

JUNE 2019 | QUARTERLY ACTIVITIES REPORT

Hylea Metals Limited (HCO, Hylea or the Company) is pleased to provide the following update for the quarter ending June 2019.

HIGHLIGHTS

- HCO has entered into an agreement with Paladin Energy Limited (Paladin) to **acquire a 65% interest in the Kayelekera Uranium Project in Malawi.**
- The details of the Acquisition including the conditions precedent are contained in the Company's announcement to the **ASX on 24 June 2019.**
- Post the end of the Quarter the Company **successfully completed the first tranche of the Capital Raising** intended to enable HCO to complete the acquisition of an indirect 65% interest in the Kayelekera Project (**ASX announcement on 23 July 2019**).

Hylea to acquire high-grade Kayelekera uranium project

- HCO has entered into an agreement with Paladin to acquire a 65% interest in the Kayelekera Uranium Project in Malawi.
- The remaining 35% is held by HCO's joint venture partner Lotus (20%) and the Government of Malawi (15%). HCO will have an option to acquire a further 20% interest in Kayelekera from Lotus.
- Kayelekera hosts a high-grade resource 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.
- Significant infrastructure is already in place including a 3Mlb per annum resin in pulp extraction plant
- The operation is currently on care and maintenance with all assets maintained in good standing. Assets include:
 - Over US\$200M of CAPEX spent on plant and infrastructure.
 - Process facility throughput - 1.5mtpa (3.3Mlb pa)
 - 31Mlb U3O8 Resource endowment.
- The consideration payable for the acquisition is as follows:
 - Initial Consideration - \$1.8M worth of ordinary shares in HCO (Shares).
 - Deferred Consideration - \$3M worth of shares in Hylea to be issued on the 3rd anniversary of completion.
 - Royalty - 3.5% of gross returns at the Kayelekera mine up to a maximum of \$5M; and
 - Environmental Bond – Replacement of the environmental of US\$10M to be paid over three years.
- In FY13, the open pit mine produced 1,072,000t of ore at an average grade of 1,350 ppm U3O8 with an annualised stripping ratio of 3:1.
- Large 157km² tenement package with excellent exploration potential.
- Company-transforming acquisition places Hylea at the forefront of aspiring Australian uranium producers.

"The acquisition of 65% of Kayelekera is an excellent opportunity for HCO. Kayelekera is a world class uranium asset that has produced over 10.9Mlb of uranium and represents an opportunity to use the past production information to re-engineer certain mining and processing processes in order to reduce the overall Capex and Opex of the operations. We are optimistic about the global uranium market and the outlook for firmer pricing" said HCO Managing Director Simon Andrew.

Successful Convertible Loan Agreement

Post the end of the June Quarter HCO successfully completed a Convertible Loan Agreement to raise \$500,696 with Matador. The details of the capital raising including the conditions of the Loan Agreement are contained in the Company's announcement to the ASX on 23 July 2019.

Hylea Cobalt Project

HCO continues to explore funding options to progress the Tigers Creek Prospect and conduct additional work on the broader tenement package however the cobalt price continues to be significantly lower than when we purchased the project. This may include looking for a joint venture partner or farm-in arrangement.

CORPORATE HIGHLIGHTS

At the end of the June Quarter the Company held a cash balance of \$72,580. The Company has subsequently received the funds from the convertible Loan of \$500,696 as part of the capital raising, details stated above, on 24 July 2019.

Subsequent to the quarter end 30 June 2019 a Notice of Meeting was released on 25th July for meeting to be held on 23rd August and has full details of the capital raising and approval of the acquisition of high-grade Kayelekera uranium project.

During the June Quarter the shareholders consented to a reconstruction of the Company's shares and as per the announcement released to the ASX on the 2nd of May 2019 a 28 for 1 share consolidation was completed.

Simon Andrew



Managing Director

For further information, contact:

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About Hylea Metals

Hylea Metals is a minerals exploration and development company.

The Company recently entered into an agreement with Paladin to acquire a 65% interest in the Kayelekera Uranium Project in Malawi.

Hylea's owned 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 2018 drilling program.

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.

Tenement ID	Status	Granted Date	Project	HCO Interest	Holders	Expiry Date
E08/2211-I	GRANTED	28-Jul-11	ASHBURTON	100%	RIVA	27-Jul-21
E47/2417-I	GRANTED	02-Dec-11	ASHBURTON	100%	RIVA	01-Dec-21
E53/1891	GRANTED	13-Jan-17	TABAC	100%	Gianni, PR	12-Jan-22
E53/1895	GRANTED	01-Mar-17	TABAC	100%	Gianni, PR	28-Feb-22
EL5689	GRANTED	16/10/2018	HYLEA	100%	Providence	30 Aug-19
EL8520	GRANTED	21/02/2017	HYLEA	100%	Providence	20-Feb-19
EL8641	GRANTED	31/08/2017	HYLEA	100%	Providence	20-Feb-19