

ASX ANNOUNCEMENT

4 September 2019

Kroussou Project Earn-In, Board Changes and Project Updates

Kroussou Project Earn-In Agreement

Trek Metals Limited (“Trek” or the “Company”) is pleased to advise that the Company has entered into an Earn-in Agreement (**EIA**) with Apollo Minerals Limited (**Apollo Minerals, ASX: AON**) for Apollo Minerals to earn-in an interest of up to 80% in the Kroussou zinc-lead project (**Kroussou Project or Project**) in western Gabon.

Trek, through a wholly own subsidiary, entered into a Sale Agreement and Royalty Deed with Battery Minerals Limited on 27 April 2018 in which Trek acquired 100% of the Kroussou Project from Trek JV partner, Battery Minerals Limited (ASX:BAT) (**Battery Minerals Arrangements**).

Since acquiring an interest in the Kroussou Project, Trek has validated significant, large scale, near surface zinc-lead potential.

However, given the location and size of the Kroussou Project, Trek determined that the introduction of an earn-in partner was the optimal way to continue to fund the exploration required in order to assess the potential and prospect for future development of the Kroussou Project.

The EIA provides Trek with flexibility as to whether it maintains a direct interest or converts its residual interest to a royalty. Trek will not incur any further expenditure in relation to the Kroussou Project until Apollo Minerals completes its earn-in obligations when a separate decision will be made by Trek as to whether it participates to maintain a 20% interest, dilutes its interest or converts its interest into a 1% net smelter royalty.

The key terms of the EIA with Apollo Minerals are described below as well as contained in the announcement released by Apollo Minerals.

Details of the termination of the Battery Minerals Arrangements are described below also.

Corporate Changes

As a result of the Trek / Apollo Minerals EIA for the Kroussou Project, the Company will undertake a number of changes to its Board and management to ensure it is well placed to source and execute on future resource project opportunities.

Management and Board

- Managing Director Mr Brad Drabsch and Non-Executive Director Ms Sonja Neame have resigned from the Board effective 2 September 2019; and
- The Company is pleased to announce the appointment of Mr John Young as a Non-Executive Director effective 2 September 2019.

Mr Drabsch was responsible for securing the Kroussou Project for Trek and validating its large scale, near surface zinc-lead potential. The Company thanks both Mr Drabsch and Ms Neame for their respective contributions and wishes them well for the future.

At this stage it is not proposed to appoint a replacement Managing Director.

The Company is very excited to welcome Mr John Young to the Board. *“John will be highly active in helping the Company identify and secure new resources opportunities. His success and relationships in the resources space, most notably recently as a founding director of Pilbara Minerals Limited (ASX: PLS) and a director of Bardoc Gold Limited (ASX: BDC) makes his appointment incredibly valuable for Trek”*, Chairman Greg Bittar commented.

Mr Young is a highly experienced geologist who has worked on exploration and production projects encompassing gold, uranium and specialty metals, including tungsten, molybdenum, tantalum and lithium. Mr Young’s corporate experience includes appointments as CEO of Marenica Energy Limited and CEO and Director of Thor Mining PLC. Mr Young was Exploration Manager at Pilbara Minerals Limited from June 2014 until August 2015, appointed Technical Director in September 2015 and transitioned to Non-Executive Director in July 2017 until his resignation in April 2018.

Mr Young has been a director of Bardoc Gold Limited (formerly Spitfire Materials Limited) since June 2017. During this time, in his tenure as Managing Director he co-ordinated the merger with former small-scale north Kalgoorlie producer Excelsior Gold Limited and stalled developer Aphrodite Gold Limited to bring together a large, high-quality gold resource inventory in the Kalgoorlie district (the Bardoc Gold Project). He remains on the Bardoc Gold Limited board as a Non-Executive Director.

15 million options with an exercise price of \$0.007 each (30 September 2023 expiry) have been issued to Mr Young as a condition of appointment.

The Company and Mr Young will enter into a Consulting Arrangement for \$10,000 per month (termination by either party with 3 months notice) for Mr Young to provide the Company with a range of services including assistance in identifying and assessing project opportunities, company promotion and corporate activities.

As for Mr Young, the Company proposes issuing 15,000,000 options with an exercise price of \$0.007 each (30 September 2023 expiry) to each Gregory Bittar and Michael Bowen. The options to

be issued to Mr Bittar and Mr Bowen will be subject to shareholder approval and will be issued pursuant to the Employee Share Option Plan approved by shareholders on 30 December 2016.

Lawn Hill Project Update

Trek owns 100% of TM Resources Pty Ltd which holds two exploration tenement applications in the Northern Territory, known as the Lawn Hill Project.

The tenements contain highly prospective geology with the potential to host large scale sediment hosted zinc-lead deposits similar in style to the world class Century deposit (> 150Mt @ 8.2% Zn + 1.2 % Pb + 33g/t Ag) with anomalies along strike and in the same corridor that hosts the Walford Creek (Copper-Cobalt) Project (owned by Aeon Metals Limited, ASX: AML).

The Company continues to pursue a meeting with the Traditional Owners of the region to negotiate the grant of the tenements. A meeting is tentatively scheduled for late October 2019.

Edjudina Gold Project

In April 2019, the Company announced it had entered into an option to acquire a gold project in the Laverton district of Western Australia. The option required, among other things, a minimum of \$100,000 of exploration expenditure to be undertaken by Trek and the option to be exercised within 6 months.

The Company no longer intends to undertake this expenditure and will not proceed with the acquisition.

Kroussou Project Earn-In Agreement Description and Key Terms

Apollo Minerals will earn an interest of up to 80% interest in the Kroussou Project through an Earn-in Agreement (**EIA**) between Gemini Resources (Kroussou) Limited (**Gemini**), a wholly owned subsidiary of Apollo Minerals, and Trek Metals Limited (**Trek**) and its relevant subsidiaries, including Select Exploration (Europe) SARL (**SEE**, which is 100% owned by Trek), Select Exploration Limited (**SEL**, which is 100% owned by SEE) and Select Explorations (Gabon) SA, (**SEG**, which is 100% owned by SEL).

Key terms of the EIA provide:

1. Apollo Minerals, via its subsidiary Gemini, will earn its interest in the Kroussou Project by:
 - a) Spending A\$2,000,000 on the Project within three years of the Commencement Date to earn a 70% interest (**First Earn-in Milestone**);

- b) Spending a further A\$2,000,000 on the Project within five years of the Commencement Date to earn a further 10% interest, taking the total interest to 80% (**Second Earn-in Milestone**);
- 2. Post the Second Earn-in Milestone:
 - a) each party is required to contribute on a pro rata basis to maintain their respective interests in the Project; and
 - b) if a party does not contribute, its interest will be diluted. If a party dilutes down below 10%, then its interest in the Project automatically converts into a 1% NSR;
- 3. Apollo Minerals may withdraw from the earn-in once it has spent a minimum of A\$250,000 in the first 12 months of Commencement Date and thereafter any time prior to meeting the First Earn-in Milestone;
- 4. Commencement Date of the earn-in is the date all Conditions Precedent are met or waived by Gemini;
- 5. From Commencement Date, Apollo Minerals will be Manager of the Project, and will determine the exploration programmes and other activities to advance the Project;
- 6. A first right of refusal over the other party's interest in the Project;
- 7. Upon making a decision to mine (**DTM**) in accordance with the EIA:
 - a) Apollo Minerals may exercise a call option over Trek's interest in the Project;
 - b) Trek may exercise a put option over its interest in the Project;
 - c) Apollo Minerals must pay US\$500,000 to Battery Minerals to satisfy Trek's obligation for its DTM payment to Battery Minerals.

The Agreement is dated 2 September 2019. Completion of the acquisition of the Project must occur within three months of signing the EIA ("**End Date**") and is subject to the following conditions precedent:

- 1. Required approvals for the indirect change in control in the Project;
- 2. Government of Gabon issuing a Mining (Exploration) Convention;
- 3. No material adverse event; and
- 4. No material breach of the EIA.

There are normal commercial warranties associated with the earn-in.

Apollo Minerals will also fund costs up to a maximum of A\$100,000 during the interim period, pending the necessary Conditions Precedent being satisfied or waived. Up to A\$50,000 is repayable by Trek in the event that the earn-in does not proceed.

Apollo Minerals, via its subsidiary Gemini, will earn its interest in the Project by being issued share in SEL. Accordingly, upon Gemini meeting its earn-in expenditure requirements under the EIA, Apollo Minerals, via Gemini, will hold an 80% interest in SEL, and SEE (Trek's subsidiary) will hold a 20% interest in SEL. SEL will hold 100% of SEG, which owns the Project.

Within 120 days of Apollo Minerals meeting the first earn-in milestone, the parties must enter into a Shareholders Agreement.

Battery Minerals Arrangements

Subject to the EIA becoming effective, Trek and Battery Minerals have mutually agreed to terminate the Royalty Deed and certain terms of the Sale Agreement entered into on 27 April 2018.

The effect of this is that Trek's royalty obligations (2.5% net smelter return royalty), Trek's obligation to pay the Deferred Consideration (payable upon a JORC-compliant Indicated Mineral Resource Estimate), and other rights and obligations have been terminated and replaced with the following future payments to Battery in certain circumstances:

- US\$500,000 payable upon a DTM being made by the Earn-In Parties (payable by Apollo Minerals); and
- 10% of the Net Project Profits received by Trek each year up to a maximum of US\$2,500,000.

In the event that Trek's interest in the Kroussou Project is converted to a royalty, Trek agrees to pay Battery 50% of the royalty received per annum up to a total of US\$3,750,000; and

In the event that Trek disposes its interest in the Kroussou Project, Trek agrees to pay Battery 10% of the net sale proceeds.

Gregory Bittar

CHAIRMAN

REGISTERED OFFICES

Australia

Suite 5/56 Kings Park Rd
WEST PERTH WA 6005

Bermuda

Trinity Hall
43 Cedar Avenue
HAMILTON HM12

Postal Address

P.O. Box 1796
WEST PERTH WA 6872