional Inverse Distance Squared (IDS) interpolation method with an unfolding methodology was used to estimate Mn%, Al<sub>2</sub>O<sub>3</sub>%, Fe%, SiO<sub>2</sub>%, P<sub>2</sub>O<sub>5</sub>%, CaO%, MgO%, BaO%, S%, TiO<sub>2</sub>%, Pb% and LOI%. No grade capping was applied. Search ellipses applied in the estimate were based on a combination of variography and drill hole spacing and the interpreted geological continuity and orientation of the deposits.

The search ellipse had radii of 75m by 75m by 7.5m vertically. A minimum of 2 samples and a maximum of 20 samples were required in the search, with a maximum of 4 samples per drill hole allowed. All mineralised blocks were informed in this search ellipse

A density of 2.8 t/m<sup>3</sup> has been applied to calculate resource tonnages. This was based on specific gravity test work on core and from experience and knowledge of manganese deposits in the district.

A typical section through the resource model showing Mn grade is illustrated below in Figure 3:7.

**Figure 3:7 Mn% Section 7,537,500 North through the Resource Model**



Source: Trek ASX Announcement, 6 June 2022

### 3.5.1.5 Mineral Resource Classification

Resource classification is based on information and data provided from the Spitfire database. Descriptions of drilling techniques, survey, sampling/sample preparation, analytical techniques and database management validation provided by Spitfire indicate that data collection and

management are well within industry standards. Widenbar and Associates Pty Ltd (Widenbar) considers that the database represents an accurate record of the drilling undertaken at the project.

Based on the data integrity, geological knowledge and estimation processes, the Contact Deposit Resource Estimate has been assigned to the Inferred category as defined by the 2012 edition of the JORC Code.

#### **3.5.1.6 Cut-Off Grades**

A cut-off minimum of 4% manganese was applied in the construction of interpreted mineralised envelope wireframes. No maximum manganese grade was applied.

For Mineral Resource reporting purposes, a manganese cut-off grade of 10.1% was applied for both the Contact and Contact North deposits.

#### **3.5.1.7 Metallurgy**

Metallurgical test work was carried out to determine if a saleable Direct Ship Ore (DSO) product in the form of a manganese lump product and fines concentrate could be produced.

Eleven composite samples were selected from eleven diamond drill holes, representing the Contact and Contact North deposits. From this, nine composites were compiled for the test work programme targeting maximum grade and yield recovery. Before test work began, sections of each meter of core were tested for in-situ density through the mineralised zones for resource estimation. The density of the mineralised zones averaged 3.03 for the Contact North composites and 2.78 for the lower grade Contact composites.

Testwork was undertaken by Nagrom Metallurgical Services with initial work involving grinding of the core into fines (>1mm - <6.3mm) and lump (>6.3mm - <31.5mm) with oversize (<52mm) being re-crushed after identifying additional manganese remaining after initial circuit.

The test work programme undertaken involved scrubbing in a laboratory scrubber followed by dense medium separation (DMS) of a lump (-31.5+6.3 mm) and fines (-6.3+1.0 mm) concentrate for each composite to produce a high-grade manganese product. The test work identified that the majority of samples upgrade to a lump product >40% Mn.

Mining Insights considers the current JORC 2012 estimate as a valid resource estimate.

## 4 Project Risks

Mineral exploration and development are high-risk undertakings. There can be no assurance that the exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if a viable resource is identified, there is no guarantee that it can be economically exploited.

Mining Insights has identified a range of risk elements or risk factors that may affect the projects' future exploration and operational performance. The future exploration activities of the Company may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Some of the risk factors are entirely external and beyond the control of management. However, project-specific risks can be mitigated by taking the proper measures in advance. Key project risks that have been identified are discussed below.

### 4.1 Exploration Risk

The exploration risks associated with the Trek projects are generic and common to most greenfield exploration projects, and in Mining Insights' opinion, they do not pose a significantly higher risk than any other early-stage exploration project.

### 4.2 Resources & Reserve Risk

Only Inferred Mineral Resource has been reported within the Hendeka Project. No mineral resource is reported on any of the other projects. Moving forward, it may be possible that further exploration, geological, and metallurgical assessment may result in no further mineral resource being delineated, which would have a material impact on the technical value of the concession.

No Ore Reserve has been defined at any of the tenements. Moving forward, it may be possible that further technical studies may not result in the development of Ore Reserve, which would have a material impact on the value of Trek's projects.

### 4.3 Processing Risk

No mineral processing studies have been conducted so far. Moving forward, it may be possible that unfavourable results from further test work may jeopardise project viability.

### 4.4 Commodity Price Risk

The Company's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of gold and base metals, including copper, zinc and lead. Consequently, any future earnings are likely to be closely related to the price of these commodities and the terms of any off-take agreements that the Company enters into.

Gold and base metal prices are subject to significant fluctuations. Any significant decline in the prices of these or demand could materially and adversely affect the Company's business and financial condition results of operations and prospects.

#### **4.5 Mine Infrastructure Associated Risk**

A significant mine infrastructure facility, including power generation, needs to be developed before the commencement of mining activity. Alternatively, access to these facilities, including accommodation camp, processing plant and port, need to be negotiated with other companies in the vicinity.

#### **4.6 Mining Approvals, Tenure, and Permits**

While most of these projects have approved exploration permits, these projects will require mining permits and environmental approvals before the commencement of actual mining operations. Any delays in obtaining the required approvals may affect the production and the mine plan. This may likely cause the Project to overrun, which may significantly affect project capital and operating costs.

#### **4.7 Environmental and Social Risks**

Failure to comply with the environmental criteria or failure to maintain good relationships with the local community and neighbouring tenement holders may impact the Project.

## 5 Valuation

### 5.1 Valuation Discussion

In assessing the technical aspects relevant to this Valuation, Mining Insights has relied on information provided by Trek, as well as information sourced from the public domain. All sources are appropriately referenced and listed in the bibliography.

### 5.2 Valuation Approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, Mining Insights considers a number of methods.

This approach aims to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and the interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Income Approach;
2. Market Approach; and
3. Cost Approach.

*The Income Approach* is based on the principle of anticipation of benefits and includes all methods based on the income or cash flow generation potential of the Mineral Properties (VALMIN 2015). Valuation methods that follow this approach include Discounted Cash Flow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

*The Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties transacted in an open market (VALMIN, 2015). Methods include Comparable Transactions, MTR and option or farm-in agreement terms analysis.

*The Cost Approach* is based on the principle of contribution to value (VALMIN, 2015). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the Mineral Properties.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the property. Hence, the amount and quality of the information available on the mineral potential of the property. Table 5:1 presents the various valuation approaches for evaluating mineral properties at the various stages of exploration and development.

**Table 5:1 Suggested valuation approaches according to Development status**

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

The Market approach to valuation is generally accepted as the most suitable approach for the valuation of an Exploration or a Pre-Development Project.

An income-based method, such as a Discounted Cash Flow ("DCF") model, is commonly adopted for assessing the Value of Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012).

The use of cost-based methods, such as considering suitable multiples of exploration expenditure, is best suited to exploration properties before Mineral Resources are reliably estimated.

A summary of each of these methodologies is outlined in Appendix A of this Report. In general, these methods are accepted analytical valuation approaches that are in common use for determining the Market Value (defined below) of mineral assets, using market-derived data.

The "**Market Value**" is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the IVSC term of the same name. This has the same meaning as Fair Value in RG111. In the 2015 edition of the VALMIN Code, this was known as Fair Market Value.

The "Technical Value" is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

In summary, the various recognised valuation methods are designed to estimate the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or Project may comprise assets that logically fall under more than one of the previously discussed development categories.

## 5.3 Mining Insights' Valuation Techniques

In estimating the value of copper and uranium mineral assets as of the valuation date, Mining Insights has considered various valuation methods within the context of the VALMIN Code (2015).

When valuing an exploration project, the Practitioner is attempting to determine a value that reflects the potential of the Project to yield an Ore Reserve and Life of Mine Plan from which a future income stream may ultimately be derived. At the same time, the valuer must also be cognizant of what the Project is deemed to be worth by the market and actual transactions taking place to ensure that the value estimates are realistic. Arriving at the value estimate is somewhat complex as there is no single mineral asset valuation method appropriate for all circumstances.

The valuation method applied depends on the relative maturity of assessment for each asset and the amount of available data supporting the Project. In preparing its valuation of these projects, Mining Insights has considered the two main approaches (market and cost) and the available methodologies under each approach.

In Mining Insights' opinion, all projects covered in this Report are at an early exploration stage, and as discussed above, market comparative method and cost-based methods are generally used to value such types of projects. Therefore, Mining Insights has preferred to apply a combination of two methods to value each of the projects due to the uncertainties attached to its progress. The valuation methods applied include the market-based "Comparable Transactions Method" and cost-based "Geo-scientific Rating Method".

The valuation is on a 100% asset basis, with an effective date being the date of the transaction announcement (6 June 2022).

## 5.4 Valuation of Trek's Existing Assets

### 5.4.1 Commodity Prices

#### 5.4.1.1 Gold Prices

Gold has been used in jewellery and as a form of currency for thousands of years. However, in more recent history, there has been increasing demand for its use in electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe-haven investment during periods of economic uncertainty.

Historically, the price of gold is negatively correlated to the prices of other asset classes during times of uncertainty and financial crises. Due to the recent coronavirus outbreak sparking uncertainty, the price of gold has rallied from US\$1,131/oz in December 2016 to the peak of over US\$2,067/oz in August 2020 before dropping to the spot price of US\$1,847/oz at present (63% increase in 5.5 years) as investors demand the high liquidity that gold provides. The recent increase in the price of gold has positively impacted the gold industry and will continue to do so if economic uncertainty prevails. The World Gold Council expects that the interplay

between financial uncertainty, lower interest rates, weakening in global economic growth and gold price volatility will continue to drive gold demand (Figure 5:1).

**Figure 5:1 Gold Prices – Historical Trend**



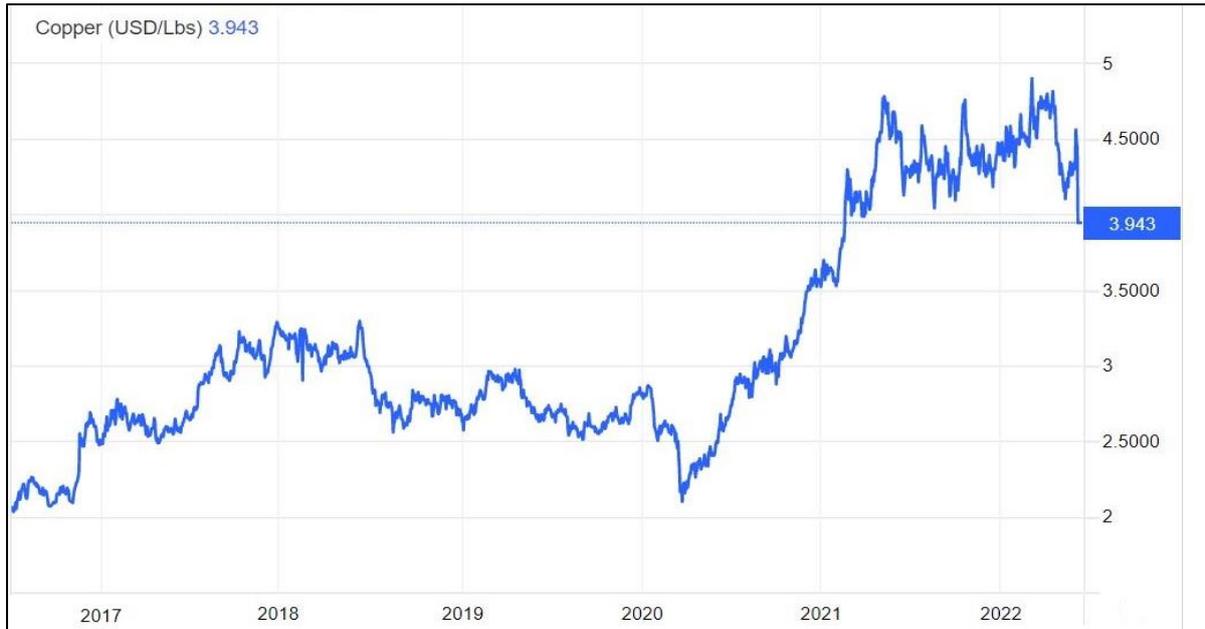
Source: gold.org, June 2022

#### **5.4.1.2 Copper Prices**

Copper is the third most used metal worldwide in terms of volume. Copper has a wide range of applications, as it is malleable, conducts heat and electricity well, and is resistant to corrosion. It is used extensively in electrical products, vehicle components, construction and infrastructure developments. Industry revenue is primarily driven by demand for copper tubes and wire that are commonly used in the building and construction sector.

Copper prices fell sharply following a deterioration in global economic conditions in 2008. The copper price recovered over 2010 and 2011 to reach US\$4.61/lb in 2011. Between 2011 and 2017, the copper price steadily declined before increasing in price in February 2017 as a result of strike action at the world's largest copper mine Escondida in Chile, before declining to March 2020. Copper prices have increased since April 2020 due to reduced production due to Covid and an improved outlook for copper usage in Electric Vehicle (EV) space (Figure 5:2).

**Figure 5:2 Copper Prices – Historical Trend**



Source: *tradingeconomics.com*, June 2022

#### **5.4.2 Valuation based on Comparable Market Transaction Method**

To determine the fair market value for Trek’s existing mineral asset, Mining Insights has reviewed recent market transactions for early-stage exploration assets involving the sale and purchase of tenements considered prospective for base metals and gold without any delineated mineral resource in Australia.

To determine implied value relevant to the valuation date (6 June 2022), Mining Insights has considered only those transactions which occurred within a period of six years of this transaction. Mining Insights has identified 97 transactions involving early-stage exploration projects without any delineated mineral resources in Australia. These market transactions are listed in Table 5:2.

Due to the significant variations in the price over such a short period, it is considered critical to ensure that any transactions that are used in a market or transactional-based valuation are normalised to the current metal price. This allows a more accurate representation of the value of the mineral asset under the current market environment. As such, Mining Insights has opted to normalise implied value based on the spot copper prices (copper being the most traded proxy for various base metals) at the time of the transaction.

In assessing a valuation factor for unit tenement size (square km), Mining Insights analysed these transactions and considered them suitable comparatives for the valuation of these projects. The transactions were analysed in terms of the implied purchase price and the tenement size at the time of the transaction.

The share prices at the time of the announcement of the transactions were considered, where shares formed a part of the consideration and the timing of deferred payments and exploration expenditure commitment, as set out in the initial agreements.

**Table 5:2 Comparable Market Transactions – Early-Stage Tenements considered prospective for Base Metals and Gold without any delineated Mineral Resource km<sup>2</sup>**

Date	Project	Buyer	Vendor	Equity (%)	Value (100%) * A\$'000	Area (km <sup>2</sup> )	Implied Value (A\$/ km <sup>2</sup> )	Normalised Value (A\$/km <sup>2</sup> )
May-22	Mumbakine E52/3531	Capricorn Metals Ltd	Gascoyne Resources Ltd	100	1,250	361	3,463	3,610
May-22	Lake Johnston	Mining Green Metals Ltd	Byrah Resources Ltd	51	2,010	690	5,711	5,955
Apr-22	Old Pirate & Tanami	Stockton Mining Pty Ltd	Prodigy Gold NL	100	4,213	2880	1,463	1,408
Mar-22	Wisemans Creek, Ophir	Orange Minerals Ltd	Godolphin Resources Ltd	30	1,833	403	4,549	4,348
Mar-21	Bryan E52/3739	Star Minerals Ltd	Byrah Resources Ltd	100	400	117.5	3,404	3,276
Mar-21	Harrier	Hammer Metals Ltd	Private seller	100	20	15.4	1,299	1,250
Feb-21	Garden Gully	Sipa Resources Ltd	Miramar Resources Ltd	100	150	207	725	836
Feb-21	E38/3438	Brightstar Resources Ltd	Mining Equities Pty Ltd	100	250	16	15,625	18,035
Feb-21	E57/1108	Alto Metals Ltd	Gateway Mining Ltd	100	50	115	435	502
Jan-21	Barellan	Thomson Resources Ltd	Cape Clear (Lachlan) Pty Ltd & Carpentaria Resources Ltd	100	390	71	5,493	6,737
Jan-21	Kenya	Ragnar Metals Ltd	Jindalee Resources Ltd	100	90	7.7	11,688	14,335
Jan-21	Tambourah	Trek Metals Ltd	Private seller	100	103	106.7	965	1,184
Nov-20	Mt Zephyr & Darlot East	Darlot Mining Company Pty	Ardea Resources	60	2,500	830.5	3,010	4,163
Oct-20	Jillewarra Project	S2 Resources	Black Raven Mining	51	11,760	790	14,886	21,678
Oct-20	Tuckanarra Project	Odyssey Energy	Monument Mining	80	5,000	25	200,000	291,256
Oct-20	Ora Banda South	Carnavale Resources	Western Resources Pty	80	590	25	23,750	34,587
Sep-20	EL38/3302	Tigers Paw	Trigg Mining	100	120	293.9	408	595
Sep-20	Thunderstruck	Carawine Resources	Thunderstruck Investments	90	260	168.1	1,546	2,254
Sep-20	Reedy South Project	White Cliff Minerals	Investor Group	100	850	156	5,449	7,946
Sep-20	Porphyry Project	Pacific American	Salazar	35	2,290	114.8	19,955	29,099
Sep-20	Phantom tenements	Carawine Resources	Phantom Resources	100	230	1004.7	229	334
Jul-20	Meentheena & Coongan	Azure Minerals	Creasy Group	70	2,570	884	2,907	4,461
Jul-20	Gidgee Project	Gateway Mining	Golden Mile Resources	51	1,240	421.6	2,941	4,513
Jul-20	Biranup	New Energy Metals Ltd	VRX Silica Ltd	100	1,250	393	3,181	4,881

Date	Project	Buyer	Vendor	Equity (%)	Value (100%) * A\$'000	Area (km <sup>2</sup> )	Implied Value (A\$/ km <sup>2</sup> )	Normalised Value (A\$/km <sup>2</sup> )
Jul-20	Pincunah and Jimblebar	Trek Metals	Australian Commercial	100	400	265	1,509	2,315
Jul-20	Yarri East	Black Cat Syndicate	Investor Group	100	200	210	952	1,461
Jul-20	Mt Magnet Project	Blaze International	Eastern Goldfields	100	1,250	147	8,503	13,047
Jul-20	Side Well Project	Great Boulder	Zebina	75	1,130	131.7	8,578	13,162
Jun-20	Julimar	DevEx Resources Ltd	Australian Silica Quartz Group Ltd	50	6,000	59	101,695	172,805
Jun-20	Koojan Project	Lachlan Star	Coobaloo Minerals Pty Ltd	50	1,375	600	2,292	3,894
Jun-20	78 tenements	Novo Resources	Creasy Group	100	9,240	2232	4,140	7,035
Jun-20	Challa Project	Platina Resources	Investor Group	100	230	293	785	1,334
Jun-20	Pascalle and Gnama	Scandi Vanadium	Thomas Edward Langley	100	1,320	118	11,186	19,009
Jun-20	Koongulla Project	Boadicea Resources	Undisclosed	95	20	240	83	142
Jun-20	Clinker Hill	Independence Group	Undisclosed	100	9,952	70	142,171	241,584
Apr-20	Jundee South	Avenira	Faurex	100	350	720	486	939
Apr-20	Wells Group	NTM Gold	Kingwest Resources	100	130	426	305	590
Apr-20	Polelle Project	Castle Minerals	Investor Group	100	1,010	144.5	6,990	13,512
Apr-20	Two tenements	Bulletin Resources	Encounter Resources	100	30	198	152	294
Mar-20	Crest tenements	DiscovEx Resources	Crest Investment Group	80	60	310	194	366
Feb-20	Sandstone	Westar Resources Ltd	Rafaella Resources Ltd	100	150	259	579	995
Dec-19	Desdemona South	Genesis Minerals	Kin Mining	60	1,670	156	10,705	17,224
Dec-19	NWA Ni Sulphide	Dreadnought	Gianni Peter	100	1,100	146.4	7,515	12,091
Nov-19	Ebagoola South	Pacific Bauxite Ltd	Aurum Pacific Group	50	567	313	3,626	6,050
Nov-19	Edjudina Project	Syndicated Metals	Gateway Mining	80	310	226.3	1,370	2,286
Nov-19	Forrest	Westgold Resources Ltd	Fe Limited	20	2,000	219	45,662	76,188
Oct-19	Ravenswood	Ballymore Gold Pty Ltd	ActivEX Ltd	51	953	323	5,782	9,820
Oct-19	Macorna Bore	Gold Exploration Victoria Pty	Catalyst Metals Ltd	50	955	237	8,069	13,704
Oct-19	Credo Well	Dampier Gold Ltd	Torian Resources Ltd	25	1,884	17	443,374	753,010
Oct-19	Panther	Beacon Minerals Ltd	Corinthian Mining Pty Ltd	100	125	2	59,524	101,093
Sep-19	Vettersburg	Bardoc Gold Ltd	Private Seller	100	60	2	30,000	50,933

Date	Project	Buyer	Vendor	Equity (%)	Value (100%) * A\$'000	Area (km <sup>2</sup> )	Implied Value (A\$/ km <sup>2</sup> )	Normalised Value (A\$/km <sup>2</sup> )
Jul-19	Perrinvale	Metal Tiger plc	Cobre Pty Ltd	15	3,333	382	58,173	95,739
Jun-19	Wild Horse	Freeport-McMoran	Terramin Australia Ltd	51	4,861	462	20,633	34,298
Jun-19	Horn Island	St Barbara Ltd	Alce Queen Ltd	70	4,953	309	22,906	38,076
Jun-19	Cox's Find	Great Southern Mining	Private Seller	100	927	3	370,909	616,551
May-19	Mount Venn	Woomera Mining Ltd	Cazaly Resources Ltd	80	2,740	390	8,783	14,270
May-19	Ned's Creek	Vango Mining Ltd	Lodestar Minerals Ltd	51	8,628	338	50,070	81,349
May-19	Bardoc	Bardoc Gold Ltd	Torian Resources Ltd	100	150	49	3,061	4,973
Apr-19	Currans Find	Rox Resources Ltd	Murchison Earthmoving Pty	90	333	4	102,881	156,247
Mar-19	Ulysses	Genesis Minerals Ltd	Private Seller	100	45	5	9,184	13,946
Mar-19	Tambina	First Au Ltd	West Wits Mining Ltd	35	762	1	2,176,966	3,305,675
Mar-19	Penny's Find	Orminex Ltd	Empire Resources Ltd	100	200	1	400,000	607,391
Jan-19	Nullarbor	Oz Minerals Ltd	Red Metal Ltd	51	24,307	542	87,936	144,771
Dec-18	Cannon	Southern Gold Ltd	Northern Star Resources Ltd	100	78	1	64,583	103,944
Aug-18	Pilbara	Pacton Gold Inc.	Arrow Minerals Ltd	49	4,147	609	13,897	22,455
Jul-18	Holleton	Ramelius Resources Ltd	Element 25 Ltd	100	1,000	384	2,604	4,074
Jun-18	Lefroy	St Ives Gold Mining Pty Ltd	Lefroy Exploration Ltd	51	16,996	372	89,583	125,757
May-18	South Darlot	Kingwest Resources Ltd	Central Iron Ore Ltd	100	580	289	2,007	2,875
May-18	Mulwarrie	Spitfire Materials Ltd	Goldfield Argonaut Pty Ltd	49	2,184	2	2,475,820	3,546,854
Mar-18	Trojan	Aruma Resources Ltd	Westgold Resources Ltd	100	132	9	15,000	21,082
Mar-18	Nemesis	Pantoro Ltd	Private Seller	80	385	1	344,104	483,632
Feb-18	Queen Lapage	Riversgold Ltd	Alloy Resources Ltd	70	448	322	1,988	2,713
Feb-18	Mount Lucky	Forte Consolidated Ltd	Valleybrook Investments Pty	100	550	1	916,667	1,251,089
Jan-18	Wallbrook	Nexus Minerals Ltd	Saracen Mineral Holdings Ltd	100	142	24	5,825	7,808
Jan-18	Golden Lode	MinTails Ltd	Investor Group	100	600	12	51,282	68,743
Nov-17	Croydon Top Camp	Coziron Resources Ltd	Creasy Group Companies	70	1,829	317	8,241	11,675
Nov-17	Eastman	Peako Ltd	Sandrib Pty Ltd	60	920	221	6,933	9,822
Nov-17	Fieldings Gully	Calidus Resources Ltd	Haoma Mining Ltd	100	2,113	12	171,748	243,316

Date	Project	Buyer	Vendor	Equity (%)	Value (100%) * A\$'000	Area (km <sup>2</sup> )	Implied Value (A\$/ km <sup>2</sup> )	Normalised Value (A\$/km <sup>2</sup> )
Nov-17	Birthday Gift	Barra Resources Ltd	Kidman Resources Ltd	100	121	3	40,333	57,140
Sep-17	Yandal East	Overland Resources Ltd	Zabina Minerals Pty Ltd	75	1,030	327	4,195	6,122
Sep-17	Western Queen	Monax Mining Ltd	Ramelius Resources Ltd	60	2,889	10	491,374	717,092
Sep-17	Red Dog	Matsa Resources Ltd	Private Seller	100	125	1	156,250	228,025
Aug-17	Pilbara	De Grey Mining Ltd	Private Seller	30	3,081	226	45,442	63,676
Jun-17	Dumbleyung	Ausgold Ltd	Chalice Gold Mines Ltd	100	330	461	716	1,147
Jun-17	Mertondale	Kin Mining NL	Kazoo Nominees Pty Ltd	100	8	16	506	810
May-17	Jaurdi	Beacon Minerals Ltd	Flinders Exploration Ltd	100	580	6	101,754	169,813
Mar-17	Obelisk	Sipa Resources Ltd	Ming Gold Ltd	80	3,000	521	7,200	11,652
Jan-17	E57/681 & 1027	Empire Resources Ltd	Evolution Mining Ltd	91	500	68	8,100	12,955
Jan-17	Menzies	Intermin Resources Ltd	Private Seller	30	83	5	55,555	88,852
Dec-16	White Range	Teck Resources Ltd	Queensland Mining Corp	69.82	3,800	585	9,300	16,312
Dec-16	Red Tiger	Oz Minerals Ltd	Red Tiger Resources Ltd	51	4,000	423	18,542	32,523
Dec-16	Not Stated	Syndicated Metals Ltd	Undisclosed Seller	100	25	3	9,615	16,865
Nov-16	Rover	Emmerson Resources Ltd	Adelaide Resources Ltd	51	2,000	286	13,697	22,984
Oct-16	Mainlode East	Primary Gold Ltd	Undisclosed Seller	100	39	1	35,636	70,149
Sep-16	West Musgrave	Chalice Gold Mines Ltd	Traka Resources Ltd	70	10,000	1006	14,200	27,866
Jul-16	Monument	Syndicated Metals Ltd	Monument Exploration Pty	100	250	210	1,190	2,322
Jun-16	Warrego North	Chalice Gold Mines Ltd	Meteoric Resources Ltd	51	400	75	10,397	20,553

\* Any USD currency converted to AUD using the exchange rate on the day of the announcement

\*\*Transaction involving shares issue converted based on the share price on the day of the announcement

Source: TSX & ASX Company Announcements

Table 5:3 presents the statistics relating to the comparable transaction review.

**Table 5:3 Comparable transaction review – descriptive statistics**

Statistical analysis	Normalised deal value (A\$/sq km)
<b>Statistics for All Projects (n = 98)</b>	
Minimum	\$142
Quartile 1	\$3,610
Median	\$13,512
Weighted Mean (weighted by area)	\$18,634
60 <sup>th</sup> Percentile	\$20,424
Quartile 3	\$68,743
Maximum	\$3,546,854

Using the multiples implied by the recent transactions involving early-stage exploration projects in Australia, Mining Insights considers the market would pay within the range shown in Table 5:4 for the Trek's existing Projects.

**Table 5:4 Market-Based Unit Valuation Range in A\$/sq km**

Project	Area (Sq km)	Unit Market Value (\$/sq km)		
		Lower	Preferred	Higher
Pincunah	150	20,500	45,000	69,000
Tambourah	138	20,500	40,000	60,000
Jimblebar	221	18,500	31,000	43,500

These values were selected based on the area-weighted mean, 60<sup>th</sup> percentile, 70<sup>th</sup> percentile and 3<sup>rd</sup> quartile of the comparable transactions. In assessing a valuation factor for unit resource ounces, Mining Insights analysed these transactions and considered them to be suitable comparatives for the valuation of Trek's existing mineral assets. The transactions were analysed in terms of the implied purchase price and the tenement quality at the time of the transaction. Mining Insights also considered the risk profile based on the following key considerations:

- Project location;
- Geology (narrow vein, structure controlled in Greenstone belt);
- Mineral prospectivity and potential grades (good);
- Status of the exploration permit approvals (some pending approvals);
- other micro and macro-economic parameters (including market sentiment) which could affect the project viability and economics.

A summary of Mining Insights' market-based valuation is presented in Table 5:5.

**Table 5:5 Market-Based Valuation – Trek Resources**

Project	Area (Sq km)	Unit Market Value (\$/sq km)			Valuation (\$ 000)		
		Lower	Preferred	Higher	Lower	Preferred	Higher
Pincunah	150	20,500	45,000	69,000	3,075	6,750	10,350
Tambourah	138	20,500	40,000	60,000	2,829	5,520	8,280
Jimblebar	221	18,500	31,000	43,500	4,089	6,851	9,614
Trek Resources Existing Projects (100% Basis)					9,993	19,121	28,244

Applying the Market Comparable method, Mining Insights estimates the implied value for 100% interest in Trek's existing projects resides within the range of \$10.0M to \$28.2M with a preferred value of \$19.1M.

#### 5.4.3 Valuation based on Geoscientific Rating Method

Mining Insights has used the Geoscientific Rating method as the second method to estimate the value of these tenements. The geo-scientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through the use of appropriate Multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the Base Acquisition Cost (BAC) and is critical in that it forms the standard base from which to commence a valuation. It represents the "average cost to identify, apply for and retain a base unit of area of the title". BAC was estimated based on the minimum exploration expenditure commitment. Mining Insights has compared this BAC against the past year's actual expenditure and considers it reasonable.

Multipliers are considered for Off-property aspects, On-property aspects, Anomaly aspects, and Geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement.

A discount of 50% was applied to tenements under the application stage.

In converting its implied technical values to market value, Mining Insights considers that market participants wouldn't apply any premium, as such after considering the market conditions for manganese, a market factor of 1x is applied to derive the Market Value.

The rating criteria used for assessing the modifying factors are provided in Table 5:6.

**Table 5:6 Modified Property Rating Criteria**

Rating	Off-Property Factor	On-Property Factor	Geological Factor	Anomaly Factor
0.1			Unfavourable geological setting	No mineralisation identified – area sterilised
0.5	Unfavourable district/basin	Unfavourable area	Poor geological setting	Extensive previous exploration provided poor results

Rating	Off-Property Factor	On-Property Factor	Geological Factor	Anomaly Factor
0.9			Generally, favourable geological setting, undercover or complexly deformed or metamorphosed	Poor results to date
1.0	No known mineralisation in the district	No known mineralisation on lease	Generally, favourable geological setting	No targets outlined
1.5	Minor workings	Minor workings or mineralised zones exposed		Target identified; initial indications positive
2.0	Several old workings in district	Several old workings or exploration targets identified	Multiple exploration models being applied simultaneously	Significant grade intercepts evident but not linked on a cross or long sections
2.5			Well defined exploration model applied to new areas	
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant mineralised zones exposed in a prospective host rock	
3.5				
4.0	Along strike from a major deposit	Major Mine with significant historical production	Well understood exploration model, with valid targets in a structurally complex area, or undercover	Several economic grades intercept on adjacent sections
5.0	Along strike for a world-class deposit		Well understood exploration model, with valid targets in well-understood stratigraphy	
6.0			Advanced exploration model constrained by known and well-understood mineralisation	
10.0				

Geoscientific ratings and valuation based on a Geoscientific Method for the Trek's tenements are provided in Table 5:7. These Geoscientific ratings have considered the location, prospectivity and level of exploration work completed

**Table 5:7      Trek Mineral Assets Valuation - Geoscientific Method**

Project	Tenement	BAC (\$'000)	Off-Property		On-property		Geology		Anomaly		Tenement Grant Factor	Market Factor	Valuation (\$'000)	
			Low	High	Low	High	Low	High	Low	High			Low	High
Pincunah	E45/4909	30	3	4	2.75	3.5	3.5	4	2.5	3.5	100%	100%	2,166	5,880
	E45/4917	24	3	4	2.5	3	3.5	4	2.5	3.5	100%	100%	1,575	4,032
	E45/4640	50	3	4	2.5	3	3	3.5	2	3	100%	100%	2,250	6,300
	E45/6113	10	3	4	2.5	3	2.5	3	1.5	2.5	50%	100%	141	450
Jimblebar	E52/3605	20	3	4	2	2.5	2.5	3.5	2	3	100%	100%	600	2,100
	E52/3672	34	3	4	3	3.5	3	4	2.5	3	100%	100%	2,295	5,712
	E52/3983	30	3	4	2	2.5	1.5	2	1.5	2	50%	100%	203	600
	E52/4051	10	3	4	2	2.5	1.5	2	1.5	2	50%	100%	68	200
Tambourah	E45/5839	20	2.5	3.5	2	2	2	3	1.5	2.5	100%	100%	300	1050
	E45/5484	20	2.5	3.5	2	3	2	3	1.5	2.5	100%	100%	300	1575
Trek's Existing Projects - Valuation based on Geo-scientific Method												9,896	27,899	

Applying the Geoscientific method, Mining Insights estimates the implied value for 100% interest in Trek Resources' mineral assets resides within the range of \$9.9M to \$27.9M with a preferred value of \$18.9M (being the midpoint between high and low value).

#### 5.4.4 Valuation Summary – Trek Resources Existing Tenements

In forming its opinion of the reasonable value of Trek’s mineral tenements, Mining Insights has taken guidance from the comparable market transactions and Geoscientific Rating methods. In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by these methods, with a preferred value being halfway between the low and high-value range. A summary of the valuation for the tenements (on a 100% basis) is shown in Table 5:8.

**Table 5:8 Valuation – Trek Project (100% Basis)**

Method	Selected Valuation (\$M)		
	Low	Preferred	High
Value - Market Comparable Method	9.99	19.12	28.24
Value - Geoscientific Method	9.90	18.90	27.90
Selected Value - Trek Existing Projects	9.9	19.0	28.1

**Based on Market Comparable and Geoscientific Rating method, the valuation for Trek Resources’ existing projects has been determined to be in the range of \$9.9M to \$28.1M with a preferred value of \$19.0M.**

## 5.5 Valuation of Hendeka Manganese Project

### 5.5.1 Manganese Ore Uses and Prices

Manganese is essentially a bulk commodity with multiple uses including in steel manufacturing and aluminium alloys.

As much as 90% of manganese consumption globally, is in the steel industry. Manganese removes oxygen and sulphur from iron to help convert iron into steel. Standard steel contains about 1% manganese while Hadfield steel for high impact strength and anti-wear uses such as for railway tracks uses up to 13% manganese.

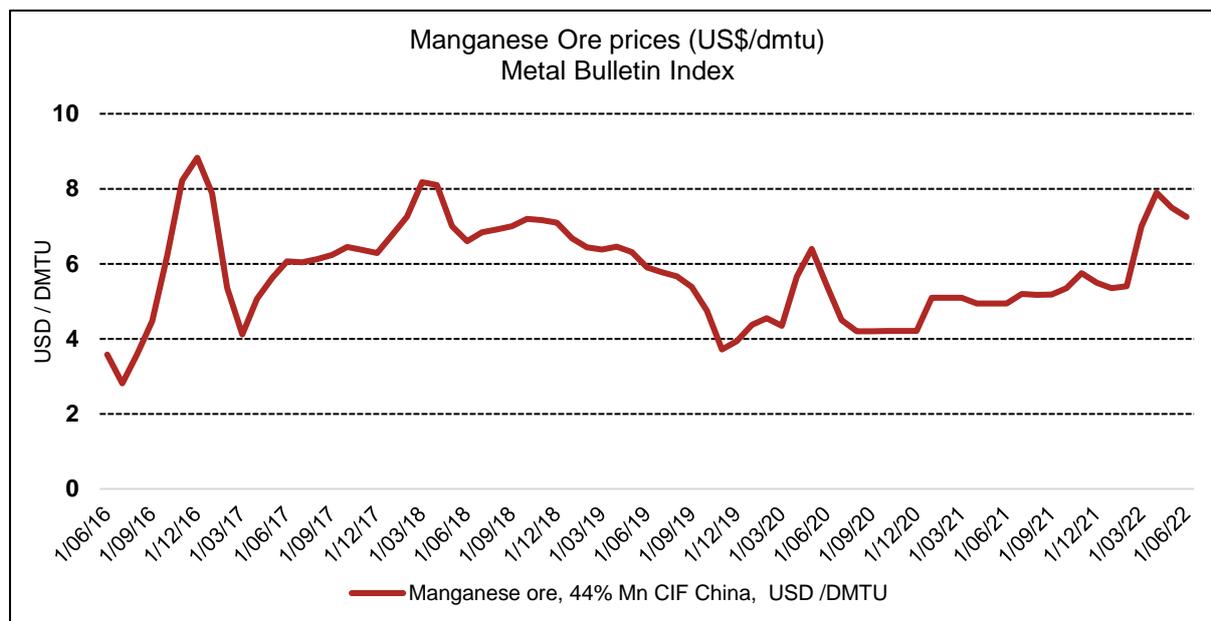
It is also used to make an aluminium alloy. Drinks cans are made of an alloy of aluminium with 1.5% manganese, to improve corrosion resistance.

Other uses included magnetic alloys (with aluminium, antimony and copper), decolourise glass (removal of iron) to fertilisers and ceramics.

The world price of iron ore and steel acts as a proxy for manganese ore prices. Both iron ore and manganese are required to produce steel, therefore, a decrease in the world price of iron ore often correlates with a decrease in the price of manganese ore. Global prices and steel demand greatly affect manganese demand, with the volume of Chinese steel output largely driving the manganese industry's performance.

Manganese prices are quoted per dry metric tonne unit ('dmtu'). The manganese price for the most frequently traded 44% Manganese ore is shown in Figure 5:3.

**Figure 5:3 Manganese Ore Prices – Historical Trend**



Source: Mining Insights, UBS

## **5.5.2 Valuation of Hendeka's Mineral Resource**

### **5.5.2.1 Valuation based on Comparable Market Transactions**

To determine the fair market value for the Mineral Resource at Hendeka Project (E46/787), Mining Insights has reviewed recent market transactions for exploration assets involving the sale and purchase of tenements with delineated Manganese Mineral Resource.

To determine implied value relevant to the valuation date, Mining Insights has considered only those transactions which occurred within six years of the Trek transaction.

Mining Insights has reviewed a series of transactions on projects that are broadly comparable to the Hendeka Project. While there are very few projects that have transacted that would be considered to be comparable, Mining Insights has identified 5 transactions which can be considered relevant in assessing the fair market value of the Project. These market transactions are listed in Table 5:9.

The Ant Hill transaction has been excluded from the analysis as it is considered a corporate transaction not a project transaction as that transaction included significant funding (\$30M) to progress the project to the development stage, it is therefore considered more advanced than the Hendeka Project.

Mining Insights has opted to normalise implied value based on the spot manganese ore prices at the time of the transaction to remove the fluctuations in the manganese prices.

The transactions were analysed in terms of the implied purchase price and the contained manganese mineral resource. In assessing a valuation factor for contained manganese (contained manganese metal content in mineral resource), Mining Insights analysed these transactions and considered them suitable comparatives for the valuation of the Hendeka project.

The share prices at the time of the announcement of the transactions were considered, where shares formed a part of the consideration and the timing of deferred payments and exploration expenditure commitment, as set out in the initial agreements.

**Table 5:9 Comparable Market Transactions: Projects with Manganese Mineral Resource**

Date	Project	Buyer	Seller	Transaction Value (A\$M)	Mineral Resource (Mt)	Resource Grade (Mn %)	Contained Mn (Mt)	% Acquired	Acquired Resource (Mt)	Acquired Contained Mn (Mt)	Implied Value (\$/t Resource)	Implied Value (\$/t Mn)	44% Mn price at transaction date	Normalised Value (\$/t Resource)	Normalised Value (\$/t Mn)
Nov 2016	Matthews Ridge	Bosai Minerals Group	Reunion Gold Corp	13.20	37.67	14.1%	5.31	100%	37.67	5.31	0.35	\$2.49	8.22	\$0.32	\$2.27
June 2017	Seven licences	Giyani Metals Corp	Marcelle Holdings	0.12	1.1	24.0%	0.26	88%	0.97	0.23	0.11	\$0.52	6.00	\$0.14	\$0.65
Oct 2017	Earaheedy - Red Lake	Rumble Resources	Zenith Minerals	0.55	4.00	24.0%	0.96	75%	3.00	0.72	0.14	\$0.76	6.45	\$0.16	\$0.89
Mar 2020	Ant Hill***	Resource Development Group	Mineral Resources	30.00	7.80	20.8%	1.62	100%	7.80	1.62	3.85	\$18.49	4.35	\$6.63	\$31.88
May 2020	Otjozonde	Premier African Minerals	Nera Consulting	0.93*	15	23.0%	3.45	7%	1.05	0.24	0.06	\$3.86	6.00	\$0.08	\$4.83
<b>Weighted Average (Excl. Ant Hill Transaction)</b>														<b>\$0.30</b>	<b>\$2.15</b>
<b>Quartile 1 (Excl. Ant Hill)</b>														<b>\$0.12</b>	<b>\$0.83</b>
<b>Median (Ex Ant Hill)</b>														<b>\$0.15</b>	<b>\$1.60</b>
<b>Quartile 3 (Ex Ant Hill)</b>														<b>\$0.20</b>	<b>\$2.91</b>

\* USD currency converted to AUD using the exchange rate on the day of the announcement

\*\*Value normalised using 44% Mn Ore price on the day of the announcement

\*\*\*Considered Outlier

Data Source: ASX Company Announcements

A summary of the analysis of these transactions is provided in Table 5:10.

**Table 5:10 Analysis of transactions involving manganese mineral resource**

	All transactions	Excluding outliers
Number of transactions	5	4
Minimum (\$/contained Mn tonne)	\$0.65	\$0.65
Maximum (\$/contained Mn tonne)	\$31.88	\$4.83
Median (A\$/Mn t)	\$2.27	<b>\$1.60</b>
Quartile 1 (\$/Mn t)	\$0.89	\$0.83
Quartile 3 (\$/Mn t)	\$4.83	<b>\$2.91</b>
Weighted Mean (\$/Mn t)	\$8.10	<b>\$2.15</b>

From this analysis, Mining Insights exercised professional judgement in selecting a low, high and preferred valuation factor for each Project.

A summary of Mining Insights' market-based valuation is presented in Table 5:11.

**Table 5:11 Market-Based Valuation – Hendeka Mineral Resource**

Tenement	Contained Mn (Mt)	Market Value (\$/Mn t)			Tenement Grant Factor	Valuation (\$M)		
		Lower	Preferred	Higher		Lower	Preferred	Higher
E46/787	1.69	1.70	2.20	2.65	100%	2.87	3.72	4.48
<b>Market-Based Valuation – Hendeka Projects (100%)</b>						<b>2.87</b>	<b>3.72</b>	<b>4.48</b>

Mining Insights considers this to be an appropriate reflection of the overall market appetite for manganese mineral resource after considering the project profile based on location, geology, mineral prospectivity, tenement status and other micro and macro-economic parameters (including market sentiment) which could affect the project viability and economics.

### 5.5.2.2 Valuation based on yardstick method

Table 5:12 details the yardstick multiples that were used to determine the value of the Resources within the Hendeka Project.

**Table 5:12 Yardstick Multiples**

Resource Classification	Lower Yardstick Multiple (% of Spot price)	Upper Yardstick Multiple (% of Spot price)
Measured Resources	2.5%	5%
Indicated Resources	1.5%	3%
Inferred Resources	0.5%	1%

Table 5:13 tabulates the valuation for Hendeka's selected ELs based on the mineral resource estimates.

**Table 5:13 Yardstick Valuation - Hendeka Project**

Tenement	Resource Classification	Contained Mn Metal (Mt)	Lower Yardstick \$/Mn t	Upper Yardstick \$/Mn t	Valuation (\$ million)		
					Low	High	Preferred
E46/787	Inferred	1.69	3.27	6.54	\$5.53	\$11.05	\$8.29
Total					\$5.53	\$11.05	\$8.29

The yardstick valuation range for the Hendeka mineral resource is \$5.5 million to \$11.0 million with a preferred valuation (average of the upper and lower) of \$8.3 million.

This is broadly in line with the comparable transaction valuation range. However, a yardstick valuation is considered by Mining Insights to be a useful guide only for the validation purpose of a possible valuation and should not be used as a primary valuation method.

### 5.5.3 Valuation of Exploration Potential based on Geoscientific Rating Method

In Mining Insights' opinion, the value of the exploration potential within the exploration leases that contains the Mineral Resources has been captured by the Resource Multiple and yardstick valuation methods above however, the surrounding tenements have exploration potential which has been valued by the Geoscientific or Kilburn valuation.

The geo-scientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through the use of appropriate Multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the Base Acquisition Cost (BAC) and is critical in that it forms the standard base from which to commence a valuation. It represents the "average cost to identify, apply for and retain a base unit of area of the title". BAC was estimated based on the minimum exploration expenditure commitment. Mining Insights has compared this BAC against the past year's actual expenditure and considers it reasonable.

Multipliers are considered for Off-property aspects, On-property aspects, Anomaly aspects, and Geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement.

A discount of 50% was applied to tenements under the application stage.

In converting its implied technical values to market value, Mining Insights considers that market participants wouldn't apply any premium, as such after considering the market conditions for manganese, a market factor of 1x is applied to derive the Market Value.

The rating criteria used for assessing the modifying factors are provided previously in Table 5:6.

Geo-scientific ratings and valuation based on a Geo-scientific Method for the Hendeka tenements are provided in Table 5:14. These Geo-scientific ratings have considered the location, prospectivity and level of exploration work completed.

**Table 5:14 Valuation – Geo-scientific Method**

Tenement	BAC (\$'000)	Off-Property		On-property		Geology		Anomaly		Tenement Grant Factor	Market Factor	Valuation (\$'000)	
		Low	High	Low	High	Low	High	Low	High			Low	High
E46/616	20	1.5	2	2	2.5	2	2.5	3	3.5	100%	100%	360	875
E46/787**	20	1.5	2	2	2.5	2	2.5	3.5	4	100%	100%	420	1,000
E46/835	78	1.5	1.75	2	2.5	1.25	1.75	1.25	1.75	100%	100%	366	1,045
E46/1159	30	1	1.25	1.25	1.5	1	1.5	1	1.5	100%	100%	38	127
E46/1160	20	1	1.25	1.25	1.5	1	1.5	1	1.5	100%	100%	25	84
E46/1282	30	1	1.25	1.25	1.5	1	1.5	1	1.5	100%	100%	38	127
E46/1304	20	1	1.25	1.25	1.5	1	1.5	1	1.5	100%	100%	25	84
E46/1387	54	1	1.25	1.25	1.5	1	1.25	1	1.25	50%	100%	34	79
R46/2*	1												
Valuation based on Geo-scientific Method – Hendeka Project tenements excluding E46/787 (100%)												884	2,421

\*The retention licence R46/2 has not been valued as the retention licence tenement area is valued in the exploration licence that is partly covered by the retention licence.

\*\* Valuation of E46/787 is excluded from total value based on the Geoscientific method as it has a defined mineral resource which is valued based on comparable market transactions and the yardstick method.

Applying the Geo-scientific method, Mining Insights estimates the implied value for exploration potential in the Hendeka Project tenements excluding E46/787 resides within the range of \$0.88M to \$2.42M with a preferred value of \$1.65M (being the midpoint between high and low value).

#### 5.5.4 Valuation Summary – Hendeka Project

In forming its opinion of the reasonable value of the Hendeka Project, Mining Insights has taken guidance from the comparable market transactions for the defined mineral resource (with support from the yardstick method as secondary validation) and the Geo-scientific Rating method for the exploration potential.

Based on the rationale outlined previously in this Report, Mining Insights is of the view that the Mineral Resource estimates are most appropriately valued considering a comparable transaction approach, while the exploration potential is most appropriately valued applying a Geoscientific or Kilburn valuation method only as Mining Insights was unable to identify comparable transactions for early-stage exploration tenements considered prospective for manganese.

In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by these methods, with a preferred value being halfway between the low and high-value range. On this basis, in Mining Insights' opinion, as detailed in Table 5:15, the likely market value of the Hendeka Project is between \$3.8 million and \$6.9 million with a preferred valuation of \$5.4 million.

**Table 5:15 Valuation – Hendeka Project**

	Priority	Valuation (A\$M)		
		Lower	Preferred	Higher
<b>Mineral Resource</b>				
Comparable Transactions	Primary	2.87	3.72	4.48
Yardstick Method	Supporting	5.53	8.29	11.05
<b>Exploration Potential</b>				
Kilburn Geoscientific Method	Primary	0.88	1.65	2.42
<b>Hendeka Project (100%)</b>		<b>3.8</b>	<b>5.4</b>	<b>6.9</b>

This valuation range is considered appropriate for the Project at this stage of development, reflecting the uncertainty and eventual extraction of a mineral resource.

#### 5.5.5 Previous Valuations

Hendeka Project (previously called South Woodie Woodie) was valued in the range of \$2.7M to \$4.0M with a preferred value of \$3.3M in December 2021 by Valuation and Resource Management Pty Ltd. Since that valuation, mineral resource estimate has been reassessed and reported using JORC 2012 Code along with a significant increase in manganese prices.

## References

JORC, 2012. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code – 2012 Edition [online], The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia. Available from: [http://www.jorc.org/docs/jorc\\_code2012.pdf](http://www.jorc.org/docs/jorc_code2012.pdf) [Accessed: 25 September 2021].

VALMIN, 2015. Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (VALMIN Code) Available from [http://www.valmin.org/docs/VALMIN\\_Code\\_2015\\_final.pdf](http://www.valmin.org/docs/VALMIN_Code_2015_final.pdf) [Accessed: 25 Sept 2021].

Kilburn, L.C., 1990, Valuation of mineral properties which do not contain exploitable reserve, CIM Bulletin, 83, pp. 90–93.

Trek Metals Ltd, Various ASX announcements, 2016 – 2022.

Bardoc Gold Ltd, Scheme Booklet, February 2022.

## Appendix A – Valuation Approaches and Methods

To ensure compliance with the ASX's listing rules and the Australian Corporations Act, this Report has been prepared in accordance with the VALMIN Code. Under the VALMIN Code, mineral assets are classified according to their maturity. A *mineral asset* includes all property held for the purpose of near-term or eventual mineral extraction, including but not limited to:

- real property
- intellectual-property
- concessions, plant, equipment and associated infrastructure.

Most mineral assets can be classified as outlined in the table below.

**Mineral asset classification**

<b>Project development stage</b>	<b>Criterion</b>
<b>Exploration areas</b>	Mineralisation may or may not have been defined, but where a Mineral Resource has not been identified.
<b>Advanced exploration areas</b>	Considerable exploration has been undertaken and specific targets identified. Sufficient work has been completed on at least one prospect to provide a good geological understanding and encouragement that further work is likely to result in the determination of a Mineral Resource.
<b>Pre-development / Resource</b>	Mineral Resources and/or Ore Reserves have been identified estimated. A positive development decision has not been made. This includes properties where a development decision has been negative and properties are either on care and maintenance or held on retention titles.
<b>Development</b>	Committed to production but not yet commissioned or not initially operating at design levels.
<b>Operating</b>	Mineral properties, in particular mines and processing plants, which have been fully commissioned and are in production.

Source: VALMIN, 2015

Under the VALMIN Code, the *value* is the fair market value of a mineral asset (2015). Fair market value is the amount of money or the cash equivalent that a willing buyer and seller would exchange on the valuation date in an arm's length transaction (VALMIN, 2015). Each party is assumed to have acted knowledgeably and without compulsion. In essence, fair market value is comprised of:

- Underlying or 'technical value' - a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for the market, strategic, or other considerations
- Market component - a premium relating to market, strategic or other considerations, which can be either positive, negative, or zero.

The market value should include all material information to the asset. For projects with extensive technical detail, the valuer determines the materiality of information based on whether its inclusion would result in the valuation reaching a different conclusion.

There is no single method of valuation which is appropriate for all situations. The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the mineral asset, and hence the amount and quality of the information available on the mineral potential of the assets. The table below presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

**Valuation approaches for different types of mineral assets**

Approach	Project development stage			
	Exploration	Resource	Development	Operating
Income	No	Rarely	Yes	Yes
Cost	Yes	Rarely	No	No
Market	Yes	Yes	Yes	Yes

Source: VALMIN Code (2015)

### **Market-based approach**

The market-based approach uses the transaction prices of projects in similar geographical, geopolitical, and geological environments to derive a market value using a process similar to that in the real estate industry. The market-based approach may use the assumption either of joint venture terms or outright acquisitions and can be presented in a range of unitised values including on a dollar per ounce or a tonne of contained metal/mineral; a dollar per square kilometre; or as a percentage of the prevailing commodity price.

In the Mining Insights' opinion, a market-based approach is well suited to establishing a likely value for mineral deposits and exploration projects, as it inherently takes into account all value drivers.

### **Related comparable transactions**

Recent comparable transactions can be relevant to the valuation of projects and concessions. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable unless the transactions involve the specific parties, projects or concessions under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be a substantial change in value with time.

Mining Insights has considered whether any comparable relevant transactions have taken place in recent years which can be used as a basis for estimation of the value of the mining assets assessed herein.

As no two mineral assets are the same, the Expert must be cognizant of the quality of the assets in the comparable transactions, with specific reference to:

- the grade of the resource
- the metallurgical qualities of the resource
- location of the deposit (geopolitical risk associated with the location)
- the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled workforce, equipment, etc.
- likely operating and capital costs

- the amount of pre-strip (for open pits) or development (for underground mines) necessary
- the likely ore to waste ratio (for open pits)
- the size of the concession covering the mineral asset, and
- the overall confidence in the resource.

### **Alternative offers and joint venture terms**

If discussions have been held with other parties and offers have been made on the project concessions under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn interest, provide an indication of value.

### **Rules of thumb or yardsticks**

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios are dollars per tonne of coal in resources, dollars per tonne of coal in reserves, and dollars per tonne of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the coal, the infrastructure to reach markets and the status of the tonnes estimates. Low cost of production tonnes is clearly worth more than high-cost tonnes. Where a project has the substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified.

### **Other Expert Valuations**

Where other independent experts or analysts have made recent valuations of the same or comparable properties, these opinions clearly need to be reviewed and to be taken into consideration.

### **Cost-based Approaches**

#### **Appraised Valuation or Multiple of exploration expenditure method (MEE)**

Past expenditure or the amount spent on exploration of a concession is commonly used as a guide in determining the value of exploration concessions, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well-directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectively enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement.

To eliminate some of the subjectivity with respect to this method, Mining Insights applies a scale of PEM ranges as follows to the exploration expenditure:

#### **Prospectively enhancement multipliers**

<b>PEM Range</b>	<b>Criteria</b>
0.2 - 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation defined
0.5 - 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping

PEM Range	Criteria
1.0 - 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 - 1.5	Exploration has considerably enhanced the prospectivity (geological mapping, geochemical or geophysical activities)
1.5 - 2.0	Scout drilling (RAB, Aircore, RC) has identified economic drill intersections of mineralisation
2.0 – 2.5	Detailed drilling has defined prospects with a potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at Inferred JORC category
3.0 – 4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0 – 5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

*Source: Mining Insights*

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

### **Geo-Scientific rating (or Kilburn method)**

Geo-Scientific rating (or Kilburn method), is used to value early-stage exploration assets. This method is an attempt by the valuation expert to quantify the various technical aspects of a property through the use of multipliers which are applied to a base or intrinsic value (Goulevitch J & Eupene G S, 1994 and Kilburn,1990). This intrinsic value is known as the base holding cost (BHC) which represents "the average cost to identify, apply for and retain a base unit of area of tenement title".

To derive a value for each property, the valuation expert considers four key attributes which either enhance or downgrade the BHC of each property. The technical factors considered are:

- the Off-property factor – nearby properties containing physical indications of favourable mining conditions such as old workings and/or mines;
- the On-property factor – the property being assessed hosts favourable mining indications such as historic workings or mines. Importantly any mineralisation capable of supporting a Mineral Resource estimate, compliant according to the guidelines of the JORC Code, will be assessed using other valuation methods;
- the Anomaly factor – assesses the degree of exploration completed over the property and the number of resultant mineralised targets identified, and
- the Geological factor – assesses the area covered by and degree of exposure of favourable rock types and/or structures (if this is related to the mineralisation style being assessed) within the property.

These attributes are given incremental, fractional or integer ratings to arrive at a series of multiplier factors. These multipliers are then applied sequentially to the BHC to estimate the Technical Value of each mineral property. This is adjusted for local market conditions to determine the Fair Market Value of the Project as at the effective valuation date. The strength of the geo-scientific method is that it makes an attempt to implement a systematic system. Whilst it does require a subjective assessment of the various multipliers, it also demands a degree of detached rigour to account for the key factors that can be reasonably considered to impact on the exploration potential of a

property. Mining Insights' multipliers or ratings and the criteria for rating selection are summarised in the table below.

### Geo-Scientific Rating Criteria

Rating	Off property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1			No anomaly identified	Unfavourable geological setting
0.5	Unfavourable district/basin	Unknown area	Extensive previous exploration provided poor results	Poor geological setting/ extensive cover
0.9			Poor results to date	Generally, favourable geological setting, undercover or complexly deformed
1	No known mineralisation in the district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified, initial indications positive	
2	Several old workings in district	Several old workings or exploration targets identified	Several well-defined targets supported by limited drill data	Multiple exploration models being applied simultaneously
2.5			Several well-defined targets with encouraging drill results	Well defined exploration model applied to new areas
3	Mine or abundant workings with significant previous production	Mine or abundant workings with the previous production	Significant grade intercepts evident but not linked on the cross or long section	Significant mineralised zones exposed in prospective host rocks
3.5				
4	Along strike from a major deposit	Major mine with significant historical production	Several sub-economic grades intercept on adjacent sections	Well understood exploration model, with valid targets in the structurally complex area, or undercover
5	Along strike of the world-class deposit		Marginal economic targets of significant size	Well understood exploration model, with valid targets in well-understood stratigraphy
6		Several significant ore grade correlate-able intersections	Advanced exploration model constrained by known and well-understood mineralisation	
10		World-class mine		

(modified by Mining Insights)

## Need assistance?

 **Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)

TKM

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Trek Metals Limited Annual General Meeting

The Trek Metals Limited Annual General Meeting will be held on Thursday, 20 October 2022 at 12:30pm (AWST). The Notice of Meeting and Explanatory memorandum can be downloaded from the company's website at [www.trekmetals.com.au](http://www.trekmetals.com.au) and on Trek's announcement platform at [www.asx.com.au](http://www.asx.com.au). The Company strongly encourages Shareholders to lodge a directed proxy form prior to the meeting appointing the Chair as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice.

You are encouraged to participate in the meeting using the following options:



### MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit [www.investorvote.com.au](http://www.investorvote.com.au) and use the below information:



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

For your proxy appointment to be effective it must be received by 12:30pm (AWST) Tuesday, 18 October 2022.



### ATTENDING THE MEETING IN PERSON

The meeting will be held at:  
Hall Chadwick, 283 Rokeby Road, Subiaco, WA 6008

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

TKM

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



## Need assistance?

 **Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)

 **Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12:30pm (AWST) on Tuesday, 18 October 2022.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Trek Metals Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Trek Metals Limited to be held at Hall Chadwick, 283 Rokeby Road, Subiaco, WA 6008 on Thursday, 20 October 2022 at 12:30pm (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 9 and 10 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 9 and 10 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 9 and 10 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Acquisition of substantial asset from Mr John Young, a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Increase of authorised Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval of Listing Rule 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director - Ms Valerie Hodgins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Renewal of Incentive Performance Rights and Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Director - Mr Tony Leibowitz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Increase of Non-Executive Directors' Fee pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Acquisition of substantial asset from Mr Tony Leibowitz, a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6	Acquisition of substantial asset from Mr Neil Biddle, a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

