HIGH PURITY ALUMINA & HALLOYSITE/KAOLIN DEVELOPMENT OPPORTUNITY

April 2018

ASX:ADN
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A TRANSFORMATION FOR ANDROMEDA

- Heads Of Agreement ("HOA") with Minotaur Exploration ("Minotaur") to acquire HPA/Halloysite projects and divest the Rover Cu/Au project.

- Poochera Project (South Australia) includes the **world class** kaolin/halloysite Carey’s Well Deposit, with a:
  - JORC 2004 Measured Resource of 16.3Mt
  - Resource is larger, has a higher Al% and with less impurities than a number of peer projects

- Testwork underway to determine **high purity alumina (HPA)** feedstock amenability, with results expected during the option period.

- Indicative **off-take agreement** commitments received from a number of Chinese companies keen to lock in long-term supply of high–quality halloysite/kaolin product.

- Estimated short 2-3 year timeframe to bring Carey’s Well kaolin-halloysite deposit into production with a projected **+20 year mine life**.

- Significant new opportunities emerging for Halloysite Nanotechnology applications.

- Market analysts forecast demand for HPA growing above 20%pa
EXPERIENCED BOARD AND MANAGEMENT

Rhod Grivas  Non-Executive Chairman
Geologist with 30 years experience, including 16 years of corporate/board experience. Previously taken projects from exploration to production, and was Managing Director of Dioro Exploration - South Kal/Frogs Leg Mines. Currently, Chair of Golden Mile Resources (ASX:G88)

James Marsh  Managing Director
30 years experience in the industrial minerals industry, specifically kaolin, including first hand experience with the Poochera project.
A qualified chemist who has worked extensively in sales and marketing in the industrial minerals sector. James has previously worked for Imerys, the world’s largest industrial minerals company, and has wide experience managing, marketing and sales in Asia and Europe.

Nick Harding  Executive Director
Accountant and company secretary with +30 years mining experience. Extensive experience in commercial mining and processing and resource project management, including 5 years as CFO for Olympic Dam.

Andrew Shearer  Non Executive Director
23 years experience in the mining and finance industries as a geologist/geophysicist and as a resources analyst. Currently NED with Northern Cobalt (ASX:N27).

CAPITAL STRUCTURE (20 APRIL 2018)

- Shares on Issue: 896,028,227
- Listed Options ($0.012/sh, exp 30/11/2020): 486,280,451
- Unlisted options ($0.015/sh, exp 31/03/2019): 2,476,507
- Cash (31/12/2017): $1.68m
- Market Capitalisation: $6m

Top 5 Shareholders:
- Buratu Pty Limited (Connolly Super Fund A/C): 14.3%
- Vulture Fish Pty Ltd: 2.83%
- Edward Garnet Bunn: 2.24%
- MLB Holdings Pty Limited (MLB Family A/C): 1.91%
- M Spicer Investments Pty Ltd (Martin Spicer Family A/C): 1.90%
POOCHERA
PROJECT OVERVIEW

Infrastructure
- Adjacent to Streaky Bay, SA, 130km (by road) east from Ceduna
- Port 15km from highway, power and rail infrastructure
- Tenements located on freehold land (sheep/wheat)

Defined Resource
- Carey’s Well kaolin (+halloysite) deposit:
  - JORC 2004 Measured Resource of 16.3Mt
- Extensive test work completed at Carey’s Well
  - Resource drilling
  - Bulk sampling
  - Pilot plant
  - Marketing

Indicative Offtake Agreements
- Indicative offtake agreements for 200,000t pa
- Increased demand for high quality Carey’s Well product from Chinese ceramics industry

Technology Potential
- HPA feedstock
- Proppants used in fraccing
- Strengthening additive for concrete
- For catalytic cracking of petrochemicals
CAREY’S WELL: PATHWAY TO PRODUCTION

- Complete HPA test work to confirm amenability of existing ore
- Update 2012 JORC resource based on Halloysite test work on existing drill samples
- Revise Scoping Study using updated resource and a dry-processing pathway
- Conduct additional bulk tonnage drilling to refine plant trials and financial modelling
- Engage with end users to convert ceramic market offtake agreements to binding agreements
- Advance environmental and community baseline studies for Feasibility Studies
- Accelerate HPA & proppant R&D and commercialisation
- Market products to catalyst cracking in the petroleum industry
- Collaborate with University of Newcastle to advance nanotechnology application studies
HIGH PURITY ALUMINA (HPA)

- High Purity Alumina (HPA) is aluminum oxide ($\text{Al}_2\text{O}_3$) powder with a purity equal or greater than 99.99%.
- HPA use is experiencing dramatic growth due to its extensive use in today’s high-performance electronic devices and electric powered vehicles, with market analysts forecasts for annual growth rate above 20%.
- HPA pricing escalates significantly based on purity levels.

4N HPA CONSUMPTION BY APPLICATION (2016)

- 4N HPA is the largest sector of the HPA market
- Current global 4N HPA market demand is ~26ktpa
- This is expected to increase to 48ktpa by 2025 driven by the phasing out of old and inefficient technologies (e.g. incandescent lighting), and increasing demand for clean technology industry materials (e.g. EPV batteries).

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>PURITY</th>
<th>PRICE (US$/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3N HPA</td>
<td>99.9%</td>
<td>$6,000</td>
</tr>
<tr>
<td>4N HPA</td>
<td>99.99%</td>
<td>$23,000</td>
</tr>
<tr>
<td>5N HPA</td>
<td>99.999%</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

PRODUCT PURITY PRICE (US$/t)

- 3N HPA 99.9% $6,000
- 4N HPA 99.99% $23,000
- 5N HPA 99.999% $50,000

4N HPA CONSUMPTION BY APPLICATION (2016)

- LED
- Semiconductor
- Phosphor
- Other

Other includes:
- Sapphire glass for smart phone screens - high growth
- Lithium ion battery separator coatings - high growth
- Optical windows
- Lenses
- Watch glasses
GLOBAL OPPORTUNITIES: HIGH PURITY ALUMINA

The ability for Carey’s Well to produce high purity 4N HPA represents a significant opportunity for development.

- Traditional manufacturing of HPA involves utilising expensive refined aluminum metal and intensive labour and energy costs resulting in a significant cost of production, with a stringent overlay of environmental and government regulations.
- New process flow paths for producing HPA using natural kaolin rather than aluminium metal as a starting point have been developed by new entrants Altech Chemicals (ATC), FYI Resources (FYI) and Hill End Gold (HEG).
- Kaolin from Carey’s Well is one of the purest kaolin feedstocks available with confirmatory testwork on the ability to produce 3N and 4N HPA undertaken in trials with Bureau Veritas, UniSA and the University of Newcastle.
- Acquisition has the potential to position Andromeda with the lowest Market Capitalisation, highest tonnage and grade resource in the Australian HPA market.

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<thead>
<tr>
<th></th>
<th>Type</th>
<th>Mkt Cap (A$m)</th>
<th>In-Situ Resource (Mt)</th>
<th>Mass yield (%)*</th>
<th>Al₂O₃ (%)*</th>
<th>Fe₂O₃ (%)*</th>
<th>TiO₂ (%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hill End Gold (HEG)</td>
<td>Kaolin</td>
<td>15</td>
<td>3.68</td>
<td>43%</td>
<td>34.7%</td>
<td>1.6%</td>
<td>1.12%</td>
</tr>
<tr>
<td>Andromeda Metals (ADN)</td>
<td>Kaolin</td>
<td>6</td>
<td>16.3</td>
<td>49%</td>
<td>38.0%</td>
<td>0.60%</td>
<td>0.50%</td>
</tr>
<tr>
<td>FYI Resources (FYI)**</td>
<td>Kaolin</td>
<td>25</td>
<td>16.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Altech Chemicals (ATC)#</td>
<td>Kaolin</td>
<td>70</td>
<td>12.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collerina Cobalt (CLL)</td>
<td>Latertic</td>
<td>61</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Note the various grades reported by the companies are based on different mesh sizes in particular FYI -45um, ATC -300um, HEG 63um & ADN -45um.
** Reported grades for FYI are based on ICP assay methodology versus XRF for other companies, therefore not shown on this table
# ATC has reported Fe₂O₃ and TiO₂ levels on the Reserve not the Resource.
HALLOYSITE: A RARE & HIGH VALUE KAOLIN DERIVATIVE

- High quality tableware ceramics (porcelain, bone china and fine china) for whiteness, translucency and plasticity (Approx.$500mt)
- Catalysts – Fluid Catalytic Cracking (FCC) is one of the most important conversion processes used in petroleum refineries (Up to $800mt)
- Proppant manufacturing for fraccting applications
- Carriers: biocides and medicines
- Coatings: flame retardants and nucleating agents
- Cosmetics: water purification, remediation and molecular sieves
- Concrete reinforcement
- The Poochera kaolin deposit is a naturally occurring blend of kaolin and halloysite.
- This can be selectively mined and dry processed for the ceramic and FCC industries, and wet processed at a suitable secondary location for other applications.

Halloysite is a rare ‘tubular shaped’ derivative of kaolin that has a wide variety of industrial uses.
GLOBAL OPPORTUNITIES:
NANOTECHNOLOGY APPLICATIONS

- Replacement for expensive carbon nanotubes - energy storage and carbon-hydrogen capture and storage applications
- Fibre reinforcement - plastics, body armour and blast protection
- Micro-containers - delivery of drugs, biocides and other active agents
- Early R&D research to study the structural characterisation and the application of Halloysite nanotubes sourced from Poochera and Camel Lake was undertaken with UniSA
- Now a major R&D industry hub has been set up at the University of Newcastle under a new Global Centre of Nanotechnology where halloysite nanotube technology applications will be researched.
- The nanotechnology team hold the Camel Lake and Poochera deposits in high regard

This new research of halloysite nanotubes for use in technologies such as CO₂ absorption, super capacitance and battery application represents an enormous opportunity with unlimited blue sky potential.
CAREY’S WELL DEPOSIT: SCOPING STUDY

- Minotaur ran an internal Scoping Study on the Carey’s Well Deposit.
- Pilot plant work demonstrated recovery of ~ 75% kaolin for semi-refined (dry processed) product.
- A range of halloysite/kaolinite product blends were obtained. The resource is located close to road, rail, and power.
- A number of port options for shipment of product are available.
- No environmental impediments from flora survey. Potential to complete decision to mine within 2-3 years
- Product marketed to potential end users, indicative offtake agreements in place for 200,000tpa

Minotaur has spent in excess of $5M on drilling, pilot & scoping studies, offtake agreements and R&D
IN CONCLUSION

- Acquisition of the Kaolin Project from Minotaur will provide Andromeda with an advanced project capable of being advanced rapidly through feasibility to a development decision within 2-3 years.
- The project comprises a globally significant resource of high quality product with a +20 year or significantly greater mine life.
- The price of halloysite kaolin is forecast to increase by 10% p.a.
- Significant new opportunities emerging for High Purity Alumina and Halloysite Nanotechnology applications.
- Indicative offtake agreements in place with Chinese ceramic manufacturers adding support for potential revenues to be generated by the project.
- Strong NPV and IRR return on base case modelling with unlimited upside due to market advances in HPA and Halloysite nanotechnology.
CONTACT DETAILS

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*(Commencing 1st June 2018)*

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Executive Director

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FARMIN DEAL PROPOSALS

Deal delivers Andromeda a cost effective entry into the HPA/Halloysite sector

**HOA TERMS**

<table>
<thead>
<tr>
<th>Term</th>
<th>Requirement</th>
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<tbody>
<tr>
<td>Option Period</td>
<td>60 days</td>
</tr>
<tr>
<td>Minimum Spend within 9 months</td>
<td>$400,000</td>
</tr>
<tr>
<td>Spend to achieve 51%</td>
<td>$3m within 2 years</td>
</tr>
<tr>
<td>Spend to achieve additional 24%</td>
<td>$3m within 3 years</td>
</tr>
<tr>
<td>Other</td>
<td>75% on Decision To Mine (DTM)</td>
</tr>
</tbody>
</table>

Shared risk/reward on both projects while limiting shareholder dilution
POOCHERA PROJECT & CAREY’S WELL DEPOSIT

The Carey’s Well kaolin Mineral Resource Estimate, and the supporting Exploration Data was published by Minotaur Exploration on 8 February 2012, refer ASX website https://www.asx.com.au/asxpdf/20120208/pdf/4247hg1j61295n.pdf. Minotaur confirms that all material assumptions and technical parameters underpinning the estimates published on 8 February 2012 have not materially changed. However, it must be noted that the kaolin resource estimate was not reported in accordance with the JORC Code 2012 and may not conform to the requirements in JORC Code 2012.
CAREY WELL: PROCESS FLOWSHEET

Simple low cost operation

Short construction time

Rapid entry to market

Perfect for resource and location

Mining → Stockpiles → Lump Breaker → Heated Classifier Mill

Transport → Bagging Operation → Product Silo → Bag House Filter
SIMPLIFIED HPA PRODUCTION ROUTE

Traditional multi-stage process route using refined aluminium metal

VERSUS

Simplified route using kaolin

HPA Process Plant
THANK YOU