

2nd September 2019

Dear Shareholder

Hylea Metals Limited – pro-rata non-renounceable entitlement issue

As announced on 29 August 2019 Hylea Metals Limited (ACN 119 992 175) (the **Company** or **HCO**) is undertaking a 1:2 non-renounceable entitlement issue (**Offer**) of approximately 50,000,000 fully paid ordinary shares (**Share**) to raise approximately \$1,000,000. The price of Shares under the Offer is \$0.02 each (**Issue Price**). The Company will also issue one free attaching option (exercisable at \$0.04 each on or before three years from the date of grant) (**Option**) for every two Shares subscribed for and issued under the Offer. The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 29 August 2019.

BW Equities Pty Ltd has agreed to fully underwrite the Offer and has agreed to act as lead manager to the Offer.

The Company intends on using the funds raised under the Offer towards the following:

- exploration and studies works on the Kayelekera project;
- exploration of the Company's existing projects;
- refund of a \$200,000 option fee paid by the Company's joint venture partner to acquire the Kayelekera project;
- environmental bond first instalment;
- underwriting fees; and
- working capital.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (AWST) on 4 September 2019, whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Shares issued under the Offer, and Shares issued upon exercise of the Options, will rank equally with Shares already on issue.

Following completion of the Offer (which will be after completion of the First Placement and conversion of the Convertible Loan (each as defined in the Prospectus)), the Company will have issued approximately 200,000,000 Shares and 100,000,000 Options resulting in total Shares on issue of approximately 300,139,194 and total Options on issue of 107,678,571. Following completion of the Second Placement and issue of the Initial Consideration Shares (each as defined in the Prospectus) an additional 290,000,000 Shares and 100,000,000 Options will be issued meaning the total number of Shares on issue after completion of the Acquisition and Second Placement will be 590,139,194 and the total number of Options will be 207,678,571.¹

A copy of the Prospectus is available on ASX's and HCO's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 9 September 2019. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of Shares.

Actions required of Eligible Shareholders

¹ Assumes only the underwritten amount of the Second Placement is raised. If the maximum subscription under the Second Placement is raised, an additional 25,000,000 Shares and 12,500,000 Options will be issued.

There are a number of actions Eligible Shareholders may take:

- **You may wish to accept all of your rights to subscribe for Shares and Options pursuant to the Prospectus (Entitlement).** To take up all or some of your Entitlement you will need to ensure your application money for the Entitlement you wish to take up is received by Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (AWST) on 18 September 2019, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form or making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- **You may wish to accept part of your Entitlement.** To take up part of your Entitlement you will need to ensure your application money for the part of your Entitlement you wish to take up is received by the Share Registry by no later than 5:00pm (AWST) on 18 September 2019, by completing and returning your Entitlement and Acceptance Form by filling in the number of Shares and Options you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies or making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.02 per Share).
- **You may do nothing.** If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Prospectus and Appendix 3B lodged with ASX Notification sent to option holders	29 August 2019
Notice of Rights Issue sent to shareholders	2 September 2019
Existing shares quoted on an 'ex' basis	3 September 2019
Record date	4 September 2019
Despatch of Prospectus to Eligible Shareholders Offer Period Opens	9 September 2019
Offer Period Closes	18 September 2019
Securities quoted on a deferred settlement basis.	19 September 2019
Notification of under-subscriptions to ASX (if any)	23 September 2019
Shares and Options Issued	25 September 2019

If you have any queries concerning the Offer, or the action you are required to take to subscribe for Shares and Options, please contact your financial adviser or Amanda Burgess, HCO's Company Secretary, on +61 8 9278 2441.

Yours sincerely



Simon Andrew
Managing Director