

29 August 2019

Dear Option Holder

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

As announced on 24 June 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.

The Offer will be made to shareholders registered at the Entitlement Record Date (as defined below) with a registered address in Australia or New Zealand (**Eligible Shareholders**).

HCO has announced the record date of 5:00pm (AWST) on 4 September 2019 for the purposes of determining shareholders entitled to participate in the Offer (**Entitlement Record Date**). A prospectus containing full details of the Offer was lodged with ASIC and ASX on 29 August 2019 and will be dispatched to all Eligible Shareholders on 9 September 2019. The Prospectus will be available on the ASX website (company announcements section, ASX code: HCO).

Under the terms of the options you currently hold, there is no entitlement to participate in the Offer, unless you exercise your options and are entered onto the register as an Eligible Shareholder on or before the Entitlement Record Date. Under the terms of your options you are entitled to receive notice of the record date set for the purposes of determining entitlements to any new issue of capital. The purpose of this letter is to give you that notice in order to permit you to participate in the Offer, should you wish to do so.

If you are not a shareholder and wish to participate in the Offer, or if you are already a shareholder but also wish to participate in the Offer in respect of your option holdings, it will be necessary for you to exercise all or part of your options, and the shares in respect of those options must have been issued to you before the Entitlement Record Date. If you wish to do so, you should complete a Notice of Exercise of Options and lodge it with the Company, together with your payment for the number of options you wish to exercise. If the Notice of Exercise of Options together with payment in full for the relevant number of options being exercised is not received by Entitlement Record Date, you will not be able to participate in the Offer in respect of the shares to be issued upon exercise of those options.

If you do not wish to participate in the Offer (in respect of your options), you do not need to take any action. This letter is only intended to inform you of your rights in relation to your options. This letter is not an offer or an invitation to acquire shares in HCO or to participate in the Offer.

If you require further information, please contact Amanda Burgess, HCO's Company Secretary, on +61 8 9278 2441.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Simon Andrew', written in a cursive style.

**Simon Andrew**  
**Managing Director**