

## JUNE 2018 | QUARTERLY ACTIVITIES REPORT

High-grade results from the Company's maiden drilling program at Hylea Cobalt

Project in NSW

Resource drilling set to follow

**ASX Code:** HCO

**Cash Balance:** \$1.081M

**Issued Shares:** 2.8b

**Directors:** David Berrie  
Tim Kestell  
Mark Milazzo  
Keong Chan

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 the Company's maiden drilling program.

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 recently completed drill program is the first cobalt, scandium, platinum, nickel focused exploration on the Intrusive Complex and when combined with the excellent results from the aerial and soil sampling surveys has demonstrated the enormous up-side at Hylea.

### HIGHLIGHTS FOR JUNE QUARTER

- **Completion of Hylea's maiden drill program at the Hylea Cobalt Project, NSW**
- **Results from the first 12 holes of the 54-hole program identify high grade Cobalt, Platinum, Scandium and Nickel, including outstanding grades of up to 0.61% Cobalt, 10.55g/t Platinum, 720ppm Scandium and 1.38% Nickel**
- **Exceptional Scandium and Platinum intersections returned in addition to Cobalt and Nickel**
- **Remaining drill results are imminent**
- **These strong results pave the way for a maiden JORC Resource at Tiger's Creek**
- **Aerial magnetic and radiometric survey completed**
- **Soil sampling results outline three significant scale, high tenor Cobalt, plus Nickel, Platinum, Palladium, Scandium and Vanadium soil geochemical anomalies defining a >5km long multi-element geochemical corridor, open in multiple directions including to the south towards Tiger's Creek**

### PLANS FOR SEPTEMBER QUARTER

- **Expansion of the regional soil sampling program aiming to generate further drill targets**
- **Interpretation of the drill results aiming to define infill and extensional drill targets**
- **Follow-up drilling to the maiden drill program will commence later in 2018.**
- **The program will be designed to advance the Tiger's Creek prospect and progress to a JORC resource. The Hylea Intrusive is one of the last intrusive complexes of significance in the Fifield Complex not to contain a JORC Resource.**

#### HYLEA METALS LIMITED

ABN 38 119 992 175 Phone: +61 8 9322 6009

Suite 8, 1297 Hay Street West Perth WA 6005

[www.hyleametals.com.au](http://www.hyleametals.com.au)

## ACTIVITY OVERVIEW

---

The June Quarter saw Hylea Metals (ASX: HCO) complete a maiden 54-hole for 3,621m drill program at its flagship asset, the Hylea Cobalt Project in NSW. The company also completed multi-disciplinary exploration programs consisting of detailed tenement wide airborne aeromagnetic and radiometric surveying and commenced regional soil sampling, all aiming to define a pipeline of exploration targets outside of the advanced Tiger's Creek prospect.



*Figure 1: Maiden drilling program and air-borne magnetic survey at Tiger's Creek Prospect*

Results from this work, as released during the quarter;

- A high resolution airborne Magnetic/Radiometric survey (ASX: HCO 26<sup>th</sup> April 2018)
- A regional soil sampling survey (ASX: HCO 18<sup>th</sup> June 2018)
- A 3,621m, 54 hole, RC/AC drill program at the Tiger's Creek Prospect (ASX: HCO 14<sup>th</sup> May 2018, and 27<sup>th</sup> June 2018)

have confirmed the exciting potential of the Hylea Project and the Tiger's Creek prospect.

## TIGERS CREEK PROSPECT

### Objectives

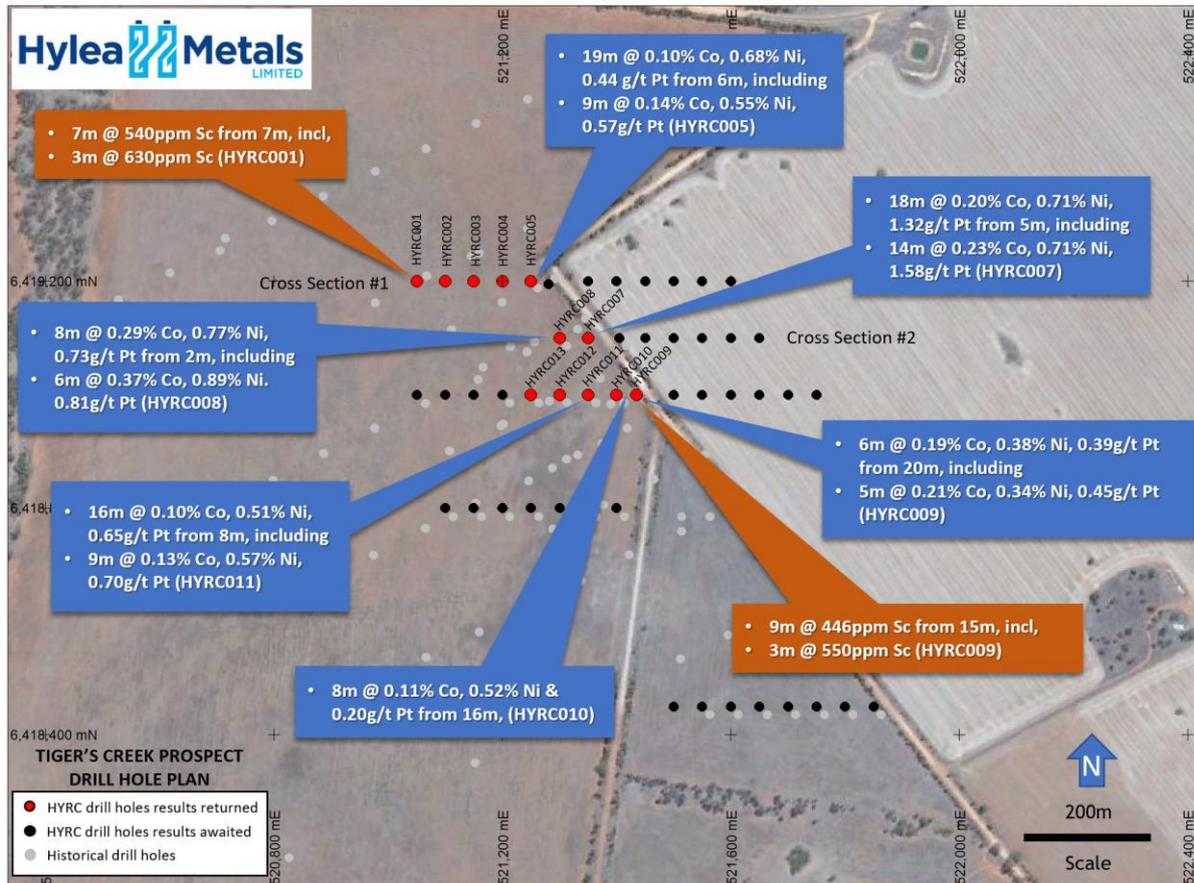
As previously announced (ASX: HCO 26<sup>th</sup> March 2018) the maiden drill program at Tiger's Creek had 3 main objectives:

- 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.

It is significant that all of these objectives were achieved. Firstly, the thickness, tenor and location of previous results were confirmed by drilling. Highlights as reported in ASX: HCO 27<sup>th</sup> June 2018 included:

- **19m @ 0.10% Co, 0.68% Ni, 0.44 g/t Pt** from 6m, including
  - **9m @ 0.14% Co, 0.55% Ni, 0.57g/t Pt** (HYRC005)
- **18m @ 0.20% Co, 0.71% Ni, 1.32g/t Pt** from 5m, including
  - **9m @ 0.23% Co, 0.64% Ni, 2.14g/t Pt** (HYRC007)
- **8m @ 0.29% Co, 0.77% Ni, 0.73g/t Pt from 2m, including**
  - **6m @ 0.37% Co, 0.89% Ni, 0.81g/t Pt** (HYRC008)
- **6m @ 0.19% Co, 0.38% Ni, 0.39g/t Pt** from 20m, including
  - **5m @ 0.21% Co, 0.34% Ni, 0.45g/t Pt** (HYRC009)
- **16m @ 0.10% Co, 0.51% Ni, 0.65g/t Pt** from 8m, including
  - **9m @ 0.13% Co, 0.57% Ni, 0.70g/t Pt** (HYRC011)

Secondly, the drilling identified cobalt mineralisation in areas of laterite that had been drilled but not assayed for cobalt. Thirdly, the application of new sample analytical techniques has resulted in a consistently better grades being detected when compared to previous results and illustrates excellent repeatability of results.



**Figure 2:** Tiger's Creek Prospect drill hole location plan illustrating significant Cobalt and Scandium intersections from the first 12 holes of the 54-hole drill program. (Refer to ASX release "High Grade Drilling Results at Tiger's Creek" 27<sup>th</sup> June 2018 for full details including intersection calculation parameters).

### ADDITIONAL UP-SIDE

Having met all three initial objectives the Company was pleased to report the intersection of high grade Scandium and Platinum results in addition to the Cobalt and Nickel mineralisation:

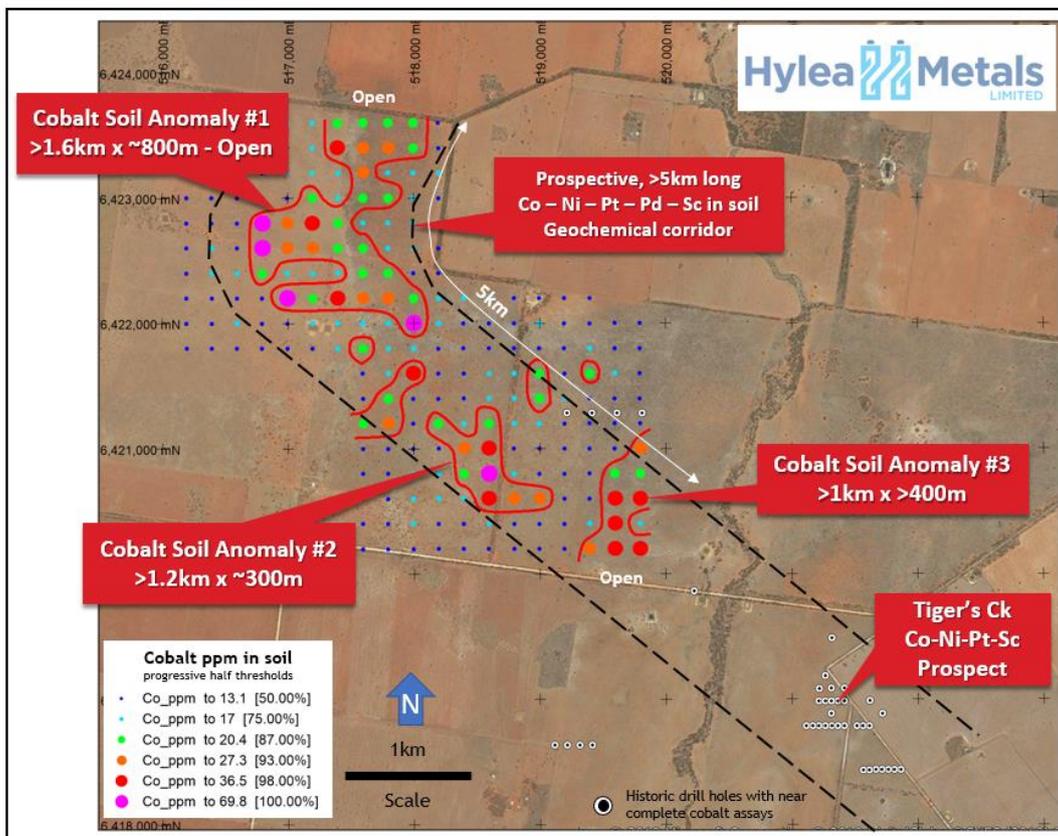
- High grade scandium results at Tiger's Creek, including:
  - **7m @ 540ppm Sc** from 7m, including
    - **3m @ 630ppm Sc** (HYRC001)
  - **9m @ 446ppm Sc** from 15m (HYRC009)
- Although previous drilling had identified platinum mineralisation, the Company's drill program added significant broad intersections of platinum, including:
  - **14m @ 1.61g/t Pt** from 4m including
    - **2m @ 5.90g/t Pt & 1m @ 2.31g/t** (HYRC007)
  - **16m @ 1.01g/t Pt** from 3m, including
    - **9m @ 1.36g/t Pt** (HYRC011)

All of these results point to significant multi-commodity up-side at the Tiger's Creek Prospect and highlight the opportunity that the Company has to quickly progress to a maiden JORC resource at Tiger's Creek. (Refer to ASX release "High Grade Drilling Results at Tiger's Creek" 27<sup>th</sup> June 2018 for full details including intersection calculation parameters).

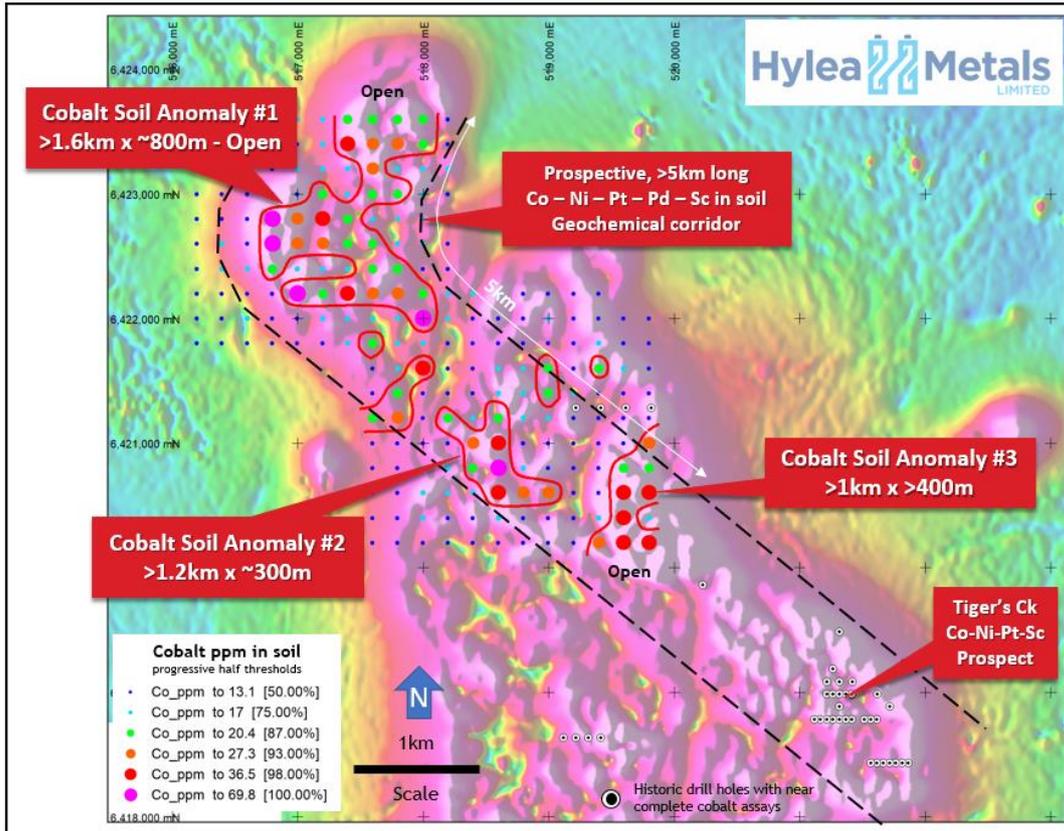
Regional exploration programs conducted across the Hylea and adjacent Bulbodney ultramafic intrusive complexes at the same time as the maiden RC drilling program at Tiger’s Creek are starting to pay dividends. As reported (ASX: HCO 26th April 2018 and ASX: HCO 18 June 2018) the Company’s strategy was to invest early in broad scale regional target identification by completing a tenement wide 175km<sup>2</sup> detailed aeromagnetic and radiometric geophysical survey, and regional spaced soil sampling campaigns initially on 200m x 200m spacing.

Results from the soil sampling programs are compelling, successfully defining three significant scale, high tenor Cobalt, plus Nickel, Platinum, Palladium, Scandium and Vanadium soil geochemical anomalies which collectively define a >5km long multi-element geochemical corridor, open in multiple directions including to the south towards Tiger’s Creek (Figures 3,4 and 5). When coupled with the high resolution aeromagnetic and radiometric surveys, resultant targets reaffirm the Company’s belief that the Hylea Intrusive complex is fertile for additional Cobalt and multielement opportunities. Extensional soil sampling and continuing geological reconnaissance, mapping and rock chip sampling continues with additional results expected soon.

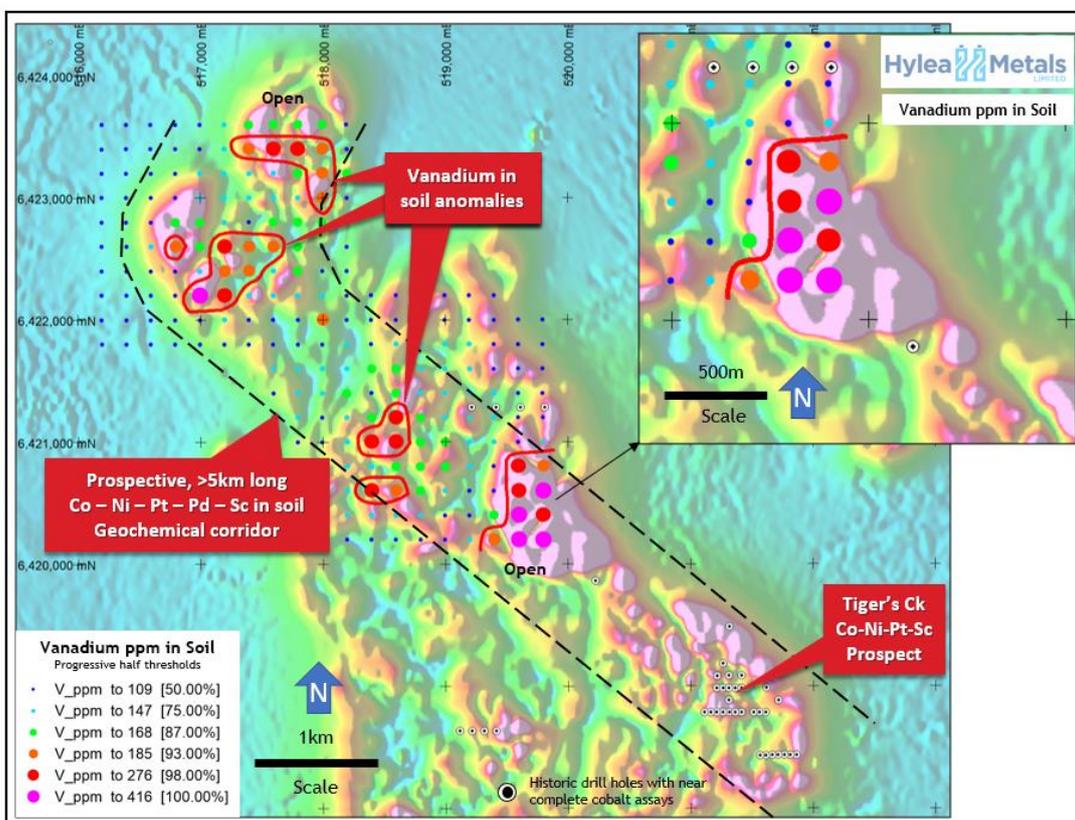
This work has provided the Company with a pipeline of high-quality regional cobalt, scandium, platinum and vanadium targets for RC drill testing to complement the drilling at the advanced Tiger’s Creek cobalt prospect. The vendors of Hylea Project continue to manage the exploration, reinforcing their 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 September quarter.



**Figure 3:** Cobalt (ppm) in soil anomalies on satellite image, illustrating >5km long prospective corridor (Refer to ASX release “Extensive New Trend Identified – Soil Sampling Results” 18<sup>th</sup> June 2018 for full details).



**Figure 4:** Cobalt (ppm) in soil anomalies on new aeromagnetic analytical signal image (Refer to ASX release “Extensive New Trend Identified – Soil Sampling Results” 18<sup>th</sup> June 2018 for full details).



**Figure 5:** Vanadium (ppm) in soil anomalies on new aeromagnetic analytical signal image (Refer to ASX release “Extensive New Trend Identified – Soil Sampling Results” 18<sup>th</sup> June 2018 for full details).

**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.