

14 May 2018

Hylea Cobalt Project Exploration Update

Successful start to Hylea drilling program with laterite intersected in all 13 holes to date

HIGHLIGHTS

- **First 13 holes completed in the 50-hole drilling program at the Tiger's Creek prospect within the Hylea Cobalt-Nickel-Scandium-Platinum Project**
- **Near-surface laterite intersected in every hole, including areas of known cobalt mineralisation and in holes targeting extensions to the laterite profile**
- **Hylea is located in the Fifield District of NSW, close to CleanTeq's Sunrise project, Platina Resources' Owendale project and Australian Mines' Flemington project**
- **In addition to the laterite, basement rock types to date are dominated by olivine-rich dunites and peridotites, as recorded at Sunrise, Flemington and Owendale**
- **First two batches of samples are at the laboratory with assays expected mid-June**
- **Tenement-wide, high-resolution aeromagnetic and radiometric survey completed**

Hylea Metals (ASX: HCO) is pleased to announce a successful start to its maiden drilling program at the Hylea Cobalt-Nickel-Scandium-Platinum Project in the Fifield District of NSW.

With the first 13 holes of the 50-hole program completed, geological logging has confirmed that drilling has intersected significant zones of laterite, which is the iron-rich regolith material known to host the extensive cobalt mineralisation in the area.

Importantly, the laterite at Tiger's Creek has been intersected both within the areas where previous drilling returned laterite-hosted cobalt mineralisation as well as in new areas nearby to the north-west.

The first two batches of samples are now in the laboratory and assays are expected in the middle of June. In addition, orientation soil sampling has also been completed across a 5.8km² area in the north-west corner of the Hylea Intrusive Complex (Figure 1). These samples are also at the laboratory and results expected in mid-June.

* For full details on drill results refer to ASX release "Acquisition of NSW Cobalt Nickel Project, 6th Dec 2017, also available on the company website www.hyleametals.com.au

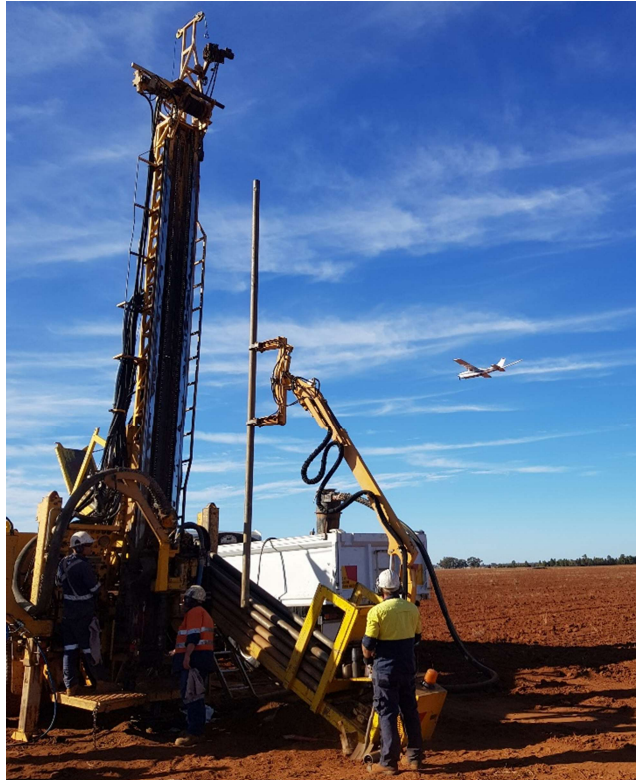


Hylea Managing Director David Berrie said the initial results based on visual analysis were very promising.

“The confirmation of the laterite profile, combined with the highly promising olive-rich basement rock-types being intercepted at the bottom of the holes, is exactly what we hoped to see at this early stage,” Mr Berrie said.

“It’s very promising that the first 13 holes appear to have validated our previous interpretations of the laterite profile orientation, including possible new extensions to the north-west. We now eagerly await results to confirm the tenor.

“We are also busy interpreting the preliminary results from our project-wide aeromagnetic and radiometric survey to define and refine new targets for soil sampling and future drilling.”



RC Drilling and aeromagnetic survey – Tiger’s Creek

* For full details on drill results refer to ASX release “Acquisition of NSW Cobalt Nickel Project, 6th Dec 2017, also available on the company website www.hyleametals.com.au

Figure 1: Hylea Cobalt-Nickel-Scandium-Platinum Project illustrating outline of the recently completed aeromagnetic and radiometric survey, and orientation soil geochemical survey in relation to the Tiger's Creek Prospect.

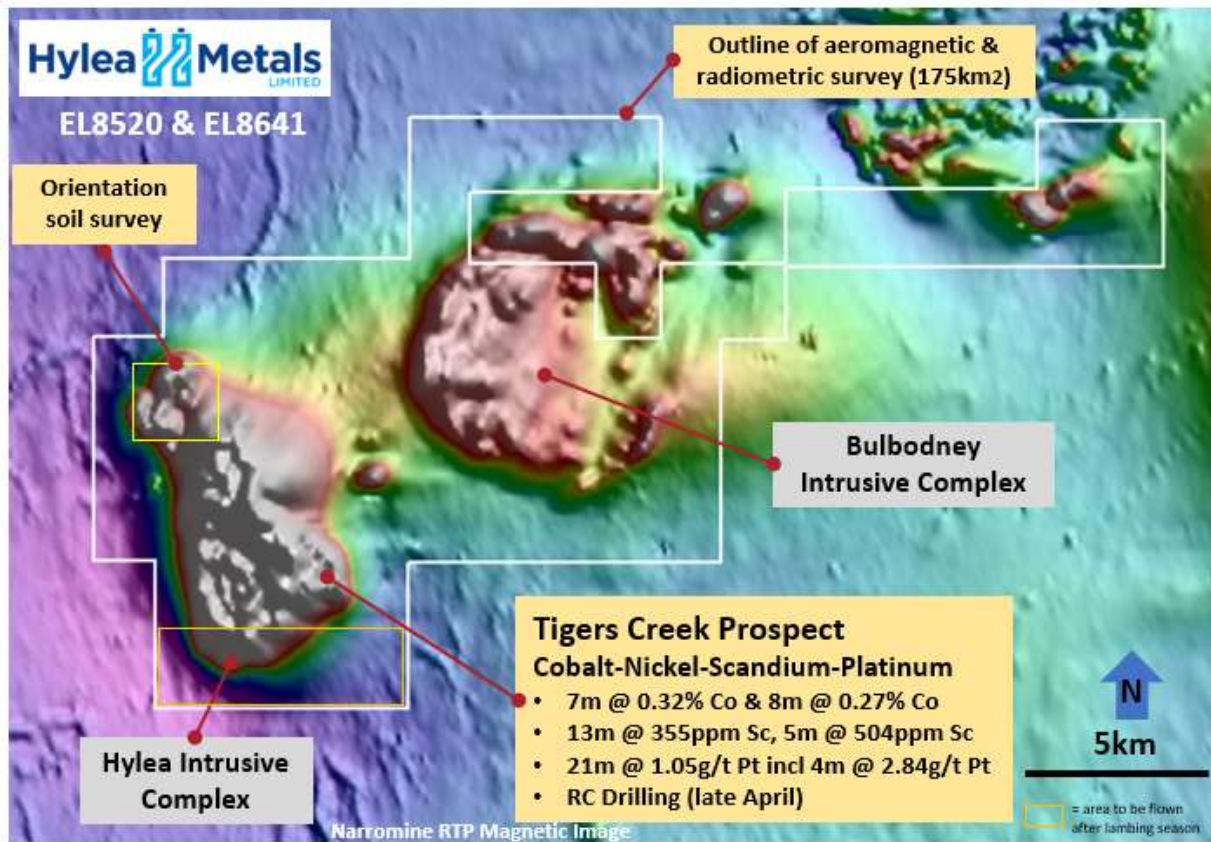
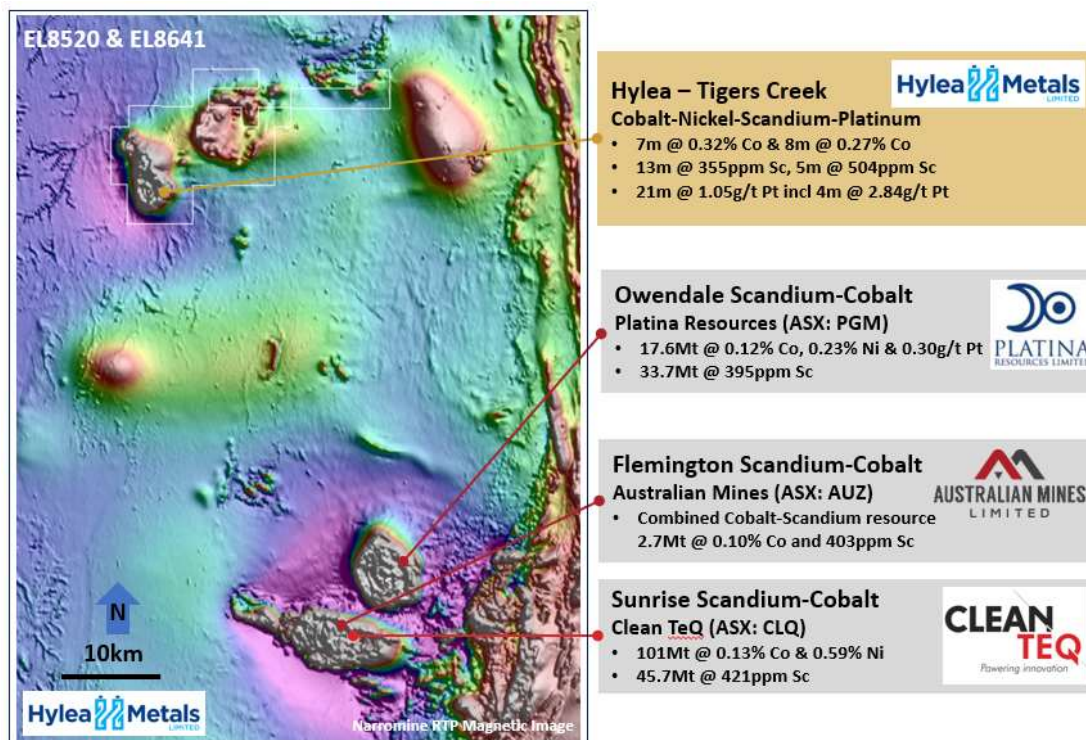


Figure 2: Hylea Cobalt-Nickel-Scandium-Platinum Project location in relation to high profile peers.



* For full details on drill results refer to ASX release "Acquisition of NSW Cobalt Nickel Project, 6th Dec 2017, also available on the company website www.hyleametals.com.au

About Tiger's Creek

High-grade cobalt has been intersected in 19 of the 31 holes drilled at Tiger's Creek by previous explorers who targeted platinum, with results such as 7m at 0.32% cobalt, including 1m @ 0.64% Co (hole HRC007) and 8m at 0.27% cobalt, including 1m @ 0.85% Co (hole HRC003)* returned. This drilling also intersected significant nickel, platinum and scandium including 5m @ 504ppm Scandium, within 13m @ 355ppm Sc from 12m (hole HRC009), and 4m @ 460ppm Scandium from 9m, within 17m @ 323ppm Scandium (hole HRC004)*.

The Tiger's Creek prospect is located on the eastern edge of the zoned 8km x 3.5km Hylea Ultramafic Intrusive Complex which is comprised of dunite – pyroxenite – hornblendite – monzonite rock types, overlain by a 10m to 70m thick in-situ regolith profile including laterite. The laterite sequence hosts cobalt – nickel – platinum and scandium mineralisation consistent with the nearby Sunrise (CleanTeq), Flemington (Australian Mines) and Owendale (Platina Resources) resources. The Hylea Intrusive Complex is a comparable scale intrusive complex with very similar source geology, and laterite development as Sunrise, Flemington and Owendale. However, Hylea has received comparably very little exploration, which principally targeted platinum, nickel and vermiculite but not cobalt.

As previously advised (ASX release 30/04/18: Drilling commences at Hylea Cobalt Project), the Company is undertaking a drilling program consisting of approximately 50 holes for ~3,000m at the Tiger's Creek Prospect. The drilling has three main objectives:

- Confirm the thickness, tenor and location of results reported by previous explorers;
- Expand out from currently identified cobalt mineralisation into areas where laterite has been drilled but not assayed for cobalt, and
- Apply modern exploration techniques especially with respect to sample analysis which has advanced significantly since the historical drilling was completed.

Media

For further information, please contact:

Paul Armstrong
Read Corporate
9388 1474

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.

* For full details on drill results refer to ASX release "Acquisition of NSW Cobalt Nickel Project, 6th Dec 2017, also available on the company website www.hyleametals.com.au