

Target Market Determination – Option Issue

Made by:	Andromeda Metals Limited ACN 061 503 375 (Issuer)
Product:	Options to acquire fully paid ordinary shares in the Issuer (Options) to be issued under a transaction specific prospectus dated 27 August 2024 (Prospectus)
Effective date:	27 August 2024

Background

This target market determination (**TMD**) has been produced by the Issuer in relation to an offer to issue the Options made by the Issuer under the Prospectus pursuant to section 713 of the *Corporations Act 2001* (Cth) (**Act**) and has been designed to help investors understand the class of consumers for whom the offer of Options is most suitable.

This TMD sets out the class of consumers whose financial objectives would likely be consistent with the distribution conditions and restrictions imposed on the distribution of the Options, as well as reporting requirements for distributors in accordance with the requirements of section 994B of the Act.

A copy of the Prospectus is available on the Issuer's website, <https://www.andromet.com.au/investors/asx-releases/>. The offer will be made under the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their stockbroker, accountant, solicitor and/or other professional adviser if they have any questions regarding the contents of the Prospectus.

This TMD is not a disclosure document for the purposes of the Act and does not provide a full summary of the product features or terms of the Options. This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Act. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This TMD is not intended to provide you with financial advice or take into account your objectives, financial situations or needs. Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

Product information

The key features of the Options are as follows:

Offer	<p>For every 1 new fully paid ordinary share in the capital of the Issuer (Shares) subscribed for under:</p> <ul style="list-style-type: none"> ▪ a pro-rata non-renounceable entitlement offer of Shares to Eligible Shareholders in Australia and New Zealand offered by the Issuer under the Prospectus (Entitlement Offer); and ▪ a placement conducted by the Issuer and announced to the ASX on 21 August 2024 (Placement); <p>each participant is entitled to receive one Option to acquire one Share under the Prospectus.</p> <p>20 million Options are also offered to the Joint Lead Managers to the Entitlement Offer and Placement, or their nominees (Broker Options)</p>
Eligibility	<ul style="list-style-type: none"> • Only Eligible Shareholders are entitled to participate in the Entitlement Offer. An Eligible Shareholder is a person: • who was a registered holder of Shares as at 7.00pm (AEST) on 30 August 2024 (being the record date for the Entitlement Offer); • whose registered address was in Australia or New Zealand or for certain sophisticated, institutional or other limited numbers of Shareholders, has a registered address in jurisdictions where the Company is satisfied that it is lawful to make the Entitlement Offer and issue the New Shares and New Options under the Entitlement Offer; • who is not in the United States nor acting for the account or benefit of a • who does not hold Shares on behalf of another person who resides outside Australia or New Zealand (unless they hold Shares in an eligible capacity). <p>Only Placement participants are able to participate in the offer for Placement Options.</p> <p>Only the Joint Lead Managers and their nominees are able to participate in the offer for the Broker Options.</p>
Exercise price	<p>The exercise price for the Options will be \$0. 0175 per Share.</p> <p>A minimum of 100,000 Options may be exercised under each notice of exercise.</p>
Expiry date	<p>Each Option will expire at 5.00pm (Melbourne time) on 30 September 2027 (Expiry Date).</p> <p>An Option not exercised before 5.00pm (Melbourne time) on the Expiry Date will automatically lapse at that time.</p>
Exercise period	<p>The Options are exercisable at any time on or prior to the Expiry Date.</p>
Shares issued on exercise	<p>Shares issued on exercise of the Options will rank equally in all respects with the then issued Shares.</p>
Transferability	<p>The Options are transferable and application will be made to have them quoted on the ASX.</p>

Target market

The objectives, financial situation and needs of investors which are suitable for investment in the Options and an explanation of why those particular financial circumstances are suitable are provided below:

Investment objective	<p>As the Options may be exercised at any time prior to the Expiry Date, the Issuer expects that an investment in the Options will be suitable to investors who wish to have the right, but not obligation, in the medium to long term (over 3 years) to acquire Shares.</p>
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Investment timeframe	The target market of investors will take a medium to long term outlook in relation to their investment in the Issuer, and are in a financial position that is sufficient for them to invest their funds over a time period of over 3 years should they wish to exercise their Options.
Investor suitability metrics	While the Issuer does not have an established eligibility framework for investors based on metrics such as employment status, income levels, age or an expected return or volatility, it is expected that the target market of investors will be those investors that wish to obtain optionality for exposure to the Issuer's ongoing operations.
Risk	The Issuer considers that an investment in the Options will have a different risk profile to a direct investment in Shares, including due to the fact that there is no obligation to exercise the Options prior to the Expiry Date. Investors should also have a sufficient level of financial literacy to understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.

The Options are not suitable for investors:

who are not seeking to have the potential to increase their investment in the Issuer; and

who do not understand and appreciate the risks of investing in options as an asset class generally and the more specific risks of investing in the Issuer.

The Issuer has assessed the Options and formed the view that the Options, including the key attributes set out in section 2, are likely to be consistent with the objectives, financial situation and needs of investors in the target market as described above in this section 3.

Distribution conditions

The Options will also be subject to the distribution condition that investors will be provided with a copy of the Prospectus and access to this TMD before they receive the Options.

The Prospectus will require investors to self-confirm that they meet the eligibility criteria of the expected target market outlined in this TMD.

The Issuer considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Issuer.

Review triggers

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment through the Issuer. It follows that the TMD will only apply in the period between the commencement of the offer of the Options under the Prospectus and the Closing Date (**Offer Period**), after which the TMD will be withdrawn.

To allow the Issuer to determine whether circumstances exist that indicate this TMD is no longer appropriate and that distribution of the Options should cease, the following review triggers will apply for the Offer Period:

- (a) there is a material change to the Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;
- (b) the Issuer lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- (c) the occurrence of a significant dealing in Options that is not consistent with this TMD;

- (d) the Issuer identifies a substantial divergence in how the Options are being distributed and purchased from this TMD;
- (e) an unexpectedly high number of complaints are received from holders that indicate the Options are not suitable for the target market or the product is not being distributed to the target market; and
- (f) material changes to the regulatory environment that applies to the Options.

The Issuer may also amend this TMD at any time.

Review

If a review trigger occurs during the Offer Period, the Issuer will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within 10 business days of the review trigger occurring.

Periodic reviews of the TMD will occur regularly during the Offer Period, noting that the Offer Period is likely to be for approximately two weeks.

Reporting requirements

As the Issuer is not appointing external distributors of the Options in respect of investors, the Issuer will consider any of the following matters:

- (a) complaints received by the Issuer in relation to the Options;
- significant dealings in the Options which are inconsistent with this TMD;
- any dealings outside the target market (to the extent that the Issuer is aware of such dealings); and
- the conduct of the Issuer under this TMD.

Where relevant, the Issuer will consider any of the above matters and determine appropriate steps that will be taken including, where appropriate, reporting of matters to ASIC.

This TMD has been authorised for release by the the board of directors of Andromeda Metals Limited.