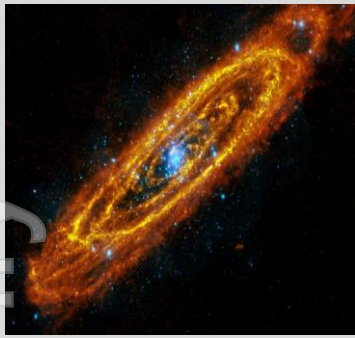


ASX Announcement

12 August 2021



Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (9 Aug 2021): \$46.18 million

Issued Capital:

2,460,727,046 ordinary shares

86,320,000 unlisted options

19,750,000 performance rights

Directors & Officers:

Rhod Grivas

Non-Executive Chairman

James Marsh

Managing Director

Joe Ranford

Operations Director

Andrew Shearer

Non-Executive Director

Andrea Betti

Company Secretary

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Andromeda enters new kaolin Joint Venture on the Eyre Peninsula, SA

Summary

- **Andromeda Metals, ('Andromeda')** has executed a Binding Heads of Agreement with private company Peninsula Exploration Pty Ltd to form the Eyre Kaolin Project Joint Venture comprising four tenements located in close proximity to the Great White Kaolin Project on the western Eyre Peninsula of South Australia.
- **Andromeda's Geology Team** has acquired significant understanding of halloysite-kaolin geology over the last three years and considers this ground to be very prospective for halloysite.
- **The large tenement package** has halloysite-kaolin targets similar to those found at the Great White and Mount Hope Projects with recorded occurrences of kaolin clay.
- **Andromeda can earn up to an 80% interest** in the new Eyre Kaolin Joint Venture through sole funding expenditure of \$2.75 million over 6 years.
- **By entering into this new joint venture, Andromeda more than doubles its holding of tenements** in this highly regarded region that is proven for the discovery of world class halloysite-kaolin deposits.

Discussion

Andromeda Metals Limited (ASX:ADN) ('**Andromeda**' or the '**Company**') is pleased to announce that it has executed a binding Heads of Agreement (**HOA**) with private entity Peninsula Exploration Pty Ltd (**Peninsula**) to form the Eyre Kaolin Project Joint Venture (**EKJV**). Peninsula holds title to four exploration licence applications that cover 2,799 square kilometres located on the Eyre Peninsula of South Australia and which are adjacent to, or close proximity to, tenements that comprise the Great White Kaolin Joint Venture.

Andromeda can earn up to an 80% interest in the EKJV tenements through sole funding expenditure of \$2.75 million over 6 years from commencement of the Joint Venture.

Following a geological review of Australia and especially the Eyre Peninsula, the ground held by Peninsula was identified as containing halloysite kaolin targets similar to those found at numerous places across the Great White and

Mount Hope Project ground. The Peninsula tenements have recorded occurrences of kaolin, and existing data suggests that the tenement package has the potential to host halloysite with the physical properties sought by Andromeda. The Andromeda Geology Team has gained considerable understanding on the formation and occurrence of halloysite over the past three years of intensive studies, which led to the identification of this ground and the new Joint Venture.

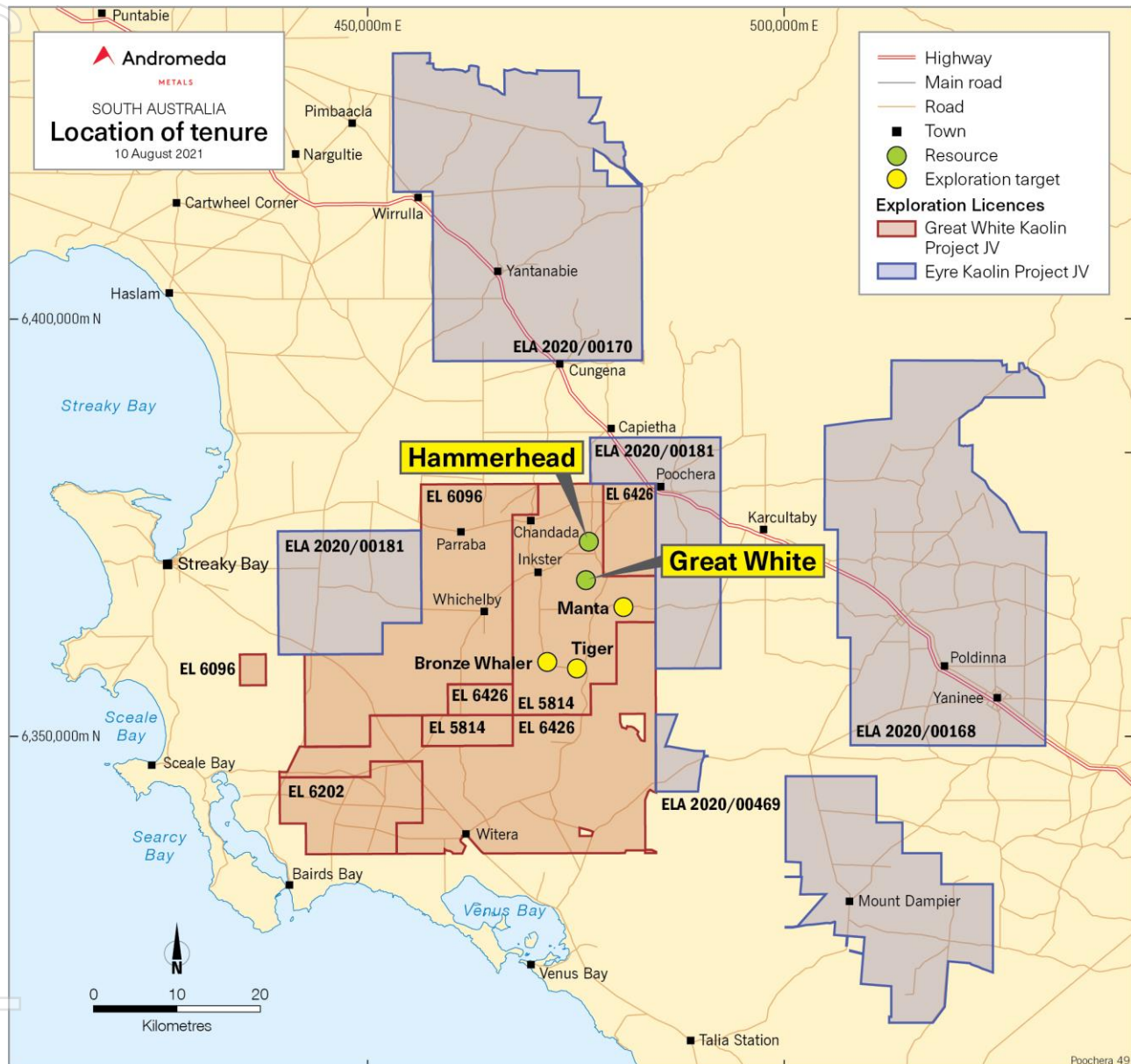


Figure 1 – Map showing Eyre Kaolin JV and Great White JV tenements

Eyre Kaolin Project Joint Venture Terms

The principal terms of the Farm-In and Joint Venture Heads of Agreement are as follows:

- Andromeda to make an initial payment to Peninsula of \$20,000 upon execution of the HOA.
- A minimum expenditure requirement of \$140,000 (exclusive of tenement rents) to be spent by Andromeda on the Project tenements within 12 months of commencement of the EKJV.
- Stage 1 expenditure obligation by Andromeda of \$750,000 (exclusive of tenement rents and which is inclusive of the minimum expenditure requirement) within 3 years of commencement to earn a 51% interest in the EKJV (**Stage 1 commitment**).
- Andromeda can elect to sole fund an additional \$2 million over a further 3 years on meeting Stage 1 to earn an additional 29% interest, taking its overall interest in the EKJV to 80% (**Stage 2 commitment**).

- If a JORC 2012 compliant Measured and Indicated Resource of at least 50Mt (with a minimum of 80 ISO Brightness and maximum total 1wt% Fe₂O₃ + TiO₂ calculated from the -45um fraction) is calculated over the EKJV tenements, Andromeda will issue Peninsula with \$500,000 worth of ADN shares.
- Peninsula has the option to convert its remaining 20% interest into a 1.5% net profit royalty following a Decision to Mine.

The Eyre Kaolin Project comprises four exploration licence applications held by Peninsula Exploration Pty Ltd.

Application	Area (km ²)
ELA 2020/00168	976
ELA 2020/00169	452
ELA 2020/00170	875
ELA 2020/00181	496
Total	2,799

The South Australian Department for Energy and Mining has given Notification of Proposed Exploration Licence Terms and Conditions pursuant to Regulation 46 for all four exploration licence applications and these will be granted for an initial period of six years on acceptance of conditions and payment of licence fees.

By entering into the Eyre Kaolin Project Joint Venture, Andromeda more than doubles its holding of tenements on the western Eyre Peninsula in this highly regarded region that is prospective for the discovery of world class halloysite-kaolin deposits.

This announcement has been authorised for release by the Board.

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