

# ASX ANNOUNCEMENT

ANDROMEDA METALS LTD (Andromeda, ASX: ADN)



28 January 2022

## Quarterly Activities Report – December 2021

### Andromeda Metals Limited

ABN: 75 061 503 375

### Corporate details:

ASX Code: ADN

Cash (31<sup>st</sup> Dec 2021): \$42.8m

Issued Capital:

2,483,727,046 ordinary shares

70,300,000 unlisted options

29,274,475 performance rights

### Directors:

#### James Marsh

Managing Director

#### Joe Ranford

Operations Director

#### Andrew Shearer

Non-Executive Director

#### Melissa Holzberger

Non-Executive Chair

### Company Secretary:

Andrea Betti

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### Andromeda and Minotaur to combine

- Andromeda Metals Limited and Minotaur Exploration Limited to create a leading Australian kaolin/halloysite and technology company by consolidating ownership of the Great White Kaolin Project and Natural Nanotech into Andromeda
- Andromeda to acquire Minotaur via an unanimously recommended off-market takeover offer with 1.15 new Andromeda shares offered for every 1 Minotaur share

### Great White Kaolin Project

- Mining Lease and supporting tenements granted by South Australian Minister for Energy and Mining
- Next step is submission of the Program for Environment Protection and Rehabilitation (PEPR) for subsequent approval
- Construction phase anticipated during 2022

### Definitive Feasibility Study Update

- Further progress made on the Definitive Feasibility Study (DFS) incorporating the high value Great White CRM™ and Great White PRM™ products.
- DFS release deferred to post consolidation of Minotaur in 2022 to allow incorporation of all the advantages of 100% ownership and complete further scenario and optimisation analysis on product mix to ideally balance NPV, funding and risk.

### Execution of non-binding MOU to collaborate on Cape Hardy export options

- Andromeda and Iron Road Limited (ASX: IRD, Iron Road) entered into a non-binding Memorandum of Understanding (MOU) relating to IRD's proposed multi-commodity deep port at Cape Hardy.

### Establishment of Technical Advisory Committee

- Establishment of Technical Advisory Committee to provide oversight and review of research and development programs and provide technical advice on new commercial and business opportunities
- Highly regarded and well-experienced Dr Richard Flook appointed as member of the Committee

### Corporate

- Appointment of Mr Tim Anderson as Chief Commercial Officer for the Company, effective 1 December 2021.
- Cash at the end of December was \$42,816,119.
- Subsequent to the end of the quarter, on the 20<sup>th</sup> of January, the Company announced the resignation of Rhod Grivas for personal reasons as Non-Executive Director and Company Chair, with existing Non-Executive Director, Melissa Holzberger assuming the role of Acting Chair.

The Board and management of Andromeda Metals Limited (**ASX: ADN, Andromeda, the Company**) is pleased to provide a summary of the Company's activities for the quarter ended 31 December 2021.

**Managing Director, James Marsh commented,** "The December quarter has seen the achievement of a major milestone for the Great White Kaolin Project with the granting of the Mineral Lease and two Miscellaneous Purposes Licenses. It is the culmination of significant environmental and engineering works. We are now working to develop the Program for Environmental Protection and Rehabilitation before operations commence. The acquisition of Minotaur and consolidation of the Great White Project is also an exciting positive step that will unlock value for all Andromeda and Minotaur shareholders. The momentum is set to continue into next year with the updated Definitive Feasibility Study set for delivery."

## **Andromeda and Minotaur to Combine**

Andromeda announced on 10 November 2021 it had entered into a Bid Implementation Agreement (**BIA**) with Minotaur Exploration Limited (**Minotaur**), under which Andromeda offered to acquire all the issued ordinary shares of Minotaur by way of an off-market takeover (the **Offer**). The Offer, once fully implemented, will result in Andromeda consolidating 100% ownership of both the Great White and Natural Nanotech Pty Ltd (**NNT**) via the acquisition of Minotaur's current 25% and 50% respective joint venture interests in Great White and Natural Nanotech.

The Offer provides Andromeda shareholders with an increased effective interest in Great White and Natural Nanotech, whilst delivering significant strategic and financial benefits. 100% ownership of Great White will deliver a simplified and streamlined ownership and will enable the design, funding mix and timetable for development of Great White to be optimised. Similarly, 100% ownership of Natural Nanotech will enable enhanced development and commercialisation of any future intellectual property in relation to new technology created for halloysite applications and uses, including hydrogen storage/transport, battery technology, water purification and carbon capture storage/conversion.

Under the Offer, Minotaur shareholders will receive 1.15 Andromeda shares for every one Minotaur share held (Offer Ratio). Based on the 5-day VWAP of Andromeda's shares of \$0.181 on 8 November 2021, being the last trading day before the announcement of the Offer, the Offer Ratio values Minotaur at \$108 million and implies a value of \$0.208 per Minotaur share. In addition, Minotaur is separately demerging its copper and gold interests into a separate entity called Demetallica Limited, in which eligible Minotaur shareholders will receive a pro-rata distribution (the **Demerger**). Detailed information relating to the Offer and timetable can be found in the Andromeda and Minotaur joint announcement dated 10 November 2021 titled *Andromeda and Minotaur to Combine*.

The Offer and Demerger are being undertaken in parallel, with the Demerger to be completed by way of an equal capital reduction. The Demerger was subject to Minotaur shareholder approval, which was obtained on 20 January 2022, when Minotaur's shareholders overwhelmingly voted in favour of Minotaur's proposed demerger of its copper and gold assets into its subsidiary, Demetallica. The approval of the Demetallica demerger satisfies a critical condition of Andromeda's takeover offer.

Subsequent to the end of the quarter, the offer period of the takeover was extended by 14 days to Monday 14<sup>th</sup> February 2022 (unless the offer is withdrawn, or extended further as permitted by the Corporations Act 2001), as announced on the 24<sup>th</sup> of January 2022. The takeover offer is now subject to only limited conditions, including the 90% minimum acceptance condition, no material adverse event and no prescribed occurrences.

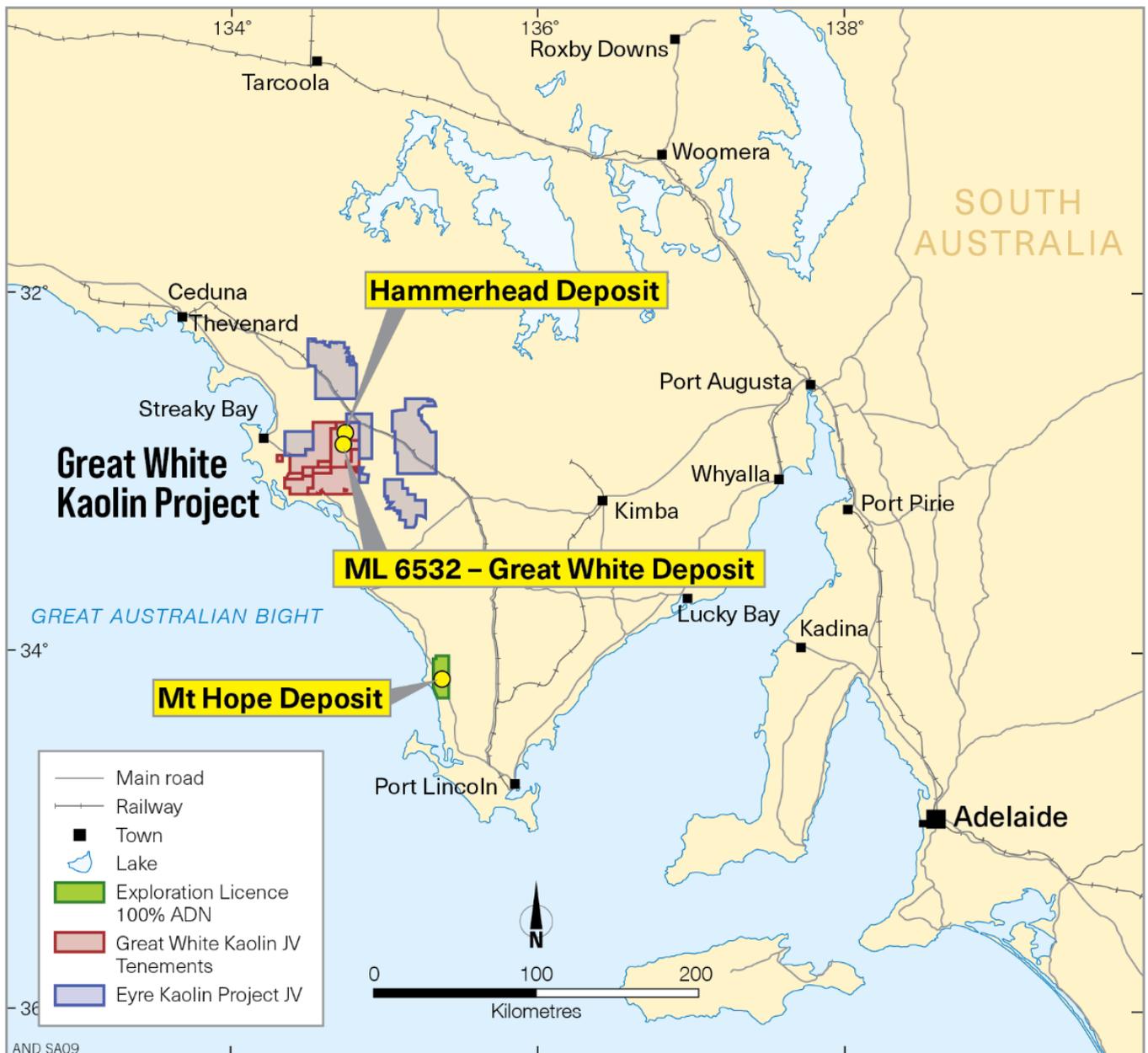
As at 28 January 2022 Minotaur shareholders representing 72.84% of Minotaur's shares on issue have accepted Andromeda's takeover offer, including all Minotaur Directors for the shares they own and control. The Minotaur Board of Directors continues to recommend that Minotaur shareholders accept the offer, in the absence of a superior proposal, and Andromeda encourages all remaining Minotaur shareholders to accept the offer online.

## Operations Update

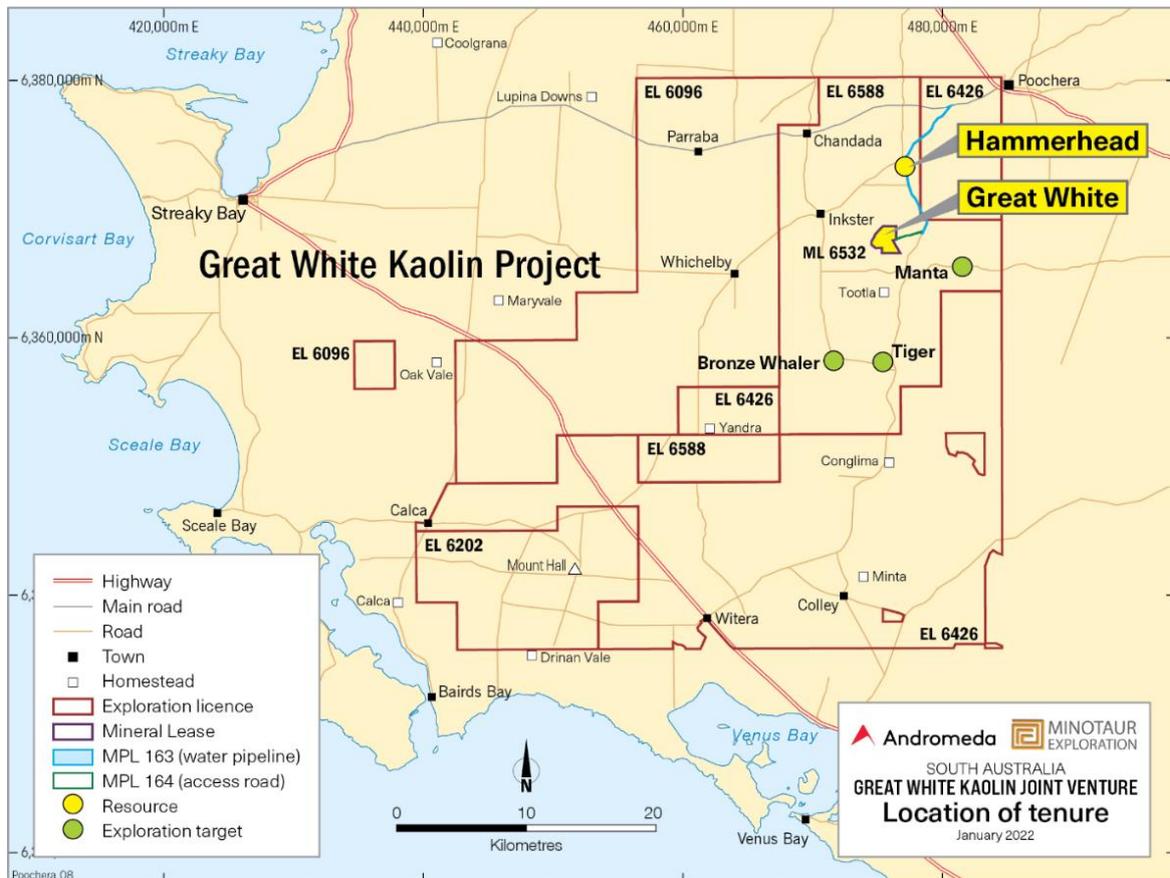
### Great White Kaolin Project Background

The Great White Kaolin Project comprises four Exploration Licences east of Streaky Bay on the Eyre Peninsula (Figure 1). High quality halloysite-kaolin occurrences exist extensively across the Great White Kaolin Project area making this a region of global significance for the mineral and capable of supporting a considerable long-life mining operation. The Project includes Great White and Hammerhead Deposits as well as several additional exploration targets: Manta, Tiger and Bronze Whaler.

Andromeda also holds a 100% interest in the Mount Hope Kaolin Project which is located approximately 160 km southeast of Great White.



**Figure 1 - Project Location Plan**



**Figure 2 - Great White Project**

**South Australian Government Grants Mining Lease for Great White Kaolin Project**

On 17 December 2021, Andromeda announced that the South Australia Minister for Energy and Mining had granted the Company the Mineral Lease (ML) and two Miscellaneous Purposes Licences (MPLs) for the Great White Kaolin Project (**Great White, the Project**).

Grant of the ML and MPLs represents a major milestone for the Project and is the culmination of significant environmental and engineering works undertaken by the Company and supporting independent consulting companies.

With these approvals, the Mining Lease conditions have been received which will form the basis for developing the next stage of approvals, the Program for Environmental Protection and Rehabilitation. These conditions are consistent with the original Mining Lease Application (including the Mining Proposal and Miscellaneous Purposes Licences Management Plans) lodged in February 2021.

Under South Australian legislation, prior to granting an ML and/or MPL, the Minister for Energy and Mining must notify the applicant of the proposed terms and conditions. The applicant then has an opportunity to accept or may make submissions on those terms and conditions before the Minister finalises them and formally grants the tenement(s).

Andromeda considered and was satisfied with the terms and conditions of the tenements and advised Department for Energy and Mining (DEM) that it had no submissions to make. This will reduce the timing associated with the next stage of the approval process.

The ML Application, MPL applications and supporting Mining Proposal and MPL Management Plans for the Project were lodged with the South Australian Department for Energy and Mining (DEM) on 26 February 2021 (refer ADN ASX announcement dated 1 March 2021 titled *Mining Lease Application*

Submitted for Great White Kaolin Project). The two MPLs are for an access road to the ML, and a water supply pipeline from Poochera. Collectively, the documentation describes the proposed Project, and considers all potential impacts on the environment.

Andromeda will submit a Program for Environment Protection and Rehabilitation (**PEPR**) to DEM for subsequent approval. Both the tenements and PEPR approvals are required to allow the Project to progress to the construction phase which is anticipated to begin during 2022. Considerable components of the ML application will be used in preparation of the PEPR, which will assist in completing the PEPR in the scheduled timeframe. Community consultation is ongoing as part of this process and further community information and feedback sessions are planned in 2022. The ML and MPLs terms and conditions, State Government's assessment report and supporting technical appendices will be released by DEM and published on its website. In addition to this information, Andromeda has posted a list of Frequently Asked Questions, along with further information about the Project on the Company's website.

### **Definitive Feasibility Study (DFS) Update**

Andromeda has undertaken significant work on the DFS and has made considerable progress since securing its major paints and coatings product (Great White PRM™) offtake agreement in June 2021, as well as its previously announced premium ceramic product (Great White CRM™) offtake agreement in March 2021.

Andromeda's offtake agreement with Jiangsu Mineral Sources International Trading Co. Ltd (**MSI**) has provided the Company with the opportunity to produce and sell a higher value Great White PRM™ product in addition to Great White CRM™. This diversified product mix has required some fundamental changes to the single product Pre-Feasibility Study (**PFS**) released in June 2020. To facilitate the production of both Great White CRM™ and Great White PRM™, significant changes have been made to the mine plan, processing plant and transport logistics. As such, the DFS is not a simple update nor capable of simple comparatives to the PFS, but a new bottom-up study which has required and continues to require significant work and analysis to understand the optimal development pathway and product mix.

As foreshadowed in Andromeda's 21 June 2021 ASX Announcement *Diversified Product Strategy for Great White Kaolin Project*, one key consequence of incorporating the flexibility to produce the higher value Great White PRM™ product in addition to Great White CRM™ product, is increased upfront capital expenditure to account for a multi-product processing plant. Whilst this change increases the upfront expenditure requirement, the overall project economics may benefit from several factors including:

- Stronger early operational cash flow from the incorporation of a second and higher value refined product (Great White PRM™);
- A processing plant optimised to produce a diversity of products for different applications, currently being studied by the Company;
- Full control over product production quality to ensure consistent premium grades;
- The potential early inclusion of a lower capital expenditure Direct Shipping Ore (**DSO**) production component. Andromeda has made considerable progress with potential DSO offtake partners over the last three months and the inclusion of DSO would provide early cash flow, which could be deployed to help fund the capital cost of the process plant; and
- Potentially more attractive finance terms (if debt finance is required) due to the existence of binding offtake agreements and lower project risk due to the diversified product base.

Andromeda is continuing to work through various development scenarios, the optimal product mix balance, the timing of any DSO inclusion, further offtake opportunities and the optimisation of costs to balance risk, funding, Internal Rate of Return (**IRR**) and Net Present Value (**NPV**).

The announced potential acquisition of Minotaur, and resultant consolidated and simplified ownership structure of Great White, has potential to provide Andromeda with full development optionality and greater project funding alternatives.

Consolidating the ownership of Great White (and Natural Nanotech) provides Andromeda with the

optionality to explore several different project development scenarios not previously considered in the PFS or existing DFS. The Andromeda team is now focused on understanding which potential development scenarios unlock the greatest value for Andromeda (and accepting Minotaur) shareholders. To fully understand, optimise and incorporate these scenarios into the DFS, further time is required.

In addition to the progress made on the DFS and the announced proposed acquisition of Minotaur, Andromeda has continued to pursue some of its other initiatives.

Currently, additional studies are underway on other higher value products including High Purity Alumina (**HPA**), Halloysite Rheology Modifier (concrete) and cosmetics. Whilst it was not Andromeda's intention to incorporate these products into the DFS due to their early-stage nature, the studies are progressing well, and the extended DFS completion date may allow incorporation of one or more of these.

### **DFS Timetable**

Andromeda is now aiming to finalise the DFS once the takeover of Minotaur has been completed, thus consolidating the Great White Kaolin Project. This will allow the DFS to reflect a single, 100% owner of the project (and the associated benefits) as well as eliminate the need for the DFS to go through joint venture approval processes prior to its release. It is anticipated that the takeover will be completed within the first quarter of 2022. Progress of the DFS continues, and will incorporate the following including the bottom-up work required for a multi-product (CRM™ plus PRM™) development:

- Further analysis of the benefits of DSO/concentrate;
- Further analysis on the optimal product mix;
- The value versus risk trade-off; and
- The optionality that comes with 100% ownership of Great White.

Andromeda has balanced the drawbacks of a timetable delay of the DFS with the benefits of ownership consolidation, further project value optimisation and the inclusion of other opportunities, all factors capable of unlocking significant value for Andromeda (and Minotaur) shareholders.

Further details of the DFS progress are set out in Andromeda's announcement dated 10th November 2021 titled *Definitive Feasibility Study Update*.

### **Mining Tenements**

The tenement schedule as at 31st December 2021 is at the end of this Quarterly Activities Report. During the quarter, on 17 December 2021, ML 6532 (Great White), MPL 163 (water pipeline) and MPL 164 (access road) were granted. There were no acquisitions or disposals of tenements during the quarter.

### **Andromeda to collaborate with Iron Road Limited on Cape Hardy export options**

During the quarter, Andromeda announced it had entered a non-binding Memorandum of Understanding (**MOU**) with Iron Road to investigate the establishment of an export facility at the proposed multi-commodity deep port at Cape Hardy. See Iron Road announcement dated 6 December 2021 titled *IRD and Andromeda Metals to Collaborate on Cape Hardy Export Options* and Andromeda ASX release of 6 December 2021 *Andromeda executes non-Binding MOU to collaborate on Cape Hardy export options*.

Andromeda has entered into the MOU as part of exploring several potential port development options to support the future growth across Andromeda's portfolio of projects on Eyre Peninsula, specifically the Mount Hope Kaolin Project.

Andromeda is currently in the process of developing its Great White Kaolin Project near Poochera on Eyre Peninsula and is progressing those plans using existing ports on Eyre Peninsula. With the growth of other regional businesses, agricultural output, aquaculture and mining, Andromeda considers its own plans and those of Eyre Peninsula will be better serviced with additional port facilities and supports the safe and sensitive development of such.

## **Corporate**

### **Finance Update**

Cash and cash equivalents at the end of the quarter were \$42,816k, which was a decrease of \$3,356k from the previous quarters closing balance of \$46,172k. Net funds received from capital raising activities in the quarter were \$253k offset by funds used in operating activities \$1,300k and funds used in investing activities of \$2,309k (Property Plant & Equipment \$26k other assets \$216k, Loan drawdown to Minotaur \$475k and exploration and Evaluation Expenditure of \$1,592k).

Exploration and Evaluation Expenditure during the Quarter was \$1,592,000. Full details of exploration activity during the Quarter are set out in this report.

There were no substantive mining production and development activities during the Quarter

Payments to related parties of the Company and their associates during the Quarter of \$251,000, including director's fees, and consulting fees

### **Board Changes**

Subsequent to the end of the quarter, on the 20th of January, Mr Rhoderick Grivas resigned as Chair and Non-Executive director for family reasons. Non-Executive Director Melissa Holzberger has assumed the role of Acting Chair. The board has commenced a recruitment process to identify suitably experienced candidates to build the board and guide Andromeda as it moves toward becoming a producer.

### **Key Management Personnel Changes**

Andromeda appointed Mr Tim Anderson as Chief Commercial Officer for the Company, effective 1 December 2021. Tim Anderson 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 industry markets through innovative technical engineering and project delivery solutions.

### **Results of Annual General Meeting**

Andromeda held its Annual General Meeting (AGM) of shareholders on 25 November 2021. All resolutions proposed at the AGM on 25 November 2021 were passed on a poll.

### **Establishment of Technical Advisory Committee and appointment of Richard Flook**

Andromeda announced the establishment of a Technical Advisory Committee (**Committee**) and the appointment of Dr Richard Flook as a key member of the Committee.

The Company recognised a need for specialist skills and experience to progress several of its projects towards commercialisation and so has therefore established a Technical Advisory Committee. The Committee will be chaired by a Non-Executive Director, with other external members expected to join the Committee in due course. The Committee charter is to provide oversight and review of research and development programs and provide technical advice on new commercial and business opportunities.

Richard Flook is a specialist mineral and chemical consultant and former Managing Director of Shinagawa Refractories Australasia Pty Ltd, a manufacturer and supplier of quality refractory and insulating materials. He was involved in the development of minerals businesses with Australian Consolidated Industries, Steetley Industries, Anglo American, Normandy Mining and Omya.

*This Reports is authorised for release by the Board of Directors of Andromeda Metals Ltd.*

**For more information about the Company and its projects, please visit our website [www.andromet.com.au](http://www.andromet.com.au) or contact:**

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Andrea Betti, Company Secretary  
Andromeda Metals Ltd  
E: [andrea.betti@andromet.com.au](mailto:andrea.betti@andromet.com.au)

### Competent Persons Statements

*Information in this announcement has been compiled 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 and options in the company 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 undertaken to qualify as Competent Persons under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). This includes Mr Marsh attaining over 30 years of experience in kaolin processing and applications. Mr Marsh consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

*Information in this announcement that relates to the Exploration Results for the Great White Kaolin Project and Mt Hope Halloysite-Kaolin Project is 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 consents to inclusion in this document of the information in the form and context in which it appears.*

### Forward Looking Statements

*This release contains certain forward-looking statements and forecasts. Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "except", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position, and performance are also forward-looking statements. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements involve unknown risks and uncertainties and may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility and potential development of the Company's projects. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.*

## SCHEDULE OF TENEMENTS AS AT 31 DECEMBER 2021

<b>Project</b>	<b>Tenement</b>	<b>Tenement Name</b>	<b>Area km<sup>2</sup></b>	<b>Registered Holder or Applicant</b>	<b>Nature of Company's Interest %</b>
<b>South Australia</b>					
<i>Great White Kaolin Project</i>	ML 6532	Great White	319 ha	Andromeda Industrial Minerals Pty Ltd <sup>1</sup> and Great Southern Kaolin Pty Ltd <sup>2</sup>	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	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%
<i>Wudinna Gold Joint Venture</i>	EL 6317	Pinkawillinie	156	Peninsula Resources Ltd <sup>3</sup>	100%
	EL 6131	Corrobinnie	1303	Peninsula Resources Ltd	100%
	EL 6489	Wudinna Hill	42	Peninsula Resources Ltd	100%
	EL 5953	Minnipa	184	Peninsula Resources Ltd	100%
	EL 6001	Waddikee Rocks	147	Peninsula Resources Ltd	100%
<i>Moonta Copper Gold Project<sup>4</sup></i>	EL 5984	Moonta-Wallaroo	713	Peninsula Resources Ltd	100%
	EL 5984	Moonta Porphyry JV	106	Peninsula Resources Ltd	90% - option to acquire 100% from Minotaur Exploration Ltd
<i>Camel Lake Halloysite Project</i>	EL 6128	Camel Lake	455	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd	AIM 75% GSK 25%
	ELA 2019/73	Dromedary	481	Minotaur Operations Pty Ltd <sup>5</sup>	AIM 75% MOP 25%
<i>Eyre Kaolin Project</i>	EL 6663	Aspen	976	Peninsula Exploration Pty Ltd <sup>6</sup>	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%
<i>Mt Hope Kaolin Project</i>	EL 6286	Mt Hope	227	Andromeda Industrial Minerals Pty Ltd	100%
<b>Queensland</b>					
<i>Drummond Gold Project</i>	EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd <sup>7</sup>	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%
<b>Western Australia</b>					
<i>Dundas Project</i>	E 63/2089	Circle Valley	29	Mylo Gold Pty Ltd <sup>8</sup>	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 Minotaur Exploration Ltd.
3. Peninsula Resources Ltd (incorporated 18 May 2007) is a wholly owned subsidiary of Andromeda Metals Ltd.
4. Andromeda Metals Ltd has partnered with Environmental Metals Recovery Pty Ltd ("EMR") to form the Moonta ISR Joint Venture.
5. Minotaur Operations Pty Ltd ("MOP") is a wholly owned subsidiary of Minotaur Exploration Ltd.
6. Andromeda Industrial Minerals Pty Ltd has a farm in agreement with Peninsula Exploration Pty Ltd (Peninsula) over the Eyre Kaolin Project.
7. Adelaide Exploration Pty Ltd (incorporated 13 July 2001) is a wholly owned subsidiary of Andromeda Metals Ltd.
8. Mylo Gold Pty Ltd (acquired 21 December 2017) is a wholly owned subsidiary of Andromeda Metals Ltd.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ANDROMEDA METALS LIMITED

ABN

75 061 503 375

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(216)	(374)
	(e) administration and corporate costs	(1,087)	(1,854)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants, subsidies and tax incentives	-	-
1.8	Other	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,300)</b>	<b>(2,227)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(26)	(55)
	(d) exploration & evaluation (capitalised)*	(1,592)	(2,880)
	(e) investments	-	-
	(f) other non-current assets	(216)	(216)
	* net of joint venture contributions received		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(475)	(475)
2.4	Dividends received (see note 3)	-	-
2.5	Government grants, subsidies and tax incentives	-	632
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,309)</b>	<b>(2,994)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	44,770
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	253	562
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(2,291)
3.8	Dividends paid	-	-
3.9	Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>253</b>	<b>43,041</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	46,172	4,994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,300)	(2,225)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,309)	(2,994)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	253	43,041

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>42,816</b>	<b>42,816</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,814	5,082
5.2	Call deposits	37,002	41,000
5.3	Bank overdrafts	-	-
5.4	Other	-	90
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>42,816</b>	<b>46,172</b>

**6. Payments to related parties of the entity and their associates**

- |   | <b>Current quarter<br/>\$A'000</b> |
|---|------------------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | 86                                 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | 165                                |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The amount at items 6.1 and 6.2 comprises executive director salaries and non-executive director fees paid to directors or related corporations of directors of the Company during the quarter.

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (credit card facility)	90	18
7.4 <b>Total financing facilities</b>	90	18

7.5 **Unused financing facilities available at quarter end** 72

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company has a credit card facility financed through Westpac with a limit of \$90,000. This facility is denominated in Australian dollars and is secured against cash deposits of the same amount shown as restricted cash in Item 5.4 of this report. An annual fee is charged for this facility at market rates. There are no set amounts are payable under this facility, other than the annual fee, unless the consolidated entity does not adhere to the terms of the agreements.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,300)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(1,592)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,892)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	42,816
8.5 Unused finance facilities available at quarter end (Item 7.5)	72
8.6 Total available funding (Item 8.4 + Item 8.5)	42,888
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	14.83

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ..... 31<sup>st</sup> January 2021 .....

Authorised by: ..... By the Board .....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.