

ASX Announcement

18 May 2020

**Andromeda Metals Limited**

ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (31 Mar 2020): \$3.36 million

Issued Capital (18 May 2020):

1,494,216,474 ordinary shares

651,320,266 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

Joe Ranford

Non-Executive Director

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Drilling underway at the Condooringie Halloysite-Kaolin Prospect

Summary

- **Drilling has commenced at the Condooringie Prospect to follow up on the recently identified high-grade halloysite zone located 1 km to the north of drilling undertaken in December 2019, which significantly extended the kaolin zone to the south.**
- **The aim of the new drilling program is to infill between the two high-grade halloysite zones identified and potentially to define Bright White halloysite-kaolin over 2 kms of strike at Condooringie should the two zones be shown to be linked.**
- **Drilling is also planned to test the south and east of the southern zone at Condooringie which remains open in both directions.**
- **On receipt of final assays from both programs, it is the intention to prepare a JORC 2012 Mineral Resource for the Condooringie Prospect.**
- **Work is continuing on the Pre-Feasibility Study for Carey's Well, located approximately 5 kms from the Condooringie Prospect, which is planned for release before the end of May.**

Discussion

Andromeda Metals Limited (ASX: ADN, Andromeda, the Company) is pleased to announce that drilling has commenced at the Condooringie Halloysite-Kaolin Prospect (Figure 1) located approximately 5 kilometres northeast of the Carey's Well Halloysite-Kaolin Deposit (Figure 2), South Australia.

The objective of the planned 2,000 metre aircore drilling program is to identify extensions to the recently identified zones of high-grade halloysite-kaolin mineralisation at the Condooringie Prospect (*refer ADN ASX announcement dated 16 March 2020 "High Grade Halloysite Zone Identified at Condooringie"*).

Analysis by Andromeda of historical drillholes previously drilled by Minotaur Exploration Limited (ASX: MEP, Minotaur) in 2011 at the Poochera Halloysite-Kaolin Project defined a broad zone of high-grade halloysite 1 km to the north of the Condooringie Prospect where the April-May 2019 drilling program intersected high-grade halloysite (*refer ADN ASX announcement dated 12*

December 2019 “High-Purity Halloysite Confirmed at Poochera”). The Company is still awaiting the analyses of samples submitted from the December 2019 drilling program but based on visual appraisals of the samples collected, Andromeda was encouraged to undertake the infill and extension drilling. The current aircore drilling has the potential to define Bright White halloysite-kaolin at Condooringie over two kilometres of strike if the two zones are shown to be linked. A JORC 2012 Mineral Resource for Condooringie is to be determined once final assays are received for both the December 2019 and current drilling programs.

Bright White refers to material with an ISO Brightness (R457) (Reflectance) >75. ISO Brightness (R457) is an internationally accepted spectral criteria for determinations of brightness (refer MEP ASX announcement dated 8 February 2012 “Maiden Measured Resource for SA Kaolin Project” for more detail).

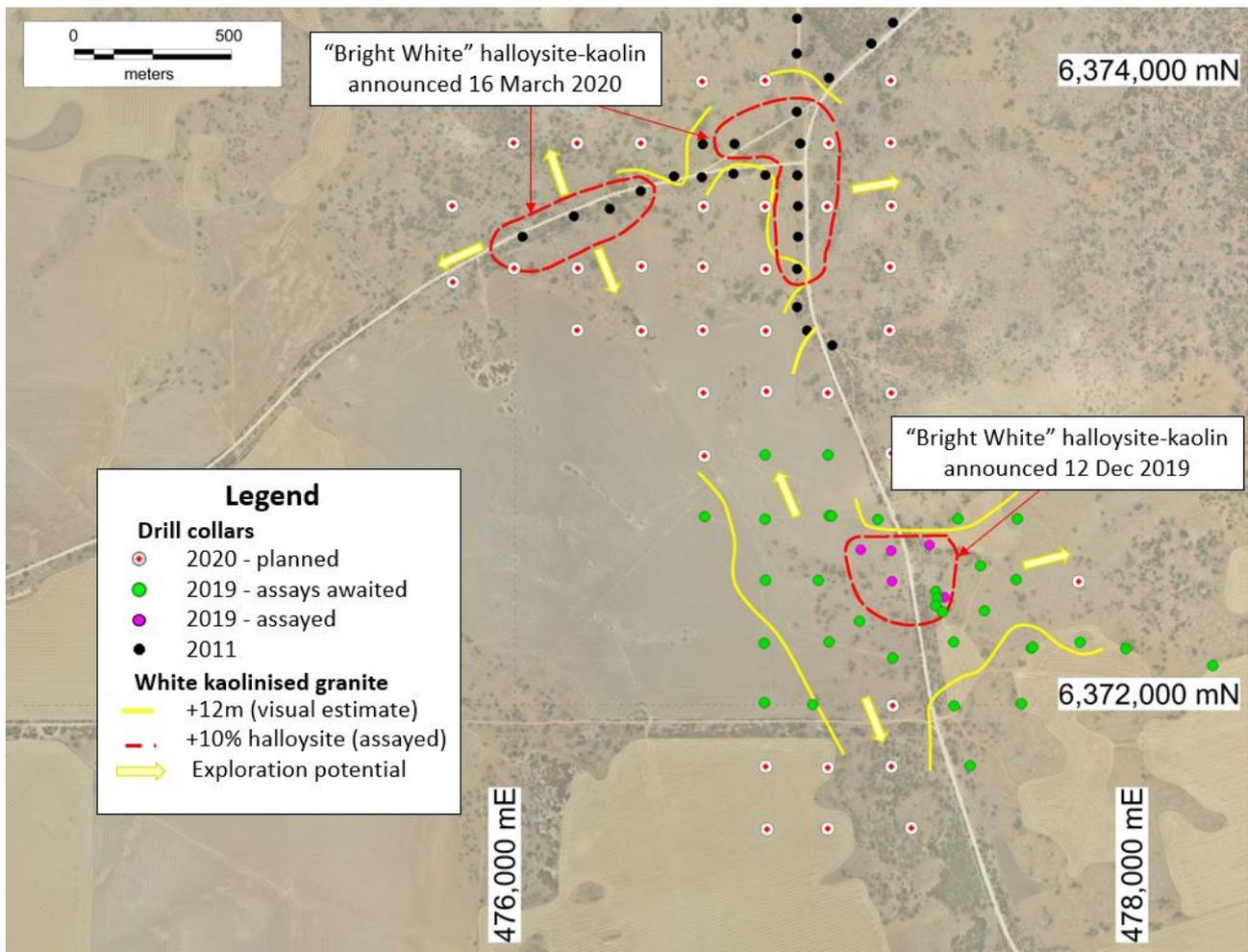


Figure 1 : Planned 2020 drilling at Condooringie Prospect with previous drill data’s 10% halloysite content outline (note: recent drilling awaiting analyses) and an updated 12m white kaolinised granite outline (MGA Zone 53, GDA 94).

The Poochera Project

The Poochera Halloysite-Kaolin Project covers two main geographic areas of interest, both situated in the western province of South Australia (Figure 3). The current main area of focus for the Project is on the Eyre Peninsula which comprises four tenements (Figure 4) and is located approximately 635 kms west by road from Adelaide and 130 kms south-east from Ceduna.

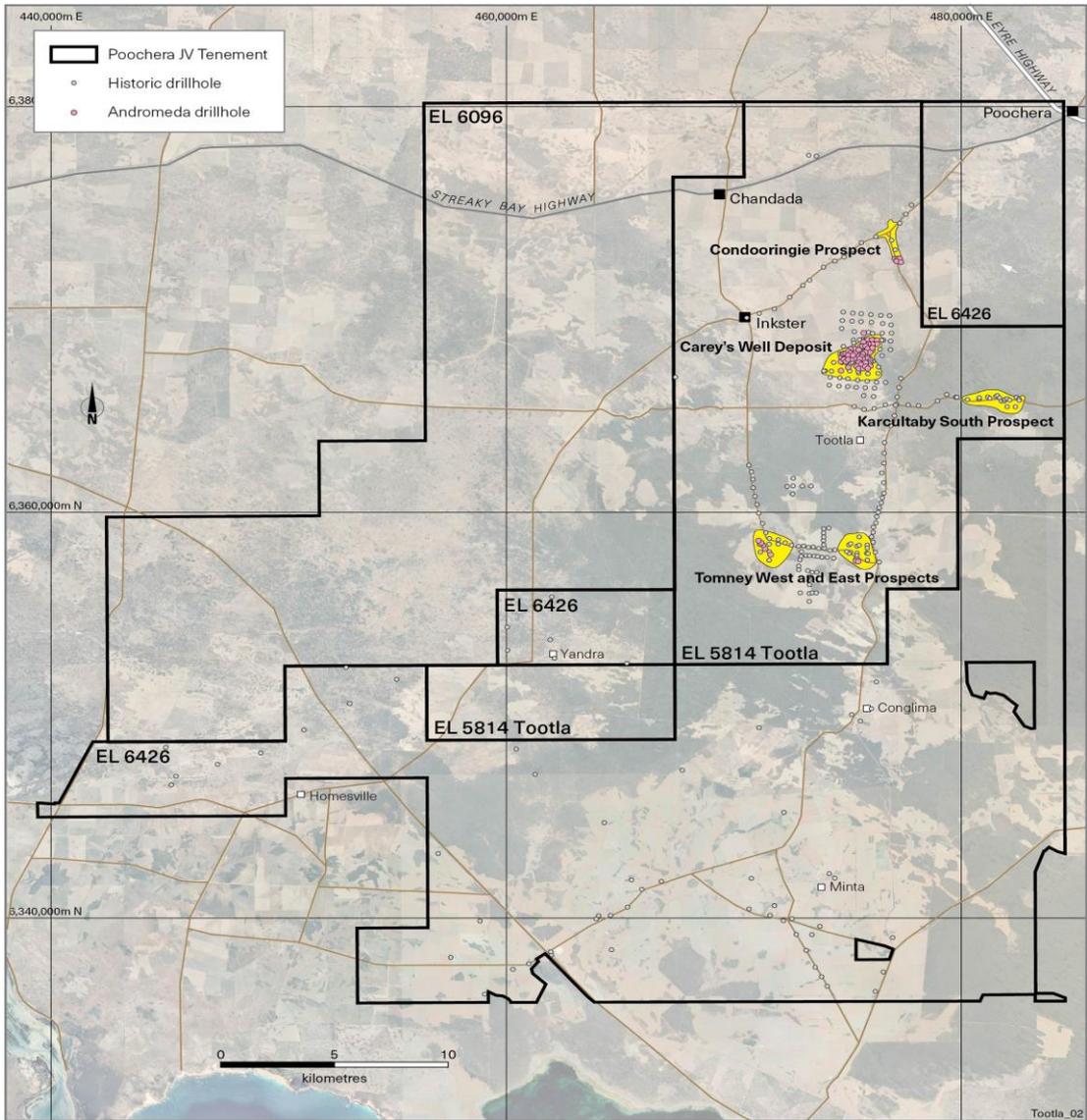


Figure 2 : Location of Halloysite-Kaolin Prospects at Poochera

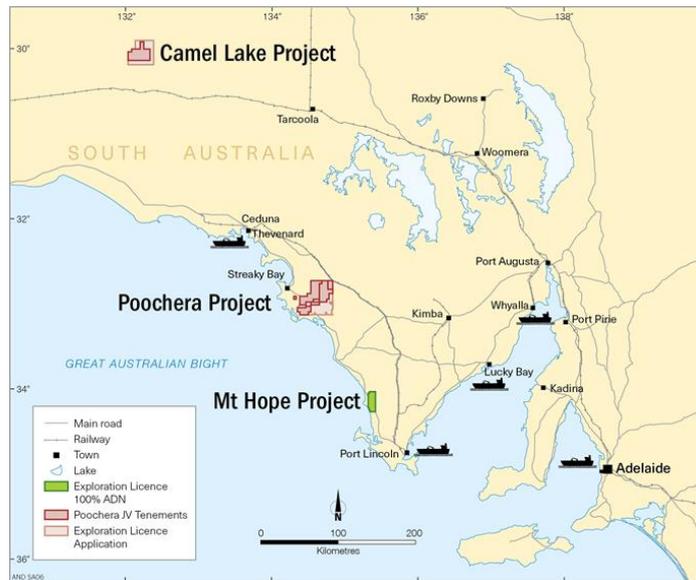


Figure 3 : Project location plan

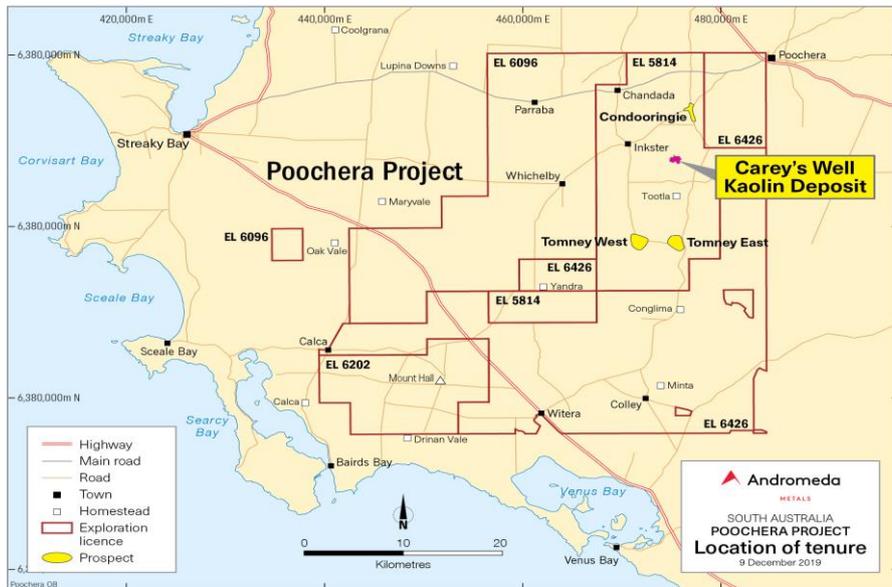


Figure 4 : Poochera Tenements

In addition to the Carey’s Well Deposit, additional high quality halloysite-kaolin prospects occur extensively across the Poochera Project area making this a region of global significance for the mineral with the potential of supporting a considerable long-life mining operation, should final feasibility studies determine the project to be economically viable. Halloysite is a rare derivative of kaolinite in which the mineral occurs as nanotubes. Halloysite has many industrial uses beyond simple kaolinite and commands a significant premium above the average kaolinite price. The Poochera kaolinite contain a variable natural halloysite-kaolinite blend that is in demand for the ceramic market while pure halloysite can be used in petrochemical refining markets, and for developments in new high-tech and nanotechnology applications.

The northern project area includes the near pure halloysite within the Camel Lake prospect on EL6128 (Figure 3) that could potentially be processed to provide a very high value pure product for the development of halloysite nanotube technology in the areas of energy storage, water purification, medicine, carbon capture/conversion to fuel and hydrogen storage.

Extensive test work has been completed on the Carey’s Well deposit, including a Scoping Study, resource drilling, bulk sampling, pilot test trials and marketing, and Andromeda is working towards a Mining Lease application as part of feasibility evaluations.

Andromeda Metals currently holds 51% of the Project and under the terms of the Poochera Halloysite-Kaolin Project Joint Venture with Minotaur, the Company can acquire up to 75% of the Project by either sole funding an additional \$3.0M over the 3 year period to April 2023 or alternatively by the Joint Venture partners making a decision to mine.

For further information Contact:

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Competent Person's Statements

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 Poochera 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.