

MARCH 2018 | QUARTERLY ACTIVITIES REPORT

New acquisition, new focus for Hylea as it embarks on major cobalt exploration push in the world-class Fifield 'Battery Metals' Province of NSW

ASX Code:	HCO
Cash Balance:	\$1.7M
Issued Shares:	2.8b
Directors:	David Berrie Tim Kestell Mark Milazzo Keong Chan
Registered Office:	Suite 8 1297 Hay St WEST PERTH WA 6005

Hylea Metals has a portfolio of cobalt, gold, iron ore and base metal projects in NSW and Western Australia.

Hylea's flagship asset is the **Hylea Cobalt Project** in the Fifield District of NSW. The Project represents a significant cobalt, platinum, nickel and scandium exploration target in both scale and grade potential, as demonstrated by prior drilling.

The Fifield District is Australia's premier cobalt address with CleanTeq, Australian Mines and Platina Resources all with JORC Cobalt-Scandium Resources

The Hylea Intrusive Complex, host to the Hylea Project, is one of the last ultramafic intrusive complexes in the region yet to have a JORC compliant Co – Scandium resource.

The Hylea Project has had no cobalt- focused exploration and only minimal previous drilling/exploration for platinum and nickel.

HIGHLIGHTS FOR MARCH QUARTER

- Appointment of experienced mining executive David Berrie as Managing Director.
- Completion of acquisition of the Hylea Cobalt Project, NSW.
- Appointment of Mark Milazzo as a Non-Executive Director.
- Change of Company name following shareholders' meeting on 20th March 2018.
- Engagement with land-holders to facilitate drilling and aerial survey.

PLANS FOR JUNE QUARTER

- Maiden drill program on track to commence in late April 2018.
- Program will comprise ~50 holes for 3,000m of RC drilling at the Tiger's Creek prospect, located within the Hylea Ultramafic Intrusive Complex, where significant cobalt, scandium, nickel and platinum mineralisation was intersected in historical drilling for platinum.
- Aerial magnetic survey commenced 26 April.
- Orientation soil sampling commenced 19 April.



ACTIVITY OVERVIEW

The March Quarter saw Hylea Metals (ASX: HCO) complete the acquisition of the Hylea Cobalt Project in NSW, its new flagship asset, and commence maiden multidisciplinary exploration programs which are now well underway including imminent RC drilling.

A number of key corporate and management appointments were announced including experienced mining executives David Berrie as Managing Director and Mark Milazzo as an additional Non-Executive Director. These appointments were designed to strengthen the Company's team as it focuses on the delivery of a maiden JORC compliant Mineral Resource at Hylea and associated activity.

The Company underwent a name change to Hylea Metals Limited to reflect the shift in focus to the Fifield District of New South Wales in general, and the Hylea Intrusive Complex in particular. The Hylea Intrusive Complex remains one of the last ultramafic intrusive complexes in the Fifield Region yet to host a JORC compliant cobalt-scandium resource. A report commissioned by the Company and written by Mark Gordon of Independent Investment Research (ASX release 12/03/18: Release of Research Report) made this point and highlighted the up-side of exploration on the Company's ground.

In parallel with the focus on corporate activities, management ensured that all necessary preparations were made to facilitate the start of exploration programs during the June Quarter, which is shaping up as an extremely active period for the Company.

Exploration staff were focused on obtaining all the necessary consents and approvals from the local land-holders and the NSW Government to allow drilling and the aeromagnetic & radiometric survey to take place. At the time of finalising this report, the combined magnetic & radiometric survey had commenced and the drilling was due to start within one week.

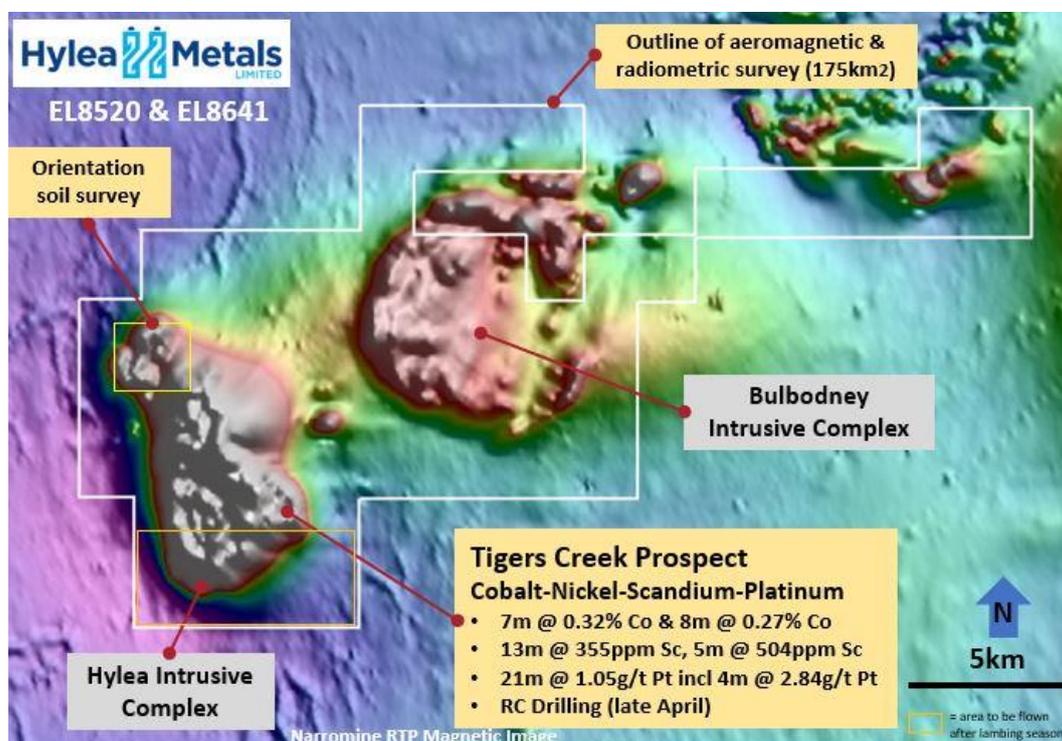


Figure 1: Hylea Cobalt-Nickel-Scandium-Platinum Project illustrating outline of the aeromagnetic and radiometric survey, and orientation soil geochemical survey in relation to the Tiger's Creek Prospect.

As previously advised (ASX release 26/03/18: Drilling to start at Hylea Cobalt Project), the Company is about to commence a reverse circulation (RC) drilling program consisting of approximately 50 holes for ~3,000m at the Tiger's Creek Prospect. The drilling has three main objectives:

- To confirm the thickness, tenor and location of results reported by previous explorers;
- To expand out from currently identified cobalt mineralisation into areas where laterite has been drilled but not assayed for cobalt; and
- To undertake sample analysis which has advanced significantly since the historical drilling was completed.

Activities completed this quarter have positioned the Company to embark upon regional exploration programs across the Hylea and adjoining Bulbodney ultramafic intrusive complexes contemporaneously with the maiden RC drilling program at Tiger's Creek. The Company strategy is to invest early in broad scale regional target identification via completing the tenement wide 175km² detailed aeromagnetic & radiometric geophysical surveys, regional spaced soil sampling campaigns initially on 200m x 200m spacing then infill sampling of resultant anomalies, and continuing geological reconnaissance, mapping and rock chip sampling. This work is underway and aims to provide the Company with a pipeline of high-quality regional cobalt targets for RC drill testing to complement the upcoming drilling at the advanced Tiger's Creek cobalt prospect. The vendors of Hylea Project have been retained to manage the exploration, reinforcing their commitment and fast-tracking exploration via their experience in the Fifield District and broader NSW. The Company is now poised to provide significant news-flow and regular updates in the coming June quarter.



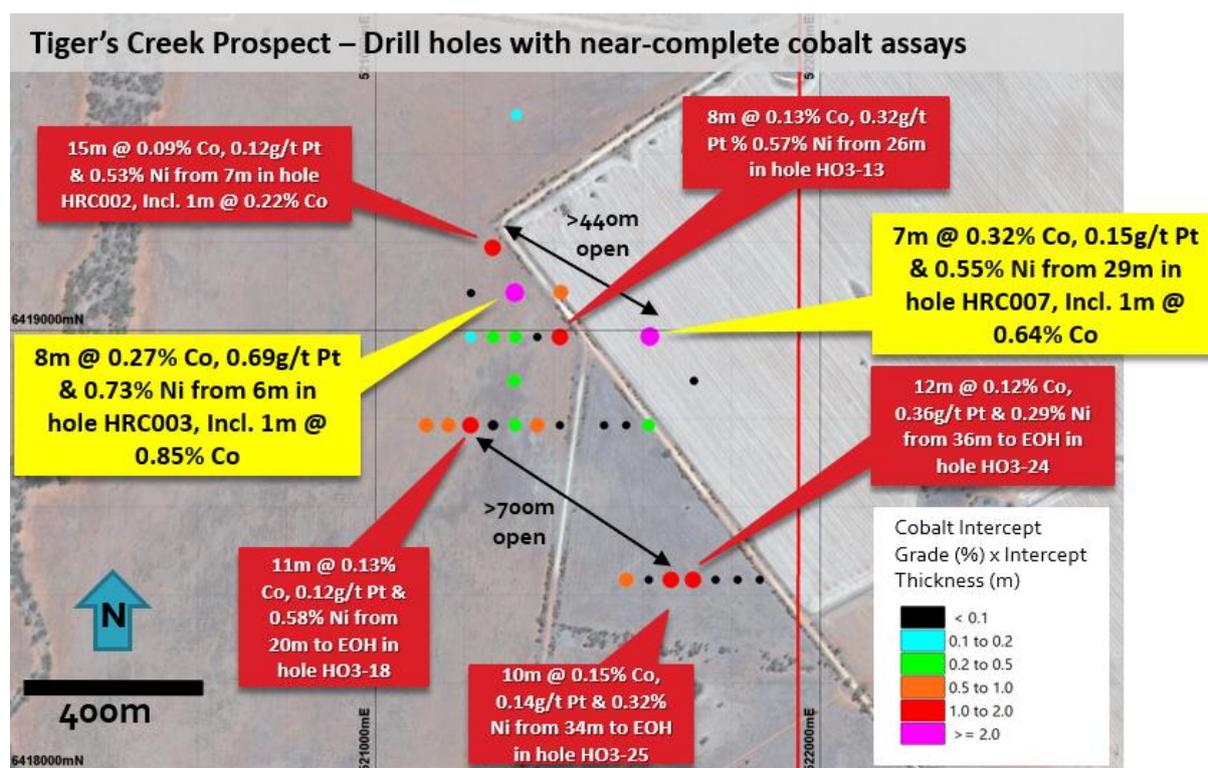
About Tiger's Creek

High-grade cobalt has been intersected in 19 of the 31 holes drilled at Tiger's Creek by previous explorers who targeted platinum, with results such as 7m at 0.32% cobalt, including 1m @ 0.64% Co (hole HRC007) and 8m at 0.27% cobalt, including 1m @ 0.85% Co (hole HRC003)* returned.

This drilling also intersected significant nickel, platinum and scandium including 5m @ 504ppm scandium, within 13m @ 355ppm Sc from 12m (hole HRC009), and 4m @ 460ppm scandium from 9m, within 17m @ 323ppm scandium (hole HRC004)*.

The Tiger's Creek prospect is located on the eastern edge of the zoned 8km x 3.5km Hylea Ultramafic Intrusive Complex, which is comprised of dunite – pyroxenite – hornblendite – monzonite rock types, overlain by a 10m to 70m thick in-situ regolith profile including laterite.

The laterite sequence hosts cobalt – nickel – platinum and scandium mineralisation consistent with the nearby Sunrise (CleanTeq), Flemington (Australian Mines) and Owendale (Platina Resources) resources. The Hylea Intrusive Complex is a comparable scale intrusive complex with very similar source geology, and laterite development as Sunrise, Flemington and Owendale. However, Hylea has received comparably very little exploration, which principally targeted platinum, nickel and vermiculite but not cobalt.



* Intersections calculated based on a greater than or equal to 0.05% Co cut-off with greater than or equal to 1m downhole thickness and less than or equal to 3m internal dilution. Full details refer to ASX release "Acquisition of NSW Cobalt Nickel Project, 6th Dec 2017, also available on the company website www.rivaresources.com.au

Figure 2: Tiger's Creek Prospect – Historical drill holes with near-complete cobalt assays

COMPETENT PERSONS STATEMENT

The information in this document that relates to Exploration Results is based on information compiled by Mr. Darren Glover who is a member of the Australasian Institute of Mining and Metallurgy (AUSIMM). Mr Glover has over 20 years' experience in the mineral and mining industry. Mr Glover is a consultant to Hylea Metals, and has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Glover consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.