



METALS

ASX announcement

16 April 2018

Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$1.687 million
(at 31 December 2017)

Issued Capital:
896,028,227 ordinary shares
486,280,451 ADNOB options
2,476,507 unlisted options

Directors:

Rhod Grivas
Non-Executive Chairman

Chris Drown
Managing Director

Nick Harding
Executive Director and
Company Secretary

Andrew Shearer
Non-Executive Director

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Rover Copper-Gold Project (100% owned), Northern Territory

\$5 million farm-in and joint venture to reinvigorate exploration on the Rover Copper-Gold Project - NT

Andromeda Metals Limited has executed a binding Heads of Agreement with Minotaur Exploration Limited (ASX: MEP) to form the Rover Joint Venture over the Company's 100% owned Rover Copper-Gold Project tenements in the Tennant Creek district in the Northern Territory.

- Under the terms of the Agreement, MEP will sole fund up to \$5 million through a staged earn-in over a maximum six year period to earn up to 75% equity.
- Minotaur Exploration Limited is a successful and highly regarded mineral exploration group. Its exploration team discovered the world-class Prominent Hill copper-gold deposit in 2001, and it specialises in the search for iron-oxide hosted copper gold deposits such as those which occur at Rover.
- The deal will result in the implementation of a reinvigorated exploration effort on the highly prospective Rover land holding.
- Minotaur's first on-ground exploration at Rover will commence next week with a trial electromagnetic survey to be undertaken to determine if the technique has application in the Rover Field.

Chris Drown
Managing Director

Introduction

Andromeda Metals Limited (“ADN”) has executed a binding Heads of Agreement with Minotaur Exploration Limited (ASX: MEP) to form the Rover Joint Venture over the Company’s Rover Copper-Gold Project in the Northern Territory.

The Rover Project comprises two wholly owned tenements (ELs 27372 and 27292) located 85km by road to the southwest of Tennant Creek (Figure 1).

The Rover Field is prospective for ironstone hosted copper-gold deposits geologically identical to deposits found in the Tennant Creek field, many of which exhibited high grades allowing them to be profitably mined.

The potential of the Rover Field to deliver valuable mineral deposits is demonstrated by the Rover 1 deposit, owned by Westgold Resources Limited (ASX: WGX), which persists to the southern boundary, and then crosses into, the Company’s tenements.

At 30 June 2017, WGX quoted a Mineral Resource, for that part of Rover 1 falling in its tenements, of 6.81 million tonnes at 1.73g/t gold, 1.2% copper, 0.14% bismuth,

0.06% cobalt and 2.07g/t silver, and WGX’s Rover 1 deposit represents arguably the most significant undeveloped mineral resource in the broader Tennant Creek/Rover district.

The Company acquired the Rover project tenements in 2005 from a subsidiary of Newmont Mining. In part consideration, Newmont was granted a royalty/buy back interest which it subsequently assigned to Franco-Nevada Australia Pty Ltd in 2009.

Andromeda Metals completed an extensive past exploration program on its Rover tenements, discovering deposits of copper and gold at the Rover 4 and Rover 1 prospects, and recording encouraging exploration results at other targets including Rover 12.

The advent of the Rover Joint Venture with MEP will re-invigorate the exploration effort on this highly prospective land holding.

Minotaur’s first on-ground exploration at Rover will commence next week with a trial electromagnetic geophysical survey undertaken to determine if the method has application in the Rover Field.

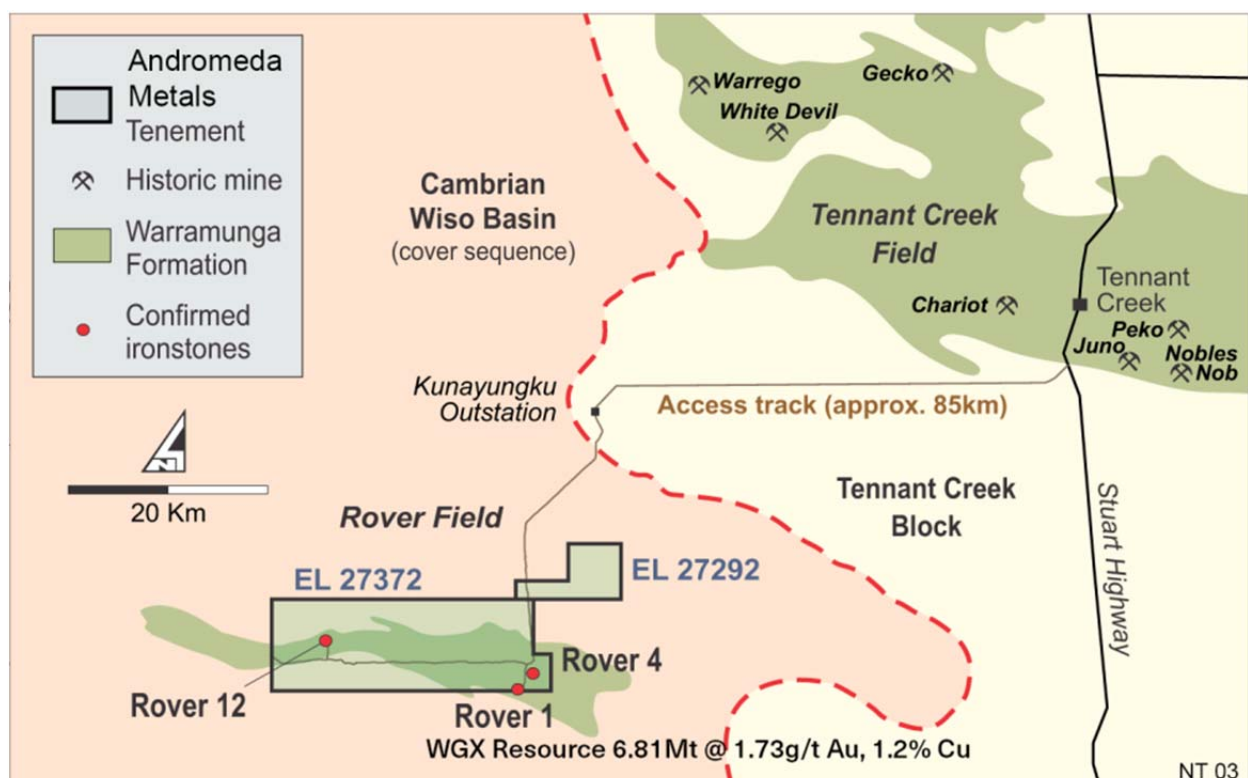


Figure 1: Rover Copper-Gold Project location plan

Rover Joint Venture terms

The principal terms of the Rover Joint Venture include:

- ADN has granted to MEP a 60 day Option Period in order to conduct appropriate due diligence activities;
- On exercising the Option, MEP can earn an initial 51% interest in the project tenements upon sole funding a total of \$2.0 million on exploration within three years of execution of the Heads of Agreement (Stage 1 Commitment);
- Notwithstanding the Stage 1 Commitment, MEP is required to contribute \$400,000 minimum expenditure within 9 months of signing of the HOA before it has a right of withdrawal;
- MEP can then elect to earn an additional 24% equity interest (75% in total) through expenditure of a further \$3.0 million (\$5.0 million in total) over a further three years (six years in total);
- On completion of MEP's sole funding commitments, either party may elect not to contribute to a proposed joint venture program and budget, in which case their interest in the joint venture will be reduced in accordance with a standard industry dilution formula;
- If any party dilutes to less than 5% equity interest in the joint venture, then that party's interest may be acquired by the other party at a price to be negotiated in good faith;
- MEP will manage and operate the joint venture whilst it is sole contributing and thereafter while ever it holds a majority equity.

About Minotaur Exploration Limited

Minotaur Exploration Limited ('Minotaur') is a public company listed on the Australian Securities Exchange (ASX) under the market code MEP. MEP commenced trading on ASX on 25 February 2005.

It has extensive minerals exploration tenements in South Australia, New South Wales, Victoria, Queensland and Western Australia.

Minotaur specialises in the application of innovative geophysical techniques to locate virgin mineralisation deep below the surface where conventional exploration methods such as soil sampling cannot be applied.

Minotaur's remote sensing and interpretative approach has proven highly successful, leading to the discovery of deposits including the world-class Prominent Hill orebody located in South Australia, and the group is highly regarded by its peers.

Minotaur is actively exploring IOCG style targets in Australia, where geophysics have identified numerous sub-surface anomalies prospective for copper-gold mineralisation and other targets prospective for base metals such as zinc, lead, copper.

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Drown is employed by Drown Geological Services Pty Ltd and consults to the Company on a full time basis. Mr Drown has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Mr Drown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC 2012 note

The information relating to Andromeda Metals' past exploration results and its assessment of exploration completed by past explorers was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Forward-Looking Statements

This ASX release may include forward-looking statements concerning Andromeda Metals Limited. Forward- looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward- looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Andromeda Metals' beliefs, opinions and estimates of Andromeda Metals as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.