



## **Trigon Metals Files NI 43-101 Technical Report in Support of the Kombat Open Pits Feasibility Study Results and Mineral Reserves, and Updates PEA Results on the Kombat Underground Mines and Gross Otavi**

### **HIGHLIGHTS**

- NI 43-101 Mineral Resource estimate for the Kombat Mine, comprising both the surface accessible (targeted open pit) and underground, of 1.529 million tonnes of Indicated Mineral Resources at a grade of 1.14% copper, 0.72% lead and 2.88 g/t silver and 5.511 million tonnes of Inferred Mineral Resources (open pit and underground) at a grade of 3.05% copper, 1.25% lead and 22.93 g/t silver.
- Positive Feasibility Study completed on the Kombat open pits, representing phase 1 of the Company's life of mine operation to facilitate early cash flow generation.
- Start-up capital cost for the Kombat targeted open pits of US\$6.4 million, includes US\$4.7 million for plant refurbishment.
- Further optimized PEA completed on the Kombat underground mines and Gross Otavi.

TORONTO, July 20, 2018 -- Trigon Metals Inc. (TSX-V:TM) ("Trigon" or the "Company") is pleased to announce the filing of its updated National Instrument 43-101 technical report (the "technical report") on the Company's Kombat operations located in northern Namibia ("Kombat" or the "Kombat Mine"). This follows the Company's press release issued on June 5, 2018 announcing the results of a feasibility study and reserve estimate on the surface mining areas of the Kombat Mine (the "Feasibility Study").

The proposed surface mining operations in the Kombat East and Kombat Central areas (the "Kombat open pits") represent the first phase of the Company's life of mine ("LoM") strategy on which the Feasibility Study was undertaken. The details of the Feasibility Study are presented in the technical report.

Future phases of the Company's strategy include the recommencement of the various historic underground mines at Kombat, starting with the Asis Far West underground mine ("AFW"), followed by surface mining at Gross Otavi, and ultimately back into the Asis West underground mine ("AW") to mine the gap area and explore the resource at depth. The preliminary economic assessment ("PEA") presented in the technical report updates and supersedes the preliminary economic assessment previously presented on the Kombat operations. The updated PEA excludes the Kombat open pits which are presented separately in the Feasibility Study, and is further optimized, as summarized in Item 24 of the technical report.

Stephan Theron, President and CEO of Trigon, commented: "The publication of the updated technical report provides additional information to the market on the Kombat Mine, and we continue to seek the market's support to achieve our target of bringing Kombat back into production over the next few months to start generating positive cash flows. Trigon's board and management are extremely pleased with the progress made over the past few months and we are excited to see the project implementation advancing as planned. The study further underlines the excellent potential of the Kombat project and the ability to generate strong profits at higher copper prices."

### **Mineral Resources and Reserves**

The Company confirms its Mineral Resource estimate for the Kombat Mine, comprising both the surface accessible (targeted open pit) and underground, of 1.529 million tonnes of Indicated Mineral Resources at a grade of 1.14% copper, 0.72% lead and 2.88 g/t silver and 5.511 million tonnes of Inferred Mineral Resources (open pit and underground) at a grade of 3.05% copper, 1.25% lead and 22.93 g/t silver (collectively, the "Mineral Resource Estimate").

The Company also reports a probable Mineral Reserve estimate for the Kombat East and Kombat Central areas of 0.77 million tonnes at a grade of 1.30% copper, 0.47% lead and 4.33 g/t silver.

The Feasibility Study analysis is based on the Indicated Mineral Resource Estimates for the Kombat East and Kombat Central areas and the PEA is based on the Inferred Mineral Resource Estimates for AFW, AW (collectively, the "Kombat underground mines") and Gross Otavi.

The Mineral Resource and Reserve Estimates have been prepared and classified by Minxcon (Pty) Ltd ("Minxcon") in accordance with the reporting guidelines as required by the Canadian Securities Administrators.

### **Feasibility Study**

As announced on June 5, 2018, the Kombat open pits have a net present value ("NPV") of US\$4.6 million, at a real discount rate of 7.6%, which represents a payback period of 1.6 years and an attractive IRR of 103.4%.

The table below summarizes the economic results of the Feasibility Study.

		Low Case	Base Case	High Case
Copper Price *	US\$/lb	2.99	3.10	3.28
Silver Price	US\$/oz	18	18	18
Revenue (LoM)	US\$ million	56.7	58.7	62.2
Free Cash Flows (LoM)	US\$ million	4.4	5.7	7.7
NPV 7.6% **	US\$ million	3.5	4.6	6.5
IRR **	%	75.0%	103.4%	158.9%
Payback **	Years	1.8	1.6	1.5

\*Low case and high case prices are based on the 25<sup>th</sup> and 75<sup>th</sup> percentile consensus copper price over the LoM, as per various bank and analyst forecasts in real terms.

\*\*NPV, IRR and payback are reported after-tax.

## PEA

The Company has further optimized the PEA which supersedes the previous preliminary economic assessment published in the technical report entitled "NI 43-101 Technical Report on the Kombat Copper Project, Namibia", dated March 22, 2018. The updated PEA, as summarized in the technical report, focuses on the Kombat underground mines and Gross Otavi, and excludes the Kombat open pits. The results of the PEA do not impact on the results of the Feasibility Study.

The Kombat underground mines and Gross Otavi are projected to have a combined estimated NPV of US\$83.6 million at a real discount rate of 10%, a payback period of 2.5 years from start of PEA production and an attractive internal rate of return of 63.9%.

A summary of the key components of the PEA is set out below.

### Production and processing

The Kombat underground mines and Gross Otavi have a potential LoM of 5 years mining a total of 3,003 kt. The average copper grade of the underground mines is 3.68% copper and for Gross Otavi, 1.19% copper, for an overall average copper grade of 3.29%. The average lead grade of Gross Otavi is 3.43% lead. The average overall silver grade is 27 g/t.

Gross Otavi is anticipated to produce a lead concentrate as its primary product.

Item	Unit	PEA
Total Ore Tonnes Mined	Kt	3,003
Ore Tonnes from Underground Mines	Kt	2,535
Ore Tonnes from Gross Otavi	Kt	468
Average Cu Grade Mined	%	3.29%
Average Pb Grade Mined (Gross Otavi)	%	3.43%
Average Ag Grade Mined	g/t	27.00
Total Cu Concentrate Dry Tonnes	kt	261.7
Total Pb Concentrate Dry Tonnes	kt	28.6
Total Cu Metal Recovered	Kt	91.2
Total Pb Metal Recovered (Gross Otavi)	Kt	14.5
Total Ag Metal Recovered	Koz	2,300
LoM	Years	5

### Capital expenditure

The total start-up capital required for the Kombat underground mines and Gross Otavi is estimated at US\$33.3 million for AFW, US\$20.4 million for AW and US\$0.8 million for Gross Otavi (excluding contingencies and stay in business capital). In addition, capital of US\$9.4 million (excluding contingencies and stay in business capital) is estimated to be required for expansion of the plant, infrastructure and tailings storage facility.

Total direct capital expenditure over the LoM of the Kombat underground mines and Gross Otavi is estimated at US\$63.9 million (excluding contingencies and stay in business capital) with the peak capital expenditure during year 2021, and a peak funding requirement on a cumulative expenditure basis of an estimated USD\$59 million during 2021. Peak funding is partially offset by projected revenue from copper sales in 2021.

### Revenue and operating costs and commodity prices

The Kombat underground mines and Gross Otavi are forecast to generate revenue of US\$624 million over their LoM, based on the following commodity price forecasts (in real terms) as used in the PEA.

Item	Unit	2019	2020	2021	2022	2023	Long-term
Silver	USD/oz.	17.6	17.9	18.1	18.3	18.2	19.0
Copper	USD/tonne	6,758	6,682	6,740	6,688	6,595	6,551
Copper	USD/lb	3.07	3.03	3.06	3.03	2.99	2.97
Lead	USD/tonne	2,410	2,231	2,115	2,050	1,990	1,966
Lead	USD/lb	1.09	1.01	0.96	0.93	0.90	0.89

Direct cash costs (C1) for the Kombat underground mines and Gross Otavi consist of mining and plant operating costs, concentrate transport costs, treatment costs and refining costs. Other cash costs (C3) include corporate overheads and the Namibian revenue royalty of 3%. The Kombat underground mines and Gross Otavi have an estimated all-in sustainable cost of US\$1.83/copper equivalent pound ("CuEq lb").

The turnover, cost and earnings numbers are displayed in the table below per recovered copper equivalent pound.

Item	Unit	PEA
<b>Copper Equivalent Tonnes</b>	<b>Tonnes</b>	<b>93,719</b>
<b>Net Turnover</b>	<b>US\$/CuEq lb</b>	<b>3.02</b>
Mine Cost	US\$/CuEq lb	0.74
Plant Costs	US\$/CuEq lb	0.18
Other Costs	US\$/CuEq lb	0.43
<b>Direct Cash Costs (C1)</b>	<b>US\$/CuEq lb</b>	<b>1.36</b>
Capex	US\$/CuEq lb	0.34
<b>Production Costs (C2)</b>	<b>US\$/CuEq lb</b>	<b>1.70</b>
Royalties	US\$/CuEq lb	0.09
Corporate Overheads	US\$/CuEq lb	0.04
<b>All-in Sustainable Costs (C3)</b>	<b>US\$/CuEq lb</b>	<b>1.83</b>

Readers are cautioned that the PEA on the Kombat underground mines and Gross Otavi is separate and apart from the Feasibility Study conducted on the Phase 1 Kombat open pits. PEAs have a significantly lower level of certainty than feasibility studies. The PEA is preliminary in nature, and includes inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the results of the PEA will be realized.

The technical report entitled "NI 43-101 Technical Report on the Kombat Copper Project, Namibia", dated July 20, 2018 with an effective date of April 30, 2018, was prepared for Trigon by Mr. D van Heerden (B Eng (Min.), MCom (Bus. Admin.), MMC, Pr.Eng. No. 20050318, FSAIMM, AMMSA), Mr. U Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat., MGSSA), and Mr. NJ Odendaal (BSc (Geol.), BSc (Min. Econ.), MSc (Min. Eng.), Pr.Sci.Nat., FSAIMM, MGSSA) of Minxcon, and is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.trigonmetals.com](http://www.trigonmetals.com).

#### Qualified Persons

Mr. D van Heerden (B Eng (Min.), MCom (Bus. Admin.), MMC, Pr.Eng. No. 20050318, FSAIMM, AMMSA), Mr. U Engelmann (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat., MGSSA), and Mr. NJ Odendaal (BSc (Geol.), BSc (Min. Econ.), MSc (Min. Eng.), Pr.Sci.Nat., FSAIMM, MGSSA) of Minxcon are all "qualified persons" as such term is defined in NI 43-101 and CIM definition standards and have reviewed and approved the technical information and data included in this press release. Mr. van Heerden, Mr. Engelmann and Mr. Odendaal are considered independent of Trigon.

#### Trigon Metals Inc.

Trigon is a publicly traded Canadian exploration and development company with its core business focused on copper operations in Namibia, one of the world's most prospective copper regions, where it has substantial assets in place with significant upside. The Company continues to hold an 80% interest in five mining licenses in the Otavi Mountain lands, an area of Namibia widely recognized for its high-grade copper deposits. Within these licenses are three past producing mines including the Company's flagship property, the Kombat Mine.

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#### Cautionary Notes

*This news release contains information with respect to certain Non-GAAP measures, including certain cash costs per pound and all-in sustaining costs. These measures are included because these statistics are key performance measures that management may use to monitor performance. Management may use these statistics in future to assess how the Company is performing to plan and to assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a meaning within International Financial Reporting Standards ("IFRS") and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.*

*This news release contains forward-looking statements. These statements include statements regarding the Feasibility Study and the PEA, including without limitation, expected costs, capital required, production, revenues, free cash flow, LoM, NPV and other economic and operational performance parameters metrics, mineral resources and mineral reserves, the Company's strategies and the Company's abilities to execute such strategies, the Company's ability to restart the Kombat Mine, the Company's ability to obtain adequate financing, the Company's expectations for the Kombat Mine, the economic viability of mining at the Kombat Mine and the Company's future plans and objectives. These statements are based on current expectations and assumptions that are subject to risks and uncertainties including, without limitation, risks and uncertainties inherent to economic studies; risks and uncertainties relating to: history of losses; requirements for additional capital; dilution; loss of its material properties; interest rates increase; global economy; no history of production; future metals price fluctuations, speculative nature of exploration activities; periodic interruptions to exploration, development and mining activities; environmental hazards and liability; industrial accidents; failure of processing and mining equipment to perform as expected; labor disputes; supply problems; uncertainty of production and cost estimates; the interpretation of drill results and the estimation of mineral resources and reserves; changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade of mineralization or recovery rates may differ from what is indicated and the difference may be material; legal and regulatory proceedings and community actions; accidents, title matters; regulatory restrictions; permitting and licensing; volatility of the market price of Trigon common shares; insurance; competition; currency fluctuations; loss of key employees; uncertainties and risks inherent with doing business in a developing country, including, without limitation, war, corruption, terrorism, political instability and the uncertainty of the rule of law; and other risks of the mining industry. Actual results could differ materially because of factors discussed in the management discussion and analysis section of our interim and most recent annual financial statements or other reports and filings filed at [www.sedar.com](http://www.sedar.com) from time to time. We do not assume any obligation to update any forward-looking statements, except as required by applicable laws.*

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