



# Trek Acquires 100% of the highly prospective Kroussou Zinc – Lead Project in Gabon

*Both Zinc and Lead prices are continuing their upward trend towards record price levels*

## ASX ANNOUNCEMENT

11 January 2018

ASX: TKM

ARBN: 124 462 826

### Board of Directors

Mr Greg Bittar  
*Non-Executive Chairman*

Mr Bradley Drabsch  
*Managing Director*

Ms Sonja Neame  
*Non-Executive Director*

Mr Michael Bowen  
*Non-Executive Director*

### Issued Capital

Shares – 312.3 M  
Options – 114.9M  
Share Price – A\$0.037  
Market Cap. – A\$11.56M

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## HIGHLIGHTS

- Trek has signed a binding term sheet to acquire 100% of the Kroussou Project from Battery Minerals Limited (ASX:BAT)
- Consideration of US\$400,000 in a mix of cash and securities
- Deferred consideration of shares and options subject to the definition of an Indicated Resource at Kroussou
- BAT to retain a 2.5% NSR subject to a 1% buyback option by TKM
- Exploration at Kroussou continues with drilling anticipated during Q2 of this year

Trek Metals Limited (ASX:TKM) is delighted to advise that a binding term sheet (**Term Sheet**) has been signed to acquire 100% of the Kroussou Zinc-Lead Project in Gabon from Battery Minerals Limited (ASX:BAT, BAT).

Trek will pay Battery Minerals Limited US\$400,000 in a mix of cash and securities plus a deferred consideration of shares and options, totalling US\$2.5 million subject to a mineral resource of 250,000 tonnes of combined zinc-lead metal being estimated on the Kroussou Project. Trek will also grant BAT a 2.5% NSR on the project which is subject to a 1% buyback by TKM with the payment of US\$1.5million in cash. Full details of the transaction appear in the sections below.

Trek Managing Director Bradley Drabsch commented that *“The Kroussou Zinc-Lead Project presents a truly magnificent opportunity for Trek to grow substantially with the potential for the discovery of a very significant zinc-lead orebody in Gabon. The price of zinc is continuing to appreciate to near record levels and we are poised to take full advantage at this time”*.

Battery Minerals Executive Chairman David Flanagan said *“With Trek already in the process of earning 70% of the Kroussou Project and Battery Minerals focusing on developing its two high grade, low cost graphite projects in Mozambique, this is a perfect time the Kroussou Project to be 100% owned by one ASX listed company. At the same time, Battery Minerals will retain significant upside to the Kroussou Project through the mineral resource estimate based deferred consideration and NSR.”*

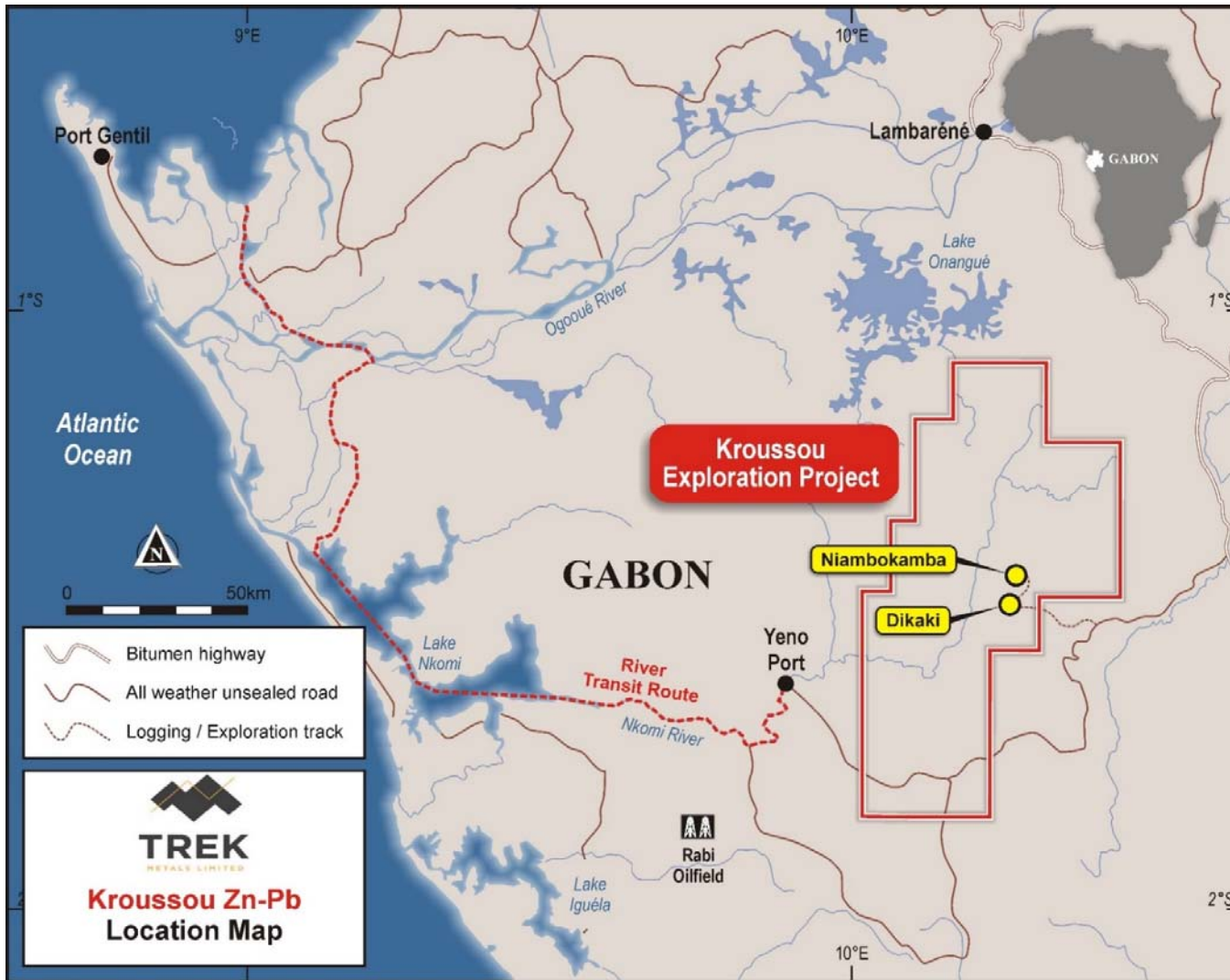


Figure 1: Kroussou Project Location Plan showing Key Infrastructure

## Deal Terms

Key points of the Term Sheet include:

- TKM (or its nominee) will acquire 100% of the issued capital of BAT subsidiary, Select Exploration Limited (Select Exploration), which holds a 100% interest in the Kroussou Project.
- The consideration for the acquisition of the Kroussou Project is:
  - a cash payment of US\$200,000 to BAT; and
  - the issue of US\$200,000 of TKM shares based on a 5-day VWAP prior to the date of issue and subject to a minimum floor price of \$0.025 (Consideration Shares) and one free attaching option (term of 3 years, \$0.10 exercise price) for every two Consideration Shares issued.
- The Consideration Shares will be subject to a 12 month voluntary escrow period.
- Deferred consideration upon an Indicated Resource (as defined in JORC 2012) of more than 250,000 tonnes of combined Zn/Pb metal being declared in relation to the Kroussou Project and subject to shareholder approval, of US\$2,500,000 of TKM shares based on a 5-day VWAP prior to the date of issue and subject to a minimum floor price of \$0.025 (Deferred Consideration Shares) and one free attaching option (term of 3 years, exercise price of 150% of the 5-day VWAP prior to the date of issue) for every two Deferred Consideration Shares issued (Deferred Consideration Options) (together, the Deferred Consideration).
- TKM will grant BAT a 2.5% net smelter royalty on gross sales revenue (NSR) with TKM having an option to buy back 1% of the NSR for US\$1,500,000.
- An existing 0.75% net smelter royalty payable in relation to the Kroussou Project to a third party (Existing Royalty) which can be bought back for US\$250,000, will be novated from BAT to TKM as part of the acquisition.
- If TKM abandons the Kroussou Project, BAT has the option to acquire the project for fair value. If TKM sells the Kroussou Project, the third party purchaser must undertake to provide BAT with an equivalent Deferred Consideration or TKM may agree to pay BAT the Deferred Consideration.
- Conditions precedent to completion of the acquisition include a satisfactory 30 day due diligence period for TKM, novation of the Existing Royalty from BAT to TKM and other conditions precedent which are considered standard for a transaction of this nature including no material adverse change to BAT or TKM, representations and warranties of BAT being true and correct and BAT complying with its obligations under the Term Sheet. TKM may terminate the Term Sheet if any conditions precedent are not satisfied or waived by 31 March 2018 and BAT may terminate if a material adverse change occurs in relation to TKM.
- The Term Sheet also contains representations and warranties from the parties that are considered standard for this type of transaction.

A formal share sale agreement and royalty deed in respect of the Term Sheet is expected to be executed by the parties by the end of Q1 2018.

This Term Sheet replaces the farm in arrangements with BAT previously announced to the market.

#### COMPETENT PERSONS STATEMENT

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