

ASX Announcement

27 July 2021



Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (27 Apr 2021): \$32.1 million

Issued Capital:

2,360,727,827 ordinary shares

86,320,000 unlisted options

19,750,000 performance rights

Directors:

Rhod Grivas

Non-Executive Chairman

James Marsh

Managing Director

Nick Harding

Executive Director and
Company Secretary

Joe Ranford

Operations Director

Andrew Shearer

Non-Executive Director

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Oversubscribed Share Purchase Plan raises \$15 million

Highlights

- **Oversubscribed Share Purchase Plan raises a further \$15M adding to the \$30M received under a Placement conducted earlier in the month made to institutional and professional/sophisticated investors.**
- **The amount raised under the Share Purchase Plan signals strong support of the Company by existing shareholders as it moves the Great White Kaolin Project through final feasibility studies and towards production.**
- **The combined proceeds received from the Share Purchase Plan and Placement will be used to complete final studies for the Project, fund long lead capital items, undertake further product development and meet ongoing working capital requirements.**

Overview

Andromeda Metals Limited (ASX:ADN) ("**Andromeda**" or the "**Company**") is pleased to announce the successful completion of the Share Purchase Plan (**SPP**) which closed at 5.00pm EST on Tuesday 20 July 2021 (**Closing Date**). The SPP provided eligible shareholders the opportunity to participate in a capital raising on the same terms provided to institutional and professional and sophisticated investors under a Placement of 200M shares at \$0.15 per share raising \$30 million before costs (**Placement**) that was completed on 7 July 2021 (*refer ADN ASX announcement dated 30 June 2021 titled "Andromeda Successfully Completes \$30 million Placement and Launches \$15 million Share Purchase Plan"*).

The Company received strong support from shareholders with almost 1,600 applications lodged totalling \$26.2 million, which was well in excess of the target raise under the SPP of \$15 million.

The SPP, together with the Placement, has raised a total of \$45M and provides Andromeda with funds to continue development of the world class Great White Kaolin Project. This capital raised will go towards meeting the Company's share of long lead time processing plant equipment purchases and continue product development in the areas of ceramic, paints and coatings, concrete and HPA. In addition, it will contribute to ongoing research and

development, accelerate exploration and ongoing working capital requirements.

In accordance with the terms and conditions of the SPP, the Company has conducted a scale back of SPP applications with:

- most applicants applying for the minimum subscription amount of \$1,000 receiving their full entitlement of 6,666 SPP shares at the \$0.15 issue price; and
- those eligible shareholders applying for SPP shares above \$1,000 under each of the valid acceptance parcels up to \$30,000 receiving a pro rata allocation of the total applications received.

Excess application funds resulting from the scale back will be returned to applicants by the Company's share registrar Computershare as early as possible. Shareholders who have registered their bank details with Computershare will receive their refund as a direct debit to their account, otherwise a default cheque payment will be mailed to them.

Directors who participated in the SPP have been scaled back in the same way as any other eligible shareholder under the Offer.

Andromeda's Managing Director, James Marsh, commented;

"The Board wishes to thank our loyal shareholders for their ongoing support of the Company and the Great White Kaolin Project, as evidenced by the significant number of applications received under the Share Purchase Plan. With the combined funds received from the Placement and SPP, the Company now has the financial capacity to meet its share of final feasibility study costs and commitment to early lead time items under the joint venture with Minotaur and allow construction and mining to commence at the Project in 2022 once a final decision to proceed is made by the joint venture partners".

This announcement has been authorised for release by the Board.

James Marsh

Managing Director

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Great White Kaolin Project

The Great White Kaolin Project covers two main geographic areas of interest, both situated in the western province of South Australia (Figure 1). The current main area of focus for the Project is on the Eyre Peninsula which comprises four tenements and is located approximately 635 kms west by road from Adelaide and 130 kms south-east from Ceduna (Figure 2). The Project is a joint venture between Andromeda Metals and Minotaur Exploration Limited (ASX: MEP) in which ADN holds a 75% equity interest.

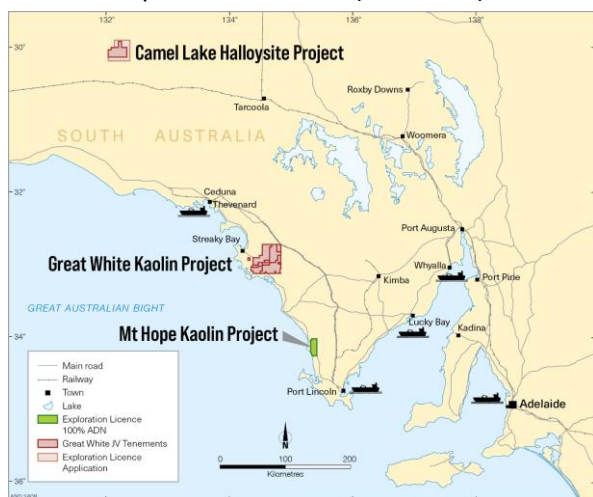


Figure 1 - Project Location Plan

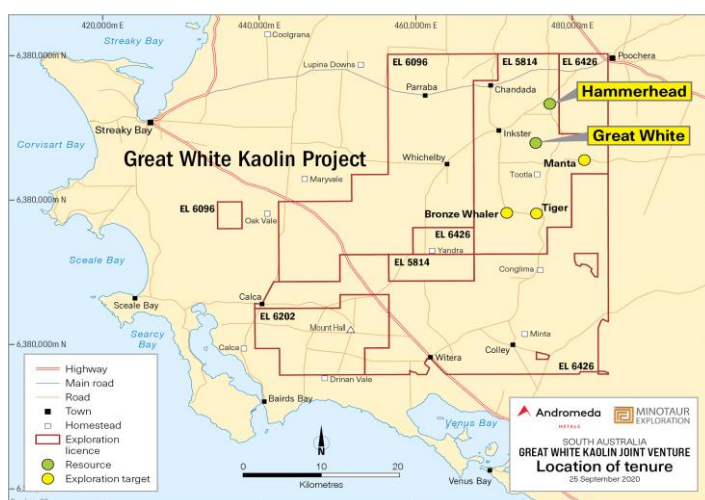


Figure 2 - Great White Joint Venture tenements

High quality halloysite-kaolin occurrences exist extensively across the Great White Project area making this a region of global significance for the mineral and capable of supporting a considerable long-life mining operation.

Andromeda also holds a 100% interest in the Mount Hope Kaolin Project which is located approximately 160 kms southeast of the Great White Kaolin Project.