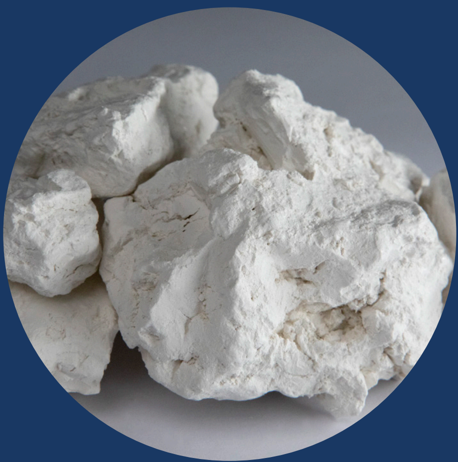
Andromeda



ANNUAL REPORT
2022

Company information

DIRECTORS

Mick Wilkes	Non-executive Chair
James Marsh	Managing Director
Joe Ranford	Operations Director
Melissa Holzberger	Non-executive Director
Austen Perrin	Non-executive Director

COMPANY SECRETARY

Andrea Betti — Company Secretary

ANDROMEDA METALS LIMITED

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ASX code: ADN

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Adelaide, South Australia 5000

SOLICITORS

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BANKERS

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155 Unley Road
Unley, South Australia 5061

Contents

Highlights

Mining lease	Granted
Definitive Feasibility Study	Released
Site establishment	Works scoped and designed
Land access	Land acquisition agreements signed
Procurement	Long lead items procurement underway
Minotaur acquisition	Completed
Natural Nanotech	100% owned
Funding	$45 million raised

Andromeda – strongly positioned for growth

Tier 1 mining jurisdiction

South Australia

Exploration endowment

Large portfolio of exploration tenements, totalling 8,313.7km^2 including earn-ins

Mineral resources

Kaolin Mineral Resource: >110Mt of Resources

Ore reserves

Kaolin Ore Reserve (GWKP): 15.1Mt of Reserves

Experienced team

Experienced and industry focused Board and Executive team

Mining lease & PEPR

Great White Kaolin Project Mining Lease granted

Environmental Management Plan submitted for approval

DFS completed and land acquired

Great White DFS de-risks project with production in stages

Agreements signed to acquire land covered under Mining Lease

Binding offtakes

Four Binding offtake agreements signed

Letter of Intent signed with conversion to Binding Offtake in progress

Other opportunities under negotiation

New high value products

Developing new high value products including High Purity Alumina (HPA) for existing markets

Nanotechnologies

Strategic research relationship with University of Newcastle

Letter from the Chair

Dear Shareholders,

Welcome to the Annual Report covering the Financial Year 2022 for Andromeda Metals Limited (Andromeda).

This is my first Annual Report letter to you as Chair, after being appointed to the Board in April this year. I have over 35 years of international experience, predominantly in precious and base metals across Asia and Australia, and look forward to working closely with the Board and Executive Team to drive growth and advance on our strategy.

One of the immediate tasks the Board and I have undertaken was to focus on a strong governance approach relative to new performance guidelines and will continue this work with the business.

Despite ongoing disruptions due to the COVID-19 pandemic, Andromeda has achieved steady progress in advancing our aim of becoming a global halloysite-kaolin producer, in addition to progressing numerous other new product opportunities.

Looking over the past year, a significant amount of work has been done in progressing our flagship Great White Kaolin Project (GWKP or Project). We continued moving towards making a final investment decision while progressively de-risking the Project and evaluating funding arrangements that best suit the long-term interests of the Company and its shareholders. These progressive steps are part of the invigorated long-term strategy to bring our product to the broader global market.

The Project is currently underpinned by four binding offtake agreements signed for Great White refined halloysite-kaolin products, subject to standard conditions precedent, plus a letter of intent. The growth profile of these agreements, as well as ongoing negotiations with several other potential customers, continue to provide us with the confidence that further offtake agreements will be signed and production volumes will quickly grow as the Great White brand takes root in the kaolin market.

Our confidence in the Project, and the strong economic efficiencies gained through full ownership, prompted the strategic decision to acquire our joint-venture partner in GWKP, Minotaur Exploration Limited (Minotaur), which was successfully completed during the year.

Following this consolidation, we released the Definitive Feasibility Study (DFS) which confirmed the significant value and long-term viability of GWKP. Since publishing the DFS, and considering the changed conditions driven by the continued impacts of the COVID-19 pandemic, along with other major global and geopolitical developments, the Board sought to further de-risk the Project.

Accordingly, a refinement of the staged, scalable approach to developing GWKP was deemed prudent, through the initial construction of a Starter Plant that more closely matches production to signed offtake volumes currently in place and being negotiated, with a reduced initial capital requirement prior to first production and cash flow.

Importantly however, it remains the firm intention of Andromeda's Board and Management to deliver the Project's production and financial outcomes, as outlined in the DFS.

Further, we are likely to be building the Starter Plant during a period of high inflation. Commencing the Project with a smaller initial plant reduces our exposure to cost inflation, and the potential for significant scope creep. To further mitigate inflationary impacts, we will be managing the design and construction of the Project using our own personnel, giving us more direct control over the outcome. The modular nature of the design also allows us to develop the in-house expertise to efficiently build subsequent stages that will enable the delivery of the full potential of the Project as outlined in the DFS. This "self-perform" approach to development is critical to the successful delivery of the Project in the current environment.

Letter from the Chair

In addition to progressing GWKP, the Company continues to pursue a range of other potential opportunities, with the strategic objective of creating new products and markets using our unique halloysite-kaolin resource to increase the weighted average sale price for our products. The critical mineral, High Purity Alumina (HPA), and nanotechnologies are two of these potential future product opportunities that can achieve this.

To that end, Andromeda is funding research being carried out by the Global Innovative Centre for Advanced Nanomaterials (GICAN) at the University of Newcastle into industry applications for GWKP halloysite based nanomaterials.

We also acknowledge the importance of committing to sustainable extraction and supply of superior quality industrial minerals. As the Company moves towards production, its aspiration is to adopt, monitor and report on relevant frameworks and metrics that emerge from the developing consensus and convergence of Environmental, Social and Governance (ESG) frameworks and standards.

Finally, the Board acknowledges, and has reflected on, the concerns raised by shareholders in relation to our approach to remuneration that led to a 'first strike' at the 2021 Annual General Meeting.

Consequently, to ensure Andromeda is well-positioned for the future, significant changes have been made to the composition and expertise of the Board and Management, and to the Company's approach to remuneration. I invite you a read about these changes, and the enhanced disclosure, contained in the Remuneration Report, starting on page 41 of this Report.

I acknowledge the retirement from the Board of Rhoderick Grivas, the former Chair, and Andrew Shearer and Nicholas J Harding as Directors, and thank them for their service to the Company. I also welcome to the Board Melissa Holzberger and Austen Perrin as fellow Independent Non-executive Directors.

The Board and Management remain focused and committed to delivering on the full potential of GWKP and the significant other opportunities we have before us, which in turn will deliver long-term value for you, our shareholders.

Yours sincerely,

Mick Wilkes
Non-executive Chair

Managing Director's report

Dear Shareholders,

Reflecting over the past year, it has been a challenging year for Andromeda, although we have achieved numerous significant milestones. We have made some progressive and positive changes as we continue to strive for growth and execute our strategic goals.

I welcome our new Chairman of the Board, Mick Wilkes, who brings a wealth of experience and will be instrumental in our continued focus on governance, company growth and strong alignment with all company stakeholders. I look forward to working closely with Mick and the Board on growing our developing business.

The strategic focus is to develop our globally significant, high-quality halloysite-kaolin resources into mining operations that produce superior quality products for global markets.

In addition, we are assessing new products and nanotechnologies that leverage the potential of these world-class resources and represent future business opportunities for Andromeda.

Significant progress achieved on GWKP

To fulfil our aim of becoming a global producer of the kaolin industrial mineral, Andromeda continues to make progress in advancing our flagship GWKP towards development. Progressing the Project represents a significant, long-term opportunity for Andromeda, you our shareholders, the local Eyre Peninsula community and the South Australian economy.

Following the acquisition of Minotaur, our joint-venture partner in GWKP, the significant value and long-term benefits of developing GWKP were confirmed through the finalisation of the DFS. Released in April 2022, it showed that, using a staged, scalable approach, the high-quality 15.1Mt Ore Reserve could support a long 28-year mining operation and generate a pre-tax net present value (NPV) of A$613 million.

Despite the challenges due to the impacts of the COVID-19 pandemic, during the year we signed additional binding offtake agreements to further underpin and de-risk the development of GWKP. We now have four binding offtake agreements, subject to standard conditions precedent, signed with customers for Great White refined halloysite-kaolin product, covering a range of markets across the Asia-Pacific region.

Ongoing negotiations for additional binding offtake agreements continue, which provide confidence that the production and financial outcomes outlined in the DFS can be achieved.

Other important milestones achieved in progressing GWKP include granting of a mining lease and supporting miscellaneous purposes licences[1], purchase of relevant land and lodgement for approval of the Program for Environment Protection and Rehabilitation (PEPR) documentation[2]. These activities followed months of extensive stakeholder consultations, including with landholders and the broader Eyre Peninsula community.

Since publishing the DFS, a refinement of the staged development of GWKP was adopted through the building of an initial Starter Plant. The Starter Plant, the design and planning for which is now complete, incorporates the ability to quickly ramp-up processing capacity to satisfy additional commitments in line with customer demand.

1 *Refer ADN Announcement dated 17 December 2021 titled "Great White Kaolin Project – Mining Lease Granted".*

2 *Refer ADN Announcement dated 18 August 2022 titled "Andromeda progresses Great White Kaolin Project with signing of Land Acquisition Agreements and lodgement of PEPR"*

Managing Director's report

At full production, the Starter Plant is planned to process a nominal rate of 100,000t/pa of ore and have a nominal capacity of 50,000t/pa of product to fulfil customer requirements. The ramp-up in production from this base is expected to increase in line with offtake agreements to the processing capacity of 300,000 t/pa of ore as outlined in Stage 1 of the DFS and then progressing through to Stages 2, 3 and 4 of the Project.

Procurement activities for long lead items are underway and are anticipated to take up to approximately twelve months for delivery. During this time, on-site construction works will be progressively undertaken subject to receiving approval of the PEPR.

These two streams of work will be carried out simultaneously, to optimise the total construction period.

New product opportunities

During FY22, a structured Business Development Framework for the assessment and staged progression of new product opportunities was implemented. Under this framework, the critical mineral, HPA, and nanotechnologies were prioritised as new product opportunities for Andromeda.

After year end, research and development activities to produce HPA conducted during the year, led to the filing of a provisional patent application to produce both HPA and Smelter Grade Alumina (SGA).

To leverage the capabilities of our high-quality halloysite, Andromeda funds research by GICAN into numerous promising industry applications and technologies for GWKP halloysite based nanomaterials.

These potential industry applications include carbon capture and conversion. An international Patent Co-operative Treaty (PCT) application was filed by Andromeda after year-end for carbon capture nanomaterials. These proprietary materials are incorporated into the Carbon Capture Pilot Plant, which was manufactured and recently arrived in Australia. We are now awaiting the completion of assessment of the technical specifications of the various Plant components prior to the Plant being assembled for testing and certification.

Gold and copper assets

With our strategic focus on developing our portfolio of halloysite-kaolin projects, we continue to seek opportunities to realise maximum shareholder value for our gold and copper assets, while minimising the cost and management time incurred.

Well positioned for continued growth in value

During FY22, the Company enhanced its financial and corporate strength, ensuring Andromeda is well-positioned for generating long-term shareholder value.

The Company's balance sheet was significantly strengthened, with assets increasing by 881 percent, from $17.8 million to $174.2 million. Significantly, we remain debt-free and as at year-end we had $32.9 million in cash.

To effectively be in a position to execute the Company's transition from an explorer to a producer of halloysite-kaolin, and to advance the significant value-add opportunities open to the business, the Company has implemented a broadening of executive strength during the year to ensure it has the right capabilities and people in place.

During the year, Tim Anderson joined Andromeda as Chief Commercial Officer, bringing over 30 years of national and international business development experience. His previous roles demonstrated his abilities in identifying and commercialising intellectual property, which are a significant addition to the team.

Other additional operational roles have enhanced the depth and breadth of executive capabilities and, together with the numerous growth opportunities in front of us, provide us confidence of achieving success in executing our strategy and in delivering long-term value for you, our shareholders.

Yours sincerely,

James Marsh
Managing Director

Operations review

Andromeda is an Australian company with a vision to lead the world in the sustainable supply of superior quality industrial minerals and the advancement of nanotechnologies.

Andromeda's aim is to develop its globally significant, high-quality resources into world-class mining operations that produce superior quality halloysite-kaolin to supply global markets.

In addition to becoming a key supplier of high-quality kaolin for many applications used in our everyday lives, Andromeda is conducting research and exploring opportunities for the use of halloysite-kaolin in nanotechnologies across a range of emerging high-growth applications. This includes leveraging our resources and proprietary technologies for enhanced availability of critical minerals and enabling the world's transition to a more sustainable future.

As a near-term producer of the kaolin industrial mineral, Andromeda's main focus is on progressing its flagship GWKP and our other activities that seek to leverage the potential of this world-class resource.

Developing the Project represents a significant, long-term opportunity for Andromeda to deliver value for our shareholders, the local Eyre Peninsula community and the South Australian economy.

Together with our portfolio of halloysite-kaolin projects, Andromeda is also exploring several copper and gold prospects across Australia in conjunction with joint venture partners. Our strategy for these metal assets is to leverage our joint venture relationships to maximise shareholder value while minimising the cost and management time incurred.

Our purpose

Through the use of our industrial minerals and nanotechnologies we strive to enrich the lives of people by improving the environment, creating prosperity for our shareholders and delivering value for our stakeholders.

Our vision

Lead the world in sustainable supply of superior quality industrial minerals and advancement of nanotechnologies.

Our mission

To mine and process industrial minerals for supply, together with advancing nanotechnologies, to our global customer base by leveraging our unique natural resources and intellectual capital.

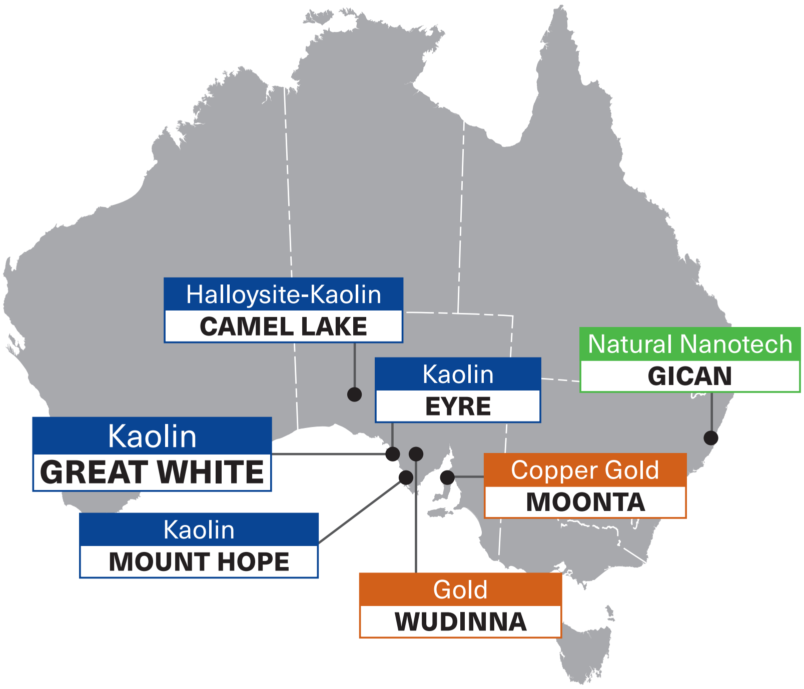
Our values

Innovation | Teamwork | Integrity | Quality

The safety and wellbeing of our employees and our communities is our first priority.

Operations review

Overview of Andromeda's current projects and resources



GREAT WHITE KAOLIN PROJECT (GWKP)

Flagship project with 15.1Mt Ore Reserve and Resource ~100Mt

DFS underpins 28-year operation with pre-tax NPV of $613 million.

EYRE KAOLIN PROJECT /

MOUNT HOPE KAOLIN PROJECT /

CAMEL LAKE PROJECT

Projects focused on expanding halloysite-kaolin resources, across six tenements covering 3,481km^2.

MOONTA COPPER GOLD PROJECT

Joint venture for potential extraction of copper via in-situ recovery (ISR) with Environmental Metal Recovery Pty Ltd.

WUDINNA GOLD PROJECT

Cluster of gold deposits and prospects over six tenements covering 1,928 km^2.

NATURAL NANOTECH

R&D on potential for halloysite applications and uses, such as critical minerals, battery technology, water purification and carbon capture.

Great White Kaolin Project

SOUTH AUSTRALIA

100% Andromeda

GWKP is a wholly owned project that includes several high-quality deposits of halloysite-kaolin, containing naturally occurring kaolinite plates and halloysite tubes.

Subject to making a final investment decision with respect to GWKP, Andromeda aims to become as a globally significant supplier of high-quality kaolin to international markets.

GWKP is located on the Eyre Peninsula in South Australia. and comprises four tenements approximately 635km west by road from Adelaide. It is centred within the District Council of Streaky Bay, near the community of Poochera (Figure 3).

Andromeda has continued to de-risk and significantly progress the Project's development. During FY22, this included a Mining Lease (ML 6532) over the deposit being granted, land access was secured with the required waivers, and a compliant PEPR was lodged and is currently being assessed by South Australia's Department for Energy and Mining.

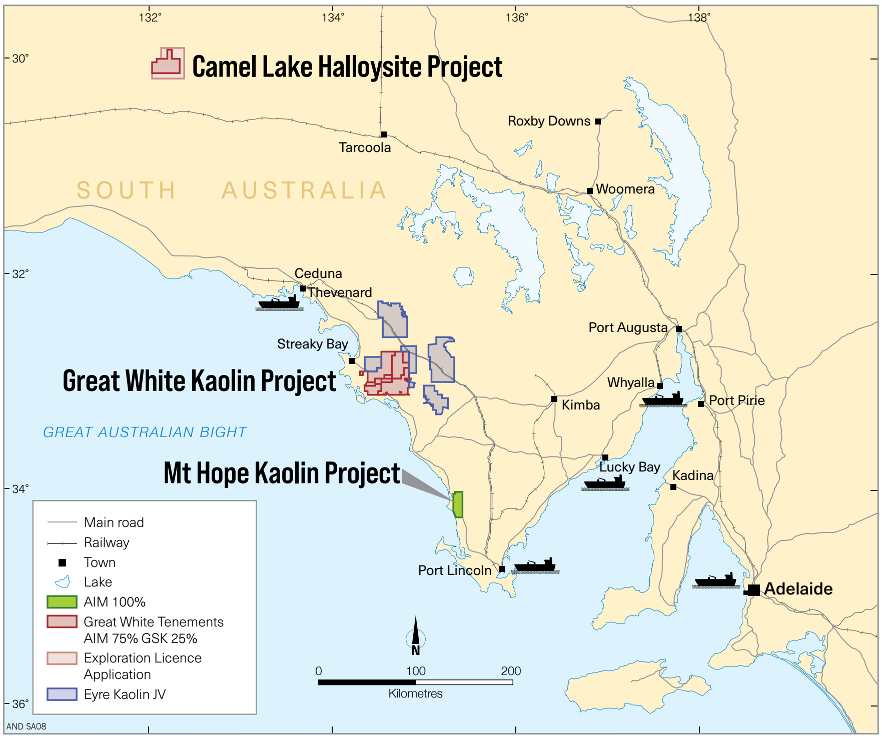


Figure 1 *Andromeda's halloysite-kaolin project locations.*

Figure 2 *Images show (from left) raw kaolin clay from Andromeda's GWKP, which is then refined and processed, before being graded and packaged into various products that meet our clients' exacting specifications.*

MARKETING

Offtake Agreements

Having already secured two binding offtake agreements[3], during FY22 the Company continued its focus on locking-in offtake agreements for the balance of the initial GWKP's plant output to further de-risk the Project.

Marketing activities are a critical function of any industrial minerals project. While Andromeda continued to progress negotiations, access to some key target markets, such as China and Japan, have been and remain very restrictive.

Securing good quality binding offtake agreements for kaolin products is a lengthy and complicated process. This has been made far more difficult by the impacts of the COVID-19 pandemic, with face-to-face meetings not being possible and with technical centres throughout Asia being closed for lengthy periods due to lockdowns.

While demand remains solid, the COVID-19 pandemic has extended the timeframes for completing negotiations with customers, which in ordinary times are already lengthy due to the exacting product specifications and extensive sampling and testing requirements.

Additionally, while China remains the largest single market, the rest of Asia in total represents a greater share of global demand. Andromeda has accordingly sought to increase the geographic diversity of its discussions with customers. Thus, recent offtake agreements were signed for customers covering a broad range of markets across Asia.

Ongoing negotiations for further offtake agreements continue with several other interested parties across multiple markets.

3 *Offtake agreements are subject to a number of conditions precedent to be met including in respect to a final decision to mine and investment decision required to be made, receipt of all mining approvals and achievement of commercial levels of production.*

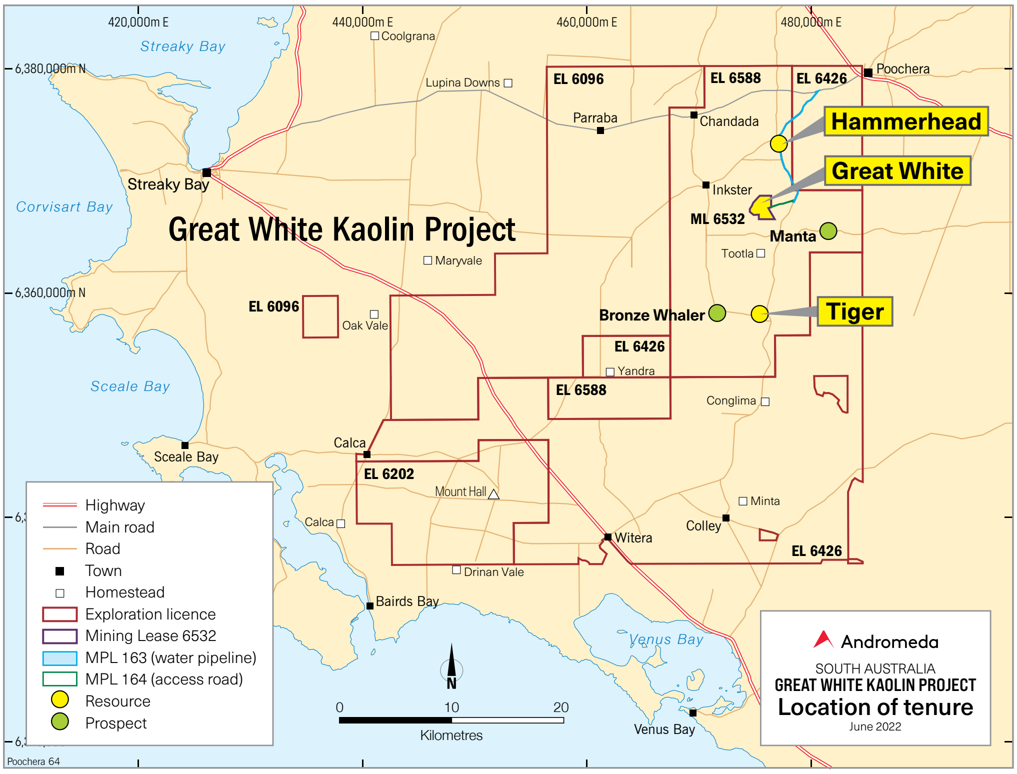


Figure 3 *Great White Kaolin Project deposits and prospects.*

CONCENTRATE

GREAT WHITE KCM™90

A semi-refined high-quality kaolin concentrate for sale for direct use, further refinement by other parties or to upgrade their feedstock

(Picture of Great White KCM™90 produced at Streaky Bay pilot plant.)

During FY22, binding offtake agreements for Great White KCM™90 were signed, subject to standard conditions precedent, at prices in excess of pricing assumed in the DFS of between A$425 and A$465 per tonne, with:

- Asia Minerals Resources of Hong Kong and Vietnam, for 31,000 tonnes, with a minimum of 23,500 and maximum of 38,500 tonnes, over the first three years of production, for sales into the ceramics sectors across Vietnam, Malaysia, Singapore, Bangladesh, India, Pakistan, Philippines, South Korea, Indonesia, Thailand and the UAE[4], and.
- Plantan Yamada, for 35,000 tonnes, with a minimum of 27,000 and up to a total of 43,000 tonnes, over the first three years of production, for sales into the ceramics sector of Japan[5] .

The DFS outlined KCM™90 as the initial refined product made from GWKP feedstock which can be mined for the life of the mine. KCM™90 can be further refined into other products as required to meet customer demand. The two agreements demonstrate demand for KCM™90 for a minimum three years, which exceeds the two years initially assumed in DFS.

CONCRETE

GREAT WHITE HRM™

A refined halloysite-kaolin for sale for use as a concrete and building product additive

During FY22, a Letter of Intent for exclusive distribution rights into the Asia/Pacific region was signed with IMCD, the world's largest additives distributer, for the Great White HRM™ concrete additive and the Great White SRM™ suspension aid additive.

Ongoing testing by potential customers has demonstrated the beneficial properties in concrete mixes in numerous applications. Additional Great White HRM™ product has been produced at the Streaky Bay Pilot plant to supply IMCD as part of their due diligence process.

Subsequent negotiations with IMCD have centred on further progressing the relationship through to the signing of a binding offtake agreement.

4 *Refer ADN ASX announcement dated 26 July 2022 titled "Andromeda Signs Binding Halloysite-Kaolin Offtake Term Sheet".*

5 *Refer ADN ASX announcement dated 8 August 2022 titled "Andromeda signs another Binding Offtake Agreement for KCM™90 from the Great White Project".*

CERAMICS

GREAT WHITE CRM™

A refined, dried, bagged product for sale for use by end-users in the high-end ceramics market.

(Picture of porcelain cup produced by Plantan Yamada using Great White CRM™ product in final commercial product trials.)

An existing offtake agreement was signed with:

- Plantan Yamada, a highly respected Japanese porcelain manufacturer with factories in Japan and China, for 5,000tpa of Great White CRM™ at A$700 per tonne[6]

PAINTS

GREAT WHITE PRM™

A refined, dried, and bagged product for sale for use by end-users in coatings and polymers markets.

(Picture of Great White PRM™ produced in Streaky Bay pilot plant.)

An existing offtake agreement was signed with:

- Jiangsu Mineral Sources International Trading Co. Ltd (MSI) for 70,000tpa +/- 10% of Great White PRM™ at significantly higher than A$700 per tonne for the coatings and polymers market with an initial term of five years[7].

Streaky Bay Pilot Plant

During FY22, the Streaky Bay pilot plant continued to be operated. This enabled Andromeda to confirm the product quality of samples collected from the area that will be mined in the early years of GWKP.

The pilot plant successfully produced new samples to undertake further test work, inform the engineering design of the GWKP processing plant, project execution and financial modelling of the Project, as well as for product approvals by potential offtake partners.

Following delays caused by lockdowns in China related to COVID-19, a new drum washer for the pilot plant has been installed and is in operation at Streaky Bay (Figure 4).

A new series of hydrocyclones representative of what will be used in the new processing plant were added, for further confirmation of scalability and the plant process design.

Subsequent to year-end, a specialised pilot scale kaolin centrifuge was installed, which is now being used for halloysite purification studies.

These additions to the pilot plant are being used to support sales and marketing, and product development by supplying representative samples to potential customers for product trials.

Figure 4 *New drum washer for pilot plant.*

6 *Refer ADN ASX announcement dated 1 June 2020 titled "Pre-Feasibility Study Further Improves Poochera Halloysite-Kaolin Project Economics".*

7 *Refer ADN ASX announcement dated 10 June 2021 titled "Significant Binding Offtake Agreement Signed for Great White Kaolin Project".*

DEFINITIVE FEASIBILITY STUDY (DFS)

During FY22, a DFS was completed confirming GWKP has the potential to be a globally significant, long-life supplier of high value kaolin to international ceramic, coatings and other specialised markets.

The DFS confirmed GWKP could deliver strong long-term cashflows from a range of high-grade kaolin products with sufficient Reserves to sustain a 28-year mining operation based on assumptions at that time. Using conventional mining and processing techniques, the DFS found GWKP could generate high quality products, leading to high margin cashflows with a pre-tax NPV of $613 million.

The four-stage approach to development outlined in the DFS, was expected to deliver average annual EBITDA of $81.5 million and require an initial capital cost of $93.8 million during Stage One. All capital expenditure following the completion of Stage One could be funded from cash flows generated by GWKP, as outlined in the DFS. The significant cashflows detailed in the DFS, generate an internal rate of return of 36% and a payback period of 5.9 years. This payback period includes payback of the initial capital cost as well as the capital cost of the Stage 2 and 3 plant and infrastructure upgrades.

Since publishing the DFS, the effects of the COVID-19 pandemic, as well as the geo-political and economic environment, have changed significantly. This has seen elevated levels of risk, as a result of labour shortages, supply chain disruptions and rises in the rate of inflation and cost of capital.

Considering the changed conditions, the Company accordingly sought to further de-risk the Project through refining the staged, scalable approach to developing GWKP.

The initial development of a scalable Starter Plant that more closely matches production to total commitments for signed offtake agreements, with the benefit of reducing initial up-front capital requirements, was deemed more prudent.

The Starter Plant represents the beginning of a staged approach to developing GWKP that continues to aim to deliver on the production and financial outcomes of the DFS.

The Starter Plant enables the ability to ramp-up production from an initial processing level of 100,000t/pa of ore, to increases in volume in line with signed binding offtake agreements, up to the processing capacity of 300,000t/pa outlined in Stage 1 of the DFS, then progressing through to Stages 2, 3 and 4.

Ongoing negotiations for additional binding offtake agreements provide confidence that the staged, scalable approach to developing GWKP will deliver on the production and financial outcomes outlined in the DFS.

REGULATORY APPROVAL AND LAND ACCESS AGREEMENTS

Following the DFS, further progress was achieved, and risk reduced, in advancing GWKP, with the granting of a Mining Lease (ML 6532) and two supporting Miscellaneous Purposes Licences (MPL 163 & 164) that underpin the Project. This represents the first stage of South Australian legislation, which consists of a two-stage assessment and approval process to conduct mining operations.

Subsequent to year end, the PEPR was submitted to South Australia's Department for Energy and Mining for assessment and approval. The PEPR is an environmental management program that must show the capacity to comply with the mining lease conditions, and must be approved before mining operations can commence. It is the second step in the two-stage assessment and approval process.

The DFS detailed on the following production profile:

(all figures are tpa)	STAGE 1 2 YEARS	STAGE 2 2 YEARS	STAGE 3 2 YEARS	STAGE 4 22 YEARS
TOTAL ORE PROCESSING CAPACITY	**300,000***	**300,000**	**600,000**	**600,000**
Great White KCM™90	138,000			
Great White HRM™	15,000	35,000	40,000	40,000 (2 years)
Great White CRM™		130,000	284,000	225,000 (6 years) then 284,000 (16 years)
Great White PRM™				56,000 (6 years)

* *The Starter Plant represents the initial step of implementing Stage 1 from an initial processing level of 100,000t/pa of ore, to increases in volume in line with signed binding offtake agreements, up to the processing capacity of 300,000t/pa outlined in Stage 1 of the DFS, then progressing through to Stages 2, 3 and 4*

Additionally, agreements to acquire all the required freehold land from relevant landowners for the Project were signed. These agreements include the land access waivers that are required as part of the PEPR approval.

Both these activities followed months of extensive stakeholder consultations with landholders, regulators and the broader Eyre Peninsula community.

Both the tenements and PEPR approvals are required to allow the Project to progress to the construction phase.

STARTER PLANT DESIGN AND CONSTRUCTION

A more prudent staged, scalable approach to developing GWKP, is achieved through the initial development of a Starter Plant that more closely matches production to total commitments for signed offtake agreements.

This approach has the additional benefits of reducing initial up-front capital requirements, while also enabling the scaling up of production volumes in line with subsequent signed offtake agreements.

The Starter Plant represents the beginning of a staged approach to developing GWKP that continues to aim to deliver on the production and financial outcomes of the DFS.

The staged approach de-risks the development of the Project whilst building the Great White brand, reputation, and value in the market.

After revising and rescheduling the mine plan, the Starter Plant was able to reduce the initial capital required, to get into production without compromising the overall design plans detailed in the DFS.

When fully operational, the Starter Plant is planned to process a nominal rate of 100,000 t/pa of ore, and have a nameplate capacity of 50,000 t/pa of refined product to fulfil customer demand.

The plant is designed to produce Great White KCM™90 and Great White HRM™, with built-in optionality to provide the feedstock to meet the need for other products our customers demand.

The Stater Plant enables the abilty to ramp-up production, from an initial processing level of 100,000t/pa of ore, with increases in volume in line with signed binding offtake agreements. The staged nature of current offtake agreements and signing of additional offtake agreements is expected to see production increase to the processing capacity of 300,000t/pa outlined in Stage One of the DFS, and subsequent Stages 2, 3 and 4 thereafter.

The finalisation of the design of the Starter Plant, in August 2022, triggered preparations for the commencement of the procurement process of long lead items for the processing plant. The procurement process is anticipated to take approximately six to twelve months and include finalising tender documents, placing orders with selected manufacturers, and delivery to site.

During this time, subject to approval of the PEPR, on-site preparatory works will be undertaken as Andromeda moves towards making a final investment decision. Subject to making a final investment decision, all planned and current activities underway will be run in parallel to complete construction as efficiently as possible, with various components to be fabricated offsite in advance to reduce construction times. The construction schedule aligns the delivery of the long lead items with the on-site construction so that on delivery the equipment can be directly installed and commissioned.

Pending the South Australian Government's approval of the PEPR, on-site delivery of long lead items, and a final investment decision being made, commissioning of the Starter Plant is anticipated in late 2023.

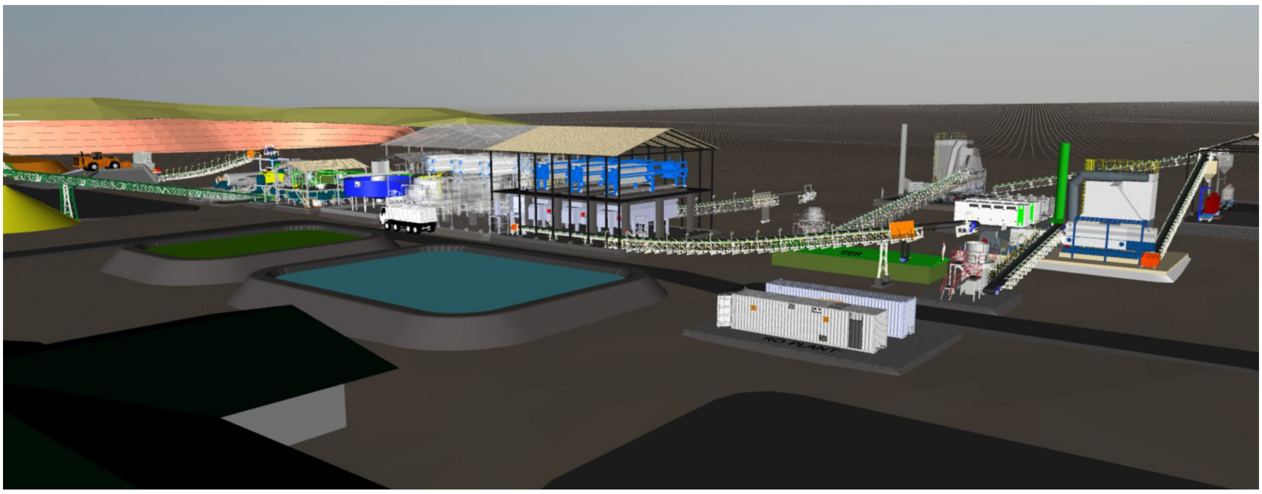


Figure 5 *3D elevation of Great White Kaolin Project – Stage 4 capacity plant.*

Item	Stage 1 Discover	Stage 2 Qualify	Stage 3 Prioritise	Stage 4 Package	Stage 5 Present
Outputs	Business Concept Study	Business Model	Business Case	Business Plan	Final Business Plan
Decision Stakeholders	Business Development Team	Executive Team	Board	Board	Board
Decision Gates					
Outcomes	Proposed Business Opportunities 1	Nominated Business Opportunities 2	Prioritised Business Opportunities 3	Shortlisted Business Opportunities 4	Final Investment Decision 5

Figure 6 *Andromeda Business Development Framework.*

NEW PRODUCT OPPORTUNITIES

Business Development Framework

Andromeda has implemented a structured Business Development Framework (refer Figure 6) for the assessment and staged progression of targeted new product opportunities.

The critical mineral HPA and nanotechnologies are prioritised new product opportunities for Andromeda.

The strategic objective for these opportunities is to create new products and markets using our unique halloysite kaolin resource to increase the weighted average sale price for our GWKP products.

The HPA and nanotechnologies product opportunities have been prioritised by Andromeda through the Business Development Framework initial assessment process and are being progressed through the stage gate process.

High Purity Alumina (HPA)

During FY22, Andromeda conducted research and development activities to produce HPA. This work led, after year-end to the filing of a provisional patent application based on its process flowsheet to produce both HPA as well as SGA.

Nanotechnologies

Natural Nanotech Pty Ltd (NNT) is a research and commercialisation entity wholly owned by Andromeda following the acquisition of Minotaur.

Andromeda, through NNT, is funding research by GICAN into industry applications for GWKP halloysite based nanomaterials.

These potential industry applications include carbon capture and conversion, for which in FY21 NNT signed a $4 million research partnership over five years with GICAN.

As a result, an international PCT application was filed by NNT on 1 July 2022 for halloysite derived nanoporous carbon materials used in the carbon dioxide capture process. This PCT application was based on the provisional patent application for these nanoporous carbon materials that was filed by NNT on 2 July 2021[8].

During the year, the Carbon Capture Pilot Plant arrived in Australia and is currently located in Newcastle. The plant incorporates proprietary technologies, included in the abovementioned PCT Application. The technical specifications of its various components are being assessed for verification to confirm the equipment meets Australian Standards, prior to the plant being assembled, for testing and certification.

8 *Refer ADN ASX announcement dated 7 July 2021 titled "Patent Lodged for Halloysite-Kaolin Conversion to Nanoporous Carbon Materials".*

Exploration

Great White Deposit

SOUTH AUSTRALIA

Andromeda 100%

The initial focus of GWKP, is centred around the Great White Deposit which underpins the planned 28-year mining operation detailed in the DFS.

During the year, the Ore Reserve Estimate for the Great White Deposit was increased to 15.1 Mt of bright white kaolinised granite, comprising 34% Proved Reserve and 66% Probable Reserve[9].

In December 2021, Andromeda was granted the Mining Lease (ML 6532) underpinning the GWKP, by South Australia's Department for Energy and Mining, along with supporting Miscellaneous Purposes Licences (MPL 163 & 164).

Since 2018, Andromeda has conducted an extensive and ongoing program of landholder and community engagement to build support for the Project.

The engagement undertaken by Andromeda guided negotiations with landholders and assisted in the preparation of its PEPR documentation.

This led to Andromeda announcing in August 2022 that it had signed land purchase agreements and had lodged its PEPR related to the Great White Deposit[10].

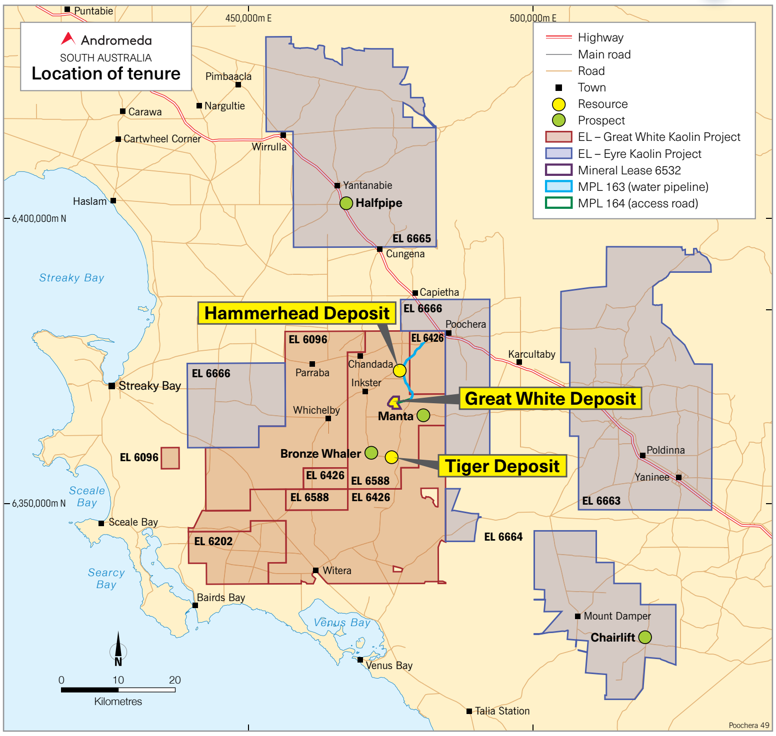


***Figure 7** Great White Deposit Mining Lease and Miscellaneous Purposes Licences.*

ORE FEED CATEGORY	RESERVE CATEGORY	TONNES	YIELD GREAT WHITE PRM™	YIELD GREAT WHITE CRM™	HALLOYSITE	BRIGHTNESS ISOB	Fe_2O_3
		(Mt)	(% of whole rock)		(% in <45 µm fraction)		
Great White PRM™ Feed	Proved	0.4	27	18	3	87	0.3
	Probable	1.1	24	16	1	87	0.3
	Subtotal	1.5	25	17	2	87	0.3
Great White CRM™ Feed (Great White KCM™90 & Great White HRM™)	Proved	4.8	-	45	15	84	0.5
	Probable	8.9	-	46	11	83	0.5
	Subtotal	13.7	-	46	12	83	0.5
Total		15.1	-	-	-	84	0.5

9 Refer ADN ASX announcement dated 6 April 2022 titled "Great White Kaolin Project - Definitive Feasibility study and Updated Ore Reserve".

10 Refer ADN ASX announcement dated 18 August 2022 titled "Andromeda progresses Great White Kaolin Project with signing of Land Acquisition Agreements and lodgement of PEPR".

Operations review

Hammerhead Deposit

SOUTH AUSTRALIA

Andromeda 100%

Andromeda's Hammerhead Deposit is approximately 5 km northeast of the Great White Deposit (See Figure 3).

An Inferred Mineral Resource for the Hammerhead Deposit of 51.5Mt of kaolinised granite reported at an ISO Brightness (ISO B R457) cut-off of 75 in the minus 45μm size fraction has been estimated (refer Table 1).

Table 1 Hammerhead Kaolin Mineral Resource

DOMAIN	Mt	PSD <45 μm	KAOLINITE %	HALLOYSITE %
Main	43.1	52.7	43.2	5.4
Halloysite	8.4	52.1	40.5	12.0
Total	51.5	52.6	42.7	6.5

Note that all figures are rounded to reflect appropriate levels of confidence.

The Resource yields 27.1Mt of High Bright kaolin product (ISO B >80) in the minus 45μm recovered fraction, with the remaining approximate 47.4% of material being largely residual quartz derived from the weathered granite. The Halloysite sub domain contains 4.7Mt of minus 45μm material comprised of 21.6% halloysite with an ISO B of 82.9.

Table 2 Hammerhead Kaolin Mineral Resource -45μm

DOMAIN	Mt	ISO B	KAOLINITE %	HALLOYSITE %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %
Main	22.4	82.0	82.7	10.4	36.90	0.63	0.73
Halloysite	4.7	82.9	72.9	21.6	37.47	0.64	0.62
Total	27.1	82.2	81.0	12.3	36.99	0.63	0.71

Note that all figures are rounded to reflect appropriate levels of confidence.

Significantly, some areas within the Hammerhead Deposit show high levels of halloysite (>20%) that is similar to the existing resource reported at the Great White Deposit.

Tiger Deposit

SOUTH AUSTRALIA

Andromeda 100%

Andromeda's Tiger Kaolin Deposit is approximately 10km south of the Great White Deposit (See Figure 3).

A maiden Tiger Mineral Resource Estimate of 12.1Mt containing 7.2Mt of kaolin (<45 µm) was announced in March 2022[11].

The Tiger Kaolin Deposit further demonstrates GWKP's potential to become a world class producer of kaolin.

Table 3 Tiger Kaolin Mineral Resource

CLASSIFICATION	Mt	PSD <45µm	KAOLINITE + HALLOYSITE %
Inferred	12.1	59.9	56.7

Note that all figures are rounded to reflect appropriate levels of confidence

Table 4 Tiger Kaolin Mineral Resource <45µm

CLASSIFICATION	Mt	ISO B	KAOLINITE + HALLOYSITE %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %
Inferred	7.2	83.1	94.7	37.2	0.81	0.61

Note that all figures are rounded to reflect appropriate levels of confidence

Eyre Kaolin Project

SOUTH AUSTRALIA

Andromeda 0%
(earning up to an 80% interest in the tenements through sole funding expenditure of $2.75 million over six years from commencement of the joint venture)

During the period Andromeda executed a binding Heads of Agreement with private entity Peninsula Exploration Pty Ltd (Peninsula) to form the Eyre Kaolin Joint Venture (EKJV) comprising four tenements near GWKP on the western Eyre Peninsula of South Australia. The four exploration licences cover 2,799km^2.

Subsequently, Andromeda actively explored for kaolin with properties to complement those of the Great White Deposit's kaolin. Two kaolin prospects located on the EKJV tenements; Chairlift and Halfpipe, were drill tested[12].

At the Chairlift Prospect, located on tenement EL 6664, 28 holes were completed for 896 meters, and at the Halfpipe Prospect located on EL 6665, 24 drillholes were completed for 1102 meters. From this drilling, the Company continues to await the results of a total of 199 composite samples that were submitted for processing and analysis.

11 *Refer ADN ASX announcement dated 23 March 2022 titled "Maiden Tiger Kaolin Resource and Regional Rare Earth Element Potential".*

12 *Refer to ADN ASX announcement dated 29 July 2022 titled "Quarterly Activities Report – June 2022".*

Mount Hope Kaolin Project

SOUTH AUSTRALIA

Andromeda 100%

Andromeda holds a 100% interest in the Mount Hope Kaolin Project, approximately 160km southeast of GWKP.

Assay results from aircore drilling at Mount Hope undertaken in April 2020 identified significant areas of ultra-high bright white kaolin with exceptionally low iron contaminant providing a further potential additional high value market opportunity in specialist coatings and polymers.

An Inferred Mineral Resource for Mount Hope of 18.0Mt of bright white kaolinised granite was subsequently estimated using an ISO B cut-off of 75, yielding 7.5Mt of minus 45µm quality kaolin product.

Table 5 – Mount Hope Kaolin Mineral Resource

DOMAIN	Mt	PSD <45µm	KAOLINITE %	HALLOYSITE %
Main	12.8	40.95	33.6	0.9
Halloysite	1.6	39.13	25.6	6.7
Ultra-bright	3.7	44.37	38.0	0.7
Total	18.0	41.49	33.8	1.4

Note that all figures are rounded to reflect appropriate levels of confidence

The ultra-bright sub domain contains 1.6Mt of minus 45-micron material with an ISO B of 84.1 and the halloysite sub domain contains 0.6Mt of minus 45-µm material comprised of 17.2% halloysite.

DOMAIN	Mt	ISO B	KAOLINITE %	HALLOYSITE %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %
Main	5.2	81.8	82.1	2.2	35.1	0.56	0.62
Halloysite	0.6	81.2	65.4	17.2	34.8	0.60	0.63
Ultra-bright	1.6	84.1	85.7	1.5	36.0	0.32	0.63
Total	7.5	82.2	81.4	3.3	35.3	0.51	0.62

Note that all figures are rounded to reflect appropriate levels of confidence.

The ultra-bright domain is extremely high purity, bright white kaolin with low halloysite levels. This makes it ideally suited to high-value markets in specialist coatings and polymers.

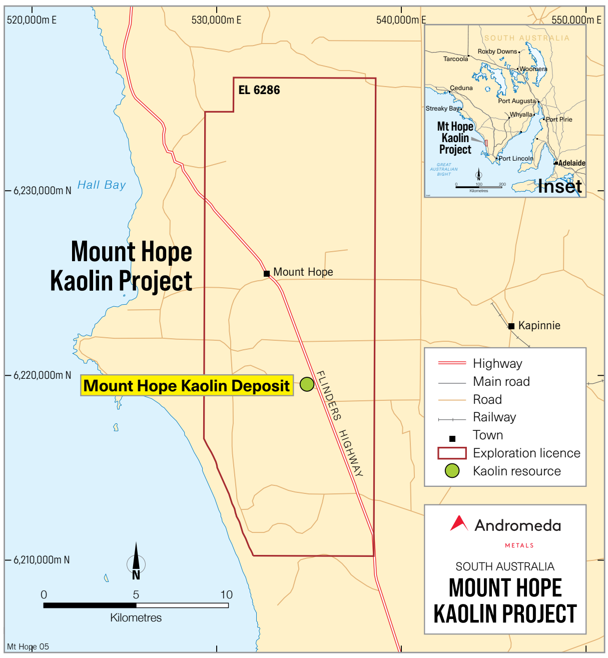


Figure 6 *Mount Hope licence area.*

Rare Earth Elements

Additionally, the regional prospectively within GWKP tenements for rare earth elements (REEs) is to be carefully assessed following the potential identification of ionic adsorption clay REEs in association with the halloysite kaolin at Bronze Whaler.

Assays from the Bronze Whaler Prospect returned elevated Total Rare Earth Oxides (TREO) as exampled by TW19AC001 which returned from 10m, 18m @ 1752ppm TREO in the <45µm fraction including 5m @ 2256ppm TREO.

Camel Lake Halloysite Project

SOUTH AUSTRALIA

Andromeda 100%

Meetings were held with the Maralinga Tjarutja Council, the traditional landowners on which the Camel Lake tenement is located. An initial site inspection of targeted areas within the Camel Lake tenement occurred in January 2021. A report was prepared by the anthropologist outlining areas that can be accessed for surface sampling by Andromeda. This project will continue to be evaluated through FY23.

Wudinna Gold Project

SOUTH AUSTRALIA

Andromeda 35%

The Wudinna Gold Project (WGP) comprises five tenements that total 1,832km^2 in the Central Gawler Ranges. The WGP combined estimated Mineral Resource stands at 2.215Mt at 1.5g/t gold for 211,000 ounces.

In October 2017, a Heads of Agreement was entered into with Lady Alice Mines (LAM) for expenditure of up to $5.0 million by LAM on the tenements in order to earn a 75% interest. LAM was subsequently acquired in early 2019 by Cobra Resources PLC (Cobra), a listed London Stock Exchange entity.

Cobra met the Stage 2 expenditure commitments during the period and therefore earned a 65% equity interest in the tenements. Cobra subsequently advised that they are close to reaching Stage 3 of the joint venture which required them to spend a further $1.25m over the next 12 months to move to a 75% interest.

During the period Cobra completed 875 shallow Rotary Air Blast (RAB) holes which were drilled across eight existing prospects to better understand pathfinder elements in cover above known mineralisation, for a total of 7335 metres. In follow up to the RAB program and the 2020 drilling program at Clarke Prospect where hole CBRC0009 intercepted from 69m, 31m of gold at 3.06g/t, 14 reverse circulation (RC) holes were completed for a total of 2187 metres. Significant gold intercepts from RC holes drilled at Clarke included 33m of gold at 1.03g/t from 65m, and 20m at 1.5g/t from 88m.

The analysis of pathfinder elements at Clarke identified the presence of anomalous levels of REEs in the saprolitic (clay rich) profile above the gold mineralisation. The levels of REEs were encouraging enough for Cobra to undertake a program of reanalysing the saprolitic intervals of historic drill samples for REEs throughout the broader WGP.

Additionally, detailed ground gravity surveys were conducted on three Iron Oxide Copper Gold (IOCG) targets to better define drill targets. Geochemical results from drilling undertaken since the reporting period were not reflective of IOCG mineralisation.

Operations review

Moonta Copper Gold Project

SOUTH AUSTRALIA

Andromeda 100%

(except Moonta Porphyry Joint Venture: Andromeda 90%, Demetallica Limited 10%)
Environmental Metals Recovery currently earning up to a 75% interest in Moonta ISR JV area)

The Moonta Copper-Gold Project falls near the southern end of the Olympic Copper-Gold Province in South Australia. The Olympic Copper-Gold Province is highly prospective for world class IOCG deposits as exampled by Olympic Dam, Prominent Hill and Carrapateena Mines

In December 2018, the Company executed a binding Earn-in and Joint Venture Agreement with Environmental Metals Recovery Pty Ltd (EMR) to form the Moonta ISR Joint Venture covering the northern part of the Moonta tenement (EL 5984). EMR can earn an initial 51% interest of the Moonta ISR JV area by sole funding $2.0 million within 4 years of the execution Joint Venture Agreement.

During the period EMR continued to make steady progress, completing additional leach test work using lixiviants in a range of pH conditions with generally positive results achieved.

In August 2022, South Australia's Department for Energy and Mining approved EMR's Program for Environmental Protection and Rehabilitation to undertake drilling and pump trials using tracers.

In parallel, a review of the Moonta Project is being undertaken by Andromeda, utilising existing drilling results, to assess the in-situ recovery (ISR) potential of 100% Andromeda held copper prospects[13].

Drummond Epithermal Gold Project

QUEENSLAND

Andromeda 100%

The Drummond Epithermal Gold Project comprises five tenements securing a total area of 539km^2 in the Drummond Basin in North Queensland. The Drummond Basin is considered prospective for high grade epithermal gold deposits.

After undertaking a full re-evaluation of the information and exploration results previously undertaken, the Company considered various options to realise maximum value for this project.

Subsequent to the end of the FY22, the Company has determined that maximum shareholder value is achieved through accepting an offer for the Drummond Epithermal Gold Project from Rush Resources Limited (Rush) for approximately $250,000 worth of fully paid ordinary shares in Rush.

The binding Term Sheet Agreement has been signed, and is subject to the following conditions precedent:

- completion of due financial, legal and technical due diligence by Rush;
- Rush undertaking a capital raising and receiving valid applications for at least $4,000,000 worth of shares; and
- ASX providing in-principle, conditional approval for Rush's admission to the official list of the ASX and the quotation of its shares.

Completion of the transaction is expected to occur five business days after the date on which all of the above conditions are either satisfied or waived.

13 Refer ADN ASX announcement dated 30 June 2022 titled "Investor presentation update".

Corporate

ACQUISITION OF MINOTAUR

During the FY22, Andromeda extended its position as an Australian industrial minerals and nanotechnology company through acquiring its joint-venture partner Minotaur.

In November 2021, Andromeda announced it had entered into a Bid Implementation Agreement (BIA) with Minotaur Exploration Limited (Minotaur), to acquire all the issued ordinary shares of Minotaur by way of an off-market takeover.

The unanimously recommended off-market takeover offer of 1.15 new Andromeda shares offered for every 1 Minotaur share, was completed in March 2022. The acquisition enhanced Andromeda's scale and provided significant strategic and financial benefits through enabling the consolidation and simplification of ownership structures of GWKP and NNT.

The benefits delivered through Andromeda's acquisition of Minotaur include the following:

GREATER SIZE, SCALE AND MARKET RELEVANCE	
– Enhanced balance sheet strength and share market liquidity – Improved access to both equity and debt funding options – Simplified ownership structure through removal of complicated joint venture structures – Streamlined management and decision-making processes – Cost synergies through removal of duplicate costs from two publicly listed companies	
GREAT WHITE KAOLIN PROJECT	**NATURAL NANOTECH**
– Unified project management and control – Enhanced development optionality – Greater optimisation of project design, funding mix and development timetable	– Enhanced development and commercialisation of intellectual property – Streamlined research and investment decision-making processes – Increased focus on broadening halloysite role across emerging uses and applications

BOARD AND MANAGEMENT CHANGES

In August 2021, Nick Harding announced his resignation as Executive Director and Company Secretary. Andrea Betti was appointed as interim Company Secretary until the appointment of a permanent Legal Counsel and Company Secretary, for which a recruitment process is underway. Ms Betti is a corporate governance professional with more than 20 years' experience in accounting, corporate governance, finance and corporate banking. She has acted as Company Secretary for companies in the private and publicly listed sectors.

In September 2021, Melissa Holzberger was appointed to the Board as an Independent Non-executive Director. Ms Holzberger is an experienced Director and mining lawyer with over 20 years' experience in the international energy and resources sector. Her substantial experience extends to highly regulated industries, international commodity trade, corporate ethics, risk and compliance oversight, together with a focus on environment, social and governance (ESG) Matters.

In December 2021, Tim Anderson joined Andromeda as Chief Commercial Officer. He has over 30 years of national and international business development experience. His previous role as Program Manager of the Energy & Resources Program at Nova Systems has demonstrated his ability in identifying intellectual property and commercialisation opportunities, resulting in the development of a blue-chip client base with his team in the mining, water, power and oil & gas markets through innovative technical engineering and project delivery solutions.

In January 2022, Rhoderick Grivas resigned as Non-executive Chair, with Non-executive Director Melissa Holzberger immediately assuming the role of Acting Chair.

Ms Holzberger remained in the role of Acting Chair, until April 2022, when Mick Wilkes was appointed to the role of Independent Non-executive Chair.

Mr Wilkes is an experienced mining executive and company director with more than 35 years of broad international mining experience coupled with a successful track record of leading the development and operation of greenfield mines.

In June 2022, Andromeda announced the appointment of Austen Perrin as Independent Non-executive Director of the Company, effective from 1 July 2022. Mr Perrin is an experienced corporate executive and company director with more than 35 years of experience in corporate and financial roles. He has considerable knowledge of transport, logistics, infrastructure and the mining industries. He also has in-depth experience across commercial, accounting and the finance spectrums.

Subsequent to the end of FY22, Andrew Shearer resigned as an Independent Non-executive Director in August 2022.

Schedule of tenements

as at 30 June 2022

PROJECT	TENEMENT	TENEMENT NAME	AREA km^2	REGISTERED HOLDER OR APPLICANT	NATURE OF COMPANY'S INTEREST %
South Australia					
Great White Kaolin Project	ML 6532	Great White	319 ha	Andromeda Industrial Minerals Pty Ltd[1] and Great Southern Kaolin Pty Ltd[2]	AIM 75% GSK 25%
	MPL 163	Water Pipeline MPL	78 ha	Andromeda Industrial Minerals Pty Ltd and Great Southern Kaolin Pty Ltd	AIM 75% GSK 25%
	MPL 164	Access Road MPL	13 ha	Andromeda Industrial Minerals Pty Ltd and Great Southern Kaolin Pty Ltd	AIM 75% GSK 25%
	EL 6588	Tootla	372	Andromeda Industrial Minerals Pty Ltd and Great Southern Kaolin Pty Ltd	AIM 75% GSK 25%
	EL 6096[3]	Whichelby	447	Andromeda Industrial Minerals Pty Ltd and Great Southern Kaolin Pty Ltd	AIM 75% GSK 25%
	EL 6202	Mt Hall	147	Andromeda Industrial Minerals Pty Ltd and Great Southern Kaolin Pty Ltd	AIM 75% GSK 25%
	EL 6426	Mt Cooper	648	Andromeda Industrial Minerals Pty Ltd and Great Southern Kaolin Pty Ltd	AIM 75% GSK 25%
Wudinna Gold Project	EL 6317	Pinkawillinie	156	Peninsula Resources Ltd[4]	PRL 35% LAM 65%
	EL 6131	Corrobinnie	1303	Peninsula Resources Ltd	PRL 35% LAM 65%
	EL 6489	Wudinna Hill	42	Peninsula Resources Ltd	PRL 35% LAM 65%
	EL 5953	Minnipa	184	Peninsula Resources Ltd	PRL 35% LAM 65%
	EL 6001	Waddikee Rocks	147	Peninsula Resources Ltd	PRL 35% LAM 65%
Moonta Copper Gold Project[5]	EL 5984	Moonta-Wallaroo	713	Peninsula Resources Ltd	100%
	EL 5984	Moonta Porphyry JV	106	Peninsula Resources Ltd	90% - option to acquire 100% from Demetallica Ltd
Camel Lake Halloysite Project	EL 6128	Camel Lake	455	Andromeda Industrial Minerals Pty Ltd and Great Southern Kaolin Pty Ltd	AIM 75% GSK 25%
	ELA 2019/73	Dromedary	481	Demetallica Operations Pty Ltd[6]	AIM 75% GSK 25%
Eyre Kaolin Project	EL 6663	Aspen	976	Peninsula Exploration Pty Ltd[7]	Peninsula 100%
	EL 6664	Whistler	452	Peninsula Exploration Pty Ltd	Peninsula 100%
	EL 6665	Hotham	875	Peninsula Exploration Pty Ltd	Peninsula 100%
	EL 6666	Thredbo	496	Peninsula Exploration Pty Ltd	Peninsula 100%
Mt Hope Kaolin Project	EL 6286	Mt Hope	227	Andromeda Industrial Minerals Pty Ltd	100%

PROJECT	TENEMENT	TENEMENT NAME	AREA km^2	REGISTERED HOLDER OR APPLICANT	NATURE OF COMPANY'S INTEREST %
Queensland					
Drummond Gold Project	EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd[8]	100%
	EPM 25660	Gunthorpe	74	Adelaide Exploration Pty Ltd	100%
	EPM 26154	Sandalwood Creek	109	Adelaide Exploration Pty Ltd	100%
	EPM 26155	Mount Wyatt	144	Adelaide Exploration Pty Ltd	100%
	EPM 27501	Packhorse Creek	16	Adelaide Exploration Pty Ltd	100%
Western Australia					
Dundas Project	E 63/2089	Circle Valley	29	Mylo Gold Pty Ltd[9]	100%

1 *Andromeda Industrial Minerals Pty Ltd (AIM), (incorporated 9 August 2018) is a wholly owned subsidiary of Andromeda Metals Ltd.*

2 *Great Southern Kaolin Pty Ltd (GSK) is a wholly owned subsidiary of Andromeda Metals Ltd.*

3 *Following a prospectivity review of EL 6096 Andromeda chose not to renew the EL and allowed it to expire on 17 September 2022.*

4 *Peninsula Resources Ltd (PRL), (incorporated 18 May 2007) is a wholly owned subsidiary of Andromeda Metals Ltd. PRL has a farm-in agreement with Lady Alice Mines Pty Ltd (LAM), a wholly owned subsidiary of Cobra Resources PLC.*

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

6 *Demetallica Operations Pty Ltd is a wholly owned subsidiary of Demetallica Ltd. Registered interest is to be transferred to AIM (75%) and GSK (25%) upon grant.*

7 *Andromeda Industrial Minerals Pty Ltd has a farm in agreement with Peninsula Exploration Pty Ltd (Peninsula) over the Eyre Kaolin Project.*

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

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

Resources and Reserves

as at 30 June 2022

Andromeda's Mineral Resource and Ore Reserve estimates as at 30 June 2021 and 30 June 2022 are listed below.

The Mineral Resource estimates are reported inclusive of Ore Reserve estimates. The totals and average of some reports may appear inconsistent with the parts, but this is due to rounding of values to levels of reporting precision commensurate with the confidence in the respective estimates.

The statements for the 30 June 2022 estimates by the Competent Person, as defined under the 2012 Edition of the 'Australasian Code for reporting Exploration Results, Mineral Resources and Ore Reserves' (JORC Code), are included on page 30 of this Annual Report.

Andromeda's public reporting governance for Mineral Resources and Ore Reserves estimates includes a chain of assurance measures. Firstly, Andromeda ensures that the Competent Persons responsible for public reporting:

- are current members of a professional organisation that is recognised in the JORC Code framework;
- have sufficient mining industry experience that is relevant to the style of mineralisation and reporting activity, to be considered a Competent Person as defined in the JORC Code;
- have provided Andromeda with a written sign-off on the results and estimates that are reported, stating that the report agrees with supporting documentation regarding the results or estimates prepared by each Competent Person; and
- have prepared supporting documentation for results and estimates to a level consistent with normal industry practices – which for JORC Code 2012 resources includes Table 1 Checklists for any results and/or estimates reported.

The following tables set out the current Resource and Reserve position for the Company.

Table of Resources – Clay, whole rock

CLAY, WHOLE ROCK		MEASURED RESOURCE				INDICATED RESOURCE				INFERRED RESOURCE				TOTAL RESOURCES			
2021	ANDROMEDA INTEREST (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)
Great White[1,2,3]	75	5.7	50.2	39.5	6.9	14.2	51.1	42.0	5.0	14.7	49.3	40.3	4.9	34.6	50.2	40.9	5.3
Hammerhead[1,3,4]	75	-	-	-	-	-	-	-	-	51.5	52.6	42.7	6.5	51.5	52.6	42.7	6.5
Mount Hope[1,3,5]	100	-	-	-	-	-	-	-	-	18	41.5	33.8	1.4	18	41.5	33.8	1.4
Total (100%)[1]		5.7	50.2	39.5	6.9	14.2	51.1	42.0	5.0	84.2	49.7	40.4	5.1	104.1	49.9	40.6	5.2
Total 2021 (Andromeda share)[1]		4.3	50.2	39.5	6.9	10.7	51.1	42.0	5.0	67.7	49.1	39.9	4.9	82.6	49.4	40.2	5
2022	ANDROMEDA INTEREST (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)
Great White[1,2,3]	100	5.7	50.2	39.5	6.9	14.2	51.1	42.0	5.0	14.7	49.3	40.3	4.9	34.6	50.2	40.9	5.3
Hammerhead[1,3,4]	100	-	-	-	-	-	-	-	-	51.5	52.6	42.7	6.5	51.5	52.6	42.7	6.5
Tiger[6]	100	-	-	-	-	12.1	59.9	56.7	-	-	-	-	-	12.1	59.9	56.7	-
Mount Hope[1,3,5]	100	-	-	-	-	-	-	-	-	18	41.5	33.8	1.4	18	41.5	33.8	1.4
Total (100%)		5.7	50.2	39.5	6.9	26.3	55.1	48.8	2.7	84.2	49.7	40.4	5.1	116.2	50.9	42.2	4.7
Total 2022 (Andromeda share)		4.3	50.2	39.5	6.9	26.3	55.1	48.8	2.7	67.7	49.1	39.9	4.9	116.2	50.9	42.2	4.7

Table of Resources – Clay <45μm

CLAY <45μm		MEASURED RESOURCE				INDICATED RESOURCE				INFERRED RESOURCE				TOTAL RESOURCES			
2021	ANDROMEDA INTEREST (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)
Great White[1,2,3]	75	2.9	83.9	78.8	13.8	7.3	82.8	82.3	9.9	7.2	83.3	81.7	9.9	17.4	82.3	81.5	10.5
Hammerhead[1,3,4]	75	-	-	-	-	-	-	-	-	27.1	82.2	81	12.3	27.1	82.2	81.0	12.3
Mount Hope[1,3,5]	100	-	-	-	-	-	-	-	-	7.5	82.2	81.4	3.3	7.5	82.2	81.4	3.3
Total (100%)1		2.9	83.9	78.8	13.8	7.3	82.8	82.3	9.9	41.8	82.4	81.2	10.3	52	82.5	81.2	10.4
Total 2021 (Andromeda share)[1]		2.9	83.9	78.8	13.8	7.3	82.8	82.3	9.9	33.2	82.4	81.3	9.9	40.9	82.5	81.2	10.1

2022	ANDROMEDA INTEREST (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)
Great White[1,2,3]	100	2.9	83.9	78.8	13.8	7.3	82.8	82.3	9.9	7.2	83.3	81.7	9.9	17.4	82.3	81.5	10.5
Hammerhead[1,3,4]	100	-	-	-	-	-	-	-	-	27.1	82.2	81.0	12.3	27.1	82.2	81.0	12.3
Tiger[6]	100	-	-	-	-	7.2	83.1	94.7	-	-	-	-	-	7.2	83.1	94.7	-
Mount Hope[1,3,5]	100	-	-	-	-	-	-	-	-	7.5	82.2	81.4	3.3	7.5	82.2	81.4	3.3
Total (100%)		2.9	83.9	78.8	13.8	14.5	82.9	88.5	5.0	41.8	82.4	81.2	10.3	59.2	82.3	82.9	9.1
Total 2022 (Andromeda share)[1]		2.9	83.9	78.8	13.8	14.5	82.9	88.5	5.0	41.8	82.4	81.3	9.9	59.2	82.3	82.9	9.1

Table of Resources – Clay <45μm continued

CLAY <45μm (CONTINUED)		MEASURED RESOURCE				INDICATED RESOURCE				INFERRED RESOURCE				TOTAL RESOURCES			
2021	ANDROMEDA INTEREST (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)
Great White[1,2,3]	75	2.9	36.7	0.52	0.32	7.3	36.6	0.51	0.5	7.2	36.4	0.51	0.45	17.4	36.5	0.51	0.45
Hammerhead[1,3,4]	75	-	-	-	-	-	-	-	-	27.1	37.0	0.63	0.71	27.1	37.0	0.63	0.71
Mount Hope[1,3,5]	100	-	-	-	-	-	-	-	-	7.5	35.3	0.51	0.62	7.5	35.3	0.51	0.62
Total (100%)[1]		2.9	36.7	0.52	0.32	7.3	36.6	0.51	0.5	41.8	36.6	0.60	0.70	52.0	36.6	0.60	0.60
Total 2021 (Andromeda share)[1]		2.9	36.7	0.52	0.32	7.3	36.6	0.51	0.5	33.2	36.5	0.60	0.70	40.9	36.5	0.60	0.60

2022	ANDROMEDA INTEREST (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD (<45μm)	KAOLINITE (%)	HALLOYSITE (%)
Great White[1,2,3]	100	2.9	36.7	0.52	0.32	7.3	36.6	0.51	0.50	7.2	36.4	0.51	0.45	17.4	36.5	0.51	0.45
Hammerhead[1,3,4]	100	-	-	-	-	-	-	-	-	27.1	37.0	0.63	0.71	27.1	37.0	0.63	0.71
Tiger[6]	100	-	-	-	-	7.2	37.2	0.81	0.61	-	-	-	-	7.2	37.2	0.81	0.61
Mount Hope[1,3,5]	100	-	-	-	-	-	-	-	-	7.5	35.3	0.51	0.62	7.5	35.3	0.51	0.62
Total (100%)		2.9	36.7	0.52	0.32	14.5	36.9	0.70	0.60	41.8	36.6	0.60	0.70	59.2	36.7	0.60	0.60
Total 2022 (Andromeda share)[1]		2.9	36.7	0.52	0.32	14.5	36.9	0.70	0.60	41.8	36.5	0.60	0.70	59.2	36.7	0.60	0.60

Operations review

Table of Resources – Gold

GOLD		INDICATED RESOURCE			INFERRED RESOURCE			TOTAL RESOURCES		
2021	ANDROMEDA INTEREST (%)	TONNES (kt)	AU (g/t)	AU (oz)	TONNES (kt)	AU (g/t)	AU (oz)	TONNES (kt)	AU (g/t)	AU (oz)
Barns[1,7,8]	50	410	1.4	18,000	1,710	1.5	86,000	2,210	1.5	104,000
Baggy Green[1,7,8]	50	-	-	-	2,030	1.4	94,000	2,030	1.4	94,000
White Tank[1,7,8]	50	-	-	-	280	1.4	13,000	280	1.4	13,000
Total (100%)[1]		410	1.4	18,000	4,020	1.4	193,000	4,430	1.5	210,000
Total 2021 (Andromeda share)[1]		205	1.4	9,000	2,010	1.5	96,000	2,215	1.5	105,000

2022	ANDROMEDA INTEREST (%)	TONNES (kt)	AU (g/t)	AU (oz)	TONNES (kt)	AU (g/t)	AU (oz)	TONNES (kt)	AU (g/t)	AU (oz)
Barns	35	410	1.4	18,000	1,710	1.5	86,000	2,210	1.5	104,000
Baggy Green	35	-	-	-	2,030	1.4	94,000	2,030	1.4	94,000
White Tank	35	-	-	-	280	1.4	13,000	280	1.4	13,000
Total (100%)	35	410	1.4	18,000	4,020	1.4	193,000	4,430	1.5	211,000
Total 2022 (Andromeda share)[1]		140	1.4	6,300	1,400	1.5	67,500	1,550	1.5	73,000

Table of Resources – Copper (in situ recovery)

COPPER (IN SITU RECOVERY)		INFERRED RESOURCE					TOTAL RESOURCES				
2021	ANDROMEDA INTEREST (%)	TONNES (Mt)	CU (%)	CU (kt)	AU (g/t)	AU (koz)	TONNES (Mt)	CU (%)	CU (kt)	AU (g/t)	AU (koz)
Wombat[1,9,10,11]	100	46.5	0.17	80.0	-	-	46.5	0.17	80.0	-	-
Bruce[1,9,10,11]	100	11.8	0.19	22.0	-	-	11.8	0.19	22.0	-	-
Larwood[1,9,10,11]	100	7.8	0.15	12.0	0.04	10.0	7.8	0.15	12.0	0.04	10.0
Total (100%)[1]		66.1	0.17	114.0	0.04	10.0	66.1	0.17	114.0	0.04	10.0
Total 2021 (Andromeda share)[1]		66.1	0.17	114.0	0.04	10.0	66.1	0.17	114.0	0.04	10.0

2022	ANDROMEDA INTEREST (%)	TONNES (Mt)	CU (%)	CU (kt)	AU (g/t)	AU (koz)	TONNES (Mt)	CU (%)	CU (kt)	AU (g/t)	AU (koz)
Wombat		46.5	0.17	80.0	-	-	46.5	0.17	80.0	-	-
Bruce		11.8	0.19	22.0	-	-	11.8	0.19	22.0	-	-
Larwood		7.8	0.15	12.0	0.04	10.0	7.8	0.15	12.0	0.04	10.0
Total (100%)		66.1	0.17	114.0	0.04	10.0	66.1	0.17	114.0	0.04	10.0
Total 2022 (Andromeda share)		66.1	0.17	114.0	0.04	10.0	66.1	0.17	114.0	0.04	10.0

Table of Reserves – Great White Deposit

GREAT WHITE DEPOSIT						PROVED RESERVE							
2021	ANDROMEDA INTEREST(%)	TONNES (Mt)	PRM YIELD (%)	CRM YIELD (%)	RECOVERY <45µm FRACTION (%)	YIELD PRM (%)	YIELD CRM (%)	TOTAL YIELD (%)	HALLOYSITE (%)	KAOLINITE (%)	HALLOYSITE + KAOLINITE (%)	BRIGHTNESS (R457)	Fe_2O_3 (%)
Great White[1,12,13,14,16]	75	-	-	-	-	-	-	-	-	-	-	-	-
Total (100%)[1]		-	-	-	-	-	-	-	-	-	-	-	-
Total 2021 (Andromeda share)[1]		-	-	-	-	-	-	-	-	-	-	-	-
2022	ANDROMEDA INTEREST(%)	TONNES (Mt)	PRM YIELD (%)	CRM YIELD (%)	RECOVERY <45µm FRACTION (%)	YIELD PRM (%)	YIELD CRM (%)	TOTAL YIELD (%)	HALLOYSITE (%)	KAOLINITE (%)	HALLOYSITE + KAOLINITE (%)	BRIGHTNESS (R457)	Fe_2O_3 (%)
Great White PRM[1,12,13,15,16]	100	0.4	27	18	-	27	18	45	3	-	-	87	0.3
Great White CRM[1,12,13,15,16]	100	4.8	-	-	-	-	45	45	15	-	-	84	0.5
Total (100%)[1,12,13,15,16]		5.2	-	-	-	-	-	45	14	-	-	84	0.5
Total 2022 (Andromeda share)[1]		5.2	-	-	-	-	-	45	14	-	-	84	0.5

GREAT WHITE DEPOSIT						PROBABLE RESERVE							
2021	ANDROMEDA INTEREST(%)	TONNES (Mt)	PRM YIELD (%)	CRM YIELD (%)	RECOVERY <45µm FRACTION (%)	YIELD PRM (%)	YIELD CRM (%)	TOTAL YIELD (%)	HALLOYSITE (%)	KAOLINITE (%)	HALLOYSITE + KAOLINITE (%)	BRIGHTNESS (R457)	Fe_2O_3 (%)
Great White[1,12,13,14,16]	75	12.5	-	-	52	-	-	-	15	78	93	-	-
Total (100%)[1]		12.5	-	-	52	-	-	-	15	78	93	-	-
Total 2021 (Andromeda share)[1]		9.4	-	-	52	-	-	-	15	78	93	-	-
2022	ANDROMEDA INTEREST(%)	TONNES (Mt)	PRM YIELD (%)	CRM YIELD (%)	RECOVERY <45µm FRACTION (%)	YIELD PRM (%)	YIELD CRM (%)	TOTAL YIELD (%)	HALLOYSITE (%)	KAOLINITE (%)	HALLOYSITE + KAOLINITE (%)	BRIGHTNESS (R457)	Fe_2O_3 (%)
Great White PRM[1,12,13,15,16]	100	1.1	24	16	-	24	16	40	1	-	-	87	0.3
Great White CRM[1,12,13,15,16]	100	8.9	-	-	-	-	46	46	11	-	-	83	0.5
Total (100%)[1,12,13,15,16]		9.9	-	-	-	-	-	45	10	-	-	83	0.5
Total 2022 (Andromeda share)[1]		9.9	-	-	-	-	-	45	10	-	-	83	0.5

GREAT WHITE DEPOSIT						TOTAL RESERVE							
2021	ANDROMEDA INTEREST(%)	TONNES (Mt)	PRM YIELD (%)	CRM YIELD (%)	RECOVERY <45µm FRACTION (%)	YIELD PRM (%)	YIELD CRM (%)	TOTAL YIELD (%)	HALLOYSITE (%)	KAOLINITE (%)	HALLOYSITE + KAOLINITE (%)	BRIGHTNESS (R457)	Fe_2O_3 (%)
Great White[1,12,13,14,16]	75	12.5	-	-	52	-	-	-	15	78	93	-	-
Total (100%)[1]		12.5	-	-	52	-	-	-	15	78	93	-	-
Total 2021 (Andromeda share)[1]		9.4	-	-	52	-	-	-	15	78	93	-	-
2022	ANDROMEDA INTEREST(%)	TONNES (Mt)	PRM YIELD (%)	CRM YIELD (%)	RECOVERY <45µm FRACTION (%)	YIELD PRM (%)	YIELD CRM (%)	TOTAL YIELD (%)	HALLOYSITE (%)	KAOLINITE (%)	HALLOYSITE + KAOLINITE (%)	BRIGHTNESS (R457)	Fe_2O_3 (%)
Great White PRM[1,12,13,15,16]	100	1.5	25	17	-	25	17	41	2	-	-	87	0.3
Great White CRM[1,12,13,15,16]	100	13.7	-	-	-	-	-	46	12	-	-	83	0.5
Total (100%)[1,12,13,15,16]		15.1	-	-	-	-	-	46	11	-	-	84	0.5
Total 2022 (Andromeda share)[1]		15.1	-	-	-	-	-	46	11	-	-	84	0.5

1 *Figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.*
2 *ASX 26 November 2020, Updated mineral resource for the Great White Kaolin JV Deposit.*
3 *ISO brightness (R457) cut-off of at 75 in the <45µm size fraction.*
4 *ASX 29 September 2020, New mineral resource estimate for Hammerhead Halloysite-Kaolin Deposit.*
5 *ASX 11 August 2020, New mineral resource for the Mount Hope Kaolin Project.*
6 *ASX 23 March 2022, Maiden Tiger Kaolin Resource and Regional Rare Earth Element Potential.*
7 *ASX announcement released 8 May 2019 "Increased ounces in updated Wudinna Gold Project Mineral Resource".*
8 *The Wudinna Gold Project Mineral Resources estimates have been reported at a 0.5 g/t gold cut-off grade to reflect extraction by open pit mining.*
9 *ASX release dated 15 August 2019 "Substantial initial copper resource – Moonta Project, inferred ISR copper resource of 114,000 tonnes contained copper".*
10 *Figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.*
11 *Environmental Copper Recovery Pty Ltd earning a 75% interest.*
12 *ASX release dated 10 July 2020 "Maiden Ore Reserve for Carey's Well Deposit".*
13 *Great White Reserve estimated based off the 2019 Great White Resource estimate (refer ADN ASX release dated 23 December 2019 "Significant Increase in Mineral Resource at Poochera").*
14 *The maiden Ore Reserve Estimate is drawn from the PFS released in June 2020 (refer ADN ASX announcement dated 1 June 2020 titled "Pre-Feasibility Study further improves Poochera Halloysite-Kaolin Project Economics").*
15 *2022 Ore Reserve used in the DFS released in April 2022 (refer ADN ASX announcement dated 16 April 2022 titled "Definitive Feasibility Study and Updated Ore Reserve").*
16 *Ore Reserves have been reported from Measured and Indicated Resources only.*

Competent person statements

Great White and Mt Hope Projects Resources

Information in that relates to the Great White Project and Mt Hope Project has been reviewed 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, options and performance rights in the company and is entitled to participate in Andromeda's employee incentive plan (details of which are included in Andromeda's Annual Remuneration Report) 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 undertaking to qualify as Competent Person 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.

The data that relates to Mineral Resource Estimates for the Great White Kaolin Project (Great White, Hammerhead and Tiger Deposits) and Mount Hope Kaolin Project are based on information evaluated by Mr Eric Whittaker who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Whittaker is the Chief Geologist of Andromeda Metals Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Whittaker has 30 years of experience in the mining industry. Mr Whittaker consents to the information in the form and context in which it appears. Mr Whittaker holds Performance Rights in the Company and is entitled to participate in Andromeda's employee incentive plan.

Wudinna Gold Project Resources

Information that relates to the Estimation and Reporting of Mineral Resources for the Barns, White Tank and Baggy Green Deposits were compiled by Mrs Christine Standing BSc Hons (Geology), MSc (Min Econs), MAusIMM, MAIG. Mrs Standing is a full-time employee of Optiro and has acted as an independent consultant on the Mineral Resource estimates for the Barns, White Tank and Baggy Green deposits. Mrs Standing is a Member of the Australian Institute of Geoscientists and the Australian Institute of Mining and Metallurgy and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mrs Standing consents to the inclusion in this report of the contained technical information relating to the Mineral Resource estimations in the form and context in which it appears.

Moonta Copper ISR Resources

The information in this release that relates to the Estimation and Reporting of Mineral Resources has been compiled by Mr David Coventry BSc (Hons). Mr Coventry was at the time of the estimation a full-time employee of Mining Plus Pty Ltd and acted as an independent consultant on the Moonta Deposit Mineral Resource estimations. Mr Coventry is a Member of the Australasian Institute of Geoscientists and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Mr Coventry consents to the inclusion in this report of the contained technical information relating the Mineral Resource Estimation in the form and context in which it appears.

Great White Ore Reserves

The data in this report that relates to Mineral Reserve Estimates for the Great White Deposit is based on information evaluated by Mr John Millbank who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Millbank is the Director of Proactive Mining Solutions Pty Ltd, an independent mining consultancy, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Millbank consents to the information contained in this report being used in the form and context in which it appears. Neither Mr Millbank, or any of the entities he directly controls, have any financial interests in Andromeda Metals Ltd or any of its subsidiaries.

Directors' report

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Directors' report

The Directors present this Directors' Report and the attached annual financial report of Andromeda Metals Limited for the financial year ended 30 June 2022.

DIRECTORS AND KEY MANAGEMENT PERSONNEL

The names and details of the Directors and Key Management Personnel of the Company during or since the end of the financial year are:

Michael Wilkes
BEng(Hons), MBA, MAusIMM, MAICD
(Appointed 6 April 2022)

Non-executive Chairman

Mick Wilkes is an experienced mining executive and company director with more than 35 years of broad international mining experience coupled with a successful track record of leading the development and operation of greenfield mines.

Most recently in his executive career, Mick was the President and CEO of dual listed (ASX and TSX) OceanaGold Corporation (ASX: OGC) from 2011 to 2020 where he led the transformation from a single asset junior company to a multinational mid-tier producer with four operations across three countries.

In previous roles he was the Executive General Manager of Operations at OZ Minerals responsible for the development of the Prominent Hill copper/gold project in South Australia and General Manager of the Sepon gold/copper project for Oxiana based in Laos.

Mick is currently a Non-executive Chair of Kingston Resources Limited (ASX: KSN), been appointed as Non-executive Director of Genesis Minerals Ltd effective 1 October; and a member of the Sustainable Minerals Institute's Advisory Board at the University of Queensland. He was previously the Chair of the Governance Committee and a member of the Administration Committee of the World Gold Council.

James E Marsh
BSc (Hons), MAusIMM

Managing Director

James Marsh is a highly qualified kaolin specialist with more than 30 years' industrial minerals experience, including notable, senior technical and marketing roles with two global market leaders.

With experience at all levels of the industry from laboratory development through to market listing, James has been instrumental in developing new applications and markets for kaolin around the world.

James spent fifteen years working as Technical Manager for Imerys Minerals, the world leader in industrial minerals with a focus on kaolin, where he successfully assisted in developing and commercialising several new grades from projects around the world.

He then worked for nine years with Minerals Corporation in Australia as Marketing and Technical Director commercialising kaolin products from Australia and China, and setting up a global network for sales and distribution.

James spent seven years as Business Development Manager for Active Minerals International, a worldwide leader in the production and marketing of kaolin and attapulgite minerals. Uniquely qualified in all aspects of the kaolin industry, James is passionate about leveraging his experience to deliver a world-class industrial minerals business.

Joseph F Ranford
BEng (Mining), MBA, FAusIMM, GAICD, Grad Dip (Business Management)

Operations Director

Joe Ranford is a mining engineer with 25 years' senior management experience across both domestic and international mining companies. Joe has significant experience bringing mining operations into production within sensitive communities and considerable knowledge of the South Australian mining approval process and stakeholder landscape.

Most recently, he held the role as Chief Operating Officer for Nordic Gold Inc, a Canadian based company which was the previous owner of the Laiva Gold Mine in Finland, where he re-established mining operations and brought the project back into production from care and maintenance.

Prior to his role at Nordic Gold Inc, Joe was Operations Manager for Terramin Australia Limited where he managed all operational and technical aspects of the Angas Zinc mine and championed the evaluation and approval processes for the Bird in Hand Gold Project.

Joe is focused on bringing the deposits of the Great White Kaolin Project on South Australia's Eyre Peninsula project into production. Growing up in the region, Joe has a genuine understanding and respect for the local community and wants to continue building partnerships based on creating shared value.

Melissa K Holzberger

LLM Resources Law (Distinction (Scotland), Dip. International Nuclear Law (Hons) (France), LLB (Adel), BA (Adel), Grad Dip Legal Practice, GAICD, FGIA

(Appointed 23 September 2021)

Independent Non-executive Director

Acting Chair (Jan – April 2022)

Audit and Risk Committee Chair (until 30 June 2022)

Sustainability and Governance Committee Chair

Ms Holzberger is an experienced Independent Non-executive Director and mining lawyer with over 20 years' experience in the international energy and resources sector.

Ms Holzberger is currently a Non-executive Director of Paladin Energy Ltd (ASX: PDN) and a member of the Australian Radiation Protection and Nuclear Safety Agency's Radiation Health and Safety Advisory Council.

She brings a deep understanding of mining projects and operations, having previously worked with BHP and Rio Tinto. Her substantial experience extends to highly regulated industries, international commodity trade, corporate ethics, risk and compliance oversight, together with a focus on sustainability, environment, social and governance (ESG) matters.

Ms Holzberger holds a Master of Laws in Resources Law (Distinction) as a Chevening scholar from the Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee; a Diploma in International Nuclear Law (Hons) as an OECD Nuclear Energy Agency scholar from the University of Montpellier; a Bachelor of Laws and Bachelor of Arts from the University of Adelaide; and a Graduate Diploma in Legal Practice.

She is a graduate of the University of Oxford's Leading Sustainable Corporations; a graduate member of the Australian Institute of Company Directors; and a Fellow of the Governance Institute of Australia. In 2006 Ms Holzberger was awarded the Telstra South Australian Young Business Woman of the Year which recognised her commitment and leadership in the energy, resources and business community.

Andrew Shearer

BSc (Geology), Hons (Geophysics), MBA

(Resigned 24 August 2022)

Non-executive Director

Audit and Risk Committee Chairman

Andrew Shearer has been involved in the mining and finance industries for 20 years.

Coupled with geoscience and finance qualifications he has experience from exploration through to production.

Andrew also holds company director positions with Investigator Resources and Resolution Minerals.

Andrew has been exposed to the global resources sector covering micro to mid-cap resources stocks; from exploration to producing companies, across a broad suite of commodities.

He has held senior roles in the mining and finance industries with PAC Partners, Phillip Capital, Austock, the South Australian Government, Mount Isa Mines and Glengarry Resources. Andrew leveraged a strong track-record in mining and finance to assist in bringing Andromeda's valuable deposits into production.

Austen Perrin

B. Econ. (Acc.), CA, GAICD

(Appointed 1 July 2022)

Non-executive Director

Austen Perrin has had significant experience in developing capital management strategies and financing solutions to support corporate objectives including development of key infrastructure and transport projects and underground coal mines.

He has a breadth of experience gained in a variety of industries including transport and logistics, ports, road and rail infrastructure, coal, copper and gold mining, unconventional shale gas, mining services, oil, gas and water pipeline construction, general building construction and insurance.

Austen Perrin is currently a non-executive director with AJ Lucas Group Limited and up until recently a non-executive director for Round Oak Minerals Pty Limited. Austen currently chairs the Audit and Risk Committee for AJ Lucas and previously for Round Oak Minerals Pty Limited.

He has been a Charted Accountant for over 33 years and is a graduate of the Australian Institute of Company Directors.

Directors' report

Andrea Betti

BCom, MBA, GradDip (Corporate Governance), GradDip (Applied Finance and Investment) MBA

(Appointed 11 August 2021)

Company Secretary

Andrea Betti is a corporate governance professional with over 20 years' experience in accounting, corporate governance, finance and corporate banking.

She has acted as Company Secretary for companies in the private and publicly listed sectors. Andrea is a member of the Institute of Chartered Accountants in Australia and New Zealand and an associate member of the Governance Institute of Australia.

Andrea is currently a Director of a corporate advisory company based in Perth that provides corporate and other advisory services to publicly listed companies.

She has a Bachelor of Commerce, Graduate Diploma in Corporate Governance, Graduate Diploma in Applied Finance and Investment and a Master of Business Administration.

Michael Zannes

BBus, CPA, Grad Cert (AICD)

Chief Financial Officer

Michael Zannes is a qualified CPA with more than 20 years of experience in the mining industry. He has an extensive background in managing governance, operational and corporate finance in resource companies both in Australia and internationally.

Michael has extensive experience in financial reporting and analysis, tax, treasury, reporting, systems design and implementation, purchasing and logistics, project exploration, project development and business improvement.

Before joining Andromeda, Michael held an executive role with New Gold Inc including Company Director and Secretary for New Gold's Australian divisions and General Manager of Australian operations for New Gold Inc. Michael has also held senior roles with Whitehaven Coal Ltd, and Xstrata PLC. He has proven skills in financial management, funding, feasibility studies, compliance, risk management and both operations and corporate finance management.

Tim Anderson

BEng (Honours), Grad Cert (AICD)

(Appointed 1 December 2021)

Chief Commercial Officer

Tim Anderson is an experienced executive with more than 30 years of experience including commercialisation, business development and operations management roles in resources, energy, water, technology and engineering.

Tim was a Senior Leadership Team member and Program Manager – Energy & Resources for Nova Systems, an Australian-owned internationally operating engineering and technology solutions company.

He served as CEO of Optimatics, a global leader in water utility systems planning and operations optimization through the application of computational intelligence technologies.

Tim held business development and operations management roles at The University of Adelaide for the commercialisation of research and the provision of academic consulting and testing services.

Tim has led and grown businesses from the ground up and established and transformed new business entities within mature state companies.

He holds an Honours Degree in Civil Engineering from The University of Adelaide in Australia and a Graduate Diploma from the Australian Institute of Company Directors.

DIRECTORS WHO RESIGNED DURING THE FINANCIAL YEAR

Rhoderick G J Grivas
BSc (Geology), MAusIMM

Non-executive Chairman
(resigned 20 January 2022)

Rhod is a geologist with over 30 years' resource industry experience, including 20+ years ASX listed company board experience.

Nicholas J Harding
BA (Acc), GradDip (Acc), GradDip (App Fin), GradDip (Corp Gov), FCPA, F Fin, AGIA, ACIS

Executive Director and Company Secretary
(resigned 10 August 2021)

Nick Harding is a qualified accountant and company secretary with over 30 years' experience in the resources industry. He is a Fellow of CPA Australia, a Fellow of the Financial Services Institute of Australasia.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

NAME	COMPANY	PERIOD OF DIRECTORSHIP
M Wilkes	Kingston Resources Limited	From May 2018 to present
	Matador Mining Limited	From July 2020 to May 2022
	Dacian Gold Limited	From September 2021 to September 2022
	Genesis Minerals Ltd	From October 2022
M K Holzberger	Paladin Energy Limited	From May 2021 to present
	Silex Systems Limited	From January 2019 to October 2021
A Perrin	AJ Lucas Group Limited	From December 2014 to present
A N Shearer	Resolution Minerals Limited	From March 2017 to present
	Investigator Resources Limited	From July 2020 to present
	Osmond Resources Limited	From September 2021 to present
	Okapi Resources Limited	From July 2020 to May 2021
R G J Grivas	Golden Mile Resources Limited	From March 2017 to present
	Lexington Gold Limited (AIM Listed)	From November 2020 to present
	Aldoro Resources Limited	From November 2019 to November 2020
	Okapi Resources Limited	From June 2020 to May 2021

PRINCIPAL ACTIVITIES

The principal activity of the Group is the advancement of GWKP through the development of production facilities for halloysite-kaolin products to meet customer-driven demand.

Subject to making a final investment decision, development will be through the initial construction of a Starter Plant[14] in line with the production and financial assumptions outlined in the DFS released in April 2022[15].

OPERATING AND FINANCIAL REVIEW

(All $ are AUD unless otherwise stated)

Strategy

To achieve the goal of growing shareholder wealth, Andromeda's Directors have formulated a Company strategy comprising the following key elements:

- The Company will maintain a focus on advancing the GWKP through to a final investment decision for eventual development and production. The Directors continue to see a strong market for quality halloysite-kaolin products, underpinned by declines in global supply.
- The Company will fund research to assist in the development of new market opportunities for halloysite-kaolin given the high purity halloysite found at Great White and other projects to service the growth in demand for the product.
- The Company's Board believes it is in shareholders' best interests to divest or enter joint venture arrangements for most of its portfolio of gold and copper projects to allow Andromeda to focus on the advancement of the Great White Kaolin Project. To that end, joint ventures with Cobra over the Eyre Peninsula Gold Project and EMR over the northern part of the Moonta Copper-Gold Project have been executed. The Company has, subsequent to year-end, entered into an agreement to sell the Drummond Epithermal Gold Project to Rush for approximately $250,000 worth of shares in Rush, subject to a number of conditions precedent (see page 22 in this Report).
- The Company will adhere to principles of good corporate governance, caring for its employees, conducting its operations in an environmentally sensitive manner, and maintaining respect for other stakeholders and for the communities in which it operates.
- The Company acknowledges the importance of committing to and establishing an integrated approach to Sustainability and consistent reporting on Environmental, Social and Governance (ESG) frameworks and factors. As the Company moves into production, its aspiration is to adopt, monitor and report on relevant frameworks and metrics that emerge from the developing consensus and convergence of ESG standards.

Financial results

Income for FY22 increased to $452,516, representing a 636% increase from the $61,461 recorded during FY21.

The net result of operations for the year was a loss after income tax of $8,733,119, which is a 36% increase from the loss of $6,443,299 for the prior year. This was driven by the increased expenses incurred as the Company continued to move GWKP towards a final investment decision, and prepare for operational readiness ahead of production.

The earnings per share for FY22 was a loss of 0.33 cents per share, consistent with the prior year.

At 30 June 2022, the Company held cash and cash equivalents totalling $32,853,203. This is significantly higher than the $4,904,719 held the year prior, largely due to the successful raising of $44,999,913 through undertaking a Share Placement[16] and a Share Purchase Plan[17].

Significant changes to state of affairs

Significant changes in the state of affairs of the Company during the financial year were as follows:

Capital Raising

On 30 June 2021, the Company announced it had completed a successful bookbuild to raise $30 million (before costs) via a placement to professional and sophisticated investors, which would be accompanied by a Share Purchase Plan offer to existing shareholders to raise a further $15 million (before costs). On 7 July 2021, the Company issued 200,000,000 fully paid ordinary shares at the issue price of $0.15 per share pursuant to the placement and on 27 July 2021, the Company issued a further 99,999,219 fully paid ordinary shares pursuant to the Share Purchase Plan.

14 Refer ADN ASX announcements dated 26 August 2022 titled "Andromeda Commencing Procurement of Long Lead Time Items for Great White Kaolin Project" and 29 August 2022 titled "Investor Webinar – Market Update".

15 Refer ADN ASX announcements dated 6 April 2022 titled "Great White Kaolin Project - Definitive Feasibility study and Updated Ore Reserve".

16 Refer ADN ASX announcement dated 30 June 2021 titled "Andromeda successfully completed Completes $30 million Placement and Launches $15 million Share Purchase Plan".

17 Refer ADN ASX announcement dated 27 July 2021 titled "Oversubscribed Share Purchase Plan raises $15 million".

Minotaur Exploration Ltd takeover

On 10 November 2021 the Company announced it had launched a friendly off-market takeover bid for Minotaur Exploration Ltd. The takeover offer became unconditional on 7 February 2022. The Company proceeded to issue 571,675,752 fully paid ordinary shares on 4 March 2022 pursuant to the takeover bid and issued a further 48,832,301 fully paid ordinary shares upon the completion of compulsory acquisition of Minotaur Exploration Ltd.

The following securities were issued during the reporting period:

DATE	ISSUE	AMOUNT	DETAIL
20 August 2021	Performance Rights	(2,250,000)	Cancellation
23 August 2021	Ordinary Shares	325,000	Option conversion
26 August 2021	Performance Rights	5,639,475	Employee Incentive Plan
6 September 2021	Ordinary Shares	500,000	Option Conversion
12 November 2021	Ordinary Shares	21,500,000	Option Conversion
16 November 2021	Ordinary Shares	675,000	Option Conversion
2 December 2021	Performance Rights	3,375,000	Employee Incentive Plan
2 December 2021	Unlisted Options	2,800,000	Employee Incentive Plan
2 December 2021	Performance Rights	2,760,000	Director PRs
2 December 2021	Unlisted Options	4,180,000	Director Options
18 March 2022	Performance Rights	(1,441,150)	Cancellation
30 May 2022	Ordinary Shares	3,500,000	PR conversion
30 June 2022	Ordinary Shares	273,333	Option Conversion
30 June 2022	Unlisted Options	(546,667)	Cancellation

Note: For more detailed information refer to Note 15 in the notes to the Financial Statements (page 85).

Subsequent to the end of the reporting period, on 22 July 2022, the Company issued 2,000,000 fully paid ordinary shares upon the conversion of 2,000,000 vested Performance Rights.

On 4 April 2022 the Company advised its Registered Office and Principal Place of Business had changed to Level 10, 431 King William Street, Adelaide.

Great White Kaolin Project (GWKP)

During FY22, and following the acquisition of Minotaur, the Company completed the DFS confirming the significant value and long-term cashflows that can be generated through developing GWKP based on established markets for Kaolin, such as ceramics, coatings and concrete.

Using conventional mining and processing techniques, the DFS found GWKP can generate high quality halloysite-kaolin products, with a pre-tax NPV of $613 million based on project assumptions at that time, and has sufficient reserves to sustain a 28-year mining operation.

The four-stage approach to development outlined in the DFS, is expected to deliver average annual EBITDA of $81.5 million and require an initial capital cost of $93.8 million during Stage One.

The cashflows detailed in the DFS, were expected to see GWKP generate an internal rate of return of 36% and a payback period of 5.9 years based on assumptions at that time. This payback period includes payback of the initial capital cost as well as capital costs of Stages 2–4 of DFS.

After releasing the DFS, and in light of the changed conditions through the impacts of the COVID-19 pandemic along with other geopolitical developments, the Board sought to further de-risk the Project.

Accordingly, a refinement of the staged, scalable approach to developing GWKP was deemed more prudent, through the initial development of a scalable Starter Plant that more closely matches production to total commitments for signed offtake agreements, with the benefit of reducing initial up-front capital requirements.

The Starter Plant represents the beginning of a staged approach to developing GWKP that continues to aim to deliver on the production and financial outcomes of the DFS.

The Stater Plant will ramp-up production, from an initial processing level of 100,000 t/pa of ore, in line with signed binding offtake agreements. The signing of additional offtake agreements is then expected to see production increase to the processing capacity of 300,000 t/pa outlined in Stage One of the DFS, and then progress through to Stage 4.

Ongoing negotiations for additional binding offtake agreements provide confidence that the staged, scalable approach to developing GWKP will deliver on the production and financial outcomes outlined in the DFS.

Having already secured two binding offtake agreements[18], the Company has continued its focus on locking-in offtake agreements for the balance of the initial Great White plant output to further de-risk the Project.

Subsequent binding offtake agreements for Great White KCM™ 90 were signed with:

- Asia Minerals Resources of Hong Kong and Vietnam, for 31,000 tonnes, with a minimum of 23,500 and maximum of up to a total of 38,500 tonnes, over the first three years of production, for sales into the ceramics sectors across Vietnam, Malaysia, Singapore, Bangladesh, India, Pakistan, Philippines, South Korea, Indonesia, Thailand and the UAE, and
- Plantan Yamada, a highly respected Japanese porcelain manufacturer, for 35,000 tonnes, with a minimum of 27,000 and maximum total of 43,000 tonnes, over the first three years of production, for sales into the ceramics sector of Japan.

Both these agreements were signed at prices in excess of the pricing assumed in the DFS, of between $425 and $465 per tonne and are subject to standard conditions precedent.

The DFS outlined KCM™90 as the initial refined product made from GWKP feedstock which is able to be mined for the life of mine of the Project, or further refined into other products, as required to meet customer demand. The two agreements demonstrate demand for KCM™90 for a minimum three years, rather than the two years initially assumed in DFS.

Current offtake agreements indicate a ramping up of volume year-on-year. Production is expected to increase in line with additional offtake agreements to the processing capacity of 300,000 t/pa outlined in Stage One of the DFS.

A Letter of Intent for exclusive distribution rights into Asia/Pacific was signed with IMCD, the world's largest additives distributer, for the Great White HRM™ concrete additive and the Great White SRM™ suspension aid additive. Subsequent negotiations with IMCD have centred on further progressing the relationship through the signing of a binding offtake agreement.

18 *Offtake agreements are subject to a number of conditions precedent to be met in respect to a final decision to mine and investment decision required to be made, receipt of all mining approvals and achievement of commercial levels of production.*

Ongoing negotiations for further offtake agreements continue with several other interested parties across multiple markets in Asia, Europe and the Middle East, with the aim of securing the balance of production output detailed in the DFS.

The DFS was based on an Ore Reserve of 15.1Mt for the Great White Deposit, that was completed during the year and underpins the planned 28-year mining operation.

In December 2021, the Mining Lease and supporting Miscellaneous Purposes Licences underpinning GWKP were granted by South Australia's Department for Energy and Mining.

In August 2022, Andromeda announced that it had signed land purchase agreements, lodged the PEPR related to GWKP and commenced the procurement process for long lead items, thereby further de-risking the path to production.

New product opportunities

The Company tested halloysite-kaolin across several concrete application mix designs with positive results achieved. Clear strength gains and important handling and performance improvements to concrete through the addition of halloysite-kaolin were observed, representing an additional domestic and global market opportunity.

Work continues on the potential use of halloysite-kaolin as a rheology modifier product for the concrete industry with a patent successfully lodged by Andromeda for this application and certification obtained for use in the Australian concrete industry.

High purity alumina (HPA)

During FY22, Andromeda conducted research and development activities to produce HPA. This work led, subsequent to year-end to the filing of a provisional patent application based on its process flowsheet to produce both HPA as well as SGA.

Nanotechnologies

Andromeda is funding research by GICAN at the University of Newcastle into industry applications for GWKP halloysite based nanomaterials.

This includes the Carbon Capture Pilot Plant that was manufactured and recently arrived in Australia. A PCT Application was filed by Andromeda on 1 July 2022 for the claimed nano porous material which would be used in the carbon capture process.

The GICAN team is now actively seeking to reach an adsorbed amount of two tonnes of CO_2 per tonne of the adsorbent material whilst also maximising recyclability of these materials.

Optimising the adsorption and recyclability potential are considered critical to commercialisation of this technology.

Exploration and evaluation activities

During FY22, Andromeda's main focus has been to further progress GWKP through:

- completion of the DFS,
- obtaining the necessary mining approvals and the preparations and planning ahead of the expected commencement of construction activities.

Exploration and evaluation expenditure for the year was $3,714,818, which was an 8% decrease on the $4,023,911 incurred the year prior. Funds were predominantly directed towards advancing GWKP.

Eyre Kaolin Project

Peninsula Exploration Pty Ltd (Peninsula) holds title to four exploration licences that cover 2,799 km^2 located on the Eyre Peninsula of South Australia and which are adjacent to, or near, tenements that comprise the Great White Kaolin Project.

Following a geological review of Australia and especially the Eyre Peninsula, the ground held by Peninsula was identified as containing halloysite kaolin targets like those found at numerous locations across the GWKP and Mount Hope Kaolin Project.

A binding Heads of Agreement (HOA) with Peninsula was executed to form the EKJV[19].

Andromeda could 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. An initial exploration program has been undertaken, the results of which will inform potential next stage work.

19 *Refer ADN ASX announcement dated 12 August 2021 titled "Andromeda enters new kaolin Joint Venture on the Eyre Peninsula, SA".*

Moonta Copper ISR Joint Venture

Joint venture partner EMR continued to make steady progress, completing additional leach testwork using lixiviants in a range of pH conditions with generally positive results achieved.

In August 2022, South Australia's Department for Energy and Mining (DEM) approved EMR's Program for Environment Protection and Rehabilitation to undertake drilling and pump trials using tracers.

A review of the Moonta Project is being undertaken by Andromeda, utilising existing drilling results, to assess the in-situ recovery (ISR) potential of 100% Andromeda held copper prospects[20].

Wudinna Gold Joint Venture

Wudinna Gold Joint Venture partner Cobra completed an aircore drilling program that tested multiple regional targets and continued their regional assessment of historic drill samples for saprolitic clay hosted rare earth element (REE) mineralisation.

Joint venture partner Cobra completed a 41-hole, 6,090 metre drilling program targeting several prospects across the project.

The results of this drilling program are yet to be received.

Cobra advised it had reached Stage 2 of the joint venture with expenditure of $1.65M to move to a 65% interest in the project.

Cobra subsequently advised they were close to reaching Stage 3 of the Joint Venture which required them to spend a further $1.25million to move to a 75% interest.

Drummond Epithermal Gold Project

After undertaking a full re-evaluation of the information and exploration results previously undertaken, the Company considered various options to realise maximum value for this project.

Subsequent to the end of the FY22, the Company has determined that maximum shareholder value is achieved through accepting an offer for the Drummond Epithermal Gold Project by Rush for approximately $250,000 worth of fully paid ordinary shares in Rush.

The binding Term Sheet Agreement has been signed, and is subject to the following conditions precedent:

- completion of financial, legal and technical due diligence by Rush;
- Rush undertaking a capital raising and receiving valid applications for at least $4,000,000 worth of shares under the capital raising; and
- ASX providing in-principle, conditional approval for Rush's admission to the official list of the ASX and the quotation of its shares.

Completion of the transaction is expected to occur five business days after the date on which all of the above conditions are either satisfied or waived.

Acquisition of Minotaur

During FY22, Andromeda consolidated ownership of GWKP and Natural Nanotech following the acquisition of Minotaur.

The unanimously recommended off-market takeover offer for 1.15 new Andromeda shares offered for every 1 Minotaur share, was completed in March 2022.

The completion of this transaction and consolidating 100% ownership of the GWKP and Natural Nanotech into a single entity provides Andromeda full development optionality. It simplifies the ownership and streamlines the management of GWKP as the Company progresses towards financing, development, and construction.

20 Refer ADN ASX announcement dated 30 June 2022 titled "Investor presentation update".

Remuneration report (audited)

LETTER FROM THE REMUNERATION AND NOMINATION COMMITTEE CHAIR

Dear Shareholders,

On behalf of the Board, I present the Remuneration Report for FY22.

Despite ongoing disruptions due to geopolitical unrest, inflation, and the COVID-19 pandemic all driving economic uncertainty, FY22 saw steady progress in developing GWKP, in addition to the advancement of the Company's other opportunities and a substantial expansion of our reserves.

At the 2021 Annual General Meeting, 48.79% of votes were cast against the adoption of the 2021 Remuneration Report, thereby incurring a 'first strike'. The Board takes this outcome, and the concerns raised by shareholders, very seriously. Consequently, the Board resolved to take significant action during 2022 to address the concerns raised by shareholders.

Our response to shareholder concerns in relation to the 2021 Remuneration Report

Following the 2021 Annual General Meeting, the Board undertook a comprehensive review of the Company's remuneration framework (Review), the way we communicate our remuneration, and how we reward our Non-executive Directors (NEDs) and Executives.

The Review found that shareholder concerns centred around remuneration being elevated, not sufficiently aligned to Company performance and communications needed to be more transparent.

In addressing shareholder concerns, the Board has responded to the issues raised in a range of ways as set out in section 1.2 on page 44 of this Report. Our response focused on three key aspects:

- conducting a comprehensive review of current remuneration arrangements and identifying any gaps compared to industry practice;
- reviewing the executive reward framework to ensure it remains 'fit for purpose' in the current environment; and
- ensuring 2022 reward decisions appropriately reflect performance and are communicated clearly.

To assist in undertaking the Review, the Remuneration and Nomination Committee engaged two independent external remuneration advisers. Their assistance centred on analysing Andromeda's remuneration framework and outcomes; providing guidance on industry practice, and comparisons to a relevant group of ASX listed peers; and, considered recommendations and actions to address any gaps. Further information related to the use of remuneration consultants is included in section 1.3 on page 46 of this report.

Changes to 2022 remuneration framework and outcomes

Based on the findings of the Review, the Board resolved to make certain changes to the remuneration framework and practices of the Company. A summary of these changes and the impact on remuneration outcomes are as follows:

SHAREHOLDER CONCERN	OUR RESPONSE AND ACTION	REMUNERATION OUTCOMES
Remuneration – level considered too high and not linked to Company performance	– Review of remuneration framework, structure, and incentive levels – Assessment of industry practice – Benchmarking against a peer group of ASX listed companies	– Overhauling of the remuneration framework: • Capping of the potential earnings of all NEDs and Executives • Introduction of yearly remuneration reviews benchmarking assessments against peers • Linking of Executive STI incentives to Company performance and strategy through Key Performance Indicators (KPIs) • Linking of Executive LTI incentives to Company TSR performance against peers
Non-executive Directors – equity options and performance rights	– Review of remuneration structure and incentive levels for NEDs	– NEDs are not eligible for STI and LTI incentives – Removed equity component of remuneration, and adjusted cash component – NEDs to acquire Company shares on market equal in value to one year's Director's Fees over a 5-year period
Board renewal and skill	– Assessment of Board skills, experience and backgrounds; and requirements for managing transition to production stage – Undertook a thorough search for a new Non-executive Chair and NED to complement existing board skills, experience and backgrounds	– Introduction of regular Board skills matrix assessment – Board composition aligned to the Company's strategy – Disclosure of the Board skills matrix – In September, appointed Melissa Holzberger as an Independent Non-executive Director, with significant legal, mining and energy experience – In April, appointment of Mick Wilkes as new Independent Chair, an experienced mining executive and director with significant mining and project development experience – In June, announced the appointment of Austen Perrin as an Independent NED, with significant finance, mining, and logistics experience
Communication and transparency	– Review of remuneration disclosures, format and communications	– Enhanced disclosure to improve transparency

Note: For more detailed information refer to section 1.2 on page 44 of this Report.

Enhancing transparency around our reward framework

As a Board, we reflected on concerns raised by shareholders in relation to our approach to remuneration communication and acknowledge that how we measured and communicated the link between remuneration outcomes and performance could be improved.

Importantly, we have included additional disclosures to provide greater transparency on how our remuneration framework operates, introduced links between performance and remuneration outcomes, and enhanced communications to more clearly communicate the Board's decision-making processes in determining reward outcomes.

Continuing to engage with you as our shareholders will be a key priority for 2023 and beyond. This will be particularly important as we manage the transition to becoming a mining production company.

Yours sincerely,

Mick Wilkes
Independent Chair, Remuneration and Nominations Committee

Remuneration report (audited)

REMUNERATION REPORT – TABLE OF CONTENTS

Remuneration report (audited)

1.1 KEY MANAGEMENT PERSONNEL COVERED IN THIS REMUNERATION REPORT

The following Key Management Personnel (KMP) of the Company comprises the Non-executive Directors (NEDs) of the Company and the Executives listed below, who have significant influence over the Company's operating performance:

NAME	POSITION	TERM AS KMP
Non-executive Directors		
Michael Wilkes	Independent Non-executive Chair	Appointed 6 April 2022
Andrew Shearer*	Independent Non-executive Director	Full year
Melissa Holzberger**	Independent Non-executive Director	Appointed 23 September 2021
Austen Perrin	Independent Non-executive Director	Appointed 1 July 2022
Rhod Grivas	Independent Non-executive Director	Resigned 20 January 2022
Executive KMP		
James Marsh	Managing Director	Full year
Joseph Ranford	Operations Director	Full year
Michael Zannes	Chief Financial Officer (CFO)	Full year
Tim Anderson	Chief Commercial Officer	Appointed 1 December 2021
Nicholas Harding	CFO and Company Secretary	Resigned 10 August 2021

* *Andrew Shearer resigned subsequent to reporting period on 24 August 2022.*

** *Melissa Holzberger was acting Chair from 21 January 2022 to 5 April 2022.*

1.2 RESPONSE TO SHAREHOLDER CONCERNS FROM 2021 AGM

Andromeda takes shareholder concerns very seriously and, following the 2021 Annual General Meeting (AGM), the Company undertook a comprehensive review process to address those concerns and enhance the transparency of the remuneration framework and outcomes.

1 Shareholder concern

- Engagement reviewed
- Concerns - understood

2 Review of remuneration framework

- Comprehensive review undertaken
- Independent external remuneration advice received
- Review industry practice and peer benchmarking
- Board skills assessment

3 Actions taken and outcomes

- Linking of STI and LTI outcomes to Company Performance
- Capped NED and Executive remuneration outcomes
- Board renewal and ongoing skills assessment
- Enhanced transparency and clarity of communications

Remuneration report (audited)

Following is a detailed summary of the engagement with shareholders and actions taken in response to concerns raised from the 2021 AGM:

SHAREHOLDER CONCERN	OUR RESPONSE AND ACTION
Non-executive Director remuneration – removing the issue of equity (options and performance rights)	The voting results at the AGM in November 2021 indicated that our shareholders are not supportive of issuing equity (shares, options, performance rights) to NEDs as a form of remuneration. During the reporting period, the Company has therefore restructured the remuneration of NEDs and removed the equity component of their remuneration. This has in turn, resulted in an increase to the cash component of NED remuneration. This change in remuneration structure and increase in cash fees is accompanied by a change in policy whereby the Company requires NEDs to acquire shares on market in the Company equal in value to one year of their Director's Fees, within a five-year period from appointment.
Remuneration	The Company received feedback that the level and structure of remuneration is not appropriate for the Company, specifically regarding levels of remuneration and structures around incentives. The Company has therefore undertaken a thorough review of the Company's policies and practices regarding the approach to remuneration and implemented a new remuneration framework with the following elements: – capping of the potential earnings of all NEDs and the Executive KMP; – completing an annual remuneration benchmarking review as part of the new remuneration strategy and framework; – the introduction of a structured short-term incentive (STI) program where incentives are linked to Company performance and strategy through the use of KPIs; – the introduction of a structured long-term incentive (LTI) program where the incentive is linked to the KPI of Total Shareholder Return (TSR), against a group of peer ASX listed companies; – only Executive KMP and Senior Management will participate in the LTI program; and – NEDs are not permitted participate in the STI and LTI programs.
Board renewal and skill	The Company received feedback that the Board required new and refreshed skills as it embarks on a development and production stage. The Company had already commenced the broadening of its mix of skills with the appointment of Melissa Holzberger as an NED in 2021 and then in early 2022, commenced a thorough search for a new Independent Non-Executive Chair upon the resignation of Rhod Grivas. In April, the Company appointed Mick Wilkes, an experienced mining executive and director with significant mining and project development experience to the role of Independent Non-executive Chair. In June 2022, the Company announced the appointment of Austen Perrin as an Independent NED to the Board. Mr Perrin has significant finance, mining, and logistics experience to add to the current complement of skills and experience on the existing Board. This improved mix of skills, experience and background of Directors is further detailed in this Annual Report and as part of the Board Skills Matrix in the Company's 2022 Annual Corporate Governance Statement.
Communication and transparency	The Company recognises the previous format of the Remuneration Report was factual and presented as a compliance report, rather than as an opportunity to communicate with shareholders and other stakeholders. The Company has therefore placed considerable effort to improve the disclosures, communication and transparency in the 2022 Remuneration Report. The style, format and content of the Remuneration Report now reflects a more open and transparent reporting format, which not only includes the required compliance disclosures, and also provides added clarity and insight into Andromeda's organisational culture, enhanced remuneration framework, and reward practices and outcomes.
Company performance	The Company received feedback from stakeholders for the need for Executive remuneration to be linked to Company performance. The Company has therefore changed the remuneration structure so that Executive remuneration is linked to performance metrics and strategy outcomes, which are both business and share value focused, through the STI and LTI programs. The Company also prohibits NEDs from participating in any STI and LTI programs. As noted above, NEDs do not receive any equity as part of their remuneration. As part of the new Remuneration Strategy and Framework, NEDs are required to acquire a minimum shareholding in the Company on market, equivalent in value to one year's Director's Fees over a five-year period from appointment through on-market purchases.

1.3 SERVICES FROM REMUNERATION CONSULTANTS

During the reporting period, the Company engaged BDO Remuneration and Reward Pty Ltd (BDO) and Align Advisors, as independent external remuneration consultants, to assist with developing a remuneration framework and guiding principles to ensure that total remuneration packages for all KMP are relevant compared to current market benchmarks and competitively set to attract and retain appropriately qualified and experienced people.

BDO is an international consulting and business advisory organisation that works with a range of ASX listed companies. Total fees paid to BDO for the independent advice was $6,875 during the year ending 30 June 2022 (2021: $22,550) and $4,250 for the annual subscription to the Mining & Metals remuneration survey data.

BDO data was used to benchmark the Company against peer companies in the mining and metals sector with a similar market capitalisation. The report was presented to the Chair of the Remuneration and Nomination Committee of the Board of Directors (the Committee), providing a summary of base salaries, statutory superannuation plans, STI and LTI levels and assessing the positioning of the Company compared to the market.

The Board is satisfied that the interaction between BDO and the Executive KMP was minimal and BDO had processes and procedures in place to minimise potential opportunities for undue influence from the KMP. The Board is therefore satisfied the information and advice received from BDO was free from undue influence from the Executive KMP to whom the remuneration information applies. The Board reviewed the independent advice and utilised the Committee to consider the information and data, along with other business conditions when recommending remuneration packages based on the advice received.

During the reporting year, the Company also engaged Align Advisors, an independent remuneration expert, to benchmark and present an analysis on fixed and variable remuneration levels and practices for executive KMP. The basis of this analysis was to compare our current Executive remuneration to ASX listed peers (see table below) as a secondary data source. Total fees paid to Align Advisors during the year ending 30 June 2022 were $5,632 (2021: nil).

The Board is satisfied that the interaction between Align Advisors and the Executive KMP was minimal, and Align Advisors had processes and procedures in place to minimise potential opportunities for undue influence from the Executive KMP. The Board is therefore satisfied the information and advice received from Align Advisors was free from undue influence from the Executive KMP to whom the remuneration information applies. The Board reviewed the independent advice and utilised the Committee to consider the information and data, along with other business conditions when recommending remuneration packages based on the advice received.

The information from both BDO and Align Advisors was used to set the remuneration values for Executive KMP of the Company.

COMPANY PEERS – ASX-LISTED PEER COMPANIES USED BY ALIGN ADVISORS	
Aeris Resources Limited	MACA Limited
Altech Chemicals Limited	MacMahon Holdings
Arafura Resources Limited	Panoramic Resources Limited
Base Resources Limited	Pantoro Limited
BCI Minerals Limited	Perenti Group
Bellevue Gold Limited	Red 5 Limited
Hastings Technology Metals Limited	Resolute Mining Limited
Image Resources NL	Sheffield Resources Limited
Kalium Lakes Limited	Strandline Resources Limited
Kore Potash PLC	Vimy Resources Limited

1.4 REMUNERATION GOVERNANCE

The Committee is responsible for determining the remuneration arrangements for KMP and making recommendations to the Board. The Committee comprises three NEDs, inclusive of an independent Chair.

The Committee reviews remuneration levels and other terms of employment on a periodic basis having regard to relevant employment market conditions, the strategy of the Company, and the qualifications, skills and experience of the KMP.

The Committee also advises on the appropriateness of remuneration packages of the Company given trends in comparative companies, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

The overall remuneration framework is approved by the Board upon receiving recommendations by the Committee. The Committee's recommendations are based on adaptations to reflect competitive market and business conditions. Within this framework, the Committee considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for the Managing Director and senior Executives. Executive remuneration and other terms of employment are reviewed annually having regard to performance, relevant comparative information and expert advice.

Board

The Board is responsible for approving and reviewing the remuneration arrangements for the Directors and Key Management Personnel, based on recommendations of the Remuneration and Nomination Committee. The Board also reviews the performance of all KMPs and itself on a regular continual basis.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee reviews and makes recommendations to the Board regarding the Directors and KMP remuneration arrangements. These reviews take place at least annually, taking into account relevant factors including market conditions.

Management

The Managing Director, in consultation with other KMP sets and reviews the remuneration arrangements of all other employees.

Remuneration Consultants

External advisors may be engaged directly by the Board or through the Remuneration and Nomination Committee to provide advice or information related to remuneration that is free from the influence of management.

As noted in this Remuneration Report the Company has used both BDO Remuneration and Reward Pty Ltd and Align Advisors as detailed above.

1.5 ANDROMEDA REMUNERATION – STRATEGY AND PRINCIPLES

ELEMENT	DETAIL
Philosophy	The performance of the Company depends on the quality of its Directors and other KMP. Therefore, to achieve success in executing its corporate strategy, the Company must attract, motivate and retain appropriately qualified personnel. To achieve these aims, the Company embodies the following in its remuneration framework: – provide competitive rewards to attract and retain high calibre directors and other KMP; – link Executive rewards to shareholder value; – link reward with the strategic goals and performance of the Company; and – ensure total remuneration is competitive by market standards. The above framework is reliant on the business having the financial capacity to deliver on the above.
Purpose	The Company's remuneration framework is designed to align Executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The Framework aims to balance multiple factors such as Company operational performance, investor expectations, financial and sustainability performance, fairness to individuals and maintaining market competitiveness.
Principles	Andromeda operates a remuneration strategy comprising fixed pay and variable pay. – Fixed pay (Total Fixed Remuneration) includes base salary and statutory superannuation; and – Variable pay includes STI and LTI but may be structured in other ways. Remuneration is benchmarked to Australian Mining Companies similar in size, scale and operational scope to Andromeda utilising independent external data sources, with benchmarking set around the 50th percentile.

1.6 ANDROMEDA REMUNERATION FRAMEWORK

In order to improve its remuneration practices and as a result of feedback received at the Company's 2021 AGM, the Company has developed a new Remuneration Framework with the following key components.

COMPONENT	DETAIL
Total Fixed Remuneration (TFR)	TFR includes base salary plus statutory superannuation. TFR is reviewed annually by the Committee, following consideration of individual performance, industry benchmarking, relevant economic indicators and internal capacity at Andromeda.
Variable Remuneration – Short-Term Incentive (STI)	The Company may invite Executives and employees to participate in its STI Program. The STI Program will include specific KPIs that are required to be achieved in order for an award to be made. Further details regarding the STI Program is detailed below in section 1.7 Remuneration Components. NEDs will not participate in STI or LTI Programs.
Variable Remuneration – Long-Term Incentive (LTI)	The Company may invite Executives to participate in the LTI Program. The LTI Program will be based on the key metric of the Company's Total Shareholder Return (TSR) relative to a selected group of ASX-listed peer companies. LTI awards will be granted as performance rights. Further details regarding the LTI Program is detailed below in section 1.7 Remuneration Components.
Malus Clause	The Board has discretion in exceptional circumstances to forfeit or reduce any yet to be awarded or unvested STI and/or LTI opportunities, where previously awarded incentive outcomes have, in the opinion of the Board, resulted in the award of an inappropriate benefit. Any unvested securities or securities yet to be converted into fully paid ordinary shares will be subject to recovery (clawback).
Change of Control	On the occurrence of a change of control event, the Board will determine, in its sole and absolute discretion, the manner in which all STI awards and LTI awards (unvested and vested Performance Rights) will be dealt with.
Termination of Employment	If a participant in the STI or LTI program ceases employment with the Company prior to the end of the performance period, they will forego any STI or LTI award. A pro-rata payment of the STI/LTI award will be considered in exceptional circumstances. If the employee is a Good Leaver, as defined in the Company's Employee Incentive Plan, all unvested Performance Rights will remain and will be assessed at the end of the performance period.
Non-executive Director Share ownership	NEDs will not participate in any STI or LTI Programs. NEDs are required to hold a minimum shareholding in Andromeda Metals Limited, on market, as follows: – 50% of pre-tax Director annual base fee within 3 years of appointment; and – 100% of pre-tax Director annual base fee within 5 years of appointment.

1.7 REMUNERATION COMPONENTS

1.7.1 Non-executive Director remuneration

In accordance with current corporate governance practices, the structure for the remuneration of NEDs and Senior Executives is separate and distinct.

Shareholders approve the maximum aggregate remuneration payable to NEDs, with the current aggregate Directors' Fees pool limit being $500,000 per annum. The Committee recommend the actual payments to Directors to the Board for decision.

During the reporting period, the Company reviewed the structure of NED remuneration and determined that a change was required upon the results of the 2021 Annual General Meeting and Shareholder Feedback. The Company has therefore transitioned to a remuneration structure where NEDs are wholly remunerated by fixed Director's Fees (wholly cash-based), with no Share Based Payment component (no issue of shares, options, performance rights or other securities). The NED remuneration structure is now also similar to other developer and producer listed public companies.

NED remuneration is now structured as follows:

i) The Non-executive Chair receives fees of $200,000 per annum inclusive of superannuation.

ii) NEDs receive $116,000 per annum inclusive of superannuation.

iii) Directors holding an additional position of Committee Chair are not paid any additional fees.

iv) Board Committee members are not paid any additional fee.

v) NEDs are entitled to statutory superannuation benefits.

vi) NEDs are not remunerated through the issue of shares, options, performance rights or any other securities.

vii) NEDs are required to own shares in the Company, through on-market purchases, with the aim of owning:

  a) 50% of pre-tax Director annual base fee within 3 years of appointment and

  b) 100% of pre-tax Director annual base fee within 5 years of appointment.

viii) Any consultancy arrangements for NEDs who provide services outside of, and in addition to, their duties as NEDs are first considered by the Board and can only be permitted and approved by the Board.

NEDs are not entitled to participate in performance-based remuneration schemes, for example any STI or LTI programs.

All Directors are entitled to have premiums on indemnity insurance paid by the Company. During the financial year, the Company paid premiums to insure the Directors and other officers of the consolidated entity. The liabilities insured are for costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

1.7.2 Executive remuneration

During the reporting period, the Company reviewed the structure of executive remuneration (inclusive of Executive Director remuneration). Executive Remuneration is now structured in accordance with the Andromeda Remuneration Framework (Section 1.6 on page 49). Executive Remuneration is designed to promote superior performance and long-term commitment to the Company, whilst building sustainable shareholder value.

Remuneration packages are set at levels that are intended to attract and retain executives capable of contributing to the Company's operations and strategic plans. All executives receive a base remuneration which is market reviewed, together with performance-based remuneration linked to the achievement of pre-determined milestones and targets (Key Performance Indicators).

The structure of Executive Remuneration comprises:

i) Fixed remuneration.

ii) STI with KPIs linked to annual planning and strategic objectives; and

iii) LTI with KPIs as part of performance-based equity plans, with prior approval of shareholders to the extent required.

The proportion of fixed and variable remuneration has been established by the Committee for FY23. The Committee linked the proportion of each segment to relevant market practices and to the degree to which the Board intends participants to focus on short and long-term outcomes.

Participation Rates for STI and LTI plans as follows:

	STI (% OF TFR)	LTI (% OF TFR)
Managing Director	60%	120%
Executives	50%	75%

FIXED REMUNERATION	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES
– Comprises Director's Fees, consulting fees, salaries, and superannuation contributions	– Cash "at risk" component of remuneration for KMP – Linked to achievement of the Company's strategic objectives and outcomes – Based on performance against financial and non-financial KPIs – KPI targets are set at the beginning of each financial year and are intended to be challenging but achievable – Paid over a two-year period	– Equity "at risk" remuneration to promote alignment between KMP and shareholder value – Performance Rights granted based on KPI of TSR performance against TSR of ASX-listed peer group – Vesting over a three-year period

Fixed remuneration

Fixed remuneration comprises Director's Fees, consulting fees, salaries, and superannuation contributions.

Short-term incentives linked to annual planning and strategic objectives

The objective of STIs is to link achievement of the Company's strategic objectives and outcomes, or which clearly build shareholder value, with the remuneration received by Executives charged with meeting those targets.

The STI is an "at risk" component of remuneration for key management personnel and is payable based on performance against KPIs set at the beginning of each financial year. Targets are intended to be challenging but achievable.

The STI is offered annually, set as a percentage of annual salary, payment of which is conditional upon the achievement of agreed KPIs for each Executive, which comprise a combination of agreed milestones and financial measures. These milestones are selected from group, functional/unit and individual level objectives, each weighted to reflect their relative importance and each with targets linked to the Board's expectations and with threshold, target and stretch levels set where possible.

The KPIs comprise financial and non-financial objectives and include out-performance against financial metrics, health and safety targets and specific operations-related milestones including project development milestones for the Great White Kaolin Project. Measures chosen directly align the individual's reward to the KPIs of the group and to its strategy and performance.

The participation rate for all employees in the STI program is as follows:

POSITION	TARGET STI % OF TFR
CEO/Managing Director	60%
Executives including Executive Directors	50%

The award rate scale for the KPIs within the STI program for all participants is as follows:

PERFORMANCE	AWARD
Below the threshold	Nil
Threshold performance	50% of KPI
Target performance	100% of KPI
Stretch performance	150% of KPI

Awards will be made on a pro-rata basis (using the straight-line method) when between "Threshold" and "Target" and between "Target" to "Stretch" Performance.

Long-term incentives through participation in performance-based equity plans

The objective of LTIs is to promote alignment between Executives and shareholders through the holding of equity. As such, LTIs are only granted to Executives who can directly influence the generation of shareholder wealth, or who are in a position to contribute to shareholder wealth creation.

The participation rate for Executives in the LTI Program is as follows:

POSITION	TARGET LTI % OF TFR
CEO/Managing Director	120%
Executives including Executive Directors	75%
General Managers, Chief Geologist & other Group Managers	45%

The LTI Program is a program whereby Performance Rights are granted with a measurement period of three years and with the vesting condition KPI comprising TSR, on a graduated scale.

The measurement of TSR will be based on a combined return for the Company measured by the change in its share price plus dividends over a three-year period. The Company's TSR will be ranked against the TSR of a selected group of ASX-listed peer companies as determined by the Board of Directors.

The award rate scale for the KPIs within the LTI Program for all participants is as follows:

PERFORMANCE	AWARD
Below the 50th percentile	Nil
50th percentile	50% of KPI
75th percentile or above	100% of KPI

Awards will be made on a pro-rata basis (using straight-line method) between the 50th and 75th percentile.

Any Performance Rights issued under the LTI Program will be issued pursuant to the Company's Employee Incentive Plan, with shareholder approval sought for any Executive Directors, as required.

1.8 KEY MANAGEMENT PERSONNEL SERVICE AGREEMENTS

1.8.1 Non-executive Director Agreements

The structure of NED Remuneration has been provided in section 1.7.1 above. All NEDs are appointed pursuant to an Appointment Letter, which details the terms and conditions of the appointment.

NEDs are not appointed for a fixed term.

In addition to Directors' Fees that are detailed in section 1.7.1 above, NEDs are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

1.8.2 Executive Directors

JAMES MARSH, MANAGING DIRECTOR	
Agreement commenced	30 May 2018
Term of agreement	No fixed term
Fixed remuneration	$553,000 (effective from 1 July 2022)
Equity compensation	Mr Marsh is entitled to participate in the STI and LTI programs. During the reporting period Mr Marsh was issued with the following equity: – 1,710,000 unlisted options – 1,410,000 performance rights Full details of the equity issued is provided in section 1.12.1 below.
Termination/notice	Mr Marsh may terminate his employment by giving four months' notice.
Other key terms	5 weeks annual leave
STI participation rate	60% (refer section 1.7.2 for full details)
LTI participation rate	120% (refer section 1.7.2 for full details)

JOSEPH RANFORD, OPERATIONS DIRECTOR	
Agreement commenced	8 April 2020
Term of agreement	No fixed term
Details	On 1 June 2020 the Company entered into a service agreement with a consulting company, associated with Mr Ranford.
Fixed remuneration	The monthly charge for Mr Ranford's services was $25,000 per month (3 days per week) from 1 January 2021 in accordance with contractual terms and increased to $30,000 per month (3 days per week) effective 1 September 2021.
Equity compensation	Mr Ranford is entitled to participate in the STI and LTI programs. During the reporting period Mr Ranford was issued with the following equity: – 1,650,000 unlisted options – 1,350,000 performance rights Full details of the equity issued is provided in section 1.12.1 below.
Termination/notice	Mr Ranford, currently through his consulting Company, may terminate the agreement by giving three months' notice.
Other key terms	Nil
STI participation rate	50% (refer section 1.7.2 for full details)
LTI participation rate	75% (refer section 1.7.2 for full details)

1.8.3 Executives

MICHAEL ZANNES, CHIEF FINANCIAL OFFICER	
Agreement commenced	1 June 2020
Term of agreement	No fixed term
Fixed remuneration	$361,000 per annum, effective 1 July 2022
Equity compensation	Mr Zannes is entitled to participate in the STI and LTI programs. During the reporting period Mr Zannes was issued with the following equity: – 1,400,000 unlisted options – 2,325,000 performance rights Full details of the equity issued is provided in section 1.12.1 below.
Termination/notice	Mr Zannes may terminate his employment by giving three months' notice.
Other key terms	Nil
STI participation rate	50% (refer section 1.7.2 for full details)
LTI participation rate	75% (refer section 1.7.2 for full details)

TIMOTHY ANDERSON, CHIEF COMMERCIAL OFFICER	
Agreement commenced	1 December 2021
Term of agreement	No fixed term
Fixed remuneration	$337,000 per annum, effective from 1 July 2022
Equity compensation	Mr Anderson is entitled to participate in the STI and LTI programs. During the reporting period Mr Anderson was issued with the following equity: – 1,400,000 unlisted options – 2,250,000 performance rights Full details of the equity issued is provided in section 1.12.1 below.
Termination/notice	Mr Anderson may terminate his employment by giving three months' notice.
Other key terms	Nil
STI participation rate	50% (refer section 1.7.2 for full details)
LTI participation rate	75% (refer section 1.7.2 for full details)

1.9 PERFORMANCE AND OUTCOMES FOR 2022

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2022:

	30 JUNE 2022	30 JUNE 2021	30 JUNE 2020	30 JUNE 2019	30 JUNE 2018
Other Income	452,516	61,461	767,419	18,960	5,815
Net profit / (loss) before tax	(8,733,119)	(6,435,782)	(3,365,301)	(1,041,044)	(683,544)
Net profit / (loss) after tax	(8,733,119)	(6,443,299)	(3,447,274)	(1,113,181)	(832,707)

	30 JUNE 2022	30 JUNE 2021	30 JUNE 2020	30 JUNE 2019	30 JUNE 2018
Share price at beginning of the year	$0.150	$0.051	$0.015	$0.007	$0.06
Share price at end of year	$0.07	$0.150	$0.051	$0.015	$0.007
Basic earnings per share	$(0.0033)	$(0.0033)	$(0.0024)	$(0.0010)	$(0.0012)
Diluted earnings per share	$(0.0033)	$(0.0033)	$(0.0024)	$(0.0010)	$(0.0012)

No dividends have been declared during the five years ended 30 June 2022 and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2022.

There has been no link between the Company's financial performance and the setting of remuneration during the reporting period, however the STI and LTI plans have been amended during the reporting period and are expected to result in a link between financial performance, specifically share price, and remuneration in future periods.

1.10 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

		FIXED REMUNERATION					EQUITY COMPENSATION REMUNERATION			
KMP	YEAR	SHORT-TERM EMPLOYEE BENEFITS, SALARY, AND FEES	OTHER NON-CASH BENEFITS	STATUTORY SUPER-ANNUATION	ANNUAL LEAVE	SUB TOTAL	SHARE BASED PAYMENTS FOR SECURITIES ISSUED IN THE CURRENT PERIOD[1,4]	SHARE BASED PAYMENTS FOR SECURITIES ISSUED IN PRIOR PERIODS[1,3]	SHARE BASED PAYMENTS FOR SECURITIES CANCELLED[1,2]	TOTAL
		$	$	$	$	$	$	$	$	$
Non-executive Directors										
Michael Wilkes[9]	2022	47,222	-	-	-	47,222	-	-	-	47,222
	2021	-	-	-	-	-	-	-	-	-
Andrew Shearer	2022	101,422	-	10,328	-	111,750	-	273,096	-	384,846
	2021	49,775	-	4,275		54,050	256,145	51,035		361,230
Melissa Holzberger[10]	2022	59,423	-	5,942	-	65,365	43,733	-	87,467[2]	196,565[2]
	2021	-	-	-	-	-	-	-	-	-
Rhoderick Grivas	2022	159,616[5]	-	8,012	-	167,628	-	(65,888)[6]	-	101,740
	2021	137,700[7]	-	6,175	-	143,875	256,145	51,035	-	451,055
Executive Directors										
James Marsh	2022	362,500	71,232	36,250	38,341	508,323	43,662	394,473	-	946,458
	2021	307,193	-	27,510	31,587	366,290	369,987	109,361		845,638
Joseph Ranford	2022	350,000	-	-	-	350,000	42,130	965,688	-	1,357,818
	2021	270,000				270,000	2,453,771			2,723,771
Nicholas Harding	2022	86,940[12]	-	-	-	86,940	-	(134,768)[8]	-	(47,828)
	2021	246,797				246,797	369,987	80,198	-	696,982
Executives										
Michael Zannes	2022	273,973	-	27,397	23,182	324,552	136,691	-	-	461,243
	2021	22,831		2,169	1,923	26,923				26,923
Timothy Anderson[11]	2022	160,437	-	16,044	23,077	199,558	90,021	-	-	289,579
	2021	-	-	-	-	-	-	-	-	-
Total	2022	1,601,533	71,232	103,973	84,600	1,861,338	356,237	1,432,601	87,467	3,737,643
	2021	1,034,296	-	40,129	33,510	1,107,935	3,706,035	291,629	-	5,105,599

Footnotes to the above table in section 1.10

1 *Share-based payments do not represent cash payments and the related shares may or may not ultimately vest. In accordance with the requirements of accounting standard AASB 2 Share Based Payments, valuations of share-based payments were undertaken based on market conditions at the date of grant and are expensed over the relevant vesting period. The amount included as remuneration is not related to nor indicative of the benefit (if any) that may ultimately be realised should the securities vest.*

2 *With the restructure of NED remuneration, all unvested options (546,667 options) held by Melissa Holzberger were cancelled on 30 June 2022. In accordance with AASB 2 Share Based Payments (AASB2), the value of the options, as determined at grant date, is required to be recognised in full during the 2022 financial reporting period. It is to be noted that the amount of $87,467 does not represent any actual benefit (cash or otherwise) to Melissa Holzberger as a result of the cancellation, it is an accounting entry only as required by AASB 2.*

3 *As stated above, share based payments are required to be expensed over the relevant vesting period as per AASB 2 Share Based Payments. Accordingly, an expense is required to be recognised in the current reporting period for grants of securities in prior years.*

4 *Details of the securities issued to KMP during the current reporting period are disclosed in detail in section 1.12.1.*

5 *Rhoderick Grivas' 2022 fees of $159,616 included $80,116 for fees as Non-executive Chairman and $79,500 in fees for additional consulting services outside of the scope of his role as Non-executive Chairman.*

6 *Rhoderick Grivas resigned effective 20 January 2022. 1,441,150 performance rights did not vest because of a failure to satisfy the service condition attached to the rights. In accordance with the requirements of AASB 2 Share Based Payments, the accumulated share-based payment expense was reversed, resulting in a negative share based payment expense in the current period.*

7 *Rhoderick Grivas' 2021 fees of $137,700 included fees as Non-executive Chairman ($65,000) and fees for additional consulting services ($72,700) outside of the scope of his role as Non-executive Chairman.*

8 *Nicholas Harding resigned effective 10 August 2021. 2,250,000 performance rights did not vest because of a failure to satisfy the service condition attached to the rights. In accordance with the requirements of AASB 2 Share Based Payments, the accumulated share based payment expense was reversed, resulting in a negative share based payment expense in the current period.*

9 *Michael Wilkes was appointed to the Board as Chair on 6 April 2022.*

10 *Melissa Holzberger was appointed to the Board on 23 September 2021.*

11 *Timothy Anderson was appointed to the role of Chief Commercial Officer on 1 December 2021.*

12 *Nicholas Harding's fees included a payment of $59,800 which represents a 3-month payment on termination of contract.*

1.11 OPTIONS AND PERFORMANCE RIGHTS

1.11.1 Options granted as compensation to key management personnel

2022	NUMBER OF OPTIONS GRANTED DURING THE PERIOD	NUMBER OF OPTIONS GRANTED DURING THE PERIOD THAT WERE CANCELLED OR LAPSED DURING THE PERIOD	VALUE ALLOCATED IN FY22 TO OPTIONS GRANTED $
Michael Wilkes	-	-	-
Andrew Shearer	-	-	-
Melissa Holzberger[3]	820,000	(546,667)	131,200[3]
Rhoderick Grivas[1]	-	-	-
James Marsh	1,710,000	-	43,662
Joseph Ranford	1,650,000	-	42,130
Nicholas Harding[2]	-	-	-
Michael Zannes	1,400,000	-	34,909
Timothy Anderson	1,400,000	-	34,909
Total	6,980,000	(546,667)	286,810

Footnotes to the above table in section 1.11.1:

1 *Mr Grivas resigned at 20 January 2022.*

2 *Mr Harding resigned at 10 August 2021.*

3 *With the restructure of NED remuneration, all unvested options (546,667 options) held by Melissa Holzberger were cancelled on 30 June 2022. In accordance with AASB 2 Share Based Payments (AASB2), the value of the options, as determined at grant date, were required to be recognised/expensed in full during the 2022 financial reporting period. It is to be noted that of the $131,200 value allocated to the issue of the options to Ms Holzberger, the amount of $87,467 does not represent any actual benefit (cash or otherwise) to Melissa Holzberger as a result of the cancellation of 546,667 options, it is an accounting entry only, as required by AASB 2.*

1.11.2 Performance rights granted as compensation to key management personnel

2022	NUMBER OF PERFORMANCE RIGHTS GRANTED DURING THE PERIOD	NUMBER OF PERFORMANCE RIGHTS GRANTED DURING THE PERIOD THAT WERE CANCELLED OR LAPSED DURING THE PERIOD	VALUE ALLOCATED IN FY22 TO PERFORMANCE RIGHTS GRANTED $
Michael Wilkes	-	-	-
Andrew Shearer	-	-	-
Melissa Holzberger	-	-	-
Rhoderick Grivas[1]	-	-	-
James Marsh	1,410,000	-	-[3]
Joseph Ranford	1,350,000	-	-[3]
Nicholas Harding[2]	-	-	-
Michael Zannes	2,325,000	-	101,782[4]
Timothy Anderson	2,250,000	-	55,112[4]
Total	7,335,000	-	156,894

Footnotes to the above table in section 1.11.2:

1 *Mr Grivas resigned at 20 January 2022.*

2 *Mr Harding resigned at 10 August 2021.*

3 *Expected production and sales schedules at the time of issue are different from current expectations and as such these performance rights are now not expected to vest prior to their expiry date, and consequently no value has been recognised in relation to these performance rights in 2022. As required under AASB 2, the probability of these performance rights vesting will be reassessed at each reporting date.*

4 *Values have been recognised for performance rights issued to Mr Zannes, relating to the commencement of mining and the first shipment of kaolin, and to Mr Anderson, in relation to several Business Development KPI's, as required under AASB 2. As per footnote 3, performance rights granted in relation to production and sales schedules have had no value recognised in 2022.*

Issuing of options and performance rights in reporting period ended 30 June 2022

Melissa Holzberger

On 3 December 2021, Ms Holzberger was issued 820,000 zero priced options expiring 31/12/2025, pursuant to shareholder approval received at the 2021 AGM. At grant date, the options had a fair value per option of $0.16 per option. On 30 June 2022, 273,333 options vested and were converted into Fully Paid ordinary shares. With the restructure of NED remuneration, all unvested options (546,667 options) were cancelled on 30 June 2022.

James Marsh

On 3 December 2021, Mr Marsh was issued with 1,710,000 options exercisable at $0.2375, expiring 31/12/2025 and vesting 31/12/2023, pursuant to shareholder approval received at the AGM in November. On 3 December Mr Marsh was also issued with 1,410,000 Performance Rights, expiring 30/06/2024, pursuant to shareholder approval at the 2021 AGM, which will vest and be convertible into fully paid ordinary shares in the Company upon commercial shipment of a refined kaolin product, with the following graduated hurdles:

i) 50,000 tonnes shipped will result in 20% of Performance Rights to vest;

ii) 115,000 tonnes shipped will result in 50% of Performance Rights to vest;

iii) 165,000 tonnes or more shipped will result in 100% of Performance Rights to vest.

At grant date, the options had a fair value of $0.0901 per option and the Performance Rights had a fair value of $0.16 per Right. As detailed in footnote 3 to the above table, no value / expense has been recognised during the year ended 30 June 2022 in relation to the Performance Rights granted on 3 December 2021.

Joe Ranford

On 3 December 2021, Mr Ranford was issued with 1,650,000 options exercisable at $0.2375, expiring 31/12/2025 and vesting 31/12/2023, pursuant to shareholder approval received at the AGM in November. Mr Ranford was issued with 1,350,000 Performance Rights, expiring 30/06/2024, pursuant to shareholder approval at the 2021 AGM, which will vest and be convertible into fully paid ordinary shares in the Company upon commercial shipment of a refined kaolin product, with the following graduated hurdles:

i) 50,000 tonnes shipped will result in 20% of Performance Rights to vest;

ii) 115,000 tonnes shipped will result in 50% of Performance Rights to vest;

1iii) 65,000 tonnes or more shipped will result in 100% of Performance Rights to vest.

At grant date, the options had a fair value of $0.0901 At grant date, the Performance Rights had a fair value of $0.16 per Right. As detailed in footnote 3 to the above table, no value / expense has been recognised during the year ended 30 June 2022 in relation to the Performance Rights granted on 3 December 2021.

Michael Zannes

On 26 August 2021, Mr Zannes was issued with 1,200,000 Performance Rights, expiring 23/12/2023, with 50% of the Performance Rights to vest upon the commencement of mining and 50% of the Performance Rights to vest upon the first shipment of Kaolin product. On 3 December 2021, Mr Zannes was issued with 1,400,000 options exercisable at $0.2375, expiring 31/12/2025 and vesting on 31/12/2023. On 3 December 2021, Mr Zannes was also issued with 1,125,000 Performance Rights, expiring 30/06/2024, which will vest and become convertible into fully paid ordinary shares in the Company upon commercial shipment of a refined kaolin product, with the following graduated hurdles:

i) 50,000 tonnes shipped will result in 20% of Performance Rights to vest;

ii) 115,000 tonnes shipped will result in 50% of Performance Rights to vest.

iii) 165,000 tonnes or more shipped will result in 100% of Performance Rights to vest.

At grant date, the options had a fair value of $0.0901 per option and the Performance Rights had a fair value of $0.16 per Right. As detailed in footnote 3 to the above table, no value / expense has been recognised during the year ended 30 June 2022 in relation to the Performance Rights granted on 3 December 2021.

Timothy Anderson

On 3 December 2021, Mr Anderson was issued with 1,400,000 options exercisable at $0.2375, expiring 31/12/2025 and vesting on 31/12/2023. On 3 December 2021, Mr Anderson was also issued with 750,000 Performance Rights, expiring 31/12/2023, with 55% of the Performance Rights to vest upon the achievement of several Business Development hurdles and 45% to vest upon the commencement of mining. On 3 December 2021, Mr Anderson was also issued with 1,500,000 Performance Rights, expiring 30/06/2024, which will vest and become convertible into fully paid ordinary shares in the Company upon commercial shipment of a refined kaolin product, with the following graduated hurdles:

i) 50,000 tonnes shipped will result in 20% of Performance Rights to vest;

ii) 115,000 tonnes shipped will result in 50% of Performance Rights to vest;

iii) 165,000 tonnes or more shipped will result in 100% of Performance Rights to vest.

At grant date, the options had a fair value of $0.0901 per option and the Performance Rights had a fair value of $0.16 per Right. As detailed in footnote 3 to the above table, no value / expense has been recognised during the year ended 30 June 2022 in relation to the Performance Rights granted on 3 December 2021.

1.11.3 Issuing of performance rights in report period ended 30 June 2021

2021	NUMBER OF PERFORMANCE RIGHTS GRANTED DURING THE PERIOD	VALUE ALLOCATED IN FY21 TO PERFORMANCE RIGHTS GRANTED $	TOTAL VALUE ALLOCATED IN FY21 $
Andrew Shearer	2,250,000	256,145	256,145
Rhoderick Grivas	2,250,000	256,145	256,145
James Marsh	3,250,000	369,987	369,987
Joseph Ranford	12,250,000	2,453,771	2,453,771
Nicholas Harding	3,250,000	369,987	369,987
Michael Zannes	-	-	-
Eric Whittaker	-	-	-
Total	23,250,000	3,706,035	3,706,035

There were no options granted during the period ended 30 June 2021.

Andrew Shearer

On 23 December 2020, Mr Shearer was issued with 2,250,000 Performance Rights, expiring 23/12/2023, which will vest and be convertible into fully paid ordinary shares upon the commencement of mining within three years.

Rhoderick Grivas

On 23 December 2020, Mr Grivas was issued with 2,250,000 Performance Rights, expiring 23/12/2023, which will vest and be convertible into fully paid ordinary shares upon the commencement of mining within three years. When Mr Grivas resigned on 20 January 2022 1,441,150 Performance Rights were forfeited.

James Marsh

On 23 December 2020, Mr Marsh was issued with 3,250,000 Performance Rights, expiring 23/12/2023, which will vest and be convertible into fully paid ordinary shares upon the commencement of mining within three years.

Joe Ranford

On 23 December 2020, Mr Ranford was issued with the following tranches of Performance Rights, pursuant to shareholder approval at the 2021 AGM:

3,250,000 Performance Rights, expiring 23/12/2023, which will vest and be convertible into fully paid ordinary shares upon the commencement of mining within three years.

3,500,000 Performance Rights, expiring 23/12/2022, which will vest and be convertible into fully paid ordinary shares upon the lodgement of the Mining Lease application.

2,000,000 Performance Rights, expiring 24/12/2022, which will vest and be convertible into fully paid ordinary shares upon the approval of the Mining Lease application.

3,500,000 Performance Rights, expiring 23/12/2022, which will vest and be convertible into fully paid ordinary shares upon the completion of the Definitive Feasibility Study (DFS).

Nicholas Harding

On 23 December 2020, Mr Harding was issued with 3,250,000 Performance Rights, expiring 23/12/2023, which will vest and be convertible into fully paid ordinary shares upon the commencement of mining within three years. When Mr Harding resigned on 10 August 2021 2,250,000 Performance Rights were forfeited.

1.11.3 Key management personnel option holdings

2022	BALANCE AT PREVIOUS YEAR REPORTING DATE	GRANTED DURING THE PERIOD	CONVERTED DURING THE PERIOD	OTHER	BALANCE AT REPORTING DATE[1]
Non-executive Directors					
Michael Wilkes	–	–	–	–	–
Andrew Shearer	11,500,000	–	–	–	11,500,000
Melissa Holzberger	–	820,000	(273,333)	(546,667)[2]	–
Rhoderick Grivas[3]	11,500,000	–	–	(11,500,000)[3]	–
Executive Directors					
James Marsh	32,000,000	1,710,000	(10,500,000)	–	23,210,000
Joseph Ranford	–	1,650,000	–	–	1,650,000
Nicholas Harding[4]	23,500,000	–	–	(23,500,000)[4]	–
Executives					
Michael Zannes	–	1,400,000	–	–	1,400,000
Timothy Anderson	–	1,400,000	–	–	1,400,000
Total	78,500,000	6,980,000	(10,773,333)	(35,546,667)	39,160,000

Footnotes to the above table in section 1.11.3:

1 *As at 30 June 2022, there were no options held by KMP that had vested and were exercisable.*

2 *With the restructure of NED remuneration, all unvested options (546,667 options) held by Melissa Holzberger were cancelled on 30 June 2022.*

3 *Mr Grivas ceased to be a KMP on 20 January 2022, with removal of option holding in "other" upon ceasing to be a KMP*

4 *Mr Harding ceased to be a KMP on 10 August 2021, with removal of option holding in "other" upon ceasing to be a KMP*

1.11.4 Key management personnel performance rights holdings

2022	BALANCE AT PREVIOUS YEAR REPORTING DATE	GRANTED DURING THE PERIOD[1]	CONVERTED DURING THE PERIOD	OTHER	BALANCE AT REPORTING DATE[1]
Non-executive Directors					
Michael Wilkes	–	–	–	–	–
Andrew Shearer	2,250,000	–	–	–	2,250,000
Melissa Holzberger	–	–	–	–	–
Rhoderick Grivas[2]	2,250,000	–	–	(2,250,000)[2]	–
Executive Directors					
James Marsh	3,250,000	1,410,000	–	–	4,660,000
Joseph Ranford	8,750,000	1,350,000	(3,500,000)	–	6,600,000
Nicholas Harding[3]	3,250,000	–	–	(3,250,000)[3]	–
Executives					
Michael Zannes	–	2,325,000	–	–	2,325,000
Timothy Anderson	–	2,250,000	–	–	2,250,000
Total	19,750,000	7,335,000	(3,500,000)	(5,500,000)	18,085,000

Footnotes to the above table in section 1.11.4:

1 *As at 30 June 2022, 2,000,000 of the Performance Rights held by Joseph Ranford had vested and were exercisable. No other Performance Rights held by KMP at 30 June 2022 had vested and were exercisable.*

2 *Mr Grivas ceased to be a KMP on 20 January 2022, with removal of Performance Rights holding in "other" upon ceasing to be a KMP.*

3 *Mr Harding ceased to be a KMP on 10 August 2021, with removal of Performance Rights holding in "other" upon ceasing to be a KMP.*

1.12 KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The numbers of shares in the Company held during the financial year by key management personnel, including personally related entities are set out below:

2022	BALANCE AT 1 JULY 2021	RECEIVED THROUGH EXERCISE OF OPTIONS/RIGHTS	PURCHASE OR DISPOSAL DURING THE YEAR	OTHER	BALANCE AT 30 JUNE 2022
Non-executive Directors					
Michael Wilkes	-	-	2,473,195	-	2,473,195
Andrew Shearer	10,991,019	-	146,185	-	11,137,204
Melissa Holzberger	-	273,333	-	-	273,333
Rhoderick Grivas	14,995,612	97,456	-	(15,093,068)[1]	-
Executive Directors					
James Marsh	2,500,000	10,500,000	(707,000)[3]	-	12,293,000
Joseph Ranford	3,500,000	3,500,000	(640,000)[4]	-	6,360,000
Nicholas Harding	6,600,997	97,450	-	(6,698,447)[2]	-
Executives					
Michael Zannes	-	-	-	-	-
Timothy Anderson	-	-	-	-	-
Total	38,587,628	14,468,239	1,272,380	(21,791,515)	32,536,732

Footnotes to the above table in section 1.12:

1 *Mr Grivas ceased to be a KMP on 20 January 2022, with removal of shareholding in "other" upon ceasing to be a KMP.*

2 *Mr Harding ceased to be a KMP on 10 August 2021, with removal of shareholding in "other" upon ceasing to be a KMP.*

3 *The movements due to purchases or disposals includes a disposal of 770,000 shares during the year, with proceeds used to pay the exercise price for conversion of options.*

4 *The movements due to purchases or disposals includes a disposal of 725,000 shares during the year, with proceeds used to satisfy income tax obligations arising from securities received as part of Mr Ranford's remuneration.*

1.13 OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND/OR THEIR RELATED PARTIES

Michael Wilkes invoices through his private company for Director's Fees only. It is not a separate entity that provides consulting services to the Company. The NEDs Melissa Holzberger and Andrew Shearer are paid Director's Fees through the Company's payroll. Rhoderick Grivas' Director's Fees were paid through Company payroll and his consulting services were paid through his private company.

Mr Wilkes, Mr Shearer and Ms Holzberger satisfy the definition and maintain their status as Independent NEDs, thus retain objectivity and their ability to meet their oversight role.

The Company has determined that the Loan Funded Employee Share Plan is no longer fit for purpose and, as it has not actively been used with no shares issued since December 2018, will accordingly be wound down.

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30 September 2022

The Board of Directors
Andromeda Metals Limited
Level 10/431 King William Street
Adelaide SA 5000

Dear Board Members

Auditor's Independence Declaration to Andromeda Metals Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Andromeda Metals Limited.

As lead audit partner for the audit of the financial report of Andromeda Metals Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Financial report (audited)

Consolidated statement of profit or loss and other comprehensive income

for the Year ended 30 June 2022

	NOTE	YEAR ENDED 30/06/22 $	YEAR ENDED 30/06/21 $
Other income	4	452,516	61,461
Impairment of exploration expenditure	8	(422,114)	(37,893)
Exploration and evaluation expenditure expensed	8	(18,230)	(24,047)
Administration expenses		(2,197,525)	(939,167)
Corporate consulting expenses		(2,002,361)	(848,251)
Company promotion		(90,675)	(124,079)
Salaries and wages		(719,162)	(132,283)
Directors' fees		(291,267)	(110,000)
Occupancy expenses		(78,171)	(21,276)
Research & development		(846,464)	-
Share based payments		(2,280,129)	(3,997,664)
Share of loss of joint venture		(239,537)	(262,583)
Loss before income tax	5	(8,733,119)	(6,435,782)
Tax expense	5	-	(7,517)
Loss for the year		(8,733,119)	(6,443,299)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(8,733,119)	(6,443,299)
Earnings per share			
Basic (cents per share) – (Loss)	25	(0.33)	(0.33)
Diluted (cents per share) – (Loss)	25	(0.33)	(0.33)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Financial report (audited)

Consolidated statement of financial position

as at 30 June 2022

	NOTE	30/06/22 $	30/06/21 $ RESTATED
CURRENT ASSETS			
Cash and cash equivalents		32,853,203	4,904,719
Trade and other receivables	6	1,247,211	853,927
Assets held for sale	8(b)	250,000	-
TOTAL CURRENT ASSETS		34,350,414	5,758,646
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	8	137,367,031	11,316,819
Property, plant and equipment	9	2,134,319	212,960
Other financial assets	7	372,224	184,500
Investment in joint venture	10	-	282,638
TOTAL NON-CURRENT ASSETS		139,873,574	11,996,917
TOTAL ASSETS		174,223,988	17,755,563
CURRENT LIABILITIES			
Trade and other payables	11	1,966,169	1,110,176
Lease liabilities – current	13	165,974	56,974
Other liabilities	12	185,337	41,933
TOTAL CURRENT LIABILITIES		2,317,480	1,209,083
NON-CURRENT LIABILITIES			
Provisions	14	35,498	30,679
Lease liabilities - non-current	13	680,163	26,591
TOTAL NON-CURRENT LIABILITIES		715,661	57,270
TOTAL LIABILITIES		3,033,141	1,266,353
NET ASSETS		171,190,847	16,489,210
EQUITY			
Issued capital	15	219,250,120	56,929,522
Reserves	16	6,865,285	5,838,594
Accumulated losses		(54,924,558)	(46,278,906)
TOTAL EQUITY		171,190,847	16,489,210

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The Consolidated Statement of Financial Position as at 30 June 2021 has been retrospectively adjusted to reflect a change in accounting policy. Refer note 3 for further information.

Consolidated statement of changes in equity

for the Year ended 30 June 2022

	ISSUED CAPITAL $	SHARE OPTION RESERVE $	NCI ACQUISITION RESERVE $	ACCUMULATED LOSSES $	TOTAL $
Balance at 1 July 2020	47,826,518	2,939,738	-	(39,835,607)	10,930,649
Loss attributable to the year	-	-	-	(6,443,299)	(6,443,299)
Total comprehensive income for the year	-	-	-	(6,443,299)	(6,443,299)
Shares issued on the exercise of listed options	7,436,523	(66,308)	-	-	7,370,215
Shares issued on the exercise of unlisted options	651,520	-	-	-	651,520
Costs associated with the issue of shares	(25,056)	-	-	-	(25,056)
Related income tax	7,517	-	-	-	7,517
Share based payments	-	3,997,664	-	-	3,997,664
Conversion of performance rights	1,032,500	(1,032,500)	-	-	-
Balance at 30 June 2021	56,929,522	5,838,594	-	(46,278,906)	16,489,210
Loss attributable to the year	-	-	-	(8,733,119)	(8,733,119)
Total comprehensive income for the year	-	-	-	(8,733,119)	(8,733,119)
Issue of share capital through placement	44,999,913	-	-	-	44,999,913
Costs associated with the issue of shares	(2,303,816)	-	-	-	(2,303,816)
Shares issued on the exercise of unlisted options	1,578,550	(1,016,551)	-	-	561,999
Share based payments	-	2,280,129	-	-	2,280,129
Transfer of previously forfeited share-based payments	-	(87,467)	-	87,467	-
Conversion of performance rights	1,032,500	(1,032,500)	-	-	-
Conversion of options	43,733	(43,733)	-	-	-
Share Capital issued – acquisition of Minotaur (refer note 29)	116,969,718	-	926,813	-	117,896,531
Balance at 30 June 2022	219,250,120	5,938,472	926,813	(54,924,558)	171,190,847

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the Year ended 30 June 2022

	INFLOWS/(OUTFLOWS) YEAR ENDED 30/06/22 $	INFLOWS/(OUTFLOWS) YEAR ENDED 30/06/21 $
Cash flows relating to operating activities		
Receipts from government grants	-	62,000
Payments to suppliers and employees	(5,140,961)	(1,799,540)
Net operating cash flows (Note (a))	(5,140,961)	(1,737,540)
Cash flows relating to investing activities		
Interest received	29,380	9,072
Receipts from government grants	1,326,001	343,879
Payment of environmental bonds	(15,000)	(20,000)
Payment for investment in joint venture	(241,699)	(380,006)
Payments for exploration and evaluation expenditure	(4,035,983)	(5,010,162)
Payments for acquisition related costs – Minotaur (Note 29)	(2,348,383)	-
Payment received from joint venture partner	448,298	979,784
Payments for property, plant and equipment	(1,070,991)	(112,613)
Loans advanced to Minotaur pre-acquisition	(4,973,348)	-
Cash received via Minotaur Acquisition (Note 29)	1,178,858	-
Cash transferred to secured term deposit	(125,784)	(90,000)
Net investing cash flows	(9,828,651)	(4,280,046)
Cash flows relating to financing activities		
Proceeds from share placement	44,999,913	-
Proceeds from exercise of share options	332,000	8,021,735
Lease payments	(99,795)	(70,851)
Interest paid	(10,206)	(2,149)
Payments for share issue costs	(2,303,816)	(25,056)
Net financing cash flows	42,918,096	7,923,679
Net increase in cash and cash equivalents	27,948,484	1,906,093
Cash at beginning of financial year	4,904,719	2,998,626
Cash and cash equivalents at end of financial year	32,853,203	4,904,719

Note (a): Reconciliation of loss for the period to net cash flow from operating activities.

Loss for the period	(8,733,119)	(6,443,299)
Interest income	(39,297)	(8,636)
Share based remuneration	2,280,129	3,997,664
Depreciation	191,021	93,227
Interest expense	10,206	2,337
Exploration written off or impaired	440,344	61,940
Income tax expense	-	7,517
(Increase) / decrease in receivables	(668,144)	(149,719)
Share of loss of joint venture	239,537	262,584
Increase/(decrease) in payables	865,186	405,043
Increase/(decrease) in provisions	148,226	33,802
Fair Value of Financial Instruments	124,950	-
Net operating cash flows	(5,140,961)	(1,737,540)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the financial statements

for the financial year ended 30 June 2022

1 GENERAL INFORMATION

Andromeda Metals Limited (the Company) is a listed public company, incorporated in Australia and operating in Australia.

Andromeda Metals Limited's registered office and its principal place of business are as follows:

REGISTERED OFFICE	PRINCIPAL PLACE OF BUSINESS
Level 10, 431 King William Street	Level 10, 431 King William Street
Adelaide	Adelaide
South Australia, 5000	South Australia, 5000

2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2021.

Standards and Interpretations on issue but not yet effective

STANDARD/INTERPRETATION	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022	1 July 2022
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2023	1 July 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	1 July 2022
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	1 July 2023

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2022. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial statements:

3 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 30 September 2022.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the application of the Group's accounting policies, which are described below, Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Change in Significant Accounting Policy

During the year the Group amended its accounting policy with respect to the treatment of government grants received in relation to exploration related activities.

Prior to this change in policy the Group recognised government grants whose primary condition was to assist with exploration activities as deferred income within the consolidated statement of financial position, with the government grants then being recognised in profit or loss when the related exploration and evaluation asset was written off.

Following this change in policy the Group now nets the government grants received related to exploration activities against the related exploration and evaluation assets.

The Directors believe that this change in policy will result in more relevant and no less reliable information as the policy is more transparent, and is more closely aligned with the accounting policies adopted by comparable companies. The change in policy will therefore assist users of the financial statements in gaining a clear understanding of the Group's financial position, due to the fact that the government grants are non-refundable.

Comparative financial information has been restated in this financial report to align with the new accounting policy.

The impact of this voluntary change in accounting policy on the consolidated financial statements is summarised below:

	PREVIOUSLY REPORTED 30 JUNE 2021 $	CHANGE $	RESTATED 30 JUNE 2021 $
Consolidated statement of financial position			
Exploration and evaluation expenditure	13,180,462	(1,863,643)	11,316,819
Total non-current assets	13,860,560	(1,863,643)	11,996,917
Total assets	19,619,206	(1,863,643)	17,755,563
Other non-current liabilities	(1,863,643)	1,863,643	-
Total non-current liabilities	(1,920,913)	1,863,643	(57,270)
Total liabilities	(3,129,996)	1,863,643	(1,266,353)
Net assets	16,489,210	-	16,489,210

	PREVIOUSLY REPORTED 1 JULY 2020 $	CHANGE $	RESTATED 1 JULY 2020 $
Consolidated statement of financial position			
Exploration and evaluation expenditure	9,218,491	(975,517)	8,242,974
Total non-current assets	9,601,502	(975,517)	8,625,985
Total assets	12,685,125	(975,517)	11,709,608
Other non-current liabilities	(975,517)	975,517	-
Total non-current liabilities	(1,045,173)	975,517	(69,656)
Total liabilities	(1,754,476)	975,517	(778,959)
Net assets	10,930,649	-	10,930,649

The voluntary change in accounting policy has no impact on the historically presented consolidated statement of profit or loss and other comprehensive income, or consolidated statement of cash flows.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires Management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Ore reserve and resource estimates

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in the the JORC Code. Reserves determined in this way are taken into account in considering the recoverability of capitalised exploration and evaluation expenditure.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities, and that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.

For the year ended 30 June 2022 the Group incurred a net loss of $8,733,119 (30 June 2021: $6,443,299), and experienced net cash outflows from operating and investing activities of $14,969,612 (30 June 2021: $6,017,586). At 30 June 2022, the Group has cash reserves of $32,853,203 (30 June 2021: $4,904,719).

The Group has prepared a cash flow forecast for the period ending 30 September 2023.The forecast indicates that the Group will have sufficient funding to meet all expected cash outflows, including its currently envisaged exploration activities, as well as the procurement of certain long lead items, and some construction activities should a development decision be made with respect to the Great White Kaolin Project.

When a final investment decision is made in relation to the GWKP, the cash flow forecast will be updated to identify all funding required i.e. Debt and/or equity, to allow development to be completed, and support the Group's working capital requirements until such time that the Project is in commercial production.

The Directors are satisfied therefore, that the going concern basis of preparation is appropriate.

Economic Uncertainty and COVID-19

Management have considered the impact of external influences, such as the geopolitical unrest in Europe and the COVID-19 pandemic, on the Group's operations and financial performance and note the Group may be exposed to risks, such as supply chain disruptions, inflation and volatile commodity prices.

In preparing the consolidated financial report, Management has considered the impact of COVID-19 and the Russia-Ukraine war on the various balances and accounting estimates in the financial report, including the carrying values of exploration and evaluation assets. Management determined that there was no significant impact on these balances and accounting estimates.

Whilst the Russia-Ukraine war and the COVID-19 pandemic have presented significant challenges throughout the Australian economy and resources sector over the last year, the Company remains well positioned to execute its strategy.   There were no material impacts on the Financial Report as at 30 June 2022. The Company will continue to monitor any future consequences due to the potential uncertainty in the medium to long term.

Significant items impacting 30 June 2022 financial year results

The financial performance and position of the Group was significantly impacted by the acquisition of Minotaur Exploration Limited. The acquisition was made in February 2022.

For detailed information related to the acquisition please refer to note 29.

Accounting Policies

a) **Cash and cash equivalents**

   Cash and cash equivalents comprise cash on hand, cash in banks and deposits held at call which are subject to insignificant risk of changes in value.

b) **Employee benefits**

   A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

   Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Contributions to accumulated benefit superannuation plans are expensed when incurred.

c) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest, are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i) the rights to tenure of the area of interest are current; and

ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale: or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 "Exploration for and Evaluation of Mineral Resources") suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Farm-outs – exploration and evaluation phase

The consolidated entity accounts for the treatment of farm-out arrangements under AASB 6 Evaluation of Mineral Resources under these arrangements:

- the farmor will not capitalise any expenditure settled by the farmee;
- any proceeds received that are not attributable to future expenditure are initially credited against the carrying amount of any existing exploration and evaluation asset; and
- to the extent that the proceeds received from the farmee exceed the carrying amount of any exploration an evaluation asset that has already been capitalised by the farmor, this excess is recognised as a gain in profit or loss.

d) Financial assets

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Classification of financial assets Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

e) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or:

ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

f) Impairment of assets (other than exploration and evaluation)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The Company and all its wholly-owned Australian resident entity are part of a tax-consolidated group under Australian taxation law. Andromeda is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in Note 5 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

h) Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5.

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

The Group applies AASB 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee.

Furthermore, in applying AASB 9 (refer Note 10) to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with AASB 128).

i) Joint arrangements

Interests in jointly controlled operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint arrangements, the share of liabilities incurred in relation to the joint arrangements and the share of any expenses incurred in relation to the joint arrangements in their respective classification categories.

j) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

k) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment – at cost	3-5 years

l) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

m) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is that rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

n) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 15.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

o) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

p) **Government grants**

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants whose primary condition is to assist with exploration activities are netted against the exploration asset to which they relate in the statement of financial position.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income in the period in which it becomes receivable.

Other grants related to cost reimbursements are recognised as other income in profit or loss in the period when the costs were incurred or when the incentive meets the recognition requirements (if later).

q) **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of their fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 Business Combinations are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 "Income Taxes" and AASB 119 "Employee Benefits" respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 "Share-based Payment"; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

r) **Asset acquisitions**

The acquisition of assets that do not represent a business combination in accordance with AASB 3 Business Combinations are accounted for as an asset acquisition. Accordingly, when an asset acquisition does not constitute a business combination, the cost of acquisition is allocated to the identifiable assets and liabilities based on their relative fair values at the date of purchase. Transaction costs of the acquisition are included in the capitalised cost of the asset. No goodwill arises on the acquisition and no deferred tax will arise due to the initial recognition exemption for deferred tax under AASB 112 Income Taxes.

4 LOSS FROM OPERATIONS

	YEAR ENDED 30/06/22 $	YEAR ENDED 30/06/21 $
Other income		
Interest income on bank deposits	39,297	8,636
Loss on disposal of assets (i)	(2,224)	-
Government grants (ii)	538,693	52,825
Fair value movement in equity investment held at fair value through profit & loss	(124,950)	-
Other	1,700	-
	452,516	61,461

i) Loss on the disposal of assets related to the disposal of office equipment.

ii) Research & Development tax incentive accrued of $516,693 and $22,000 grant received for the Entrepreneurs program

Other expenses		
Employee benefit expense:		
Post-employment benefits:		
Accumulated benefit superannuation plans	267,827	116,190
Share based payments:		
Equity settled share-based payments (i)	2,280,129	3,997,664
Other employee benefits	3,574,562	1,807,761
	6,122,518	5,921,615
Less amounts capitalised in exploration and evaluation expenditure	(2,030,688)	(1,444,862)
	4,091,830	4,476,753
Depreciation of plant and equipment	191,021	93,227
Short-term rental expenses	37,138	21,276

i) Share based payments relate to the amortisation of shares, options or performance rights granted to employees. Share based payments do not represent cash payments and may or may not be exercised by the employee.

5 INCOME TAX

	YEAR ENDED 30/06/22 $	YEAR ENDED 30/06/21 $
a) Income tax recognised in profit or loss		
The prima facie income tax expense on the loss before income tax reconciles to the tax expense in the financial statements as follows:		
Loss from continuing operations	(8,733,119)	(6,435,782)
Income tax income calculated at 30%	(2,619,936)	(1,930,735)
Share based payments	684,039	1,199,299
Non deductable expenses	173,412	-
Non-assessable income	(155,008)	-
Other	-	(52,929)
Deferred tax assets not brought to account	1,917,493	791,882
Tax expense	-	7,517

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

b) Recognised tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30/06/22 $	30/06/21 $
Trade and other receivables	(83,488)	(164)
Exploration and evaluation expenditure	(4,131,169)	(3,903,293)
Assets available for sale	(75,000)	-
Property Plant and equipment	(72,644)	(17,589)
Investments	26,769	76,386
Capital raising costs	1,384,148	107,267
Trade and other payables	42,999	17,468
Employee benefits	66,251	32,364
Other liabilities	-	33,450
	(2,842,134)	(3,654,111)
Tax value of losses carried forward	2,842,134	3,654,111
Net deferred tax assets / (liabilities)	-	-

c) Unrecognised deferred tax assets:

A deferred tax asset has not been recognised in respect of the following items:

	30/06/22 $	30/06/21 $
Tax losses-revenue	14,820,396	9,897,066
Exploration and evaluation expenditure	33,865,690	-

A deferred tax asset has not been recognised in respect of the above tax losses because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefit.

The above unrecognised tax losses do not include any amounts relating to Minotaur Exploration Limited, which was acquired during the period. At the date of this report the Company is assessing the availability and recoverability of any pre-acquisition losses.

d) Movement in recognised temporary differences and tax losses

	30/06/22 $	30/06/21 $
Opening balance	-	-
Recognised in equity	-	7,517
Recognised in income	-	(7,517)
Closing balance	-	-

Tax consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly owned Australian resident entities are in a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Andromeda Metals Limited.

Nature of tax funding arrangement

Entities within the tax-consolidated group have entered into a tax funding arrangement with the head entity. Under the terms of the tax funding arrangement, Andromeda Metals Limited and its wholly owned Australian resident entities have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the-consolidated group. The Minotaur losses acquired have not been disclosed in the above figures as per Note 5(c).

6 CURRENT TRADE AND OTHER RECEIVABLES

	30/06/22 $	30/06/21 $
Interest receivable	9,917	107
Government grant receivable	865,108	631,846
Prepaid expenses	268,376	163,141
GST receivable	89,145	58,833
Other receivables and prepayments	14,665	-
	1,247,211	853,927

7 OTHER NON-CURRENT FINANCIAL ASSETS

	30/06/22 $	30/06/21 $
Deposits (Note 22(d))	258,284	132,500
Equity investments at fair value through profit & loss (i)	46,940	-
Environmental bonds	67,000	52,000
	372,224	184,500

i) Shares owned in listed companies with fair value based on the quoted share price on the ASX with fair value recognised in Note 4.

8 EXPLORATION AND EVALUATION EXPENDITURE (IV)

	30/06/22 $	30/06/21 $ RESTATED
Costs brought forward (as originally presented)	11,316,819	9,218,491
Government grants received prior 1 July 2020	-	(975,517)
Costs brought forward (as restated for change in policy)	11,316,819	8,242,974
Expenditure incurred during the year (i)	3,714,818	4,023,911
Acquisition additions of Minotaur (refer note 29)	124,066,962	-
Government grants received / receivable	(1,041,224)	(888,126)
	138,057,375	11,378,759
Impairment of exploration and evaluation expenditure		
Expenditure impaired (ii)	(422,114)	(37,893)
Expenditure written off (iii)	(18,230)	(24,047)
Transfer to assets held for sale (refer note 8(b))	(250,000)	-
	(690,344)	(61,940)
	137,367,031	11,316,819

i) Expenditure net of joint venture contributions

ii) Impairment

Impairment of specific exploration and evaluation assets during the year have occurred where Directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation. At each reporting date the group undertakes an assessment of the carrying amount of its exploration and evaluation assets. During the year indicators of impairment were identified on certain exploration and evaluation assets in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. As a result of this review, an impairment loss of $422,114 (2021: $37,893) has been recognised in relation to areas of interest where the Directors have concluded that no further work will be completed, and consequently the capitalised expenditure is unlikely to be recovered by sale or future exploitation.

iii) Expenditure written off relates to exploration and evaluation expenditure associated with tenements or parts of tenements that have been surrendered, or exploration to identify new exploration targets where no tenure is currently held by the Company.

iv) The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

iv) During the year the Group amended its accounting policy with respect to the treatment of government grants received in relation to exploration related activities. Refer note 3 for further information.

8(b) Assets held for sale

Selected exploration & evaluation assets have been actively marketed with sales discussions well advanced as at 30 June 2022. An exploration asset has consequently been written down to the expected value of the sales proceeds. The excess carrying value of the exploration asset has been impaired prior to the asset being reclassified into assets held for sale.

ASSETS HELD FOR SALE	$
Carrying value in exploration & evaluation	555,839
Exploration impaired prior to transfer to assets held for sale	(305,839)
Assets held for sale	250,000

9 PLANT AND EQUIPMENT

	LAND & BUILDINGS	PLANT & EQUIPMENT	WORK IN PROGRESS	MOTOR VEHICLES	FURNITURE & FITTINGS	OFFICE & IT EQUIPMENT	RIGHT OF USE ASSETS	TOTAL
2021/22								
Gross carrying amount								
Opening balance	–	45,998	38,288	4,792	62,488	205,243	185,268	542,077
Additions	736,180	404,974	60,856	–	2,307	58,309	851,978	2,114,604
Transfer from WIP	–	6,972	(6,972)	–	–	–	–	–
Disposals and write-offs	–	(12,120)	–	–	(46,532)	(97,992)	(142,439)	(299,083)
Balance 30 June 2022	736,180	445,824	92,172	4,792	18,263	165,560	894,807	2,357,598
Accumulated depreciation								
Opening balance	–	(24,428)	–	(3,945)	(46,568)	(150,902)	(103,274)	(329,117)
Depreciation	(15,026)	(36,518)	–	(264)	(3,600)	(27,763)	(107,850)	(191,021)
Disposals and write-offs	–	12,120	–	–	44,370	97,930	142,439	296,859
Balance 30 June 2022	(15,026)	(48,826)	–	(4,209)	(5,798)	(80,735)	(68,685)	(223,279)
Net book value 30 June 2022	721,154	396,998	92,172	583	12,465	84,825	826,122	2,134,319
2020/21								
Gross carrying amount								
Opening balance	–	25,715	–	3,736	45,302	169,245	142,439	386,437
Additions	–	20,283	38,288	1,056	17,186	35,998	42,829	155,640
Transfer from WIP	–	–	–	–	–	–	–	–
Disposals and write-offs	–	–	–	–	–	–	–	–
Balance 30 June 2021	–	45,998	38,288	4,792	62,488	205,243	185,268	542,077
Accumulated depreciation								
Opening balance	–	(20,240)	–	(3,736)	(45,039)	(137,200)	(29,675)	(235,890)
Depreciation	–	(4,188)	–	(209)	(1,529)	(13,702)	(73,599)	(93,227)
Disposals and write-offs	–	–	–	–	–	–	–	–
Balance 30 June 2021	–	(24,428)	–	(3,945)	(46,568)	(150,902)	(103,274)	(329,117)
Net Book Value 30 June 2021	–	21,570	38,288	847	15,920	54,341	81,994	212,960

The Group has two leases, one for office premises and the other for equipment. The average lease term is 4.5 years (2021: 1.7 years).

	30/06/22 $	30/06/21 $
Amount recognised in profit or loss		
Depreciation expense on right-to-use assets	107,850	73,599
Interest expense on lease liabilities	10,206	2,338
Expense relating to short term leases	37,138	21,276

The total cash outflow for leases amounts to $102,271.

10 INVESTMENT IN JOINT VENTURE

Investment in joint venture (i)	-	282,638

i) Relates to investment in Natural Nanotech Pty Ltd. As at 30 June 2021, Andromeda had joint control by virtue of having one of two board positions. The remaining interest in NNT that was not previously owned by the Group was acquired in February 2022 as part of the acquisition of Minotaur, and consequently is now accounted for as part of the consolidated group. Refer note 29 for further information.

11 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	30/06/22 $	30/06/21 $
Trade payables and accruals (i)	1,966,169	880,176
Other payables (ii)	-	230,000
	1,966,169	1,110,176

i) Trade payables and accruals principally comprise amounts outstanding for trade purchases in relation to exploration activities and ongoing costs. The average credit period taken for trade purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

ii) Amount relates to share placement funds received directly by the Company prior to the associated shares being issued. After year end, the shares associated with these funds were issued and the amount was transferred to Share Capital.

12 CURRENT LIABILITIES – PROVISIONS

	30/06/22 $	30/06/21 $
Employee benefits – annual leave	185,337	41,933
	185,337	41,933

Movement in employee benefits		
Balance at the beginning of the year	41,933	12,178
Leave accrued	202,234	56,950
Leave taken	(58,830)	(27,195)
Closing value	185,337	41,933

13 LEASE LIABILITIES

	30/06/22 $	30/06/21 $
Maturity analysis:		
Year 1	190,865	58,257
Year 2	196,585	14,857
Year 3	200,015	12,381
Year 4	193,733	-
Year 5	131,924	-
	913,122	85,495
Less unearned interest	(66,985)	(1,930)
Closing value	846,137	83,565
Analysed as:		
Current	165,974	56,974
Non-current	680,163	26,591
	846,137	83,565

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

14 NON-CURRENT LIABILITIES - PROVISIONS

	30/06/22 $	30/06/21 $
Employee benefits – long service leave	35,498	30,679

15 ISSUED CAPITAL

	30/06/22 $	30/06/21 $
3,108,008,432 fully paid ordinary shares (2021: 2,160,727,827)	219,302,341	56,981,743
2,107,500 treasury stock (2021: 2,107,500)	(52,221)	(52,221)
	219,250,120	56,929,522

Movement in issued shares for the year:

	NUMBER	YEAR ENDED 30/06/22 $	NUMBER	YEAR ENDED 30/06/21 $
Fully paid ordinary shares				
Balance at beginning of financial year	2,160,727,827	56,981,743	1,532,863,256	47,878,739
Placement at 15.0 cents	299,999,219	44,999,913	-	-
Costs associated with the issue of shares	-	(2,303,816)	-	(25,056)
Exercise of listed options	-	-	614,184,571	7,370,215
Exercise of unlisted options	23,273,333	1,622,283	10,180,000	651,520
Conversion of performance rights	3,500,000	1,032,500	3,500,000	1,032,500
Transfer from options reserve	-	-	-	66,308
Shares issued as part of acquisition of Minotaur (i)	620,508,053	116,969,718	-	-
Related income tax	-	-	-	7,517
Balance at end of financial year	3,108,008,432	219,302,341	2,160,727,827	56,981,743
Treasury stock				
Balance at beginning of financial year	(2,107,500)	(52,221)	(2,107,500)	(52,221)
Shares issued from treasury stock	-	-	-	-
Balance at end of financial year	(2,107,500)	(52,221)	(2,107,500)	(52,221)
Total issued capital	3,105,900,932	219,250,120	2,158,620,327	56,929,522

Fully paid shares carry one vote per share and carry the right to dividends.

i) Represents the value of shares at the date of issue. Details of the acquisition are disclosed in Note 29 below.

Financial year ended 30 June 2021

There were no shares issued as part of a capital raising or settlement of Directors' fees during the year.

Financial year ended 30 June 2022

On 27 July 2021 the Company issued 299,999,219 ordinary shares under a placement to professional and sophisticated investors and existing shareholders at an issue price of 15.0 cents per share raising $44,999,913 before costs.

Share options on issue

As at 30 June 2021 there was a total of 86,320,000 unlisted options on issue.

17,500,000 unlisted options issued 20 December 2019 having an exercise price of 1.2 cents and an expiry date of 15 November 2021. During the year 17,500,000 options were exercised leaving no remaining options.

48,820,000 unlisted options issued on 24 December 2019 with an exercise price of 6.4 cents and an expiry date of 28 November 2022. During the year 5,500,000 of these options were exercised leaving 43,320,000 remaining options.

20,000,000 unlisted options were issued on 24 December 2019, with an exercise price of 7.5 cents and expiry date of 28 November 2023. None of these unlisted options were exercised during the year leaving 20,000,000 options remaining.

During the year the Company issued the following unlisted options:

- On 2 December 2021, 820,000 zero priced options were issued with an expiry date of 31 December 2025. On 30 June 2022, 273,333 of these options vested and were converted to fully paid ordinary shares. With the restructure of Non-executive Director remuneration, all unvested options (546,667 options) were cancelled on 30 June 2022 leaving no remaining options.
- On 2 December 2021, a further 6,160,000 unlisted options were issued, which vest 31 December 2023, with an exercise price of 0.2375 cents and expiry date of 31 December 2025. None of these unlisted options were exercised during the year leaving 6,160,000 options remaining.

As at 30 June 2022 there was a remaining total of 69,480,000 unlisted options on issue.

Performance rights

As at 30 June 2021 there was a total of 19,750,000 performance rights on issue.

14,250,000 performance rights issued on the 26 November 2020 expiring on the 26 November 2023. The vesting condition is the commencement of mining at the Great White Deposit (or equivalent deposit). During the year 3,691,150 performance rights were forfeited due to resignation leaving 10,558,850 remaining.

3,500,000 performance rights issued on the 24 December 2020 expiring on the 24 December 2022. The vesting condition was the completion of the DFS for the Great White Kaolin Project. During the year the vesting conditions were met and 3,500,000 were exercised leaving none remaining.

2,000,000 performance rights issued on the 24 December 2020 expiring on the 24 December 2022. The vesting condition was the approval of the Mining Lease application for the Great White Kaolin Project. During the year the vesting conditions were met however they were not exercised leaving 2,000,000 remaining.

During the year, the Company issued the following performance rights:

- On 26 August 2021, 5,639,475 performance rights were issued with an expiry date of 23 December 2023. 67.7% of the performance rights to vest upon the commencement of mining and 32.3% of the performance rights to vest upon the first shipment of kaolin product.
- On 25 November 2021, 2,760,000 performance rights were issued with an expiry date of 30 June 2024. Pursuant to shareholder approval at the 2021 AGM, the performance rights will vest and be convertible into fully paid ordinary shares in the Company upon commercial shipment of a refined kaolin product, with the following graduated hurdles:
  - i) 50,000 tonnes shipped will result in 20% of performance rights to vest;
  - ii) 115,000 tonnes shipped will result in 50% of performance rights to vest;
  - iii) 165,000 tonnes or more shipped will result in 100% of performance rights to vest.

At grant date the performance rights had a fair value of $0.16 per right.

On 2 December 2021, 2,625,000 performance rights were issued with an expiry date of 30 June 2024. the performance rights will vest and be convertible into fully paid ordinary shares in the Company upon commercial shipment of a refined kaolin product, with the following graduated hurdles:

i) 50,000 tonnes shipped will result in 20% of performance rights to vest;

ii) 115,000 tonnes shipped will result in 50% of performance rights to vest;

iii) 165,000 tonnes or more shipped will result in 100% of performance rights to vest.

At grant date the performance rights had a fair value of $0.16 per right.

On 2 December 2021, an additional 750,000 performance rights were issued with an expiry date of 31 December 2023. 55% of the performance rights to vest upon the achievement of several business development hurdles and 45% to vest upon the commencement of mining. At grant date the performance rights had a fair value of $0.16 per right.

As at 30 June 2022 there was a remaining total of 24,333,325 performance rights on issue.

16 RESERVES

	30/06/22 $	30/06/21 $
Share option reserve (i)	5,938,472	5,838,594
NCI acquisition reserve (ii)	926,813	-
	6,865,285	5,838,594

i) The share option reserve arises from the issuance of share options and performance rights to Directors, employees and consultants.

ii) The NCI acquisition reserve represents the incremental increase (or decrease) in the Andromeda share price on the acquisition of non-controlling interests post the date control was obtained. This reserve relates to the acquisition of Minotaur.

17 LOAN FUNDED EMPLOYEE SHARE PLAN

The Loan Funded Employee Share Plan (LFESP) is an ownership-based compensation plan for executives, employees and consultants established in November 2015.

At 30 June 2022 the number of shares granted to executives and employees was nil and the amount held by the trustee of the LFESP was 2,107,500 that are available to be issued to executives and employees. During the year no shares were transferred to executives and employees through the settlement of their respective interest-free loans.

18 KEY MANAGEMENT PERSONNEL COMPENSATION

The Key Management Personnel of Andromeda Metals Limited during the year were:

M Wilkes	Non-executive Chairman (commenced 6 April 2022)
R G J Grivas	Non-executive Chairman (resigned 20 January 2022)
J E Marsh	Managing Director
J F Ranford	Operations Director
A N Shearer	Non-executive Director (resigned 23 August 2022)
M Holzberger	Non-executive Director (commenced 23 September 2021)
M Zannes	Chief Financial Officer
Tim Anderson	Chief Commercial Officer (commenced 1 December 2021)
N J Harding	Executive Director and Company Secretary (resigned 10 August 2021)

The aggregate compensation of Key Management Personnel of the Group is set out below:

	YEAR ENDED 30/06/22 $	YEAR ENDED 30/06/21 $
Short-term employee benefits	1,601,533	1,214,296
Other non-cash benefits	71,232	-
Post-employment benefits	103,973	57,229
Leave benefits	84,600	48,672
Cash bonus	-	-
Share-based payments (i)	1,876,305	3,997,664
	3,737,643	5,317,861

i) Share based payments do not represent cash payments to key management personnel and the related shares may or may not ultimately vest.

19 REMUNERATION OF AUDITORS

	30/06/22 $	30/06/21 $
Deloitte and related network firms*		
Audit or review of financial reports		
Group	100,670	95,888
	100,670	95,888

*The auditor of Andromeda is Deloitte Touche Tohmatsu.

20 RELATED PARTY DISCLOSURES

a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 26 to the financial statements.

Interests in joint arrangements

Details of interests in joint arrangements are disclosed in Note 21 to the financial statements.

b) Key Management Personnel compensation

Details of Key Management Personnel compensation are disclosed in Note 18.

c) Transactions with Key Management Personnel

Other than as disclosed in Note 18 and Note 20(b), there were no transactions with Key Management Personnel or their personally related entities during the year ended 30 June 2022 (2021: Nil).

21 THIRD PARTY INTERESTS

The Group had interests in unincorporated joint arrangements at 30 June 2022 as follows:

	PERCENTAGE INTEREST 2022	PERCENTAGE INTEREST 2021
Great White Kaolin Joint Venture (note i) – halloysite-kaolin evaluation and development	100%	75%
Halloysite Nanotechnology Joint Venture (note ii) - halloysite research	100%	50%
Eyre Kaolin Joint Venture (note iii)	-	-
Wudinna Gold Joint Venture (note iv) – gold exploration	35%	50%
Moonta Copper ISR Joint Venture (note v) – copper in-situ recovery	100%	100%
Moonta Porphyry Joint Venture (note vi) – copper/gold exploration	90%	90%

i) Under the terms of the Great White Kaolin Joint Venture Agreement with Minotaur Exploration Limited (Minotaur) announced 26 April 2018, the Company reached Stage 2 during the December 2020 Quarter, earning a 75% interest in the Project. On 10 November 2021 the Company announced that it had entered into a Bid Implementation Agreement, pursuant to which Andromeda would offer to acquire all issued ordinary shares of Minotaur by way of an off-market takeover offer. On 7 February 2022 the Company announced that it had acquired Minotaur (Note 29) and subsequently consolidation of the GWKP.

ii) The Halloysite Technology Joint Venture was a collaborative partnership with Minotaur Exploration Limited established on 16 May 2019 to undertake research and development to develop intellectual property and investigate commercial applications for halloysite-kaolin nanotubes sourced from the Project. On 10 November 2021 the Company announced that it had entered into a Bid Implementation Agreement, pursuant to which Andromeda will offer to acquire all the issued ordinary shares of Minotaur by way of an off-market takeover offer. On 7 February 2022 the Company announced that it had completed the acquisition on Minotaur (Note 29) and consolidated the ownership of this joint venture to 100%.

iii) The Heads of Agreement with private entity Peninsula Exploration Pty Ltd (Peninsula) to form the Eyre Kaolin Project Joint Venture (EKJV) was announced 12 August 2021. Under the terms of the agreement the Company is to sole fund $140,000 (exclusive of tenement rents) on the project tenements within 12 months of commencement of the EKJV. Andromeda's Stage 1 expenditure obligation 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).

iv) Under the terms of the Wudinna Farm-in and Joint Venture Agreement, Lady Alice Mines Pty Ltd (LAM) was required to spend $2,100,000 by 30 October 2020 on exploration activities across tenements comprising the Company's Eyre Peninsula Gold Project to earn a 50% equity interest in the project. The Company granted an extension to 31 December 2020 for the completion of the Stage 1 expenditure following a request from LAM due to logistical issues associated with COVID-19, which was met. On 8 February 2022 the Company announced that LAM had given notice that it had met Stage 2 of the earn in having spent an additional $1,650,000, increasing its equity to 65%. and could now elect to spend an additional $1,250,000 to move to 75% equity interest in the project. Thereafter each party may contribute to ongoing expenditure in respect to their joint venture holding or else elect to dilute. Should a party's equity fall below 5%, its equity will be compulsory acquired by the other party at a price to be negotiated in good faith or as determined by an independent valuer. LAM was acquired by London Stock Exchange listed entity Cobra Resources PLC in calendar year 2019 and acts as the operator of the joint venture.

v) The Moonta Copper ISR Joint Venture was established on 19 December 2018 with Environmental Metals Recovery Pty Ltd (EMR) to progress the potential to recover copper via in-situ leach recover technique across the northern part of the Company's Moonta tenement in South Australia. Under the terms of the joint venture EMR will sole fund $2.0 million over 4 years to earn a 51% equity interest in the project area. EMR can elect to move to a 75% interest in the project by spending a further $3.5 million over an additional 3.5 years.

vi) The Group has an option to purchase the remaining 10% at any time for a consideration of $200,000 cash or the equivalent of $200,000 in Andromeda shares.

The amount included in mining tenements, exploration, and evaluation (Note 8) includes $136,752,414 (2021: $11,957,945) relating to the above joint arrangements.

22 COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

a) Exploration expenditure commitments

The Group has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the Company.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	2022 $	2021 $
Not later than one year	663,333	1,322,225
Later than one year but not later than two years:	439,583	628,650
Later than two years but not later than five years:	1,190,833	492,383

b) Natural Nanotech

The Group has commitments to fund research partnerships that have been entered into by NNT which is now a fully owned subsidiary of the Group following the acquisition of Minotaur during the year.

Total expenditure commitments at balance date in respect of the research funding not provided for in the financial statements are approximately:

	2022 $	2021 $
Not later than one year	1,750,000	562,500
Later than one year but not later than two years:	1,605,000	500,000
Later than two years but not later than five years:	1,920,000	1,250,000

c) Service agreements

Details of the current services and consultancy agreements are set out below:

2022

KEY MANAGEMENT PERSONNEL	TERMS
J F Ranford	Monthly rate of $30,000 for 3 days week
R G J Grivas (i)	Daily rate of $1,000 per day as required
N J Harding (ii)	Daily rate of $920

i) Mr Grivas resigned as a Director of the Company on 20 January 2022 and the agreement is no longer in effect

ii) Mr Harding resigned as a Director of the Company on 10 August 2021 and the agreement is no longer in effect

2021

KEY MANAGEMENT PERSONNEL	TERMS
N J Harding	Daily rate of $920
J F Ranford	Monthly rate of $25,000 for 3 days week
R G J Grivas	Daily rate of $1,000 per day as required

On 1 June 2020, the Group entered into a service agreement with an entity associated with J F Ranford with no fixed term. The Group or the entity associated with J F Ranford may terminate the agreement by giving three months' notice respectively.

The Group entered into a consultancy agreement with R G J Grivas on 27 October 2017 to provide consulting services on an as needs basis at the rate of $900 per day. The rate was increased to $1,000 per day for the year ended 30 June 2021 A total of $79,500 (2021: $104,700) was paid under this agreement during the year. The agreement has been terminated as a result of Mr Grivas' resignation on 20 January 2022.

On 19 December 2019, the Group entered into a new service agreement with an entity associated with N J Harding with no fixed term. The Group or the entity associated with N J Harding may terminate the agreement by giving three months' notice respectively. The agreement has been terminated as a result of Mr Harding's resignation subsequent on 10 August 2021.

d) Bank guarantees

The Group has provided restricted cash deposits of $258,284 as security for the following unconditional irrevocable bank guarantees:

- Environment bonds of $10,008 (2021: $10,000) to the Minister for Mineral Resources Department, South Australia,
- A rent guarantee of $32,526 (2021: $32,500) to the landlord of the Company's leased office premises. This has been returned in August 2022.
- A cash deposit of $90,225 (2021: $90,000) to secure a credit card facility
- A rent guarantee of $125,525 (2021: Nil) to the landlord of the Company's leased office premises.

23 FINANCIAL INSTRUMENTS

Capital risk management

The Group aims to manage its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

Due to the nature of the Group's activities (exploration) the Directors believe that the most advantageous way to fund activities is through equity and strategic joint venture arrangements. The Group's exploration activities are monitored to ensure that adequate funds are available.

Categories of financial instruments

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	32,853,203	4,904,719
Trade and other receivables	1,247,211	853,927
Other financial assets	372,224	184,500
Financial liabilities		
Trade and other payables	1,966,169	1,110,176
Lease liabilities	846,137	83,565
Other liabilities	185,337	41,933

Interest rate risk management

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase by $200,224 and decrease by $44,294 (2021: increase by $28,446 and decrease by $9,242). This is mainly attributable to interest rates on bank deposits.

The Group's sensitivity to interest rates has increased due to the increase in the current cash holding compared to the prior year and very low prevailing interest rates.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	LESS THAN ONE YEAR $	ONE TO TWO YEARS $	TWO TO THREE YEARS $	THREE TO FOUR YEARS $	FOUR TO FIVE YEARS $
2022						
Non-interest bearing	-	1,966,169	-	-	-	-
Interest bearing	3.23%	187,566	187,088	184,337	172,683	114,462
2021						
Non-interest bearing	-	1,110,176	-	-	-	-
Interest bearing	2.31%	56,974	14,338	12,253	-	-

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- the book value approximates the fair value.

24 SEGMENT INFORMATION

The Group's focus is on developing its kaolin halloysite assets, including the Great White Kaolin Project and associated technologies. The decision to allocate resources to other projects in which the Group has an interest is predominantly based on available cash reserves, technical data and the expectations of future commodity prices. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group. Overall, the Group has a number of exploration licenses in Australia which are managed on a portfolio basis. Accordingly, the Group effectively operates as one segment, being exploration in Australia.

25 EARNINGS PER SHARE

	YEAR ENDED 30/06/22 CENTS PER SHARE	YEAR ENDED 30/06/21 CENTS PER SHARE
Basic earnings per share – Profit / (loss)	(0.33)	(0.33)
Diluted earnings per share – Profit / (loss)	(0.33)	(0.33)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	$	$
- Earnings	(8,733,119)	(6,443,299)

	NUMBER	NUMBER
- Weighted average number of ordinary shares	2,661,699,070	1,967,778,546

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	$	$
- Earnings	(8,733,119)	(6,443,299)

	NUMBER	NUMBER
– Weighted average number of ordinary shares	2,661,699,070	1,967,778,546

	YEAR ENDED 30/06/22 NUMBER	YEAR ENDED 30/06/21 NUMBER
As at 30 June 2022, the following potential ordinary shares are excluded from the weighted average number of ordinary shares for the purposes of diluted profit / (loss) per share:		
- Listed share options	-	988,913
- Unlisted share options	69,480,000	86,320,000
- Treasury shares	2,107,500	2,107,500
	71,587,500	89,416,413

26 CONTROLLED ENTITIES

			OWNERSHIP INTEREST	
NAME OF ENTITY		COUNTRY OF INCORPORATION	2022 %	2021 %
Parent entity	(i)	Australia	100%	100%
Andromeda Metals Limited				
Subsidiaries				
Adelaide Exploration Pty Ltd	(ii)	Australia	100%	100%
Peninsula Resources Ltd	(ii)	Australia	100%	100%
ADN LFESP Pty Ltd	(ii) (iii)	Australia	100%	100%
Mylo Gold Pty Ltd	(ii)	Australia	100%	100%
Frontier Exploration Pty Ltd	(ii)	Australia	100%	100%
Andromeda Industrial Minerals Pty Ltd	(ii)	Australia	100%	100%
Andromeda Green Technologies Pty Ltd	(ii)	Australia	100%	-
Andromeda IP Pty Ltd	(ii)	Australia	100%	-
Minotaur Exploration Ltd	(ii)	Australia	100%	-
Minotaur Industrial Minerals Pty Ltd	(ii)	Australia	100%	-
Great Southern Kaolin Pty Ltd	(ii)	Australia	100%	-
Natural Nanotech Pty Ltd	(ii)	Australia	100%	-

i) Head entity in tax consolidated group

ii) Members of tax consolidated group

iii) The Company acts as the trustee to the Loan Funded Employee Share Plan.

27 PARENT ENTITY DISCLOSURES

	30/06/22 $	30/06/21 $
Financial position		
Assets		
Current assets	32,669,615	5,301,299
Non-current assets	141,510,640	12,454,265
Total assets	174,180,255	17,755,564
Liabilities		
Current liabilities	2,206,356	1,209,084
Non-current liabilities	715,661	57,270
Total liabilities	2,922,017	1,266,354
Equity		
Issued capital	219,250,119	56,922,005
Reserves	5,938,472	5,838,594
Accumulated losses	(53,930,353)	(46,271,389)
Total equity	171,258,238	16,489,210

	YEAR ENDED 30/06/22 $	YEAR ENDED 30/06/21 $
Financial performance		
Profit / (loss) for the year	(7,582,717)	(6,435,782)
Other comprehensive income	-	-
Total comprehensive income / (loss)	(7,582,717)	(6,435,782)

Commitment for expenditure and contingent liabilities if the parent entity

Note 22 to the financial statements disclose the Group's commitments for expenditure and contingent liabilities. Of the items disclosed in that note the following relate to the parent entity:

- service agreements
- bank guarantees

28 SUBSEQUENT EVENTS

On 26 July 2022, Andromeda signed a legally binding offtake Agreement with the Vietnam and Hong Kong based Asia Mineral Resources (AMR) to supply halloysite-kaolin from the Great White Project. The Agreement is for 31,000 tonnes, with a minimum of 23,500 and maximum of 38,500 tonnes of Great White KCM^{TM}90 over the first three years of production. Additionally, on 8 August 2022 Andromeda signed another legally binding offtake Agreement, with respected Japanese porcelain manufacturer Plantan Yamada to supply halloysite-kaolin from the Great White Kaolin Project. The Agreement is for 35,000 tonnes, with a minimum of 27,000 and maximum of 43,000 tonnes of Great White KCM^{TM}90 over the first three years of production. These Agreements further underpin the development of the GWKP, were signed at prices in excess of the pricing assumed in the DFS, of between A$425 and A$465 per tonne, and are subject to standard conditions precedent.

On 18 August 2022, Andromeda announced the signing of Land Acquisition Agreements including the purchase of freehold land underlying the GWKP mining lease (ML 6532 and MPL 164) and the lodgement of its PEPR with South Australia's Department for Energy and Mining, for approval. The Agreement and lodgement significantly de-risk the Project's development and increases confidence as the group moves towards making a Final Investment Decision with respect to the GWKP.

On 24 August 2022, Andromeda's Independent Non-executive Director, Mr Andrew Shearer resigned as a Non-executive Director due to the increasing demands of his executive and other roles. The Board wishes to express its appreciation for the significant contribution Mr Shearer has made since his appointment in October 2017.

For the Drummond Epithermal Gold Project subsequent to the end of FY22, the Company has determined that maximum shareholder value is achieved through accepting an offer from Rush Resources Limited (Rush) to purchase the project for approximately $250,000 worth of fully paid ordinary shares in Rush. A binding Term Sheet has been signed and is subject to a number of conditions precedent. The Drummond project has been classified as held for sale in this report and written down to the expected value of the sales proceeds of $250,000.

There were no other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

29 ASSET ACQUISITION

Minotaur Exploration Limited

On 10 November 2021, Andromeda announced the unanimously recommended off-market takeover offer of Minotaur. The deal was designed to consolidate the Great White and Natural Nanotech joint ventures as 100% owned under Andromeda. The offer of 1.15 new Andromeda shares for every Minotaur share was seen as an accretive transaction for Andromeda. The bid was subject to a number of conditions precedent.

On 7 February 2022, Andromeda announced the offer made under its off-market takeover bid for all the securities in Minotaur was free from all Conditions set out in section 14.7 of the associated Bidder's Statement. As at 9.00am on 7 February Andromeda's relevant interest in Minotaur was 79.16% with Andromeda's share price being $0.19 cents per share. At the closing of the offer period on 25 February 2022 Andromeda's relevant interest had increased to 92.12% with Andromeda's share price being $0.17 cents per share. On this date Andromeda also announced the intention to commence the compulsory acquisition of the remaining shares in Minotaur to bring Andromeda's interest to 100%. The compulsory acquisition was completed on 29 March 2022 with the ADN share price at $0.18 cents per share.

The Group has determined that the acquisition of Minotaur does not represent a business combination in accordance with AASB 3 Business Combinations. As such the acquisition has been accounted for as an asset acquisition and accordingly the cost of acquisition has been allocated to the identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Additionally, no deferred tax will arise due to the initial recognition exemption for deferred tax under AASB 112 Income Taxes.

Consideration related to the acquisition is detailed below:

	$
Purchase consideration	
Ordinary shares issued (620,508,053)	116,969,718
Acquisition related costs	2,348,383
NCI reserve	926,813
Carrying value of previously held interest in NNT (note 10)	276,822
Total purchase consideration	120,521,736

The fair value of Andromeda shares issued to Minotaur shareholders is based on the share price on 7 February 2022 (acquisition date) of $0.19 cents and issued capital was recorded at this value for the 79.16% or relevant interest on this date. Shares issued after the acquisition date relating to the close of the offer period on 25 February 2022 (12.96% at $0.1835) and the compulsory acquisition on 29 March 2022 (7.88% at $0.18) were recorded in share capital at the relevant share price. The difference between the share price at the date of acquisition and the subsequent share issues has been recorded in the NCI reserve.

	$
Net assets acquired	
Cash & cash equivalents	1,178,858
Other current assets	171,890
Net trade receivables / payables	77,374
Exploration and evaluation assets	124,066,962
Andromeda loan/cash calls payable (i)	(4,973,348)
Net identifiable assets acquired	120,521,736

i) Payables to Andromeda become intercompany entries upon consolidation and have been eliminated accordingly. All amounts outstanding between Minotaur and Andromeda were pre-existing arrangements at the date of acquisition.

Directors' Declaration

The Directors declare that:

a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b) In the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements;

c) In the Directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

d) The Directors have been given the declaration required by Section 295A of the Corporation Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Directors

James E Marsh	**Mick Wilkes**
Managing Director	Non-executive Chair

Adelaide, South Australia

30 September 2022

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Andromeda Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Andromeda Metals Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<u>Accounting for exploration and evaluation expenditure</u> As at 30 June 2022, the Group has capitalised $137.4 million of exploration and evaluation expenditure as disclosed in Note 8. This balance includes additions of $124.1 million related to the acquisition of Minotaur Exploration Limited, and additions of $3.7 million relating to exploration and evaluation activities undertaken during the year. Additionally, during the year the Group recognised an impairment expense of $0.4 million related to exploration and evaluation assets. Significant judgement is applied in determining the treatment of exploration and evaluation expenditure including: • whether the conditions for capitalisation are satisfied; • which elements of exploration and evaluation expenditure qualify for capitalisation; • the Group's intentions and ability to proceed with a future work program; • the likelihood of licence renewal or extension; and • the expected or actual success of resource evaluation and analysis. The timing of when assets are transferred from exploration and evaluation to property, plant and equipment often involves significant judgement due to the assessment of technical feasibility and commercial viability being unique for each project / area of interest.	Our procedures associated with exploration and evaluation expenditure incurred during the year included, but were not limited to: • Evaluating the design and implementation of the process and controls associated with the capitalisation of exploration and evaluation expenditure; and • Testing on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of the relevant accounting standards. Our procedures associated with assessing the carrying value of exploration and evaluation assets included, but were not limited to: • Evaluation of the design and implementation pf processes and controls in respect of assessing the recoverability of exploration and evaluation assets; • Obtaining a schedule of the areas of interest held by the Group, and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Holding discussions with management as to the status of ongoing exploration programs in the respective areas of interest; and • Assessing whether any facts or circumstances existed to suggest impairment testing was required. Our procedures associated with assessing the classification of exploration and evaluation assets included, but were not limited to: • Assessing whether any exploration projects / areas of interest had reached a stage that demonstrated technical feasibility and commercial viability based on amongst other things review of board of directors minutes, investor presentations released by the Company and corporate budgets; and • Assessing the nature and status of work programs associated with exploration projects to identify whether they indicate that a final investment decision has been made. We also assessed the appropriateness of the disclosures included in Note 8 to the financial statements.
<u>Acquisition of Minotaur Exploration Limited</u> On 7 February 2022 (acquisition date), the Group gained control of Minotaur Exploration Limited (MEP) and the compulsory acquisition process commenced on 25 February 2022 with 100% control obtained on 29 March 2022.	Our procedures included, but were not limited to: • Obtaining and assessing the key controls management has in place with respect to the accounting for this transaction; • Obtaining the report by management's experts and reviewing their conclusions made in relation to the appropriate accounting for the transaction, the fair value of the consideration paid and the allocation of the purchase price to the assets and liabilities acquired;

This acquisition was completed for a total consideration of $120.5 million and was accounted for as an asset acquisition, as disclosed in Note 29. Accounting for this acquisition requires judgement to determine if this was a business combination or an asset acquisition, the fair value of consideration paid and the allocation of the purchase price to assets and liabilities acquired. This is a key audit matter due to the significance of the acquisition and impact on the Group's statement of financial position.	• Assessing the independence, competence and objectivity of management's experts; • Assessing the nature of the transaction with regards to the requirements of AASB 3 *Business Combinations* to conclude on the appropriateness of the acquisition being accounted for as an asset acquisition, as opposed to a business combination; • Assessing the reasonableness of the acquisition date, being the date that Andromeda obtained control over Minotaur Exploration Limited; • Reading the relevant purchase agreements to identify all components of consideration; • Assessing the determination of the fair value of the total consideration paid and relative fair value of assets acquired and liabilities assumed; • Assessing the reasonableness of the deferred tax impact of the acquisition; and • Testing the mathematical accuracy of the fair value of the consideration paid and allocation of the purchase price to the assets and labilities calculations prepared by management. We also assessed the appropriateness of the disclosures included in Note 29 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 61 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Andromeda Metals Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

DNewman

David Newman
Partner
Chartered Accountants
Perth, 30 September 2022

Shareholder information

as at 26 September 2022

DISTRIBUTION AND NUMBER OF SHAREHOLDERS

RANGE OF UNITS	TOTAL HOLDERS	UNITS	% UNITS
1 – 1,000	469	94,985	0.00
1,001 – 5,000	2,113	6,598,501	0.21
5,001 – 10,000	2,139	16, 859,497	0.54
10,001 – 100,000	6,647	258, 459,113	8.31
100,001 and over	3,349	2,827,996,336	90.93
Rounding			0.01
Total		3,110,008,432	100.00

5,157 shareholders hold less than a marketable parcel of shares

TOP 20 SHAREHOLDERS

RANK	NAME	UNITS	% UNITS
1	BURATU PTY LTD <CONNOLLY SUPER FUND A/C>	156,401,448	5.03%
2	CITICORP NOMINEES PTY LIMITED	67,384,851	2.17
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	58,235,877	1.87
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	43,927,800	1.41
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	35,510,088	1.14
6	MR PETER ANDREW PROKSA	35,000,000	1.13
7	LJ & K THOMSON PTY LTD <LJT & KT SUPER FUND A/C>	31,953,815	1.03
8	YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C>	30,407,804	0.98
9	DEBUSCEY PTY LTD	30,000,000	0.96
10	MR JOHN MCDONALD + MR SHAUN MCDONALD <SOUTHLAND SNIPE SF A/C>	29,000,000	0.93
11	MR ADONIS KIRITSOPOULOS + MS JENNIFER ANNE FORD	23,000,000	0.74
12	SURPION PTY LTD <M W SUHR & CO A/C>	22,827,035	0.73
13	MINOTAUR EXPLORATION LTD <DISSENTERS A/C>	17,680,589	0.57
14	MR PAUL TOMLIN	15,404,415	0.50
15	HAINASON HOLDINGS PTY LTD <HAINASON HOLDINGS A/C>	15,235,139	0.49
16	MR CRAIG ALEX BARRETT	14,526,062	0.47
17	MRS JANET MONICA HENRIOD	14,000,000	0.45
18	MR WILLIAM MARK PALMER + MRS PATRICIA DAWN GREGORY <PALMER S/F A/C>	14,000,000	0.45
19	MR GEORGE DAVID BUTKERAITIS	13,550,000	0.44
20	MR GREGORY JOHN HOOK	13,206,270	0.42
	Total of top 20 holders of fully paid ordinary shares	681,251,193	21.91
	Other holdings	2,428,757,239	78.09
	Total fully paid ordinary shares on issue	3,110,008,432	100.00

SUBSTANTIAL SHAREHOLDERS

as disclosed in substantial shareholders notices given to the Company

Buratu Pty Ltd (Connolly Super Fund A/C) / Robert Connolly)	161,943,712

UNLISTED OPTIONS

Unlisted options with an exercise price of $0.064 and expiring 28/11/2022	43,320,000
Unlisted options with an exercise price of $0.075 and expiring 28/11/2023	20,000,000
Unlisted options with an exercise price of $0.2375 and expiring 31/12/2025	6,160,000

UNLISTED PERFORMANCE RIGHTS – ISSUED TO DIRECTORS AND EMPLOYEES

Performance rights with performance hurdles to be achieved by 23/12/2023	16,198,325
Performance rights with performance hurdles to be achieved by 31/12/2023	750,000
Performance rights with performance hurdles to be achieved by 30/6/2024	5,385,000

Note: Following the end of FY22, 2,000,000 unlisted performance rights were exercised and converted to ordinary shares.

Glossary

CONTENT	EXPANSION
$ / AUD	All prices are in Australian dollars, unless otherwise stated
$m	Millions of dollars
Andromeda	Andromeda Metals Limited (ABN 75 061 504 375)
Cobra	Cobra Resources PLC
DCSB	District Council of Streaky Bay
DFS	Definitive feasibility study
EKJV	Eyre Kaolin Joint Venture
ECL	EnviroCopper Ltd
EMR	Environmental Metals Recovery Pty Ltd (a subsidiary of EnviroCopper Ltd)
FY22	Financial Year 2022, for the financial year ending 30 June, 2022
FYXX	Financial Year 20XX (with XX denoting the last two digits of the year ending 30 June, 20XX)
GICAN	University of Newcastle's Global Innovative Center for Advanced Nanomaterials
Group	Andromeda Metals Limited and its consolidated subsidiaries
GWKP	Great White Kaolin Project (wholly owned by Andromeda)
HPA	High purity alumina
IRR	Internal rate of return
ISO B	ISO brightness, a European standard for measuring brightness
ISR	in-situ recovery
JORC	Joint Ore Reserves Committee
JORC CODE	The Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves
JVP	Joint venture partners (including Cobra Resources PLC, EnviroCopper Ltd and its subsidiary Environmental Metals Recovery Pty Ltd,
kt	Thousand tonnes
LTI	Long-term incentive
Minotaur	Minotaur Exploration Limited
Mt	Million tonnes
NNT	Natural Nanotech Pty Ltd (a wholly owned Andromeda subsidiary)
NPV	Net present value
REE	Rare earth element
PCT	Patent co-operative treaty
SGA	Smelter grade alumina
STI	Short-term incentive
tpa	Tonnes per annum
TFR	Total fixed remuneration
TSR	Total shareholder returns
WGP	Wudinna Gold Project

Andromeda

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