



Andromeda Metals Limited
ABN: 75 061 503 375

Quarterly Report

Period ending 31 March 2020

Corporate Details

ASX Code:

ADN (ordinary shares)

ADNOB (listed options)

Cash at 31 March 2020:

\$3.364 million

Issued Capital:

1,483,662,408 ordinary shares

661,874,332 ADNOB options

99,000,000 unlisted options

Directors

Rhod Grivas

Non-executive Chairman

James Marsh

Managing Director

Nick Harding

Executive Director and
Company Secretary

Andrew Shearer

Non-executive Director

Joe Ranford

Non-executive Director

Contact Details

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Summary of Company activities for the March quarter:

Poochera Halloysite-Kaolin JV (right to earn up to 75% interest)

- Stage 1 expenditure commitment of \$3.0M met ahead of schedule resulting in ADN formally acquiring a 51% interest in the Poochera Project.
- Analysis of historic drillholes at the Condooringie Prospect has identified a new broad zone of high-grade halloysite. Results from the December 2019 aircore drilling at Condooringie has significantly extended the kaolin zone and could possibly link to the new high-grade halloysite zone 1 km to the north. Further follow-up drilling at Condooringie is scheduled for May 2020.
- Results from the December 2019 aircore drilling program at Carey's Well has identified a new zone of kaolin immediately north of the current pit outline.
- Following the end of the quarter, an updated Scoping Study to consider wet-processing on site at Poochera delivered further significant improvement to the Project economics. Key metrics compared to original Scoping Study are:
 - Increase in NPV by 31% to A\$544M
 - IRR unchanged at 175%
 - LOM cashflow increased by 31% to A\$1,049M
 - AISC reduced by A\$22/tonne to A\$374/tonne
 - LOM capital expenditure marginally higher at A\$75M, up from A\$62M
 - Payback unchanged at 15 months
- Efforts now fully directed to completion of the Pre-Feasibility Study which is targeted for completion during May 2020.

Mount Hope Halloysite-Kaolin Project (100% ADN owned)

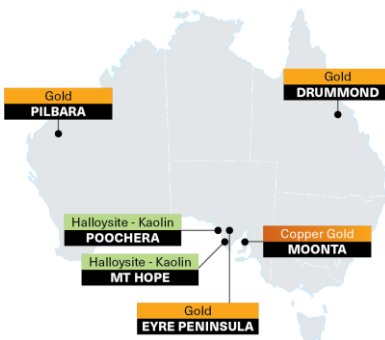
- Aircore drilling undertaken at Mount Hope in March encountered significant intersections of greater than 20 metres of white kaolin with the zone remaining open to the south.

Eyre Peninsula Gold Joint Venture

- Joint venture partner Cobra Resources undertook field exploration activities on the Project with geochemical samples collected at the Barns, Baggy Green and White Tank deposits.
- Results led to the identification of unique and distinctive footprint for targeting of gold mineralisation at Wudinna, in addition to IOCG potential.

Corporate

- Post quarter end, experienced mining engineer Joe Ranford joined ADN as a Non-executive Director with resultant strengthening of the Board skill set.
- Cash received during the quarter relating to the exercise of options totaled over \$280K.



James Marsh
30 April 2020

The Board and management of Andromeda Metals Limited (ASX: ADN, Andromeda, the Company) is pleased to provide a summary of the Company's activities for the quarter ended 31 March 2020.

Poochera Halloysite-Kaolin Project

The Poochera Halloysite-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).

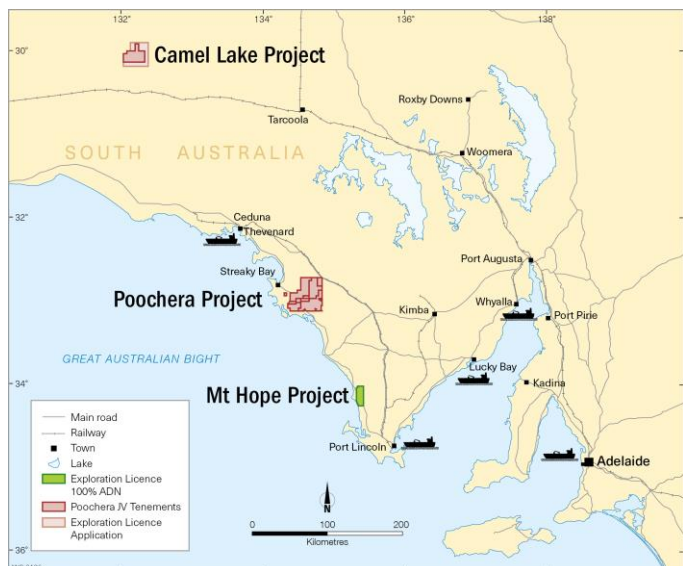


Figure 1 : Project Location Plan

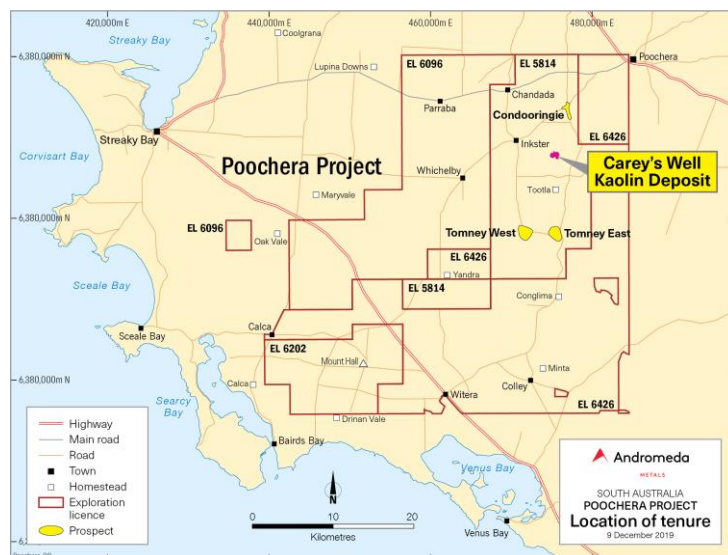


Figure 2 : Poochera Joint Venture tenements

High quality halloysite-kaolin occurrences exist extensively across the Poochera Project area making this a region of global significance for the mineral and capable of supporting a considerable long-life mining operation, should final feasibility studies determine the project to be positively commercial.

Stage 1 Achieved

During the quarter the Company announced that it had met the Stage 1 expenditure commitment of \$3.0M within the two year period from execution of the Joint Venture Heads of Agreement in April 2018 and as such has earned a controlling 51% equity interest in the Poochera Halloysite-Kaolin Project. Joint Venture partner Minotaur Exploration Limited (ASX: MEP, Minotaur) has confirmed the expenditure threshold has been met and consequently all titles to the Project tenements are now to be reported as having tenements in common based upon the respective joint venture interests of Andromeda (51%) and Minotaur (49%).

Andromeda has elected to immediately advance to Stage 2 under the Joint Venture in which it is to sole contribute a further \$3.0M over the three year period to April 2023 in order to acquire a further 24% interest in the Project, thus taking the Company's ownership to 75%. However, under the terms of the joint venture, the Company is able to progress to an immediate 75% equity interest should a decision to mine, supported by a Bankable Feasibility Study, is agreed by the joint venture partners.

Condooringie Drilling and High-Grade Halloysite Zone

Analysis of historical drillholes previously drilled by Minotaur in 2011 has defined a broad zone of high-grade halloysite 1 km from the Company's drilling at Condooringie conducted during December 2019 and only 5 kms to the north of the Carey's Well deposit. The December 2019 drilling program comprised 34 aircore holes for a total of 1,451 metres and 2 diamond holes for 99 metres which has extended the known range of kaolin significantly and remains open on all sides (*refer ADN ASX announcement dated 16 March 2020 titled "High-Grade Halloysite Zone identified at Condooringie"*). There is the possibility that this recent drilling does link up with the halloysite zone to the north, with further drilling scheduled for May 2020 to determine whether that is the case.

The high-grade halloysite material from Condooringie is now being tested in a range of applications.

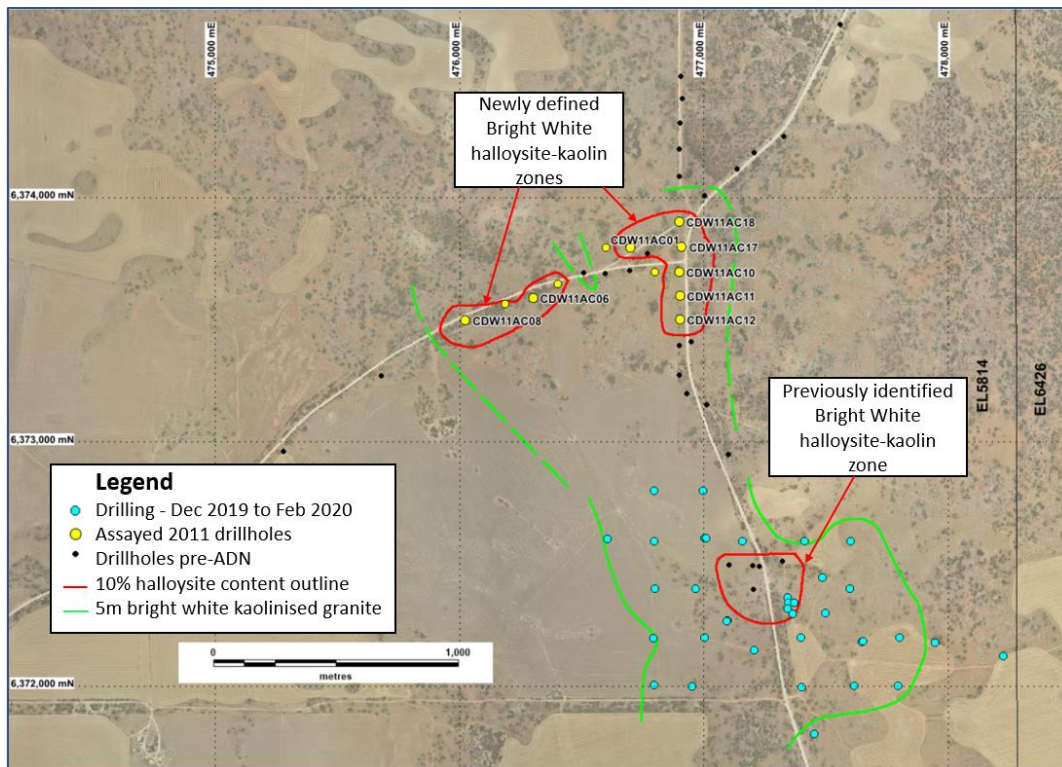


Figure 3 : Drilling at Condooringie Prospect and updated 5m Bright White kaolinised granite outline

Carey's Well Drilling

Further drilling undertaken at Carey's Well in December 2019 comprising 7 diamond holes for 215 metres and 71 aircore holes for 1,813 metres, which was primarily undertaken to provide geotechnical data for detailed mine design planning and scheduling and to identify areas suitable for locating the processing plant and other infrastructure, has intercepted a new zone of prospective bright white kaolin immediately to the north of the planned Carey's Well pit.

As accurate analysis of halloysite kaolin is a lengthy process, the Company does not anticipate having final assay results from the aircore drilling undertaken at both Carey's Well and Condooringie for up to 3 months.

Updated Scoping Study

The Carey's Well Scoping Study (*refer ADN ASX announcement dated 30 September 2019 title "Scoping Study delivers robust economics for Poochera Halloysite-Kaolin Project"*) was based on the assumption of an initial direct shipping ore (DSO) operation during the first two years while a dry-processing plant is constructed and operational during Year 3. Dry-processing of mined kaolinised granite to remove the majority of the contained quartz sand, generating significant transport and shipping savings over DSO, is then shipped in bulk bags to Asia for toll wet-refining in order to produce a premium bright-white halloysite-kaolin product.

An update to the Scoping Study to consider wet-processing of site rather than dry-processing has now been undertaken and released subsequent to the end of the March quarter (*refer ADN ASX announcement dated 6 April 2020 titled "Wet-Processing deliver improved economics for Poochera Halloysite-Kaolin Project"*) which has delivered significant improvement to the already compelling project economics for the Poochera Project. This study was initiated following positive water supply discussions held with relevant parties. Under the Scoping Study update, a wet-processing option which considers a low cost, highly efficient and commercially available plant to be built at site that produces a concentrated kaolinitic product shipped in bulk in the form of filter cake rather than bags for final toll wet-refining, has the advantage of generating improved recoveries of refined kaolin clay material that is made available for sale and a lower cost per tonne for processing due to operating efficiencies of the wet-processing plant under consideration.

A summary of the key physical and financial statistics associated with both the Original and Updated Scoping Studies is shown in Table 1.

Mine Plan – Production Target	Original SS Dry-Processing	Updated SS Wet-Processing
From Measured Resources	4.2 Mt	4.2 Mt
From Indicated Resources	3.4 Mt	3.4 Mt
From Inferred Resources	0.0 Mt	0.0 Mt
Total Production Target	7.6 Mt	7.6 Mt
Capital Costs		
Initial Capital Costs	\$9M	\$13M
Working Capital	\$16M	\$16M
Maximum Cash Requirement	\$25M	\$29M
Processing Plant Costs	\$28M	\$35M
Sustaining Capital Costs	\$9M	\$11M
Production Summary		
Mine life (years)	15	15
Processing rate of kaolinized granite (ktpa)	500	500
Stripping Ratio (Waste:Ore)	2.3	2.3
Annual Refined Kaolin Produced (ktpa)	187	227
Yield of Refined Kaolin (LOM average)	37%	45%
Project Economics		
Refined Premium Kaolin Price Average (AUD)	\$700/t	\$700/t
Revenue	\$1,953M	\$2,379M
AISC equivalent (LOM average)	\$396/t	\$374/t
EBITDA (LOM)	\$844M	\$1,109M
Cashflow	\$798M	\$1,049M
NPV (8% pre-tax)	\$413M	\$544M
IRR	174%	175%
Payback from start of site works	15 months	15 months

Table 1 : Key Project Statistics for both Original and Updated Scoping Studies

Under the Updated Scoping Study, at a unchanged assumed selling price of A\$700/tonne, total life of mine (LOM) revenues increase by 22% to A\$2,379M compared to the Original Scoping Study, All In Sustaining Capital (AISC) reduces to A\$374/t from A\$396/t over the LOM and total cumulative cashflow generated over LOM by wet-processing on site increases by 31% to A\$1,049M. Total capital costs are only marginally higher under the wet-processing scenario. Using an 8% discount rate, the Project has an NPV of A\$544M, an increase of A\$131M while the IRR remains virtually unchanged at 175%. As both the Original and Updated Scoping Studies are based upon the February 2019 Mineral Resource (refer ADN ASX announcement dated 12 February 2019 titled “Poochera Project Halloysite-Kaolin Mineral Resource”) to allow meaningful comparison of the two processing alternatives, the same mine life of 15 years at a processing rate of 500ktpa of kaolinised granite applies. The Payback Period is the same under both scenarios of 15 months.

Pre-Feasibility Study

Preparation of a more detailed Pre-Feasibility (PFS) for the Carey's Well deposit continued through the March quarter with work directed in the following areas, taking into account the wet-processing results from the Updated Scoping Study:

- Dust and air studies;
- Aboriginal heritage;
- Ore geological, geotechnical, geochemical and hydrogeology studies to better understand the orebody and mining method to be used;
- Open pit optimisation work to determine optimal pit designs, overburden dumps and ore inventory;
- Determination of mine scheduling and mining contractor costings;
- Metallurgical testwork to determine optimal product recoveries for a wet-process;
- Plant design options and consideration of infrastructure requirements including haul roads, power, water, gas and fuel supplies;
- Evaluation of potential road transport, port and shipping options available for wet-process product logistics from site to market;
- Product material handling properties;
- Investigation of global product markets and work towards binding offtake agreements with customers;
- Environmental studies including baseline flora and fauna surveys; and
- Ongoing engagement with all key stakeholders.

Work is scheduled to continue into the June quarter on the PFS with final study results incorporated into an updated financial model to determine economic outcomes that are currently scheduled for release during May 2020.

It should be noted that the economic and financial impact of the COVID-19 pandemic is still to be determined, and that Company staff and personnel have been working from home or private offices which at times has adversely impacted upon productivity and which may represent interruptions and delays over coming months following the release of the PFS in respect of final project studies and the completion of the mining approval process.

Camel Lake Halloysite Project

An introductory meeting with the Maralinga Tjarutja Council, who are the traditional landowners on which the Camel Lake tenement is located, has been postponed indefinitely due to COVID-19 concerns which has forced the closure of the Maralinga Lands. The Company intends rescheduling a new meeting with council members once the issue is resolved and it is considered safe to conduct a face-to-face meeting to discuss access to the project area.

Mount Hope Halloysite-Kaolin Project

During March 2020, the Company undertook an aircore drilling program comprising 40 holes for 1,383 metres at the 100% owned Mount Hope Halloysite-Kaolin Project. The Mount Hope tenement had previously reported a kaolin resource of 12.26Mt in 1973, however as this is not reported in accordance with the JORC 2012 Code, investors are cautioned that the Company has not yet completed the work necessary to verify the historical resource estimate.

The objective of the program was to obtain new material to undertake testwork in order to determine suitability for various applications, and to verify the central portion of the historic kaolin resource in order to estimate a revised Mineral Resource compliant with the JORC 2012 Code.

During the drilling program, significant intersections of greater than 20 metres thickness of white kaolin were intercepted within the southern zone of the drill target area which remains open to the south (*refer ADN ASX announcement dated 20 April 2020 titled "Significant Kaolin intersected at Mount Hope Halloysite-Kaolin Project"*). 174 samples were collected for XRF and XRD analysis and reflectance testing in order to determine kaolinite and halloysite content, which given the complexity in undertaking this analytical work, will take up to 2 months to complete. Once these results are available, an updated JORC 2012 Mineral Resource will be determined.

Given the compelling visual observations of bright white kaolin from this drill program in an area open to the south, a follow up program is warranted.

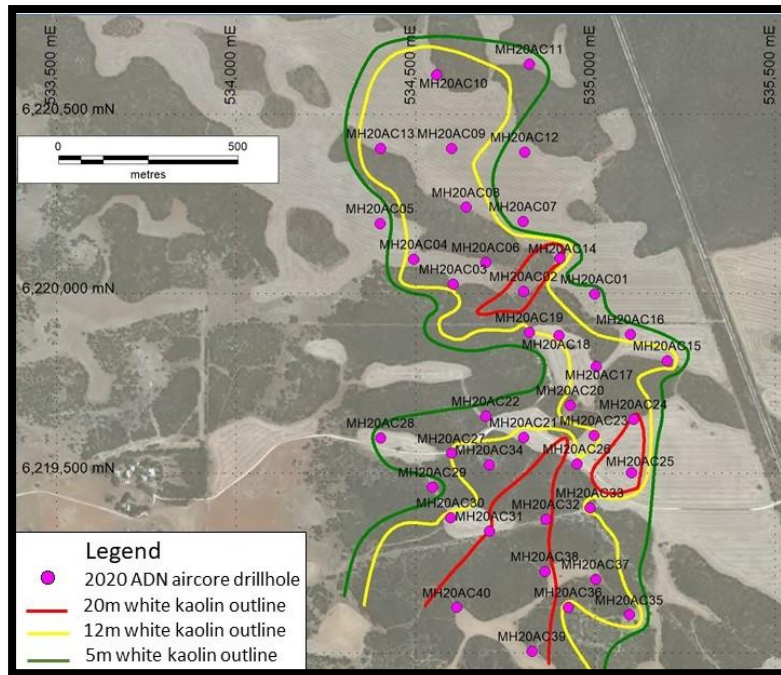


Figure 4 : Recent drilling at Mount Hope showing white kaolin thickness contours

Drummond Epithermal Gold Joint Venture

Joint Venture partner Evolution Mining Limited (ASX: EVN, Evolution) has suspended all field exploration activities on the Drummond Gold Project due to COVID-19 restrictions. A decision to recommence exploration work will be made once it is considered safe to resume.

During the March quarter, Evolution did continue desktop reviews of data collected prior to commencement of the wet season in late 2019. Review of the 400m Stones Creek Formation soil sampling survey has identified a priority target approximately 1km west of the southern part of the South West Limey prospect which has been followed up with further soil sampling and geological mapping prior to field activities being suspended. In addition, an airborne hyperspectral survey undertaken in late 2019 identified an anomaly external to the boundary of EPM 25660 and on vacant ground following which application to acquire the ground was made and is to be included as part of the joint venture area of interest (target to be called Packhorse Creek). Review of data collected from geological mapping and soil sampling over Breccia Hill also continued during the quarter.

Follow up RC drilling is planned at Roo Tail later in the year to test the southern segment of the Limey Trend later in the dry season and once field activity restrictions are lifted.

Moonta Copper ISR Joint Venture

Progress was made by Moonta ISR Joint Venture partner Environmental Metals Recovery (EMR) during the quarter with additional historic geophysical survey data and hydrogeological data for the Moonta area collated and provided to consultants for evaluation. Reports from this work are currently awaited.

In addition, current HyLogger spectral scanner data for the Moonta area was compiled and core from two historic diamond drillholes at Wombat has been put through the HyLogger. Continuation of lixiviant testwork with the CSIRO also occurred during the March quarter.

Eyre Peninsula Gold Joint Venture

During the quarter Joint Venture partner Cobra Resources PLC (LSE: COBR, Cobra) undertook two separate geochemical sampling programs at Wudinna in which it collected samples at the Barns, Baggy Green and White Tank deposits, and also a newly identified target north of Baggy Green named the Clarke prospect, with the aim of improving the definition of gold targets prior to drilling through the establishment of pathfinder relationships across a broad

range of 49 chemical elements. Samples from previous RC holes were also re-assayed as these were previously only tested for gold and a limited number of other elements.

Results from this work has identified a unique and distinctive chemical footprint for gold mineralization at Barns, Baggy Green and White Tank which Cobra believe will improve drill targeting of gold mineralisation across the Eyre Peninsula Gold Project. Cobra also consider that the fingerprint indicates that Wudinna has potential for Olympic Dam style IOCG mineralisation.

Cobra intends to focus on the design and permitting for a RC drilling program to occur in the second half of 2020, subject to COVID-19 travel restrictions being lifted.

Pilbara Gold Project

The application process for the additional tenement (Rooneys) made during the September 2019 quarter to add to the Pilbara tenement portfolio is continuing. Andromeda is currently considering how best to move the project forward given the focus of the Company is directed towards development of the Poochera Halloysite-Kaolin Project.

Finance and Corporate

Andromeda's cash position at the 31 March 2020 stood at \$3.364 million.

A total of 23,494,558 ordinary shares were issued during the quarter resulting from the exercise of ADNOB listed options by optionholders, providing the Company with cash receipts of \$281,935 at the exercise price of \$0.012 per option.

As of the date of this report, Andromeda Metals currently has on issue 1,483,662,408 ordinary shares, 661,874,332 ADNOB listed options and 99,000,000 unlisted options.

Company Appointments

Following the end of the quarter, on 8 April 2020 Mr Joe Ranford, a mining engineer with significant experience gained in senior management roles he has previously held with both domestic and international mining companies, joined the Board as a Non-executive Director. Andromeda also welcomed highly experienced geologist Mr Eric Whittaker as the Company's new Chief Geologist during the March quarter.

Both Joe and Eric have considerable knowledge of the South Australian mining approval process and managing key stakeholder engagements which will be invaluable in assisting to move the Poochera Halloysite-Kaolin Project through the feasibility and approval phases and into production.

Competent Persons Statements

Information in this announcement has been assessed and compiled from previous ADN ASX releases by Mr James Marsh and Mr Rhoderick Grivas, both members of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Marsh and Mr Grivas are employees of the Andromeda Metals Limited and have 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 a 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 and Mr Grivas consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

SCHEDULE OF TENEMENTS AS AT 31 MARCH 2020

Project	Tenement	Tenement Name	Area km ²	Registered Holder or Applicant	Nature of Company's Interest %
South Australia					
<i>Wudinna Gold Joint Venture</i>	EL 6317	Pinkawillinie	156	Peninsula Resources Ltd ¹	100%
	EL 6131	Corrobinnie	1303	Peninsula Resources Ltd	100%
	EL 6489	Wudinna Hill	42	Peninsula Resources Ltd	100%
	EL 5953	Minnipa	184	Peninsula Resources Ltd	100%
	EL 6001	Waddikee Rocks	147	Peninsula Resources Ltd	100%
	EL 6262	Acraman	96	Peninsula Resources Ltd	100%
<i>Moonta Copper Gold Project</i> ⁹	EL 5984	Moonta-Wallaroo	713	Peninsula Resources Ltd	100%
	EL 5984	Moonta Porphyry JV	106	Peninsula Resources Ltd	90% - option to acquire 100% from Minotaur Exploration Ltd
<i>Poochera Kaolin Project</i>	EL 5814	Tootla	372	Great Southern Kaolin Pty Ltd ²	GSK 100% ADN earning 51% over 24 months
	EL 6096	Whichelby	447	Minotaur Operations Pty Ltd ³	MOP 100% ADN earning 51% over 24 months
	EL 6202	Mt Hall	147	Minotaur Operations Pty Ltd	MOP 100% ADN earning 51% over 24 months
	EL 6426	Mt Cooper	684	Minotaur Operations Pty Ltd	MOP 100% ADN earning 51% over 24 months
<i>Camel Lake Halloysite Project</i>	EL 6128	Camel Lake	455	Minotaur Operations Pty Ltd	MOP 100% ADN earning 51% over 24 months
	ELA 2019/73	Dromedary	481	Minotaur Operations Pty Ltd	MOP 100% ADN earning 51% over 24 months
<i>Mt Hope Kaolin Project</i>	EL 6286	Mt Hope	227	Andromeda Industrial Minerals Pty Ltd ⁴	100%
Queensland					
<i>Drummond Gold Project</i> ⁶	EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd ⁵	ADN 100% EVN earning 80% over 48 months
	EPM 25660	Gunthorpe	74	Adelaide Exploration Pty Ltd	ADN 100% EVN earning 80% over 48 months
	EPM 26154	Sandalwood Creek	109	Adelaide Exploration Pty Ltd	ADN 100% EVN earning 80% over 48 months
	EPM 26155	Mount Wyatt	144	Adelaide Exploration Pty Ltd	ADN 100% EVN earning 80% over 48 months
	EPMA 27501	Packhorse Creek	16	Adelaide Exploration Pty Ltd	ADN 100% EVN earning 80% over 48 months
Western Australia					
<i>Pilbara Gold Project</i>	E 46/1196	East Rooneys	54	Frontier Exploration Pty Ltd ⁷	100%
	E 46/1336 (Application)	Rooneys	95	Frontier Exploration Pty Ltd	100%
	E 08/2954	Wyloo	124	Mylo Gold Pty Ltd ⁸	100%
	E 08/2955	Cheela Plains	123	Mylo Gold Pty Ltd	100%

1 Peninsula Resources Ltd (incorporated 18 May 2007) is a wholly owned subsidiary of Andromeda Metals Ltd.

2 Great Southern Kaolin Pty Ltd ("GSK") is a wholly owned subsidiary of Minotaur Exploration Ltd.

3 Minotaur Operations Pty Ltd ("MOP") is a wholly owned subsidiary of Minotaur Exploration Ltd.

4 Andromeda Industrial Minerals Pty Ltd (incorporated 9 August 2018) is a wholly owned subsidiary of Andromeda Metals Ltd.

5 Adelaide Exploration Pty Ltd (incorporated 13 July 2001) is a wholly owned subsidiary of Andromeda Metals Ltd.

6 Andromeda Metals Ltd has formed a Joint Venture with Evolution Mining Ltd ("EVN") over the Drummond Epithermal Gold Project.

7 Frontier Exploration Pty Ltd (acquired 21 December 2017) is a wholly owned subsidiary of Andromeda Metals Ltd.

8 Mylo Gold Pty Ltd (acquired 21 December 2017) is a wholly owned subsidiary of Andromeda Metals Ltd.

9 Andromeda Metals Ltd has partnered with Environmental Metals Recovery Pty Ltd ("EMR") to form the Moonta ISR Joint Venture.