



Hylea  **Metals**
LIMITED

KAYELEKERA URANIUM PROJECT

ASX:HCO

HYLEAMETALS.COM.AU



Why are we uranium bulls?

THE DEMAND OUTLOOK REMAINS EXTREMELY POSITIVE

446 REACTORS OPERATIONAL, 56 UNDER CONSTRUCTION, 111 PLANNED AND +300 PROPOSED

56 facilities under construction

Legacy supply contracts rolling off

Uncovered demand building from 2020

Extended period of depressed prices has forced lasting cuts to supply

- Major players Kazakhstan's state-owned Kazatomprom and Canada's Cameco have significantly cut supply

Mine supply deficit reducing the size of "mobile" inventory

- Mine supply deficit of 55M lb in 2018

Section 232 in the United States has re-focused the market back on the uranium sector

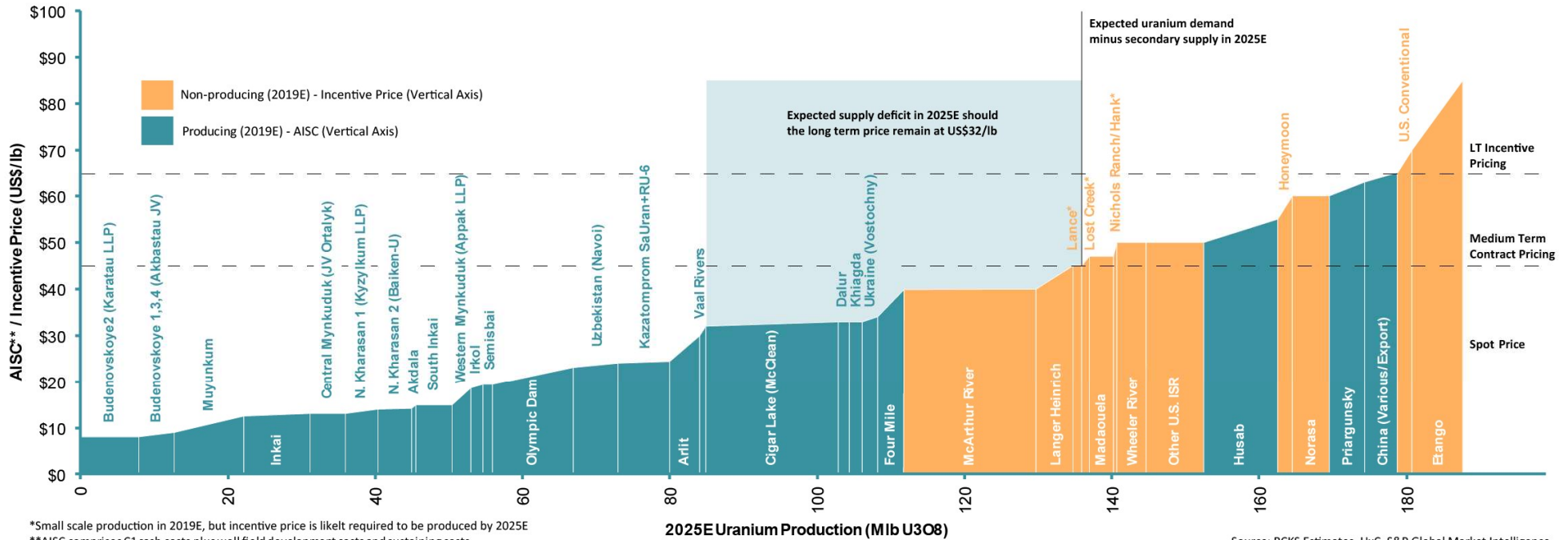
- Decision due - July 14th

Despite several false starts since the price bottomed in 2016 fundamentals point towards a price recovery



Why are we uranium bulls?

A significant increase in the current price is required to keep up with demand



*Small scale production in 2019E, but incentive price is likely to be produced by 2025E
 **AISC comprises C1 cash costs plus well field development costs and sustaining costs

Source: RCKS Estimates, UxC, S&P Global Market Intelligence

URANIUM MARKET

DEMAND	MINE SUPPLY	DEFICIT	INVENTORY ESTIMATE	MOBILE INVENTORY ESTIMATE
190 M lb	135 M lb	55 M lb	1790 M lb	179 M lb



Why does this opportunity exist?



SUSTAINED PERIOD OF LOW URANIUM PRICES

Current spot price at US\$25/lb compared to previous peak in 2007 of US\$153/lb



SECONDARY ASSET FOR PDN.ASX

Two assets on C&M

Highly leveraged balance sheet

Remain exposure to upside as major shareholder – 14.6%



HYLEA MANAGEMENT TEAM

Experience in uranium sector

Strong technical and commercial aspects

Significant experience in developing African mining projects



Transaction Details

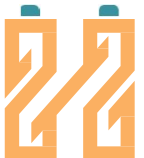
HCO has entered into an agreement with Paladin (ASX.PDN) to acquire a 65% interest in the Kayelekera Uranium Project

Remaining 35% is held by Chichewa Resources (20%) and the Government of Malawi (15%)

- HCO has the option to acquire Chichewa Resources 20% interest in in the future¹

Consideration payable is as follows:

INITIAL CONSIDERATION	\$1.8m worth of ordinary shares in Hylea
DEFERRED CONSIDERATION	\$3m worth of ordinary shares issued on the 3rd anniversary
ROYALTY	3.5% gross returns at the Kayelekera mine up to a maximum of \$5 million
ENVIRONMENTAL BOND	Replacement of US\$10m to be paid over three years



Placement

CAPITAL RAISING

Proposed raisings of between \$8m and \$8.5m
\$8m of the placement underwritten by BW Equities

Funds to assist with acquisition and project development

Raising to be completed in three tranches:

- **TRANCHE 1¹** - \$3m placement at \$0.02/share (150m shares) with one free attaching option (150m options) at an exercise price of \$0.04/share (3 years expiry);
- **TRANCHE 2** - \$1m Non-renounceable rights issue at \$0.02/share (50m shares) with one free option for every two shares subscribed (25m options) at an exercise price of \$0.04/share (3 years expiry); and
- **TRANCHE 3** - \$4.5m placement at \$0.02/share (225m shares) with one free option for every two shares subscribed (112.5m options) at an exercise price of \$0.04/share (3 years expiry).

Placement and acquisition subject to shareholder approval

¹ If the Proposed Acquisition does not proceed, the proceeds of the first tranche of the First Placement will be used by the Company for expenditure on its existing projects, to pursue further acquisition opportunities and for general working capital purposes.

² Issued at lower of 30 day VWAP or \$0.02/share

CAPITAL STRUCTURE

100.1

Shares on issue
(current)

9.9m

Options on issue
(current)

90.0m²

Issued to PDN (shares)

150.0m

Tranche 1 Placement
(shares)

150.0m

Tranche 1 Placement
(options)

50.0m

Tranche 2 Placement
(shares)

25.0m

Tranche 2 Placement
(options)

225.0m

Tranche 3 Placement
(shares)

112.5m

Tranche 3 Placement
(options)

615.1m

Shares on issue (current)

297.4m

Total Options on issue

\$22m

Market Capitalisation
(at \$0.04/share)



Why do we like the Project

UNIQUE OPPORTUNITY FOR A LOW CAPITAL, QUICK RE-START TO URANIUM PRODUCTION

FULLY PERMITTED FOR PRODUCTION WITH ALL PERMITS AND LICENCES IN PLACE

+US\$200M CAPEX SPENT

- Infrastructure remains in excellent condition

SIMPLE MINING & METALLURGY

- OP mining operation
- 1.5Mtpa (87.5% recovery)
- Advancements in metallurgical processing technology since project closure

+\$400M IN POTENTIAL CARRIED FORWARD TAX LOSSES

SIGNIFICANT EXPLORATION UPSIDE

- Near pit resource expansion opportunity
- Regional exploration opportunities identified



Project Location Malawi

MALAWI, LOCATED IN SOUTHEAST AFRICA, IS KNOWN AS 'THE WARM HEART OF AFRICA', WITH A POPULATION OF ABOUT 17 MILLION PEOPLE.

Bordered by Tanzania, Mozambique and Zambia to the north north-east, east-south-west and west respectively.

Kayelekera Mine located in the Karonga District in northern Malawi, close to the Tanzanian and Zambian borders

Site easily accessed by existing road and nearby airport



Opportunities for Redevelopment



HIGH LEVEL RESTART STUDY

Capex and Opex



ADVANCEMENTS IN METALLURGICAL TECHNOLOGY

Mudstone processing and ore sorting



SIGNIFICANT EXPLORATION POTENTIAL



OTHER OPPORTUNITIES

Power – grid connection



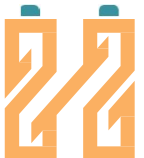
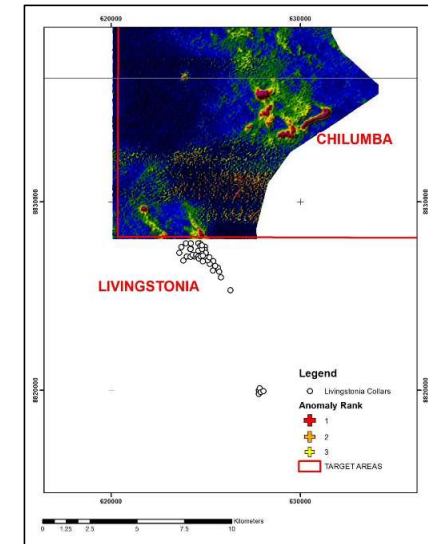
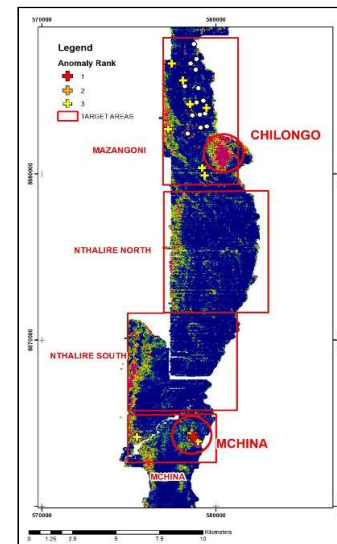
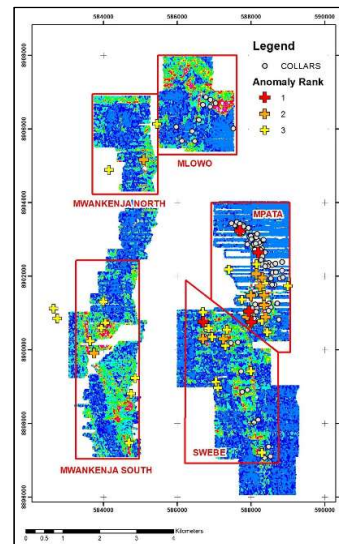
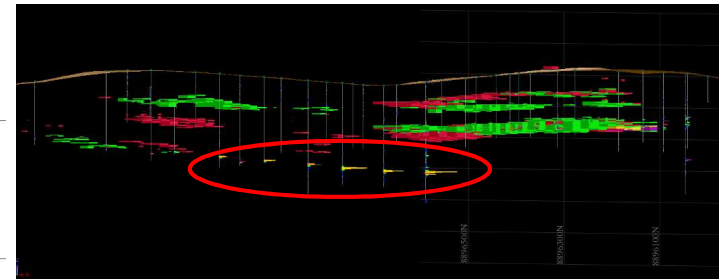
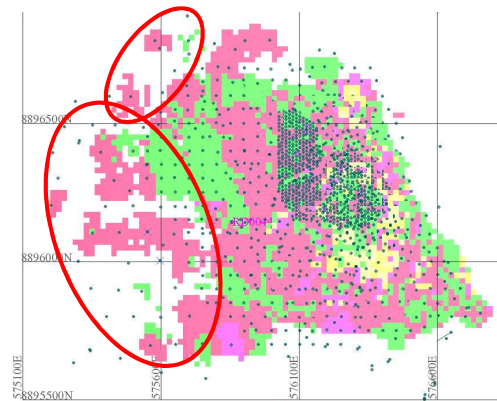
Exploration

THE PROJECT HAS A HISTORY OF INCREASING METAL IN THE RESOURCE THROUGH INCREASED DRILLING DENSITY

Near mine opportunities evident include:

- Modelling to increase continuity of western and northern regions
- Previously unmodelled zone beneath main mineralisation

Untested drill targets defined by radiometric present in the Mwanjenja South, Livingstonia and Chilumba; as well as structural targets in the Nthalire areas.



Leverage for the next uranium cycle

UNIQUE OPPORTUNITY OF A FULLY PERMITTED AND DEVELOPED URANIUM PROJECT ALLOWING FOR A LOW CAPITAL, SHORT TIME FRAME TO RECOMMENCE PRODUCTION

2019

2020

Q3

COMPLETE THE GOVERNMENT APPROVAL PROCESS AND COMPLETION OF ACQUISITION

Q4

UPDATE JORC COMPLIANCE RESOURCE

Q1

INDEPENDENT RESTART CAPEX EVALUATION

Q2

PILOT ORE SORTING TECHNOLOGIES FOR ACID AND DIESEL REDUCTION STRATEGY

Q3

UPDATED FEASIBILITY STUDY





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Resource

	Mt	Grade (ppm U ₃ O ₈)	Mlb U ₃ O ₈
MEASURED	0.7	1,010	1.7
INDICATED	12.7	700	19.6
INFERRED	5.4	620	7.4
TOTAL	18.9	700	28.7

Note: The Company has not repeated the Resource estimate previously reported by Paladin for stockpiles at the Kayelekera mine as they were not reported under recognised JORC categories. The estimates of Mineral Resources are not reported in accordance with the JORC Code 2012; a Competent Person has not done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012; it is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012; the company has conducted a site visit, and has technically reviewed the methodology and reporting documents used to estimate the Mineral Resources, and notes that Paladin technical staff had a high level of experience in the estimation of uranium resources; additionally nothing has come to the attention of the acquirer that causes it to question the reliability of the former owner's estimates; the acquirer has not independently validated the former owner's estimates and as required under the relevant ASX guidance notes, the Company should not be regarded as reporting, adopting or endorsing those estimates. As noted above, it is likely that the Ore Reserves previously stated by Paladin would not meet the requirement of Ore Reserves under the JORC Code 2012 for the reasons outlined above and would be downgraded to Mineral Resources and, accordingly, the Company has not repeated those Ore Reserve statements in this announcement.



Project Team

SIGNIFICANT COMMERCIAL AND TECHNICAL EXPERIENCE IN URANIUM AND AFRICAN DEVELOPMENT PROJECTS

Simon Andrews – Managing Director

- +20 years' experience in global financial markets. Has worked in various roles including as an equity research analyst for several global investment banks covering the energy, petrochemicals and industrial sectors. Mr Andrew was a founding director of Emmerson Resources (ERM: ASX).

Grant Davey – Mining Consultant

- Mining engineer with +25 yrs operational experience in the construction and operation of mines in Africa, Australia, South America and Russia. He was previously responsible for the Vaal Reefs South Uranium plant when it produced up to 6M lbs pa of uranium.

Keith Bowes – Processing Consultant

- Processing engineer with +25yrs experience in metallurgy, project management and operations. He has worked in Africa, South America and Australia for the major mining houses on projects and plants covering a wide range of commodities and processes.

Neil Inwood – Geological Consultant

- Geologist with +25 yrs experience in exploration and resource geology. Neil led the geology due-diligence team reviewing the Honeymoon Uranium Mine that led to the acquisition by Boss Resources in 2015. Previously he was also the uranium specialist for Coffey Mining and undertook technical and due-diligence studies, and was the CP for multiple global uranium projects.

