

## CONCLUSIVE RESOLUTION TO SECTION 232 TRADE INVESTIGATION

Hylea Metals Limited (HCO, Hylea or the Company) is pleased to report that the investigation by the United States Department of Commerce under Section 232 of Trade Expansion Act, as amended (19 U.S.C. 1862) (the Act) has been resolved in a conclusive and positive manner for the uranium market.

### HIGHLIGHTS

- Conclusive resolution to investigation into the effect of imports of uranium on the national security of the United States under section 232 of the Trade Expansion Act (the Act).
- President Trump **did not agree with the Secretary that uranium imports threaten to impair the national security of the United States.**
- The potential for tariffs, quotas or other trade barriers to be imposed on imported uranium into the US had placed significant uncertainty over the uranium market – **this uncertainty has now been removed.**
- The United States will establish a Nuclear Fuel Working Group to develop recommendations for reviving and expanding domestic nuclear fuel production.
- **HCO recently entered into an agreement with Paladin to acquire a 65% interest in the Kayelekera Uranium Project in Malawi. The acquisition remains subject to HCO shareholder approval and satisfaction of other conditions precedent.** The details of the agreement including the conditions precedent are contained in the Company's announcement to the ASX on June 24th 2019 (<https://www.asx.com.au/asxpdf/20190624/pdf/4461t42xd6yg0f.pdf>).
- **Kayelekera hosts a high grade resource (> 1000 ppm) with an existing open pit mine and demonstrated excellent metallurgical recoveries (87.5%)** having historically produced over 10.9Mlb of uranium between 2009 and 2014<sup>1</sup>

*"The section 232 investigation had placed significant uncertainty over the world uranium market. The announcement by President Trump that no action will be taken goes a long way to remove this uncertainty. We remain optimistic about the global uranium market and the outlook for firmer pricing. This optimism was demonstrated by our recent decision to acquire 65% of Kayelekera"* **said HCO Managing Director Simon Andrew.**

The section 232 petition was lodged in January 2018 by two US uranium producers who believed that uranium imports from "state sponsored producers" were a threat to domestic US uranium producers and were also a potential threat to national security. The uranium producers sought the US Department of Commerce and the President to impose restrictions on imports of uranium and related products.

US utilities are heavily reliant on imported sources of uranium. Currently, the United States imports approximately 93 percent of its commercial uranium, compared to 85.8 percent in 2009<sup>1</sup>. The uncertainty created by the petition lodged by domestic uranium producers meant that US utilities were reluctant to enter into new long term supply contracts until a decision was made.

Presidential Memoranda included the following:

**"(c) At this time, I do not concur with the Secretary's finding that uranium imports threaten to impair the national security of the United States as defined under section 232 of the Act. Although I agree that the Secretary's findings raise significant concerns regarding the impact of uranium imports on the national security with respect to domestic mining, I find that a fuller analysis of national security considerations with respect to the entire nuclear fuel supply chain is necessary at this time."**

**(c) To address the concerns identified by the Secretary regarding domestic uranium production and to ensure a comprehensive review of the entire domestic nuclear supply chain:**

<sup>1</sup> <https://www.whitehouse.gov/presidential-actions/memorandum-effect-uranium-imports-national-security-establishment-united-states-nuclear-fuel-working-group/>

- (i) **The Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy shall establish a United States Nuclear Fuel Working Group (Working Group) to develop recommendations for reviving and expanding domestic nuclear fuel production.**

The full transcript of the Presidential Memoranda can be found here <https://www.whitehouse.gov/presidential-actions/memorandum-effect-uranium-imports-national-security-establishment-united-states-nuclear-fuel-working-group/>

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