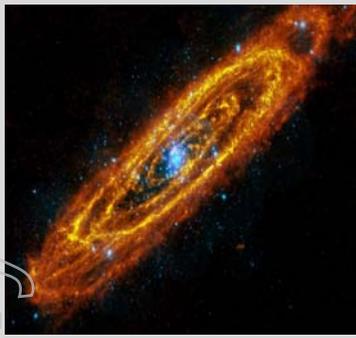


# ASX Announcement

21 February 2019

**Andromeda Metals Limited**

ABN: 75 061 503 375

**Corporate details:**

ASX Code: ADN

Cash: \$1.006 million  
(as at 31 December 2018)

Issued Capital:  
1,084,422,288 ordinary shares  
486,280,451 ADNOB options  
22,476,507 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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## Placement of \$1.76 million completed to advance Poochera Project

### Summary

- **Andromeda Metals has completed an oversubscribed share placement to raise a total of \$1.76 million before costs.**
- **Funds raised will be used in advancing the Poochera Project with the finalisation of the Scoping Study that is currently underway and scheduled for completion in the first half of 2019, to be followed by subsequent Feasibility Study and permitting work.**
- **A 140 tonne shipment of raw ore from the Carey's Well kaolin deposit at Poochera landed in China and awaiting commercial scale testing is anticipated to be processed in the coming weeks with processed product results to be provided to potential end-use ceramic customers for commercial evaluation.**
- **A drilling program is being finalised to target extensions to the currently defined Mineral Resource as well as infill and validation drilling within the mine design configurations.**

### Discussion

Andromeda Metals (ASX: ADN) is pleased to announce that it has received firm commitments from both existing holders and a variety of new institutional and sophisticated investors made under a fully subscribed share placement for which the funds received will be used to principally advance the Poochera Halloysite-Kaolin Joint Venture in addition to meeting working capital requirements.

A total of \$1,762,000 before costs will be raised through the issue of 271,076,923 ordinary shares at an issue price of \$0.0065 per share. The shares issued under the placement fall within the Company's existing capacity under ASX Listing Rules 7.1 (162,663,343 shares) and 7.1A (108,413,580 shares) and the issue does not require shareholder approval. In addition, under the terms of the share placement and subject to receipt of shareholder approval, three (3) attaching ADNOB listed options will be issued for every four (4) new shares subscribed, with each option having an exercise price of \$0.012 and an expiry date of 30 November 2020.

PAC Partners Securities Pty Ltd have acted as Lead Manager to the placement.

## The Poochera Project

The Poochera Kaolin-Halloysite Project covers two main geographic areas of interest, both situated in the western province of South Australia (Figure 1). The main area of focus, the Poochera Halloysite-Kaolin Project on the Eyre Peninsula comprises three tenements and is located approximately 635kms west by road from Adelaide and 130kms east from Ceduna (Figure 2).

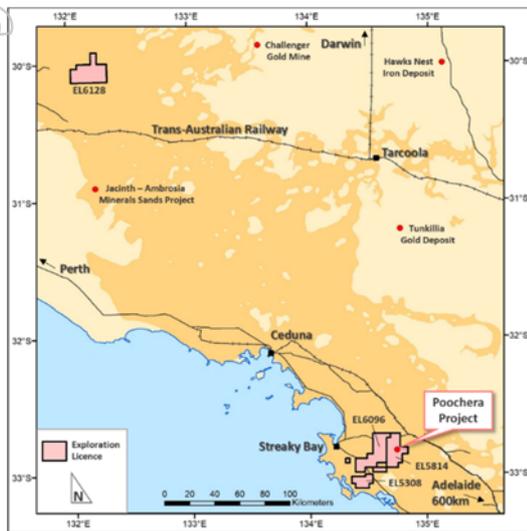


Figure 1 - Project location plan

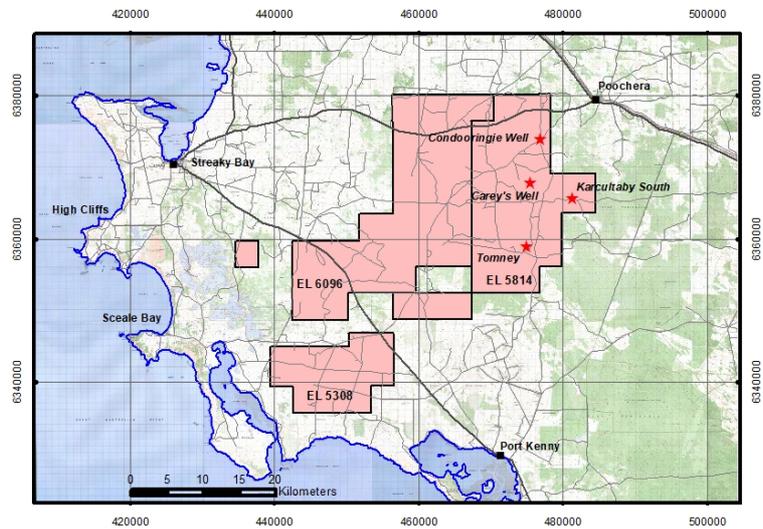


Figure 2 - Poochera Tenements

High quality kaolin-halloysite deposits occur extensively across the Poochera Project area making this a region of global significance for the mineral and capable 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 kaolin where the mineral occurs as nanotubes. Halloysite has a wide variety of industrial uses beyond simple kaolin and commands a significant premium above the average kaolin price. The Poochera kaolin deposits contains a variable natural halloysite-kaolin blend that is in demand for the ceramic and petrochemical refining markets, as well as developments in new high-tech and nanotechnology applications.

The northern project area includes the near pure halloysite Camel Lake deposit on EL6128 (Figure 1) that could potentially be processed to provide a very high value pure product for the development of halloysite nanotubes technology in the areas of energy storage and carbon-hydrogen capture and storage.

### Next Steps

Extensive test work has been completed on the Carey's Well deposit including JORC Mineral Resource estimations, bulk sampling, pilot test trials and marketing, and ADN is working towards a Mining Lease application as part of feasibility evaluations.

A Scoping Study of the Carey's Well deposit is underway and due to be completed by mid 2019, with a halloysite-kaolin Measured and Indicated Mineral Resource recently released (refer ASX release dated 12 February 2019). Mine designing, commercial scale analysis, ceramic end user evaluation and financial analyses amongst other studies are well advanced.

Additional drilling is planned to build on the previous drilling and analysis that was used to calculate the Mineral Resource. This drilling planned for March 2019 once regulatory approvals have been received will expand and infill the existing Carey's Well Mineral Resource to assist with the subsequent feasibility studies.

As part of the feasibility study the Company will advance the Mining Lease permitting required to fast-track the Carey's Well deposit through to a decision to mine.

### **Poochera Halloysite-Kaolin Joint Venture Terms**

Under the terms of the Poochera Halloysite-Kaolin Project Joint Venture with Minotaur Exploration Limited (ASX: MEP), ADN can acquire up to 75% of the project by either sole funding \$6.0M over 5 years or alternatively a decision to mine is made by the Joint Venture partners, with an initial 51% interest earned by the Company through the expenditure of \$3.0M on advancing the project within the first 2 years.

**For further information please contact:**

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