

Investors should expect good news from first Hylea cobalt drilling, says analyst

Special report: Investors should expect good news from the first assays about to come out of Hylea Metals' (ASX:HCO) cobalt project in NSW, says a new research report.

The Independent Investment Research report says the assays (or lab tests), which are expected in mid-June, should be positive given the large nickel-cobalt deposits nearby and the highly promising laterite material seen in the first 13 holes drilled by Hylea.

Laterite is the material which hosts the high-grade nickel-cobalt deposits in the Fifield district.

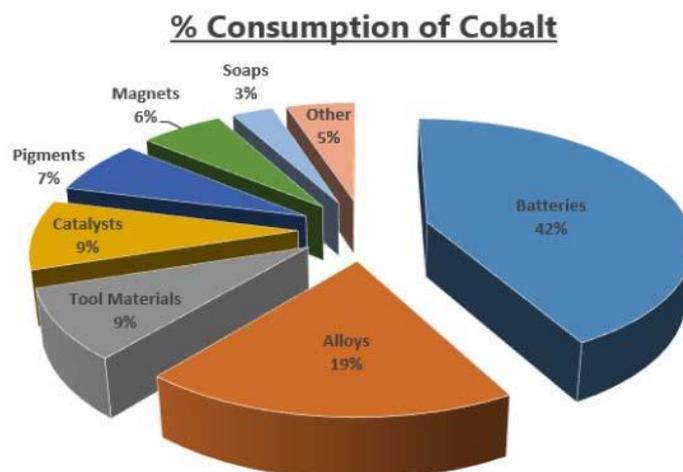
Fifield is home to Robert Friedland's \$690 million CleanTeq Holdings and its Sunrise copper-nickel-scandium-platinum project, which is just 50km from the Hylea Cobalt Project.

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"Drilling to date, which has targeted both areas of known mineralisation and extensions to this mineralisation, has intersected laterite profiles from shallow depths in all 13 holes completed, thus highlighting the project's potential," says senior analyst Mark Gordon in his report.

Mr Gordon notes that as well as intersecting the key laterite in the first 13 holes, Hylea's drilling — which is taking place at the Tiger's Creek prospect — has intersected basement rock types dominated by "olivine-rich dunites and peridotites".

These are important, he says, because they are precursors to the higher-grade laterites seen at the other projects in the region.



How cobalt is consumed. Graphic: Hylea Metals

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Mr Gordon says Hylea's current drilling program is aimed in part at confirming the tenor and expanding the mineralisation intersected in the historic drilling, which identified laterite profiles between 10m and 70m thick, similar to that at the other projects in the region.

Historic drilling at Hylea was focused mainly on nickel or platinum, with very little assaying completed for cobalt and scandium.

"However, the limited assays and the logged geology highlight the potential for cobalt-nickel-platinum-scandium mineralisation over the two adjacent intrusive complexes, Hylea and Bulbodney, which have sizes similar to the Tout Intrusive Complex that hosts CleanTeq's Sunrise Project," he says.

Mr Gordon says historic drilling at Tiger's Creek returned significant high-grade intersections, including 7m at 0.32% Co and 13m at 355ppm Sc.

These results are consistent with those from other laterite resources in the region.

"We expect first assay results back from this Hylea program in mid-June, followed by regular updates as results are received," he says.

"Given the geology intersected thus far, historic work and comparisons with known deposits, we should expect the upcoming results to be positive."

This special report is brought to you by Hylea Metals.

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