

ASX Announcement

20 March 2020

**Andromeda Metals Limited**

ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (31 Dec 2019): \$4.37million

Issued Capital (20 Mar 2020):

1,468,282,145 ordinary shares

677,254,595 ADNOB options

99,000,000 unlisted options

Directors:**Rhod Grivas**

Non-Executive Chairman

James Marsh

Managing Director

Nick Harding

Executive Director and
Company Secretary

Andrew Shearer

Non-Executive Director

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Drilling underway at Mount Hope Halloysite-Kaolin Prospect

Summary

- A 1,400 metre aircore drilling program commenced this week at the Mount Hope Halloysite-Kaolin Prospect.
- The Mount Hope Prospect is located on Andromeda Metals' 100% owned EL 6286 located approximately 80 kilometres northwest of Port Lincoln in South Australia.
- The drilling is being undertaken within the historic Mount Hope kaolin resource of 12.26Mt that was outlined by Abaleen Minerals NL in 1973 (*refer ADN ASX release dated 24 Oct 2018*). This mineral resource estimate is not reported in accordance with the JORC 2012 Code and investors are cautioned that the Company has not yet completed the work to verify the historical resource estimate¹.
- Technical work conducted by the South Australia Department for Mines and Energy recognised the existence of high value halloysite-kaolin material similar to that found at the Poochera Project.
- Work is continuing on the Poochera Project Pre-Feasibility Study which is planned for release during late April/early May.

Discussion

Andromeda Metals Limited (ASX: ADN, Andromeda, the Company) is pleased to announce that drilling has commenced at the 100% owned Mount Hope Halloysite-Kaolin Prospect located approximately 80 kilometres northwest of Port Lincoln and 160 kilometres southeast of the Carey's Well Halloysite-Kaolin deposit.

The objective of the planned 1,400 metre aircore drilling program is to obtain new material to undertake test work in order to determine suitability for various applications and to verify the central portion of the historic kaolin resource in order to estimate a revised Mineral Resource compliant with the JORC 2012 Code.

Background

The Mount Hope tenement, EL 6286 which covers 227km² has had several stages of kaolin exploration conducted over an almost thirty-year period by companies looking for paper-grade kaolin. The previous work defined a resource consisting of approximately 74% filler quality and 26% coating quality material (refer ADN ASX announcement dated 24 October 2018 "Exploration Licence Application for Mount Hope Halloysite-Kaolin"). Subsequent mineralogical analysis by the South Australian Department of Mines and Energy in 1989 showed the presence of a significant amount of halloysite-kaolin, which is a rare and higher value form of the mineral. It was the presence of halloysite that ultimately made the Mount Hope kaolin unsuitable for use in paper applications.

Halloysite has many industrial uses beyond simple kaolinite and commands a significant premium above the average kaolinite price. The Poochera kaolin contains a variable natural halloysite-kaolinite blend that is in demand by the ceramic market while pure halloysite can be used in petrochemical refining markets and for developments in new high-tech and nanotechnology applications.



Figure 1 – Drilling underway at Mount Hope Halloysite-Kaolin Prospect

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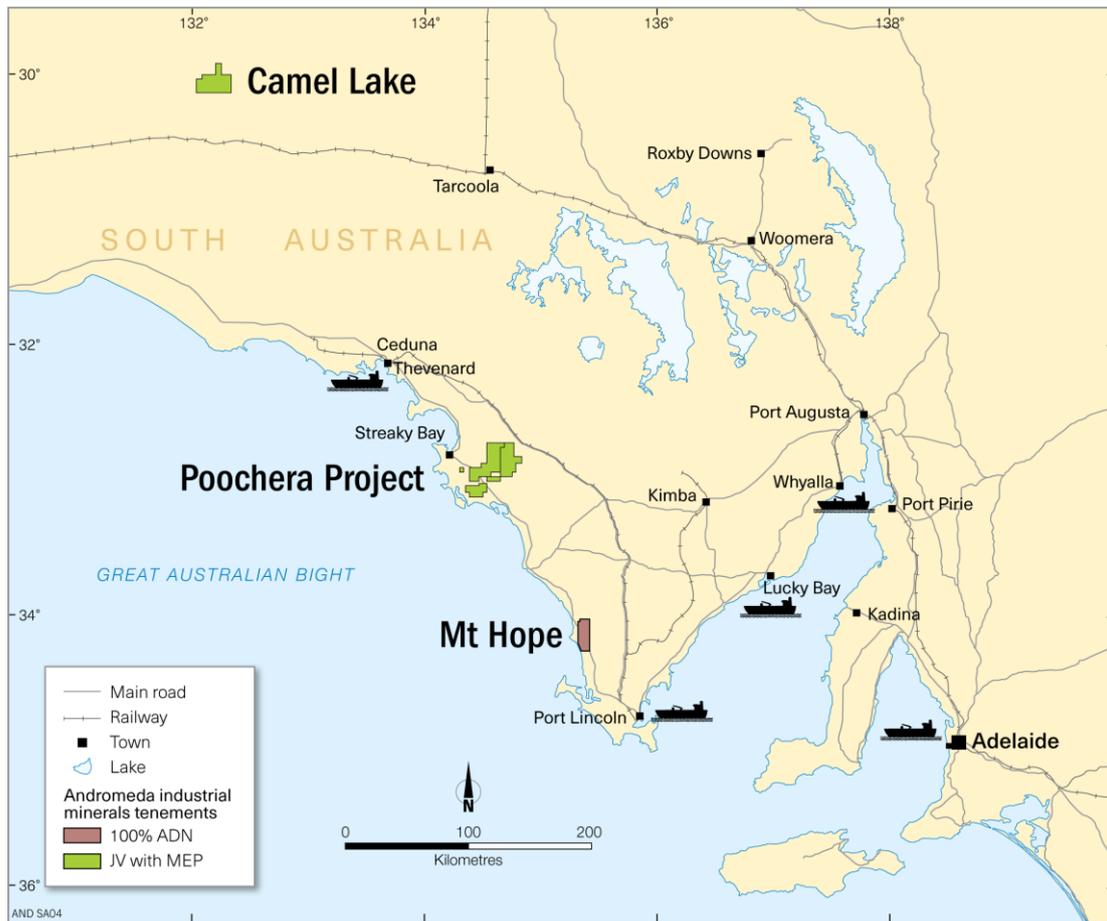


Figure 2 – Andromeda Metals Halloysite-Kaolin interests

Competent Persons Statement

Information in this announcement has been assessed and compiled by Mr James Marsh, a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Marsh an employee of the Andromeda Metals Limited has sufficient experience, which is relevant to metal recovery from the style of mineralisation and type of deposits under consideration and to the activity being undertaking to qualify as a Competent Persons under the 2012 Edition of the ‘Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves’. This includes over 30 years of experience in kaolin processing and applications.

The data in this announcement that relates to the Exploration Results for the 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.

1. Cautionary statement:

The historical estimate of Mineral Resources is not reported in accordance with the JORC 2012 Code. A Competent Person has not done sufficient work to classify the estimate of Mineral Resources in accordance with the JORC 2012 Code. It is possible that following evaluation and/or further exploration work the currently reported historical estimate may materially change and hence will need to be reported afresh under and in accordance with the JORC 2012 Code. ADN’s current drilling is being undertaken to validate the historical estimate and therefore is not to be regarded as reporting, adopting or endorsing the historical estimate