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12 July 2021
Mr Alex Sutton
Adviser, Geology, Listings Compliance
Australian Securities Exchange Limited
PO Box H224, Australia Square
Sydney, NSW 1215

Response to ASX Query

Dear Alex,

We refer to your letter dated 7 July 2021 in reference to Andromeda Metals Limited's (ADN, the Company) announcement to the market of the same day titled "Patent Lodged for H-K Conversion to Carbon Materials" in which you have asked a number of questions in relation to the release. Accordingly we provide the following responses as follows:

1. Please provide the date on which the provisional patent was lodged.

Friday, 2 July 2021. The Company was advised of the lodgment in the afternoon.

Subsequently, late on Sunday 4 July, Minotaur Exploration Limited (MEP) (the Company's joint venture partner in Natural Nanotech) advised that it intended to make an announcement to the market concerning the lodgment of the patent application. In accordance with the requirements of the joint venture arrangements for Natural Nanotech, over the subsequent two business days, the form and content of each company's announcement was exchanged and approved for release.

2. Does ADN consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Due to internal administrative error during the drafting process which omitted to identify that the announcement was not market sensitive, the announcement was incorrectly tagged as market-sensitive while lodging on ASX Online.

On further review, ADN considers that the better view is that a reasonable person would not expect the information to have a material effect on the price or value of its securities. This view is supported by the fact that ADN's joint venture partner in Natural Nanotech, MEP released a similar announcement at the same time as ADN and did not tag it as market sensitive.

The Company has reviewed and revised its procedures to ensure these sort of administrative errors do not occur again.

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- 3. If the answer to question 2 is “yes”, please advise the basis for that view, commenting specifically on why an application for a provisional patent is considered to be material.**

See response to question 2 above.

- 4. If the answer to question 2 is “no”, please explain ADN’s purpose for lodging the Announcement on MAP, and why it was lodged as market-sensitive.**

See response to question 2 above.

The Company has over a period of time, made a number of announcements about the progress of R&D being conducted through Natural Nanotech (see for example announcement made on 3 May 2021 titled “*Natural Nanotech Research Project with Uni of Newcastle*”) in which it was announced that funds had been committed to the research project. The research project had created interest amongst ADN shareholders who have previously enquired about progress with the project. It seemed logical and appropriate to inform the market of further progress that had been made since the previous project announcement. Accordingly, the intention of the Announcement was to inform the market about reaching a significant milestone in that R&D process namely the lodgment of a provisional patent. As a consequence, the Company does not consider that information contained in the announcement was purely promotional in nature, but rather to inform shareholders and the market generally about a significant result arising from the expenditure of company funds and progress that is being in the project.

The Company made the Announcement on MAP (which was similar in substance to that of its joint venture partner, MEP) in order to ensure information symmetry and because it was considered to be information that would be of considerable interest to shareholders and the market without necessarily being price sensitive.

The Company notes that, in the future, updates of this type will be provided through the Company's quarterly activities report.

- 5. Please confirm that ADN is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

The Company confirms that it is in compliance with the Listing Rules, including Listing Rule 3.1.

- 6. Please confirm that ADN’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ADN with delegated authority from the board to respond to ASX on disclosure matters.**

The Company’s responses to the above questions have been authorised and approved by the Board.

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Yours sincerely,



Nick Harding
Executive Director and Company Secretary



7 July 2021

Mr Nicholas Harding
Company Secretary
Andromeda Metals Limited
69 King William Rd
Unley, SA 5061

By email:

Dear Mr Harding

Andromeda Metals Limited ('ADN'): Query Letter

ASX refers to the following:

- A. ADN's announcement titled "Patent Lodged for H-K Conversion to Carbon Materials" lodged on the ASX Market Announcements Platform ('MAP') on 7 July 2021 (the 'Announcement'), disclosing that ADN's subsidiary, Natural Nanotech Pty Ltd, had *"lodged a provisional patent covering the processing pathways for conversion of the natural clay nanotube halloysite and halloysite-kaolinite admixtures of varying proportions, into selectively functionalised and chemically activated carbon nanomaterials"* ('Information').

ASX observes that ADN lodged the Announcement as market-sensitive when submitted to ASX Online.

- B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- C. Section 7.10 of Guidance Note 8, which outlines ASX's view on "ramping" announcements and provides (relevantly):

"Ramping announcements come in many forms, including:

- the release of a "business update" or something similar, which will typically be worded in an exuberant fashion but which on closer examination contains little in the way of substance that has not already been disclosed to the market;" ...*
- "an announcement that has no substance but seeks to ride on the back of strong market sentiment in a particular sector;" ...*

"Whenever ASX detects what it suspects to be a ramping announcement, it will give careful consideration to suspending the entity's securities from trading and issuing a query letter to the entity asking the entity:

- if it marked the announcement as market sensitive when it was lodged on MAP, to identify what information in the announcement the entity considered was market sensitive and why;*
- if it marked the announcement as not being market sensitive when it was lodged on MAP, to explain its purpose in lodging the announcement on MAP, given its evident view that the information was not market sensitive and therefore not required to be disclosed under Listing Rule 3.1; ..."*

Request for information

Having regard to the above, ASX asks ADN to respond separately to each of the following questions and requests for information:

1. Please provide the date on which the provisional patent was lodged.
2. Does ADN consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is “yes”, please advise the basis for that view, commenting specifically on why an application for a provisional patent is considered to be material.
4. If the answer to question 2 is “no”, please explain ADN’s purpose for lodging the Announcement on MAP, and why it was lodged as market-sensitive.
5. Please confirm that ADN is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that ADN’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of ADN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **05:00 PM AEST Friday, 9 July 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ADN’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ADN to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in ADN’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in ADN's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ADN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that ADN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

Alex Sutton

Alex Sutton

Compliance Adviser - Geology, Listings Compliance (Sydney)