

29 August 2019
ANNOUNCEMENT

ASX

GRANT OF WAIVER OF ASX LISTING RULE 7.3.2

Hylea Metals Limited (HCO, Hylea or the Company) confirms that it has been granted a waiver from ASX Listing Rule 7.3.2 (**Waiver**) as set out in the Schedule.

The Waiver will allow the Company to issue the Initial Consideration Shares and the Second Placement Securities (both as defined in the Waiver) more than 3 months after the Company's General Meeting to be held on 29 August 2019. At the General Meeting, shareholders will be asked to consider resolutions in relation to the Company's proposed acquisition of an indirect 65% interest in the Kayelekera Uranium Project and the Company's proposed capital raising (both as announced on 24 June 2019), including resolutions to approve the issue of the Initial Consideration Shares and the Second Placement Securities.

Subject to shareholder approval at the General Meeting, the Waiver will allow the Company to issue the Initial Consideration Shares and the Second Placement Securities at any time before 28 February 2020. If the Company does not issue the Initial Consideration Shares and the Second Placement Securities by that time (for example because the relevant conditions precedent to completion of the acquisition have not been satisfied), the Company would need to seek further shareholder approval under Listing Rule 7.1 to issue the relevant securities.

For further information, contact:

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Schedule

1. WAIVER DECISION

Based solely on the information provided, ASX Limited ("ASX") grants Hylea Metals Limited (the "Company") a waiver from listing rule 7.3.2 to the extent necessary to permit the Company in its notice of meeting ("Notice") seeking shareholder approval for the acquisition of an indirect 65% interest in Paladin Africa Limited ("Acquisition") from Paladin Energy Minerals Pty Ltd ("Vendor") and the issue of:

- (a) 90,000,000 ordinary fully paid shares to be issued at a deemed price of \$0.02 to the Vendor ("Initial Consideration Shares"); and
- (b) up to 225,000,000 ordinary fully paid shares at an issue price of \$0.02 per share to raise between \$4,000,000 and \$4,500,000, together with up to 112,500,000 attaching options exercisable at \$0.04 and expiring three years from the date of grant, to be issued to professional and sophisticated investors ("Second Placement Securities"),

not to state that the Initial Consideration Shares and Second Placement Securities be issued within 3 months of the date of the shareholders' meeting, on the following conditions:

- (c) the Initial Consideration Shares and Second Placement Securities must be issued before 28 February 2020;
- (d) for any annual reporting period during which any of the Initial Consideration Shares and Second Placement Securities have been issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Initial Consideration Shares and Second Placement Securities issued in that annual reporting period, the number of Initial Consideration Shares and Second Placement Securities that remain to be issued and the basis on which the Initial Consideration Shares and Second Placement Securities may be issued;
- (e) in any half year or quarterly report for a period during which the Initial Consideration Shares or Second Placement Securities are issued or remain to be issued, the Company includes a summary statement of the number issued during the reporting period, and the number that remain to be issued and the basis on which they may be issued;
- (f) the Company releases the terms of the waiver to the market immediately; and
- (g) the Notice contains the full terms and conditions of the Initial Consideration Shares and the Second Placement Securities.

ASX has considered Listing Rule 7.3.2 only and makes no statement as to the Company's compliance with other listing rules.

2. BASIS FOR WAIVER DECISION

2.1 Listing Rule 7.3.2

Listing rule 7.1 protects a listed entity's security holders against dilution of their voting and economic interests in the listed entity by imposing a limit on the number of equity securities that may be issued by the entity without prior security holder approval. This limit is not applicable if security holders' approve the issue of the securities at a general meeting. Listing rule 7.3 sets out the information required to be included in the notice of meeting seeking approval for the issue of the securities. In particular, listing rule 7.3.2 requires the date by which the entity will issue the securities and this date must be no later than 3 months after the date of the meeting, or, for court approved reorganisations of capital, no later than 3 months after the date of the court approval. This rule ensures that an issue of securities that has been approved by security holders is made within a reasonable timeframe following the approval, so that it is less likely that the circumstances in

which the issue is made will have changed materially from those prevailing at the time the approval was given.

2.2 Facts/Reasons for granting the waiver

- (a) Where a listed entity has entered into a commercial transaction which calls for the issue of securities as consideration at future times that necessarily will fall longer than 3 months after the date of a shareholders' meeting, ASX's policy is to permit entities to seek shareholder approval for the issue of all the securities that may be issued under that transaction over the various phases, provided that the issue of the securities is appropriate to the entity and the transaction in all the circumstances, and adequate information can be given to shareholders about the future issues of securities. This allows the entity and the counterparty to the agreement to have commercial certainty about the ability of the entity to issue securities as the counterparty performs its obligations, while maintaining the principle that shareholders must give their informed consent to future issues of securities.
- (b) Subject to shareholder approval, the Company is proposing to issue up to 90,000,000 shares (being the Initial Consideration Shares) and up to 225,000,000 shares and 112,500,000 attaching options (being the Second Placement Securities) pursuant to the Acquisition and associated capital raising. The number of securities to be issued is fixed and shareholders will know the potential dilution at the time of voting on the resolution. There is a sufficient degree of certainty so that shareholders are able to give their informed consent to the issue of the Initial Consideration Shares and the Second Placement Securities. The extension of time requested by the Company is within ASX precedent for similar waivers."

2.3 Conditions of waiver

As you will see, the waiver is subject to certain conditions. Under Listing Rule 18.1.1, these conditions must be complied with for the waiver(s) to be effective.

2.4 ASX's power to vary or revoke waiver

It should be noted that under ASX Listing Rule 18.3, ASX may vary or revoke the waiver(s) at any time.