

ASX Announcement

29 September 2020



Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (30 June 2020): \$2.99 million

Issued Capital:

1,698,990,986 ordinary shares

449,045,754 ADNOB options

96,500,000 unlisted options

Directors:

Rhod Grivas

Non-Executive Chairman

James Marsh

Managing Director

Nick Harding

Executive Director and
Company Secretary

Joe Ranford

Operations Director

Andrew Shearer

Non-Executive Director

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Drilling underway at Wudinna Gold Project

Summary

- **Wudinna Gold Project joint venture partner Cobra Resources PLC has commenced a substantial RC drilling program to be conducted across a number of identified prospects within the Project.**
- **A total of up to 45 holes for 6,750 metres of drilling is targeted with the primary objective to define the orientation and extensions of mineralisation at various targeted areas prospective for gold.**
- **Cobra's stated aspirational aim is to build on the current Mineral Resource of 211,000 ounces towards an initial target of 1 million ounces of gold resource across the Project area.**
- **Completion of this exploration fieldwork will result in Cobra earning a 50% equity interest in the Wudinna Gold Project.**
- **ADN is encouraged by this significant exploration program being undertaken by its joint venture partner at Wudinna while the Company's focus is directed towards completion of the Definitive Feasibility Study and Mining Lease submission for the Great White Kaolin Project which is making steady progress.**

Discussion

Andromeda Metals (ASX: ADN) has been advised by Wudinna Gold Project Joint Venture partner Cobra Resources PLC (**Cobra**) that drilling has commenced in relation to a substantial RC drilling program at a number of identified targets across the Project.

Cobra is planning to complete 3 field exploration programs from late September through until December 2020, which will include up to 45 RC drill holes for up to 6,750 metres of drilling at Baggy Green, Baggy Green North, Clarke, Laker, Barns and Larwood prospects.

The first of these programs is a 3,750 metre RC drilling program for up to 25 holes to be undertaken at Baggy Green, Baggy Green North, Laker and Clarke which is now underway. Program 2, comprising the collection of approximately 150 auger geochemical samples at the Larwood prospect, is planned to commence in November 2020 once cropping activities in the area

are complete. Program 3 currently is designed to comprise a 20 RC drill holes for approximately 3,000 metres at Barns and Larwood.

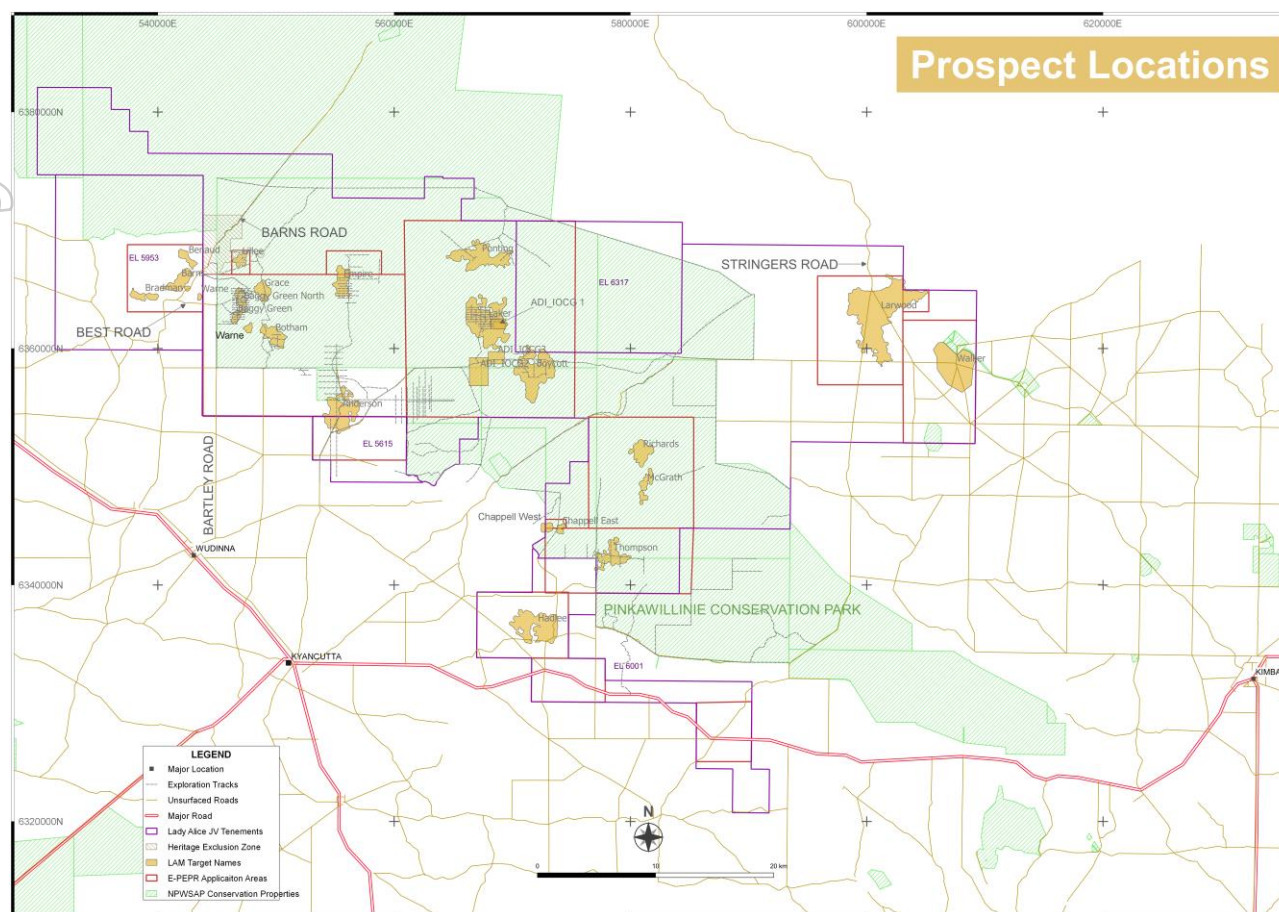


Figure 2: Eyre Peninsula Gold Joint Venture prospect locations

Cobra have stated that their prime objective for the extensive exploration program is to define the orientation and extensions of mineralisation at a number of the identified prospects across the Wudinna Gold Project with the strategic aim of building towards an initial target of 1 million ounces of gold resource. Currently a Mineral Resource of 4.43 million tonnes at 1.5g/t gold for 211,000 ounces has been reported at the Barns, White Tank and Baggy Green deposits which comprises 4.02 million tonnes at 1.5g/t gold for 193,000 ounces of Inferred Resource and 0.41 million tonnes at 1.4g/t for 18,000 ounces of Indicated Resource (refer ADN ASX announcement dated 8 May 2019 titled "Increased Ounces in Updated Wudinna Gold Project Mineral Resource").

Completion of this exploration program would see Cobra meet the Stage 1 expenditure commitment under the joint venture agreement by the agreed extended date of 31 December 2020, and result in Cobra acquiring a 50% equity interest in the Project.

Wudinna Gold Farm-in and Joint Venture

The principal terms of the Wudinna Gold Farm-in and Joint Venture which was executed on 31 October 2017 between ADN and Cobra include:

- Cobra will sole fund \$2.1 million within 3 years of execution to earn a 50% equity position (Stage 1 earn-in). Both joint venture partners have agreed to extend this to 31 December 2020.
- At the end of Stage 1, a joint venture can be formed, or alternatively Cobra can spend a further \$1.65 million over a further two years (total funding of \$3.75 million over 5 years) to earn a 65% equity interest (Stage 2 earn-in).

- At the end of Stage 2, a joint venture can be formed, or alternatively Cobra can spend a further \$1.25 million over a further 12 months (total funding of \$5.0 million over 6 years) to earn a 75% equity interest (Stage 3 earn-in).
- Once a joint venture is formed, the parties will contribute to further expenditure in accordance with their respective equity, or dilute using a standard dilution procedure.
- Should a party's equity fall below 5%, its equity will be compulsorily acquired by the other party at a price to be negotiated in good faith, or failing agreement, at a price determined by an independent valuer.
- Cobra must meet the requisite statutory expenditure requirements to keep the project tenements in good standing.
- Cobra will act as manager during the farm-in and thereafter while ever it holds at least 50% equity.

Deposit Descriptions

The Eyre Peninsula Gold Joint Venture comprises a 1,928 km² land holding in the Gawler Craton. The Wudinna Gold Camp within the Joint Venture tenement holding comprises a cluster of gold prospects which includes the Barns, White Tank and Baggy Green deposits (refer Figure 2).

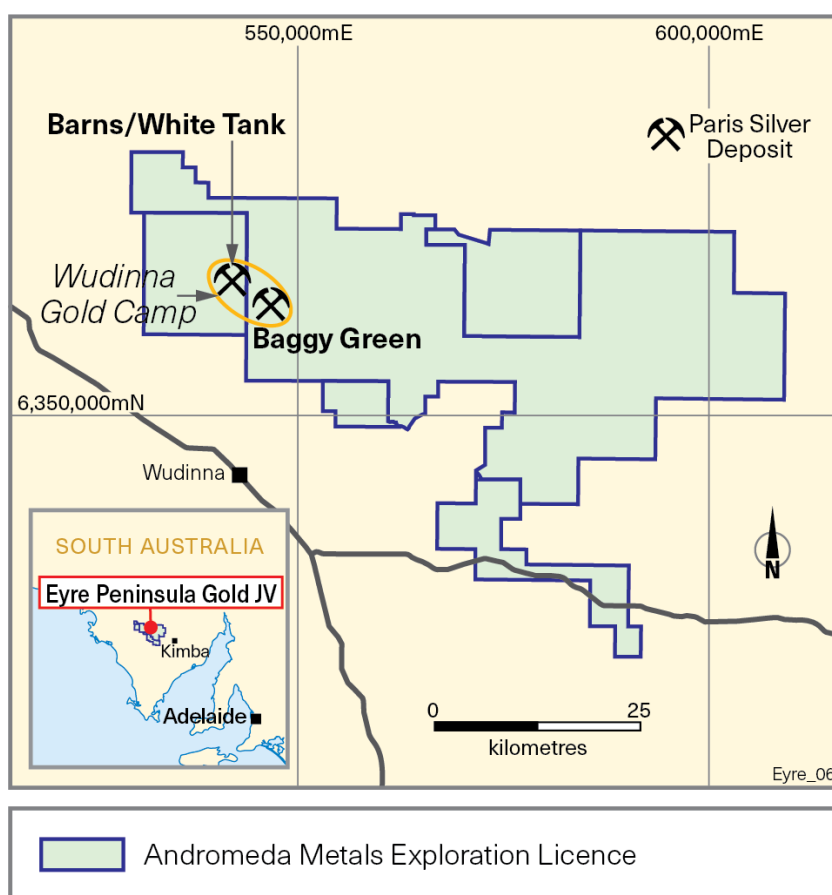


Figure 2: Eyre Peninsula Gold Joint Venture location plan

The Central Gawler Gold Province is a belt of gold-dominant mineralisation which formed approximately 1590 million years ago during the regionally extensive Hiltaba/GRV tectonothermal event. Gold mineralisation at the Barns, White Tank and Baggy Green deposits is hosted by variably deformed granodiorite/gneiss interpreted to belong to the Tunkillia Suite, a group of 1690Ma granitoids that form important host rocks in the Central Gawler Gold Province.

Interpreted mineralisation at Barns extends over an area of 400 mN by 250 mE and is up to 200 metres deep. Two lodes of flat-lying supergene mineralisation and 12 lodes of shallow dipping, fresh mineralisation have been interpreted.

At White Tank, the interpreted mineralisation extends for 250 mN by 150 mE and is up to 120 metres deep. One lode of flat-lying mineralisation and two shallow dipping lodes of mineralisation within fresh material have been interpreted.

The Baggy Green Resource has two areas of mineralisation: within the south the interpreted mineralisation extends over an area of 200 mN by 400 mE and in the north it extends over an area of 150 mN by 300 mE. One lode of flat-lying supergene mineralisation and 13 shallow dipping lodes of mineralisation have been interpreted within the fresh material to a depth of 200 metres.

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Competent Person's Statement

The data in this report that relates to Mineral Resource Estimates is based on information thoroughly reviewed 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.