



3 September 2020

Mr Alex Sutton
Advisor, Listings Compliance,
ASX Compliance Pty Limited,
20 Bridge Street,
Sydney, NSW 2000

Dear Alex,

VIDEO INTERVIEW WITH MANAGING DIRECTOR

Andromeda Metals Limited (ASX: ADN, Andromeda, the Company) would like to advise of a video interview conducted by the Company's Managing Director James Marsh which has been released across various media platforms.

A further update in a series of **Coffee with Samsø Rooster Talk** interviews titled "**The Art of Creating Kaolinite that Pays**" has been released on 3 September 2020 with the link to the video as follows:

<https://youtu.be/GUKEDFXbyoQ>

The video link is available to access on the Company's website.

A summary of the key areas discussed during the video interview is provided below.

New Project Name

It has been agreed to rename the Poochera Project as the Great White Kaolin Project and also individual deposits and prospects within the project location in order to assist in removing confusion with respect to the Poochera name when describing the Project which reaches beyond the Poochera district. A theme based on sharks and rays found in Australian waters was chosen that has more connection with the location being the Eyre Peninsula of South Australia.

Marketing

Andromeda has engaged specialist commodity service provider Conrad Partners to support the Company with the implementation of its Asian marketing strategy. A key component of this will be the conversion of the current Letters of Intent for offtakes of refined product signed by a number of previously identified Chinese ceramic manufacturers into binding supply contracts. Conrad personnel, most of whom are based in mainland China, will work closely with Andromeda staff to effect these binding contracts as a priority in addition to the locking in of contracts for the processing of DSO material with identified toll refiners in China and other potential Asian locations.

Approximately 10 tonne of commercially refined material sourced from the Project has been produced in Japan and is now available for distribution to identified potential customers for final factory scale trials. Three different product types have been produced;

- PW90 (90% less than 2 microns);
- PW70 (70% less than 2 microns) and;
- PW50 (50% less than 2 microns) a newly considered product of lower purity but with potential of delivering good sales margins.

Samples are to be sent to various end users and distribution agents identified around the world besides China in order to ensure diversification of market opportunities as much as possible.

Manufacture of a large run of fine porcelain items sourced from Great White Kaolin Project material with the Andromeda logo displayed is to be produced and will be made available to potential customers for examination.

Geology

A maiden Probable Ore Reserve has been prepared for the Great White Deposit (previously Carey's Well Deposit) of 12.5Mt of bright white kaolinised granite containing 52% material in the minus 45 micron fraction that supports the 26 year mine life at 500,000tpa which has been used in the Pre-Feasibility Study.

A maiden Mineral Resource for the Hammerhead Prospect (previously Condooringie Prospect) 5kms to the north of the Great White Deposit is nearing completion and will be announced shortly. Indications are that Hammerhead will be larger and of an average higher-purity halloysite-kaolin than Great White, allowing the Company to produce substantial amounts of differing ratios of hybrid halloysite-kaolin material to meet customer requirements.

Aircore drilling undertaken at the Company's 100% owned Mount Hope Kaolin Project has resulted in the determination of an Inferred Mineral Resource under the JORC 2012 Code of 18Mt of bright white kaolinised granite yielding 7.5Mt of minus 45 micron quality kaolin product. Of significance, although halloysite-kaolin was encountered that is similar to that found at the Great White deposit, drilling has also identified a zone of rare ultra-high purity non-halloysite material containing some of the lowest iron contaminants found anywhere in the world, making it suitable for a new market opportunity in the area of coatings and polymers, which broadly sells at a higher premium price than for ceramic applications.

The discovery of ultra-high purity non-halloysite material at Mount Hope led Andromeda geologists to review areas outside of the current Great White resource which may display similar characteristics. As a result, a significant area of ultra-high purity kaolin not included in the original resource due to the area not containing halloysite, has been identified. Samples from this zone at Great White along with the Mount Hope non-halloysite material will now undergo full testing in the UK to assess suitability for this new market application.

A positive meeting has now been held with the native title landowners at Camel Lake with anticipation that access will be granted to allow Andromeda to undertake initial field activities later in the year.

Definitive Feasibility Study

Work is progressing on the preparation of the Definitive Feasibility Study with detailed evaluations of product types and plant design, along with port selection based upon the final product to be manufactured at site, to be made. Product from site to be shipped either in bulk or bags will impact upon the ultimate port selection to be made. Consideration also of whether to construct the wet-processing plant, and hence produce a processed product immediately rather than wait 2 years and fund construction through DSO sales, is also being evaluated.

New Market Opportunities

The Company is currently evaluating a number of exciting new market opportunities which includes a high value application for both domestic and international markets. Andromeda hopes to be in a position to expand on these opportunities in coming months.

Positive studies are also continuing in the halloysite nanotechnology space lead by work conducted by the University of Newcastle's Global Innovative Centre for Advance Nanomaterials, with research in the areas of carbon capture, hydrogen storage, water purification and battery enhancements jointly sponsored under a separate joint venture between Andromeda and Minotaur Exploration.

Timeline

A planned commencement of operations for February 2022 is currently targeted. This takes into account sufficient time for completion all studies and the obtaining of all government approvals and permits required to allow mining to commence. The recent appointment of Joe Ranford as Operations Director, who has first-hand experience in managing the mining application process in South Australia, will be of significant benefit to the Company.

The next key milestone is the completion of the Definitive Feasibility Study which is currently targeted for mid-December 2020. Submission of the mining lease application is subsequently targeted for February 2021.

Listed Options

The ADNOB listed options, which have an exercise price of \$0.012, expire in just under 3 months on 30 November 2020. As the options are considerably 'in the money', a steady stream of options being exercised has occurred with approximately \$2.5M received during the calendar year to date. If all options are exercised, another \$5.9M would be received by the Company to add to the current cash balance of \$3.4M.

In summary, the Board is of the view that Andromeda is well positioned to become a world leader in the supply of halloysite-kaolin and participant in halloysite nanotechnology development.

Authorised for release by the Board.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Harding', with a stylized flourish at the end.

Nick Harding
Executive Director and Company Secretary