

*30 June 2021*

DEVELOPING A WORLD-CLASS  
HALLOYSITE-KAOLIN PROJECT



ASX:ADN

[www.andromet.com.au](http://www.andromet.com.au)



**\$389M**

MARKET  
CAPITALISATION

**\$6.7M**

CASH  
(30 Mar 21)

**\$0M**

DEBT

**2,160M**

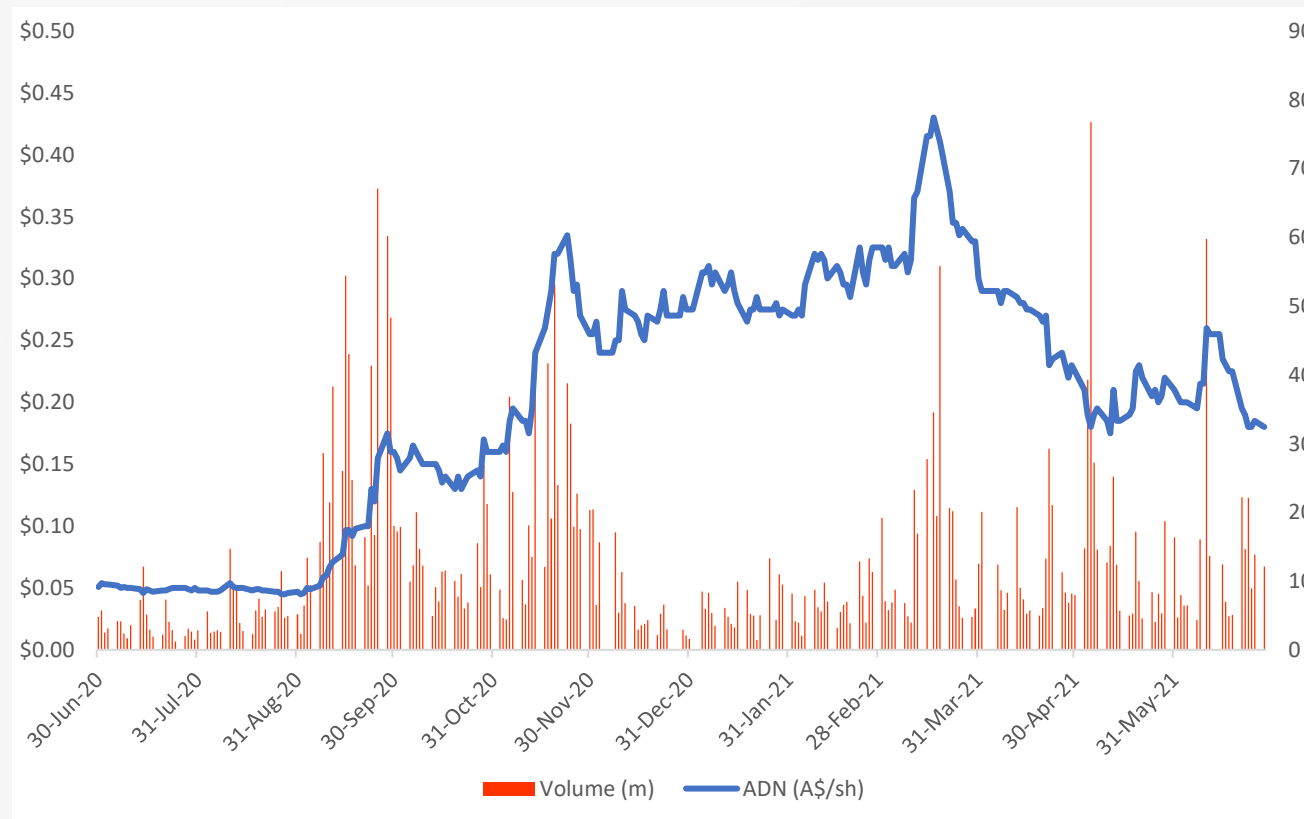
FULLY PAID  
ORDINARY SHARES

**\$0.18**

CURRENT SHARE  
PRICE

## BOARD MEMBERS

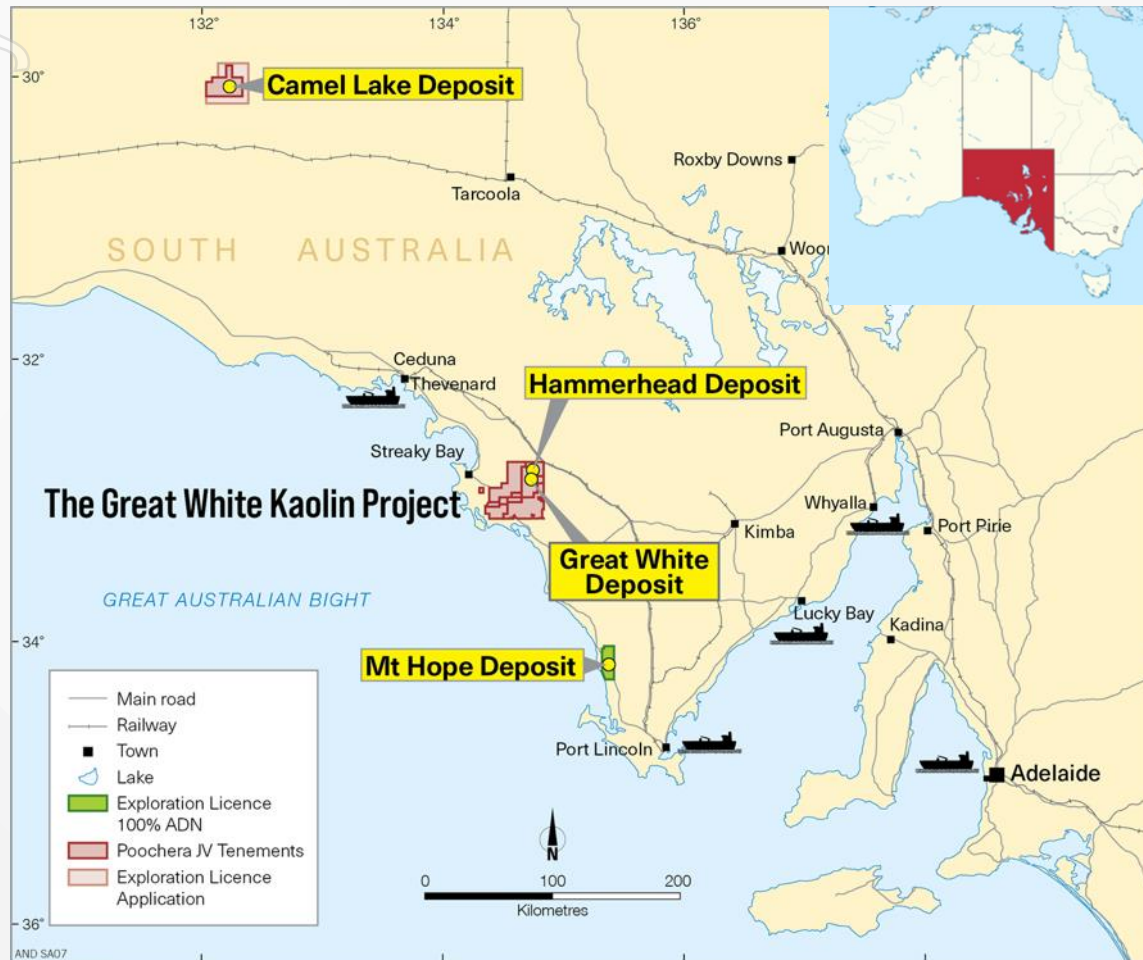
- Rhod Grivas – Non Executive Chairman
- James Marsh – Managing Director
- Joe Ranford – Operations Director
- Nick Harding – Finance Director
- Andrew Shearer – Non Executive Director



PRIMARY FOCUS	HALLOYSITE-KAOLIN		
	Great White Kaolin (ADN 75% JV with MEP 25%) and Mount Hope (100%) Projects in South Australia		
	Natural Nanotech (ADN 50% JV with MEP 50%)		
ADDITIONAL ASSETS& JV'S	GOLD		COPPER
	Drummond Project Gold in Qld	Cobra Resources JV Gold in SA	Environmental Copper Recovery JV Copper in SA

# GREAT WHITE KAOLIN PROJECT

(Joint Venture 75% Andromeda:25% Minotaur)



## Primary Project Focus – Halloysite-Kaolin

- Great White – considered the world's largest known high-purity halloysite-kaolin resource
- Current total resources exceeding 100Mt
- Located close to essential infrastructure
- Legally Binding Offtakes underpinning the business
- LOI's for an additional approx. 1Mt/pa of mixed grades
- New high-value concrete industry opportunity
- De-risked High Purity Alumina (HPA) project
- Multiple Nanotechnology opportunities

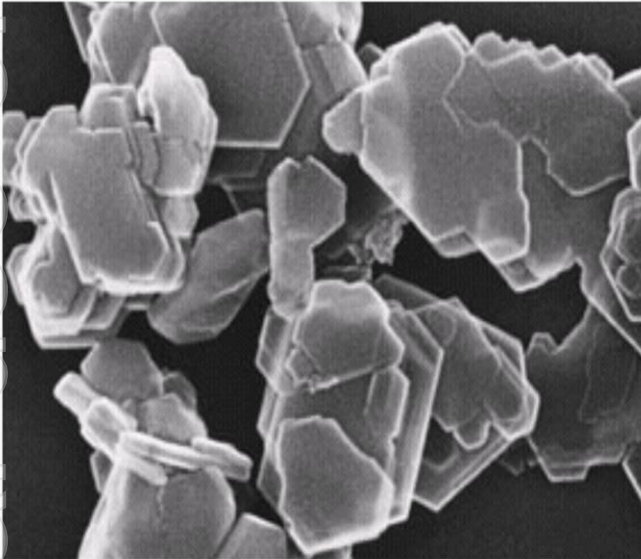


# Binding Offtake Agreement with MSI China

- Jiangsu Mineral Sources International Trading Co. Ltd (MSI) is a Chinese commodity trading house specialising in industrial mineral from overseas suppliers
- MSI has long-term business sourcing mineral sands products from prominent Australian and African producers
- MSI already has existing import kaolin business
- Payment assurance to the agreement is provided by Jiangsu Holly International Technical Engineering Co. Ltd (Holly) as financier to MSI. This arrangement is also used for the other MSI import business
- The agreement is for 70kt/pa +/- 10% of refined ultra-bright high-purity kaolin for the coatings and polymers market (Great White PRM) with an initial term of 5 years
- The contract price is superior to the price of A\$700/t used in the PFS for the ceramic grade (Great White CRM) and is fixed for the first 3 years of the contract
- Discussions are continuing with MSI regarding an additional agreement for supply of Great White CRM into ceramics markets
- The diversification to two top-quality products for two distinct markets allows significant de-risking of the project

# WHAT IS HALLOYSITE-KAOLIN

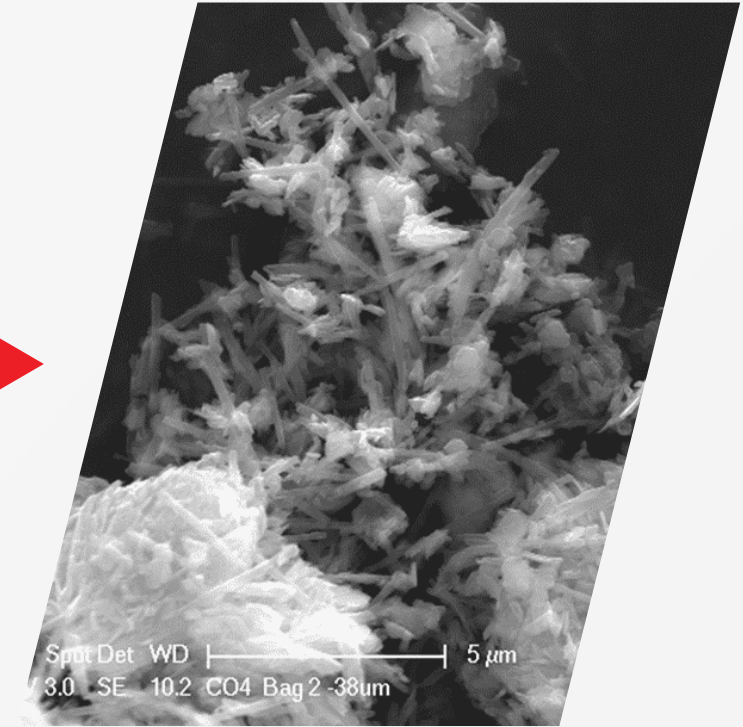
Standard Kaolin Product



Kaolinite Plates



Halloysite Tubes



The Great White Resource is a naturally occurring blend of tubes and plates

You already use kaolin in a vast number of applications, everyday



Ceramics



Medical



Paint & Coatings



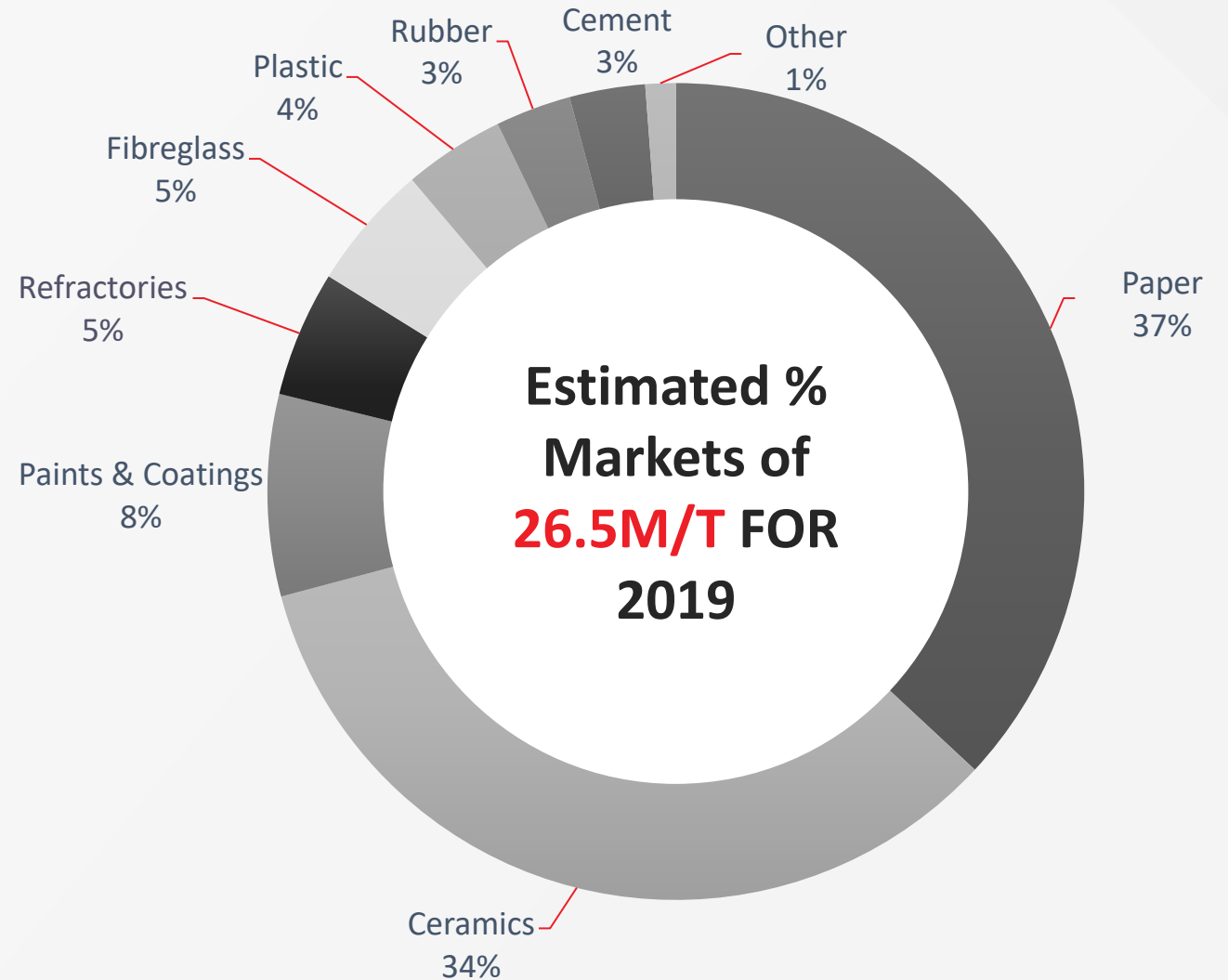
Transport



Plastic



Product



# Ultra-High Purity Kaolin for Coatings

## From Great White & Mt Hope

### Out-Performs the World's Best Kaolin Coating Products

Grade	Great White	Mt Hope	Eckalite YMT (Leading Australian Grade)	Supreme (Leading European Grade)
Country	Australia	Australia	Australia	UK
Brightness (%)	90.4	90.0	88.0	88.0
Oil Absorption (g/100g)	60	56	50	46
<2 um (%)	94	92	-	94
<1 um (%)	81	75	-	80
Surface Area (m <sup>2</sup> /g)	16	17	-	16
Flowability (%)	70.2	-	-	69.0

- Binding Offtake signed for 70,000t/pa (+/- 10%) of premium paint grade into China
- Price fixed for three years: Commercially sensitive but higher than the PFS price (A\$700/t)
- Significant global opportunities for this product



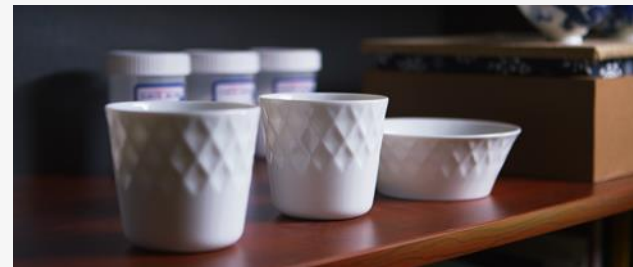


# High Purity Halloysite-Kaolin for Ceramics

## From Great White & Mt Hope

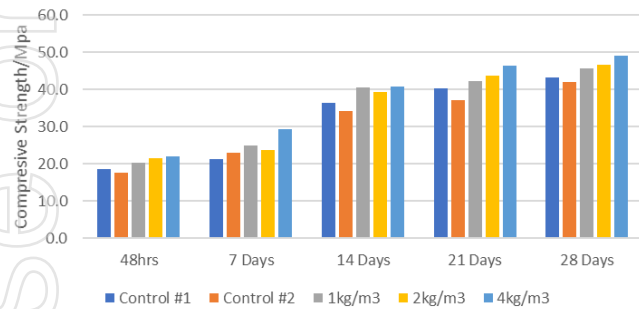


- Binding Offtake signed for 5,000t/pa with Japanese customer @ A\$700/t
- Total Japanese market estimated at 45,000t/pa
- Total Chinese market estimated at ~ 700kt/pa – Offtake discussions ongoing
- Approval testing in progress throughout Europe, Middle East and Asia
- Global supply shortage is growing

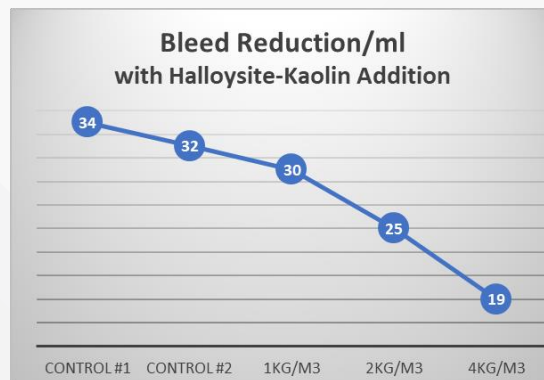


## Exciting New Applications in Construction Products

Halloysite-Kaolin in 40MPa Concrete  
Strength Gain



Bleed Reduction/ml  
with Halloysite-Kaolin Addition



Halloysite-Kaolin Rheology Modifier being tested in a range of construction products



Addition levels as low as 1kg/m<sup>3</sup> of concrete show clear positive benefits in handling and strength



Australian Concrete Industry Standards certification was achieved on Nov 25<sup>th</sup> 2020



This opportunity represents a new huge high-value market with true global reach

**Most researched clay  
mineral in the world**  
**Use only constrained by  
supply shortage**

**100's of Patents Granted**

Great White Project halloysite is being tested in  
numerous emerging and existing applications

## Natural Nanotech JV



Carbon Dioxide  
Capture/Storage and  
Conversion to Fuels



Batteries and Super-  
Capacitors



Water Purification



Pilot Plant under  
Construction



Patent Filing  
Planned



Patent Filing  
Planned

## R&D in Progress



Agriculture/Delivery of  
Herbicides & Fertilisers



Medical Delivery of Drugs



Hydrogen Storage and  
Transport



Remediation of Contaminated  
Soils

# HIGH PURITY ALUMINA PROJECT

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- HPA is recognised as a key component in the Lithium-Ion Battery supply chain
  - Annual demand is set to quadruple between 2020 and 2028 causing a significant shortfall in supply
  - Current 4N (99.99%) HPA pricing is approx. US\$24,000/t and 5N (99.999%) up to US\$50,000/t
  - HPA is also used extensively in LED lights and Smartphone Glass
- 
- Andromeda has proven premium quality kaolin feed for HPA production
  - Very high end 4N purity was repeatedly achieved with only one stage of purification
  - MoU signed with Advanced Energy Minerals for exclusivity to their technology in Australia and New Zealand
  - AEM has the only globally operating commercial facility producing HPA from kaolin
  - Their Canadian plant has a state of the art R&D centre and holds a portfolio of related IP
  - AEM is currently designing a UK plant with support from the UK government and this improved modular design would be duplicated in Australia by Andromeda
  - Feasibility studies likely to commence following successful D/D
  - Operational start of approx. 2000t/pa of 5N product under consideration for 2023





## Great White Project PFS

- NPV of A\$736m (pre tax / 8% discount rate)
- EBIDTA (LOM) A\$2.06B
- 26 year mine life (@500ktpa)
- 15 month payback
- IRR of 175%
- Based on DSO and offshore refining
- Mining and processing 500kt/pa of ore
- Based only on ceramic market product

## DFS and upside

- On-site wet processing from start of production
- Likely to incorporate a phased construction:
  - 250ktpa of ore processed year one
  - Doubling of capacity end of year two
- Based on coatings and ceramic market products
- Phase 2 product mix and capacity optionality
- Mine life 25 years+
- Concrete product opportunity (parallel to DFS)
- High Purity Alumina opportunity (parallel to DFS)

# WHAT'S NEXT

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- Additional Binding Offtake Agreements
- Definitive/Bankable Feasibility Studies
- Mining Approvals
- High Purity Halloysite – resource and/or purification
- Concrete Application Testing – commercial agreement
- Additional Resources
- Nanotechnology Commercialisation
- High Purity Alumina – feasibility studies

**2022**

- **Commencement of construction at Great White - Mid 2022**

# Key Raising Details

## Up to \$45m capital raise to support ongoing development

- Targeting a \$45 million capital raise via a placement and SPP
- Single tranche placement of up to \$30 million at \$0.15 per share
- Issue Price represents:
  - 16.7% discount to Andromeda's 28 June 2021 closing price of \$0.180 per share
  - 18.8% discount to Andromeda's 5-day VWAP of \$0.185 per share as at 28 June 2021
- SPP of up to \$15 million at the same \$0.15 per share issue price as placement
- Funds raised will be used for the following:
  - ~\$6.0 million – Great White Project studies including DFS
  - ~\$20.0 million – Great White Project pre-construction and long lead items
  - ~\$5.0 million – Product development and marketing
  - ~\$1.0 million – Exploration
  - ~\$4.0 million – Research and development (including Natural Nanotech)
  - ~\$4.0 million – Corporate expenses
  - ~\$5.0 million – Working capital buffer and expenses of the offer

Post-capital raise pro forma	\$45 million raise	
Pre-raise ordinary shares	2,160,727,827	87.8%
Pre-raise market capitalisation <sup>1</sup>	\$388.9 million	
Max. new shares issued (placement + SPP)	300,000,000	12.2%
<b>Total max. shares post-raise</b>	<b>2,460,727,827</b>	<b>100%</b>
Issue price	\$0.15	
<b>Implied market capitalisation (at Issue Price)</b>	<b>\$369.1 million</b>	
Unlisted Options <sup>2</sup>	86,320,000	
Performance rights <sup>3</sup>	19,750,000	

1. As at last close of \$0.180 per share on 28 June 2021
2. Appendix 3B – 22 March 2021
3. Appendix 3B – 22 March 2021

Key dates	
Record Date SPP	29 June 2021
Andromeda announces completion of placement & intention to launch SPP	30 June 2021
Dispatch SPP Booklet to eligible shareholders and release offer letter on the ASX	06 July 2021
Opening Date of SPP	06 July 2021
Settlement of Placement	06 July 2021
Allotment of Placement and lodgement of Appendix 2A	07 July 2021
Closing Date of SPP	20 July 2021
Issue of SPP Shares	27 July 2021
Quotation of SPP Shares on ASX	28 July 2021

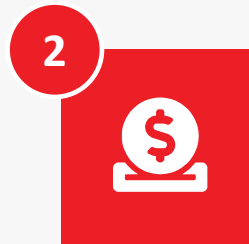
- The dates are indicative only and subject to change.
- The Company, in consultation with the Lead Managers, reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules.
- In particular, the Company reserves the right to extend the Closing Date or accept late Applications.



# KEY TAKOUTS & SUMMARY



Andromeda has one of the world's  
largest resources of high purity  
halloysite-kaolin



This is a high value industrial  
mineral selling into a low-volatility  
market



Global demand is increasing, and  
supply is decreasing



Simple business model with low  
impact mining



Huge potential in new applications including  
concrete, nanotube technologies and HPA



Low capex project with a short  
timeline to operation

**James Marsh**  
Managing Director  
[james.marsh@andromet.com.au](mailto:james.marsh@andromet.com.au)



ASX:ADN  
[www.andromet.com.au](http://www.andromet.com.au)



### Cautionary Statements

The preliminary feasibility study (Pre-Feasibility Study, PFS) referred to in this announcement has been undertaken to study a range of options to produce high-quality halloysite-kaolin product from the Kaolin Resource at Poochera in South Australia in order to provide Andromeda Metals with a basis for more detailed Definitive Feasibilities Studies for the Project. It is a technical and economic study to identify preferred mining, processing and infrastructure requirements but it has not finalised these. The PFS work has advanced assessments of environmental and socio-economic impacts and requirements but these are also not finalised. The estimation of ore reserves is yet to be done.

The Production Target referred to in this announcement is based on this PFS and supported mainly by Measured and Indicated Resources and only minor Inferred Resources. Andromeda Metals has concluded that it has reasonable grounds for disclosing a Production Target, however there is no certainty that the Production Target or the economic assessment will be realised.

The PFS is based on the material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While Andromeda Metals considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the PFS will be achieved.

To achieve the range of outcomes indicated in the PFS, funding in the order of A\$28M, inclusive of working capital, is likely to be required. Investors should note that there is no certainty that Andromeda Metals will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Andromeda Metals' existing shares. It is also possible that Andromeda Metals could pursue other 'value realisation' strategies to provide alternative funding options.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the PFS.

This announcement includes forward looking statements. For further information on forward looking statements please refer to the end of this release.

### Forward Looking Statements

Some of the statements contained in this report are forward looking statements. Forward looking statements, include, but are not limited to, statements concerning estimates of tonnages, expected costs, statements relating to the continued advancement of Andromeda's projects and other statements that are not historical facts. When used in this report, and on other published information of Andromeda, the words such as 'aim', 'could', 'estimate', 'expect', 'intend', 'may', 'potential', 'should' and similar expressions are forward looking statements. Although Andromeda believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results to differ from these forward looking statements include the potential that Andromeda's project may experience technical, geological, metallurgical and mechanical problems, changes in market prices and other risks not anticipated by Andromeda. Andromeda is pleased to report this summary of the Study in a fair and balanced way and believes that it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any mining of mineralised material, modifying factors, production targets and operating cost estimates.

This announcement has been compiled by Andromeda from the information provided by the various contributors. All financial assumptions and estimates are quoted in Australian Dollars ('A\$' or 'AUD') only, unless indicated otherwise.

### Competent Person's Statements

Information in this announcement has been compiled by Mr James Marsh a member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Marsh is an employee of Andromeda Metals Limited who holds shares and options in the company and has sufficient experience, which is relevant to the style of mineralisation, type of deposits and their ore recovery under consideration and to the activity being undertaken to qualify as Competent Persons under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). This includes Mr Marsh attaining over 30 years of experience in kaolin processing and applications.

Mr Marsh consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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No action has been taken to register the securities or otherwise permit a public offering of securities in any jurisdiction. The distribution of this document outside Australia may be restricted by law. Persons who come into possession of this document should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This document is not a prospectus and shall not constitute, or form part of, an offer to sell or a solicitation of an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of any such jurisdiction. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

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- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



#### International Offer Restrictions (continued)

##### United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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<b>Development of the Great White Project</b>	<p>The Company's ability to successfully develop and commercialise the Great White Project may be affected by factors including feasibility study and project construction delays or costs overruns. If the Company experiences project delays or additional cost overruns this could result in the Company not realising its operational or development plans or result in such plans costing more than expected or taking longer to realise than expected.</p> <p>The Company has endeavoured to take appropriate action to mitigate the risks of further project delays and additional cost overruns but the occurrence of an event that results in project delays and/or cost overruns may have a material adverse effect on the Company's performance and the value of its assets.</p> <p>The Company has prepared pre-feasibility level estimates of capital expenditure and costs. However, the Definitive Feasibility Study remains incomplete and changes to all facets of project scope, costs, revenues, and timing remain uncertain and have the ability to impact Project economics adversely.</p> <p>In addition, the ability of the Company to construct and operate the Great White Project on time and on budget remains inherently uncertain, and any failure to do so could impact the value of the assets.</p>
<b>Risks as to Forecasts</b>	<p>The Company has existing operating cash costs, future production targets and revenue profiles for its future operations at the Great White Project as part of its pre-feasibility study. This study will be superseded as a definitive feasibility study and these targets and forecasts will change.</p> <p>These forecasts, although considered to have reasonable grounds, may be adversely affected by a range of factors including: changes or variation in geological conditions, mining, processing and loading equipment failures and unexpected maintenance problems; limited availability or increased costs of mining, processing and loading equipment and parts and other materials from suppliers; mine safety accidents; adverse weather and natural disasters; and a shortage of skilled labour.</p> <p>If any of these or other conditions or events occur in the future, they may increase the cost of mining or delay or halt planned construction, commissioning, ramp up and production, which could adversely affect the Company's results of operations or decrease the value of our assets.</p> <p>The Company will endeavour to put in place a framework for the management of operational risks and an insurance program which provides coverage for a number of these operating risks. However, any unforeseen increases in capital or operating costs of the Great White Project could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition. No assurance can be given that the Company's estimates will be achieved or that the Company will have access to sufficient capital to develop the Great White Project due to an increase in capital and operating costs estimates.</p>
<b>Foreign Exchange Risk</b>	<p>Feasibility Studies to date have been denominated in Australian dollars whilst items of the planned development and operational activities, and expected revenues, are denominated in other currencies. The Company's ability to fund the development and operation of the Great White Project may be adversely affected by currency fluctuations. No assurance can be given that the Company's estimates will be achieved or that the Company will have access to sufficient capital to develop the Great White Project due to unanticipated currency movements.</p>
<b>Commodity Price Volatility</b>	<p>The revenue the Company will derive through the sale of Kaolin products will expose the Company to commodity price and exchange rate risk (see above).</p> <p>Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. Such factors include the supply and demand for commodities, forward selling activities, technological advancements and other macro-economic factors. If the Company achieves development success which leads to viable production, its financial performance will be highly dependent on the prevailing commodity prices and exchange rates.</p> <p>The Company has, and intends to, partially mitigate this risk by entering into fixed price contracts for the sale of Products, but there is no guarantee these contracts will be performed as intended.</p>

<b>Resource and Reserve Estimates and Classification</b>	Current and future Mineral Resource and Ore Reserve estimates for the Company's projects are estimates only and are expressions of judgement based on knowledge, experience and industry practice. In addition, by their very nature, Mineral Resource and Ore Reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. No assurances can be given that any particular level of recovery of kaolin will in fact be realised.
<b>Coronavirus (COVID-19) Risk</b>	<p>The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and will likely continue to have, a significant impact on global capital markets, commodity prices and foreign exchange.</p> <p>Any infections occurring on site at the Great White Project could result in the Company's operations being suspended and construction otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as adverse implications on the Company's future cash flows, profitability, ability to raise capital, and financial condition.</p> <p>Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations including impacting on the ability to acquire appropriately skilled personnel, financial position and prospects.</p> <p>The Company intends to minimise the risk in respect to COVID-19 by developing an optimised execution strategy and construction schedule to allow for major activities to be done sequentially.</p> <p>The Company also intends to create a COVID-19 mitigation plan and update this plan based on the latest guidance from health professionals and the government as activities increase, with the intention of mitigating COVID-19 impacts</p>
<b>Future Capital Requirements</b>	<p>The Company will require further financing to construct and operate the Great White Project. The Great White Project is subject to a Joint Venture with ASX-listed Minotaur Exploration Ltd ("Minotaur"), who are required to contribute to development and construction costs for the Project. If agreement cannot be reached on progression of the Project, or Minotaur cannot raise the required capital to contribute their share, the Project schedule could be impacted.</p> <p>The Company may also require further financing in the future to progress its other projects.</p> <p>Any additional equity financing will likely be dilutive to Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.</p> <p>Although the Directors believe that additional capital can be obtained as it becomes required, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.</p> <p>The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such Shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.</p>
<b>Offtake Risk</b>	<p>The Company has binding offtake agreements for a percentage of the planned production from the Great White Project, but not all of it. Additional offtake agreements are being sought but there is no guarantee they will be available on terms favourable to the Company or at all.</p> <p>The Company's operations and revenues are dependent on the counterparties to existing and future offtake agreements performing their obligations. Notwithstanding the offtake arrangements contain price mechanisms, if counterparties do not take their obligated quantities of product or seek to renegotiate the price or quantity of product, the Company's revenue could be adversely affected.</p>

<b>Operational Risks</b>	<p>The Company's operational and development activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of labour, consumables (including fuels and lubricants), spare parts, plant and equipment, external services failure (including access roads, energy and water supply), industrial disputes and action, difficulties in commissioning, ramp up and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.</p> <p>Hazards incidental to the mining, exploration and development of mineral properties such as unusual or unexpected geological formations, difficulties and/or delays associated with groundwater and dewatering of existing pits may be encountered by the Company. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.</p> <p>There is no certainty that the construction and production ramp up process will not uncover failures or deficiencies in processes, systems, plant and equipment required, and addressing such failures or deficiencies may result in the Company incurring unexpected costs and production ramp-up delays. Any of these outcomes could have a material adverse impact on the Company's results of operation and financial performance, including but not limited to the Company's ability to operate on a cashflow positive basis.</p> <p>Any inability to resolve any unexpected problems relating to these operational risks or adjust costs profiles on commercial terms could adversely impact continuing operations, production targets, Mineral Resources and Ore Reserves estimates and the assessment of recoverable amount of the Company's assets. Production guidance and targets are subject to assumptions and contingencies which are subject to change as operations performance and market conditions change or other unexpected events arise.</p>
<b>Title Risk</b>	<p>The Company's granted tenements across all Projects permit the Company to undertake exploration. Each tenement carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in a tenement if the conditions are not met or if there are insufficient funds available to meet expenditure commitments.</p>
<b>Regulatory Risk</b>	<p>The development of the Company's projects are subject to obtaining further key approvals from relevant government authorities. The Company has an approvals schedule and a management team with significant experience in approvals required for mining projects in South Australia. A delay or failure to obtain required permits may affect the Company's schedule or ability to develop the project.</p> <p>Any material adverse changes in government policies or legislation in South Australia and Australia that affect mining, processing, development and mineral exploration activities, income tax laws, royalty regulations, government subsidies and environmental issues may affect the viability and profitability of any planned development the Company's Great White Project and other Projects in the Company's portfolio. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could adversely impact the Company's mineral properties.</p> <p>The company has submitted a Mining Lease Proposal for the Great White Project and that proposal has been submitted for public comment. At the close of the review period there was no indication of opposition by NGO's or other groups to the proposed project however there is a risk to development by delays caused by future opposition by third parties or other issues impacting the project schedule.</p>
<b>Environmental Risk</b>	<p>The Company's projects are subject to rules and regulations regarding environmental matters. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.</p> <p>The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.</p>
<b>Insurance Risk</b>	<p>The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be available or of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.</p>



<b>Key Personnel and Staff Risk</b>	<p>The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or are incapacitated for any length of time.</p> <p>The Company's ability to execute its de-risking strategy is dependent on the performance and expertise of its key management personnel and the owners team. The Company relies on experienced and qualified technical staff in respect to the development, construction and operation of the Great White Project and there is a risk that the Company may not be able to attract and retain key staff, and members of the owners team, or be able to find effective replacements in a timely manner. The loss of staff, or any delay in their replacement, and the inability of the Company to hire additional staff could impact the Company's development of the Great White and other Projects and its ability to achieve its de-risking strategy.</p> <p>There is also a risk that the Company will be unable to retain existing staff, or recruit new staff, on terms of retention that are as attractive to the Company's as past agreements. The loss of key personnel could cause a significant disruption to the business and could adversely affect operations.</p> <p>There is a risk that the Company may not be able to recruit suitably qualified and talented staff in a time frame that meets the growth objectives of the Company. This may result in delays in the construction and development of the Great White Project , which may adversely impact on the Company's future cash flows, profitability, results of operations and financial condition.</p>
<b>Native Title and Aboriginal Heritage</b>	<p>There are areas of the Company's projects over which legitimate common law and/or statutory native title rights of Aboriginal Australians exist. Where native title rights do exist, the Company must obtain consent of the relevant landowner to progress the exploration, development and mining phases of its operations. Any failure or delay in obtaining approvals related with native title may impact the value of the Project in question.</p>
<b>Occupational Health and Safety Risks</b>	<p>Mining activities have inherent risks and hazards. The Company is committed to providing a safe and healthy workplace and environment for its personnel, contractors and visitors. The Company provides appropriate instructions, equipment, preventative measures, first aid information, medical facilities and training to all stakeholders through its occupational health and safety management systems. A serious site safety incident may expose the Company to significant penalties and the Company may be liable for compensation to the injured personnel. These liabilities may not be covered by the Company's insurance policies or, if they are covered, may exceed the Company's policy limits or be subject to significant deductibles. Also, any claim under the Company's insurance policies could increase the Company's future costs of insurance. Accordingly, any liabilities for workplace accidents could have a material adverse impact on the Company's liquidity and financial results.</p> <p>It is not possible to anticipate the effect on the Company's business from any changes to workplace occupational health and safety legislation or directions or necessitated by concern for the health of the workforce. Such changes may have an adverse impact on the financial performance and/or financial position of the Company.</p>
<b>New Projects and Acquisitions</b>	<p>The Company may make an acquisition or commit to additional Projects in the future. There can be no guarantee that any new project or acquisition will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in use of the Company's cash resources and issuances of equity securities, that might involve a dilution to Shareholders.</p> <p>The Directors will use their expertise and experience in the sector to assess the value of potential projects that have characteristics that are likely to provide returns for Shareholders.</p>
<b>Going Concern</b>	<p>The Company's financial reports to date have been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business. In the event that the Company does not complete all aspects of the Offer and cannot source additional financing, there would be material uncertainty regarding whether the Company would continue as a going concern at a future date.</p>

## General Risks

**Securities investments and share market conditions:** There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

**Force Majeure:** The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions. See above for discussion on the impact of COVID-19 on the Company.

**Liquidity Risk:** The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

**Economic Risk:** Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

**Government and Legal Risk:** Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Shares. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine. The Company is not aware of any reviews or changes that would affect its current or proposed interests in tenements. However, changes in political and community attitudes on matters such as, land access, health and safety, taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's exploration and/or development plans or its rights and obligations in respect of the tenements in which it holds interests. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

**Litigation Risks:** The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. To the best of the current Directors' knowledge, the Company is not currently engaged in any material litigation.

**Taxation:** The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares under this document.

**Climate Change Risk:** Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include:

- the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage.
- climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

**Speculative investment:** The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this document. Therefore, the New Shares to be issued pursuant to this document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this document.