



METALS



ANNUAL
REPORT
2017

Company information

DIRECTORS

Colin G Jackson	Non-Executive Chairman
Chris Drown	Managing Director
Nick Harding	Executive Director and Company Secretary
Jonathan Buckley	Non-Executive Director

REGISTERED AND PRINCIPAL OFFICE

69 King William Road
Unley, South Australia 5061

CONTACT DETAILS

Telephone: +61 8 8271 0600
Facsimile: +61 8 8271 0033
Postal: PO Box 1210 Unley BC SA 5061
admin@andromet.com.au
www.andromet.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000
GPO Box 1903, Adelaide SA 5000
Enquiries (within Australia): 1300 556 161
Enquiries (outside Australia): +61 3 9415 4000

AUDITORS

Deloitte Touche Tohmatsu
11 Waymouth Street
Adelaide, South Australia 5000

SOLICITORS

Minter Ellison Lawyers
25 Grenfell Street
Adelaide, South Australia 5000

BANKERS

Westpac Banking Corporation
155 Unley Road
Unley, South Australia 5061

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
ASX code: ADN

ABN/ACN

75 061 503 375 / 061 503 375

Front cover photo: Drilling
at the Baggy Green gold
resource, November 2016



Profile

Andromeda Metals Limited is an Australian Securities Exchange listed minerals exploration company based in Adelaide, South Australia. The Company's name changed from Adelaide Resources to Andromeda Metals on 1 January 2017.

The Company's Board of Directors comprises a team of four individuals with years of experience in the minerals industry, and with a strongly complementary range of technical, financial, managerial and directorship skills.

The Chairman, Colin Jackson, is a metallurgist with substantial global financial market experience. Colin previously held non-executive directorships with Terramin Australia, Intrepid Mines Limited and Red 5 Limited. During his tenure he guided the financing and development of the Paulsens gold mine in WA, the Angas zinc mine in SA, and the Siana gold mine in the Philippines.

Managing Director, Chris Drown is an exploration geologist with over 30 years resources industry experience. He has searched for minerals predominantly in the terrains in which the Company's main exploration assets are located, and has played a key role in the various mineral discoveries made by the Company.

Executive Director Nick Harding, who also acts as Company Secretary and Chief Financial Officer, is an accountant with 30 years' experience. He has previously held senior financial roles with WMC Resources Limited, Normandy Mining Limited and then Newmont Australia.

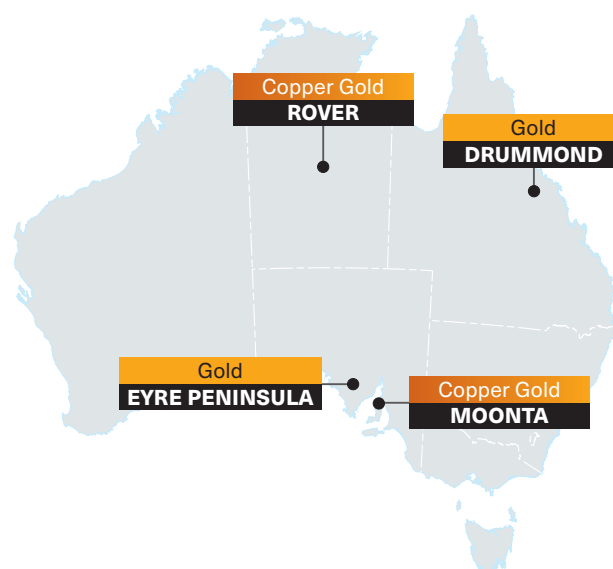
Non-Executive Director Jonathan Buckley holds an economics degree and is a corporate executive with extensive commercial and corporate finance experience spanning over 25 years in Australia and the United Kingdom.

Since its public listing in 1996, the Company's exploration projects have been located in South Australia, the Northern Territory, Queensland and Western Australia. The Company focuses its efforts on the discovery of gold deposits, complemented by exploration for copper and other metals.

Andromeda Metals' vision is to be a sustainable minerals exploration company providing shareholders with risk managed discovery, development and mining opportunities.

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Chairman's message

The past twelve months have been demanding and ultimately disappointing for management and shareholders alike.

In the prior twelve months, the Company operated a concentrated exploration programme on the two gold properties – the 100% owned Eyre Peninsula and Queensland Drummond Basin tenements. Sensing that funding again would dictate the extent of our activities, the board resolved to nominate the number one priority as advancement of the Wudinna Gold Camp on the Eyre Peninsula to Resource status.

This was achieved when further drilling intersected the highest grades recorded to date and an independent assessment resulted in a 200,000 ounce gold Mineral Resource, estimated in compliance with the JORC guidelines. The Company was further rewarded with some of the very best gold recoveries achieved using a standard gravity and leach metallurgical flowsheet.

These results, together with the associated logistical advantages of a location like Wudinna, and a positively disposed landowner, led to an unsolicited approach to partner development from an unlisted entity with near term gold producer status. Whilst partnering our best property was not on our original agenda, the Company's financial position and the potential introduction of a well-known earth moving contractor onto the entity's shareholder base encouraged active discussion.

In the end the entity's original business did not progress. The involvement of the earthmover did however prompt a first order mining study to be completed. This study showed a positive return but also recognised that additional inventory would be beneficial. A totally separate approach to purchase the property was also received but this reflected the Company's financial position rather than the intrinsic value of the tenements.

The Company was successful in a funding application from the South Australian Plan for Accelerating Exploration (PACE) initiative to advance the Eyre Peninsula gold project. However, with limited treasury funds the Company was only able to take advantage of a minor amount of the \$200,000 matching grant.

The second priority for the Company was to sell or joint venture the Moonta copper project with the aim of either generating cash to direct towards Eyre Peninsula or at the very least to retain an equity position whilst the cost of retaining and advancing the property was met by others.

Active discussions, which included site visits, detailed due diligence, laboratory test work and in one case, the drafting of extensive final legal documentation, continued with several parties throughout the year, demanding much of management's time. But all to no avail – despite the participation of a merger and acquisition specialist and a rising copper price. The Company continues to seek expressions of interest based on the concept of in-situ recovery technology.

No new field exploration activity was undertaken at Drummond, on the basis of it being higher risk than Eyre Peninsula in the context of limited treasury funds, whilst joint venture partners were responsible for advancing the Rover and Thurgla projects.

Corporate overheads were again reviewed to direct the maximum percentage of available funds to in-ground activity. Personnel numbers were reduced again as were salary levels with non-executive directors deferring all fees until such time as the Company finances are stronger and executive directors deferring 30% of their already reduced fees. At 30 June 2017, these deferred fees amounted to nearly \$70,000 and at the date of this report slightly in excess of \$100,000. Of course, during difficult times, the hours dedicated to resolving the Company's circumstances far exceed the norm. The tenement portfolio was again refined with properties dropped, applications withdrawn or in some cases ground surrendered to reduce the rentals.

On behalf of eligible shareholders the Company successfully participated for the second time in the Federal Government Exploration Development Incentive Scheme. This Scheme allows junior exploration companies with no taxable income to apply for a tax credit on green fields mineral exploration costs conducted in Australia. All of the eligible costs were recognised to deliver a total \$189,761 in tax credits to Australian resident shareholders for the 2016/17 financial year, bringing total credits achieved to nearly \$570,000.

My appreciation goes to our executive team who have unselfishly committed time and energy well in excess of normal expectations in an effort to reach a position where the business is on a more sustainable financial footing. Success or failure, which might see significant changes, is in the balance. Exploration is a high risk business with success blessed on few.



Colin G Jackson
Chairman

Managing Director's review

In my review in last year's Annual Report, I welcomed what appeared at the time to be a positive change in sentiment for junior ASX listed exploration companies such as Andromeda Metals. My optimism was perhaps premature as evidenced by the performance of the S&P Small Resources Index which rose only a modest 2.3% from a level of 1,936 at the start of the year to 1,981 on 30 June 2017.

The market conditions have again proved challenging for Andromeda Metals. Efforts to raise sufficient capital to progress our exploration assets at a pace both Shareholders and Directors would wish to see achieved have fallen short of our goals. Despite the difficult funding environment, the Company maintained a commitment to use investor's funds as intended by continuing to explore, while further tightening the administrative spend. I am pleased that these efforts resulted in Company plus joint venture exploration spending being approximately double the administrative spend over the year.

While FY16-17 was flat, the S&P Small Resources Index has appreciated over 18% since 30 June to late September 2017, and coupled with increased IPO and secondary capital raising activity in our sector, gives us hope that the halting recovery in exploration is once again gathering pace.

The AS price of Andromeda Metals' main target commodity, gold, fell around 7% over FY16-17. However, gold remains at an historically high price and companies producing or exploring for gold have enjoyed increased market interest over the year.

During the year Andromeda Metals' announced maiden Mineral Resources for the Barns, Baggy Green and White Tank gold deposits, all located in the Wudinna Gold Camp on the Eyre Peninsula. The consolidated resource position of 200,000 ounces represents an excellent platform from which to further grow resources and move towards mine development.

Metallurgical testwork on Barns and Baggy Green material was also completed, confirming exceptional gold recoveries averaging over 97% can be achieved using a conventional flowsheet.

The Board determined to direct limited funds to the Eyre Peninsula during the year and consequently no progress was made on the Drummond project in Queensland. The gold prospects at Drummond remain worthy drill targets and we remain committed to testing them when finances allow.

The price of copper, another commodity of interest to Andromeda Metals, finished the year at AS\$7,650, rising over 18% during FY16-17 and erasing falls seen in the previous two years.

Efforts to attract third party investment to the Moonta copper project in South Australia continue. After year end we recognised the potential to extract copper at two of the project deposits using in-situ recovery (ISR) methods, with early work indicating that many of the technical attributes critical to ISR appear to be present. We also confirmed that cobalt at potentially economic levels is present at a number of the Moonta prospects. Cobalt's price has increased by around 140% over FY16-17 as its demand for use as a "battery" metal increased.

At Rover in the Northern Territory copper-gold-cobalt mineralisation of Tennant Creek style occurs below barren sedimentary cover. A farm-in and joint venture was formed to explore Rover with Emmerson Resources in 2016, however after year end Emmerson prematurely withdrew from the deal. The Company is now looking for alternative third party funding for the project.

A drilling programme completed by the Thurlga Joint Venture on the Eyre Peninsula, made a potentially significant graphite discovery with wide, high grade graphic units intersected.

The Company relinquished lithium focussed licence applications over salt lakes in South Australia, but progressed to grant hard rock focussed applications in the Northern Territory and Western Australia. These tenements are also prospective for other metals including tungsten (NT) and gold (WA).

STRATEGY

To achieve the goal of growing shareholder wealth, Andromeda Metals' directors have formulated a Company strategy comprising the following key elements:

- The Company will maintain a focus on gold exploration, with copper a secondary target commodity. Directors believe the outlook for these metals remains positive, and consider these are commodities well suited to Andromeda Metals capability and expertise. The principal focus for the 2016/17 financial year has been to advance the Wudinna Gold Camp on the Eyre Peninsula towards mine development.
- The Company's Board believes it is in shareholders' best interests to retain maximum equity in its tier one projects and consequently seeks to self-fund exploration programmes on these projects when equity markets allow. The Board will contemplate third party investment in a tier one project if it believes the consequent loss of shareholder equity is more than compensated by increased financial certainty and the project de-risking that may accrue.
- The Company will pursue opportunities which have potential to unlock value in its other mineral assets, and will maintain an active lookout for quality new projects in Australia and a watching brief overseas.
- The Company will adhere to principles of good corporate governance, caring for its employees, conducting its operations in an environmentally sensitive manner, and maintaining respect for other stakeholders and for the communities in which it operates.



Chris Drown
Managing Director

Overview of projects

Eyre Peninsula Gold Project

SOUTH AUSTRALIA

Andromeda Metals 100%

The Eyre Peninsula Gold Project comprises six wholly owned tenements that total 2,052 km² in area (Figure 1). The licences fall in the Central Gawler Gold Province, an arcuate geological belt that is prospective for gold and other metals. WPG Resources Limited's Tarcoola gold mine, which commenced production in November 2016, also falls in the Central Gawler Gold Province.

The Eyre Peninsula Project includes the wholly owned Wudinna Gold Camp, a cluster of prospects including the Barns, Baggy Green and White Tank deposits located about 20 kilometres north of the township of Wudinna. Work completed during the year has been aligned with the goal of advancing the Wudinna Gold Camp into mine production.

In July 2016 the Company released a maiden Mineral Resource for the Barns deposit. The resource was estimated in accordance with the requirements of the JORC Code 2012, and completed with the assistance of independent consulting group Mining Plus Pty Ltd.

The Barns Mineral Resource estimate totals 2.11 million tonnes at 1.6g/t gold for 107,000 ounces at a 0.5g/t gold cut-off grade. The Resource is classified into 380,000 tonnes of Indicated and 1,730,000 tonnes of Inferred Resources.

A reverse circulation drilling programme totalling 23 holes for 2,515 metres was undertaken at the Baggy Green prospect, located only 5.5 kilometres southeast of Barns, with the goal of defining shallow mineralisation that could materially add to the 107,000 ounce Barns resource. Analysis of the drill samples confirmed the presence of shallow high grade gold with adjacent 50 metre spaced holes BGRC-1222 and BGRC-1223 respectively recording 16 metres at 5.72g/t gold and 11 metres at 9.32g/t gold, the best gold intersections to date (Figure 2).

In January 2017, Mineral Resource estimations, again completed with the assistance of Mining Plus Pty Ltd, were completed for the Baggy Green deposit, and also for the White Tank deposit which is located 1 kilometre south of the Barns resource.

The Baggy Green Mineral Resource estimate totals 1.56 million tonnes at 1.64g/t gold for 82,400 ounces at a 0.5g/t gold cut-off grade. The White Tank Mineral Resource estimate totals 0.176 million tonnes at 1.92g/t gold for 10,900 ounces at a 0.5g/t gold cut-off grade. Both Resources are classified as Inferred.

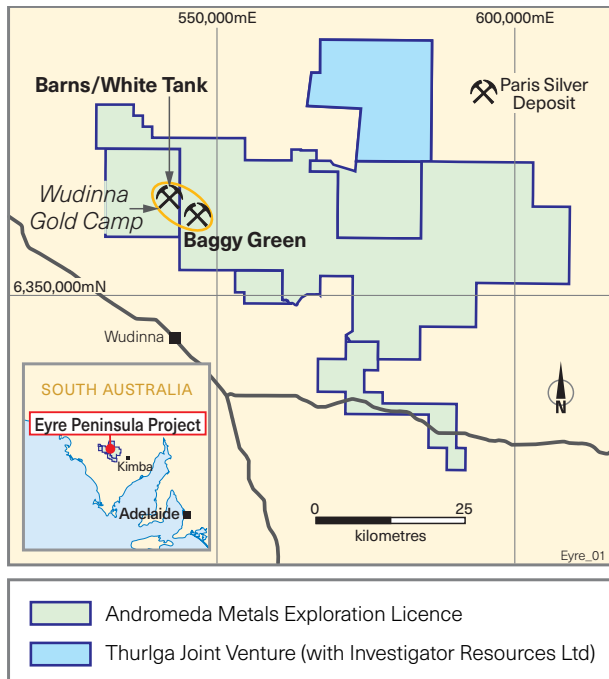


Figure 1: Eyre Peninsula Gold Project location.

The consolidated Wudinna Gold Camp Mineral Resource, including the Baggy Green, White Tank and Barns gold deposits, therefore totals 3.84 million tonnes at 1.62g/t gold for 200,300 ounces using a 0.5g/t gold cut-off grade, comprised of 0.38 million tonnes at 1.40g/t gold for 17,000 ounces of Indicated Resource and 3.469 million tonnes at 1.64g/t gold for 183,300 ounces of Inferred Resources (Table 1).

All three of the deposits remain open down-dip and Baggy Green in particular presents excellent along strike targets. Additionally other nearby exploration targets and opportunities that can also deliver additional resources with exploration success were confirmed.

Metallurgical testing was conducted on composited samples from the Barns and Baggy Green deposits, with the composites representing both primary and oxide/supergene mineralised material.

At Barns gravity and cyanide leaching of the gravity concentrate and tailings recovered 98.8% of the gold in a supergene sample, and an average of 97.5% of the gold in primary samples. At Baggy Green recovery in a supergene sample was 94.3%, while recoveries for primary samples averaged 98.7% (Table 2). These outstanding gold recoveries were achieved with

modest reagent additions. Gravity and cyanide leaching therefore presents a viable conventional flowsheet for the Wudinna Gold Camp.

The forward programme on the Eyre Peninsula Gold project will comprise exploratory drilling to expand the Wudinna Gold Camp resource base, resource in-fill drilling to allow conversion of Inferred to Indicated Mineral Resources, metallurgical studies to optimise grind size/ recovery parameters, and financial modelling to establish project economics.

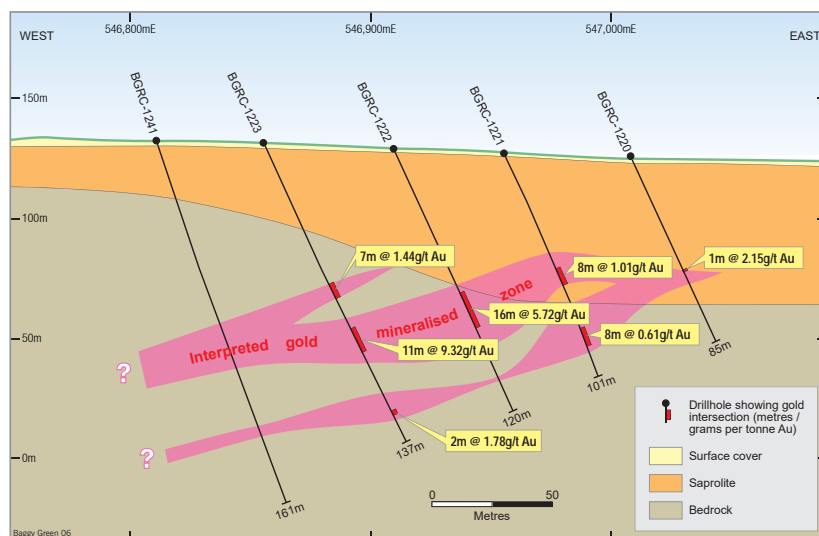


Figure 2: Baggy Green Prospect, section 6363140mn looking north.

Table 1: Wudinna Gold Camp consolidated classified Mineral Resources.

Deposit	Mineralisation	Cut-off	Indicated			Inferred			Total		
			g/t Au	Tonnes	g/t Au Ounces	Tonnes	g/t Au Ounces	Tonnes	g/t Au Ounces	Tonnes	g/t Au Ounces
Barns	Supergene	0.5		380,000	1.40 17,000	230,000	1.30 10,000	610,000	1.40 27,000		
	Primary	0.5				1,500,000	1.70 80,000	1,500,000	1.70 80,000		
	Total	0.5		380,000	1.40 17,000	1,730,000	1.60 90,000	2,110,000	1.60 107,000		
Baggy Green	Primary	0.5				1,563,000	1.64 82,400	1,563,000	1.64 82,400		
	Total	0.5				1,563,000	1.64 82,400	1,563,000	1.64 82,400		
White Tank	Supergene	0.5				43,000	1.35 1,900	43,000	1.35 1,900		
	Primary	0.5				133,000	2.10 9,000	133,000	2.10 9,000		
	Total	0.5				176,000	1.92 10,900	176,000	1.92 10,900		
Wudinna Gold Camp	Supergene	0.5		380,000	1.40 17,000	273,000	1.36 11,900	653,000	1.38 28,900		
	Primary	0.5				3,196,000	1.67 171,400	3,196,000	1.67 171,400		
	Total	0.5		380,000	1.40 17,000	3,469,000	1.64 183,300	3,849,000	1.62 200,300		

The preceding statement of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 edition. All tonnages reported are dry metric tonnes. Minor discrepancies may occur due to rounding to appropriate significant figures.

JORC Note: The table above is taken from ADN's ASX release dated 23 January 2017 titled "Wudinna Gold Camp Mineral Resource jumps to 200,000 ounces of gold." for which the Competent Persons were Mr David Adams, an employee of Andromeda Metals, and Mr David Coventry an employee of Mining Plus Pty Ltd. The Company confirms that all material assumptions and technical parameters underpinning the estimate reported in the 23 Jan 2017 ASX release continue to apply and have not materially changed, and that the form and context of the findings of the Competent Persons of the 23 Jan 2017 ASX release have not been materially modified.

Table 2: Barns and Baggy Green metallurgical testwork results.

Deposit	Composite number	Grind 80% passing	Reagent (kg/t)		Gold assay (g/t)		Gold extraction (%)		
			lime	cyanide	Calc. head	residue	gravity	leach	total
Barns	B Supergene	75µm	1.15	1.27	2.76	0.03	23.9	74.9	98.8
	B Primary #1		0.20	1.08	2.20	0.04	55.0	43.1	98.1
	B Primary #2		0.20	0.92	1.39	0.04	43.0	53.9	96.9
Baggy Green	BG Supergene	75µm	2.62	1.11	2.21	0.13	40.0	54.3	94.3
	BG Primary #1		0.20	0.95	5.36	0.04	75.0	24.2	99.3
	BG Primary #2		0.15	1.31	2.44	0.04	45.0	54.3	99.3
	BG Primary #3		0.19	1.02	4.04	0.10	58.6	38.9	97.5

JORC Note: The testwork results were announced in ADN's ASX releases dated 16 January 2017 and 6 July 2017 for which the metallurgical Competent Person was Dr Nigel Ricketts, an employee of Altrius Engineering Services. The Company confirms that all material assumptions and technical parameters underpinning the results reported in the 16 January 2017 and 6 July ASX releases continue to apply and have not materially changed, and that the form and context of the findings of the Competent Persons of the 16 January 2017 and 6 July ASX releases have not been materially modified.

Overview of projects

Drummond Epithermal Gold Project

QUEENSLAND

Andromeda Metals 100%.

Andromeda Metals holds 100% equity in four tenements securing an area of 838 km² in the northern Drummond Basin in Queensland (Figure 3). The Drummond Basin is prospective for high grade epithermal gold deposits such as Pajingo which has produced approximately 3 million ounces of gold.

Surface geochemistry and prospecting in the 2015/16 financial year defined four previously untested targets on the Drummond project, with the Bunyip prospect particularly highly rated.

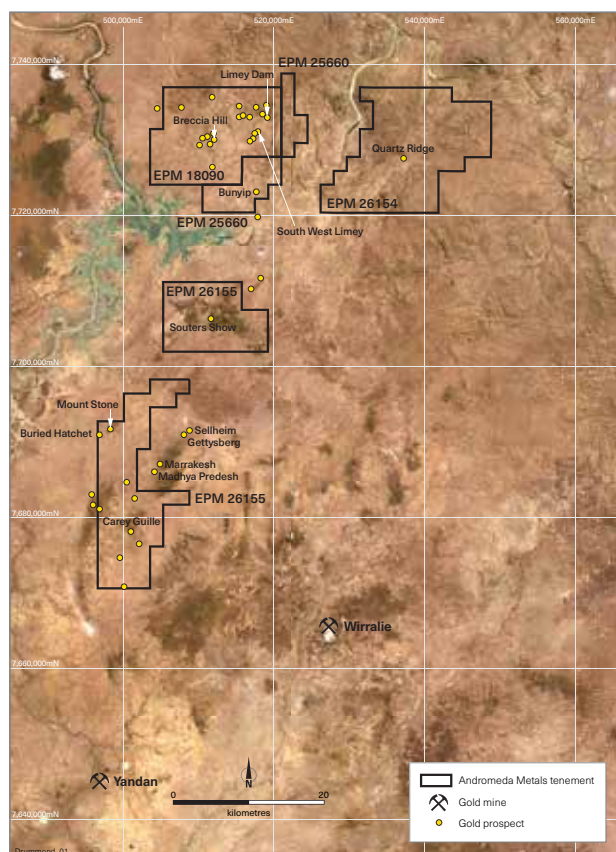


Figure 3: Plan of Drummond epithermal gold tenements.

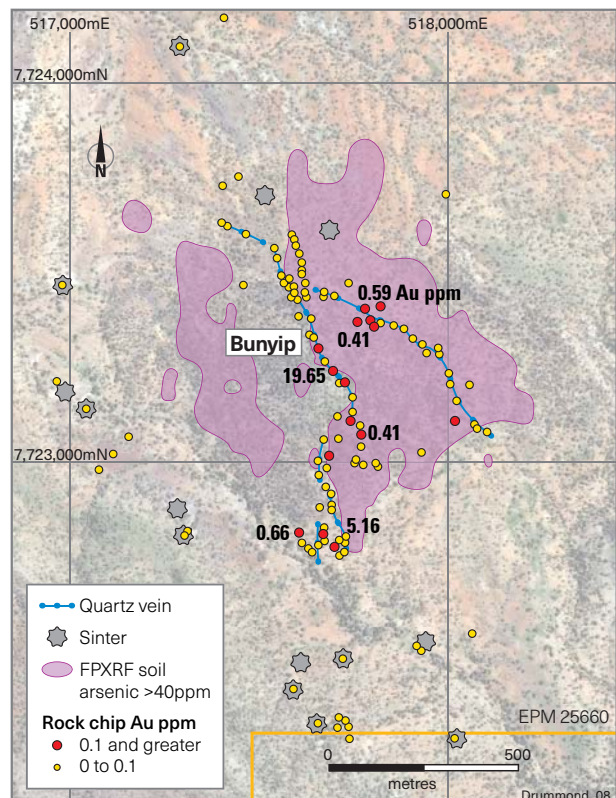


Figure 4: Bunyip prospect summary plan.

Bunyip comprises 2,000 metres of outcropping quartz veins containing anomalous gold and high level pathfinder metals (Figure 4). Anomalous arsenic, shallow level quartz vein textures, and the presence of sinters indicate that the Bunyip epithermal system is only eroded to shallow levels with any gold zone potentially preserved at depth. Rock chip samples record a maximum of 19.65g/t gold confirming high grade potential. The quartz veins show good continuity, and Bunyip is regarded as a high quality drill target.

Drill testing of Bunyip and the other targets was postponed due to the Company's constrained funding position. The prospects represent high quality but early stage opportunities and the Company remains committed to drilling them when funding allows.

Thurlga Joint Venture

SOUTH AUSTRALIA

Andromeda Metals 25%, Investigator Resources 75%



The Thurlga Joint Venture with Investigator Resources Limited (IVR) is exploring a 333 km² exploration licence adjacent to the Eyre Peninsula Gold Project tenements (Figure 5).

Soil sampling completed in 2016 defined a number of silver and base metal anomalous features, five of which were tested in a programme of aircore drilling totalling 20 holes for 1,076 metres. Anomalous silver and base metals were intersected at two targets.

More significantly, five holes drilled at the Ironstone prospect intersected substantial graphite mineralisation, with grades up to 16.5% TGC (total graphitic carbon) recorded in 3-metre composite samples. Hole TH17AC037B recorded 30 metres at 10.0% TGC, while TH17AC034 recorded 10 metres at 8.3% TGC.

An airborne RepTEM survey flown over the Thurlga tenement in 2010 reveals a series of linear conductive features that extend for 25 kilometres in aggregate strike length. The RepTEM conductors are coincident with the graphitic drill intersections and are likely to be sourced by the graphitic units.

Drilling completed to date indicates the graphitic formations are up to 500 metres wide and, should they extend along the 25 kilometres of strike indicated by the RepTEM conductors, the resource potential is very substantial.

IVR met its obligation to spend a total of \$750,000 on exploration by 30 June 2017, and consequently has earned a 75% equity interest in the Joint Venture, with the Company retaining a 25% equity interest.

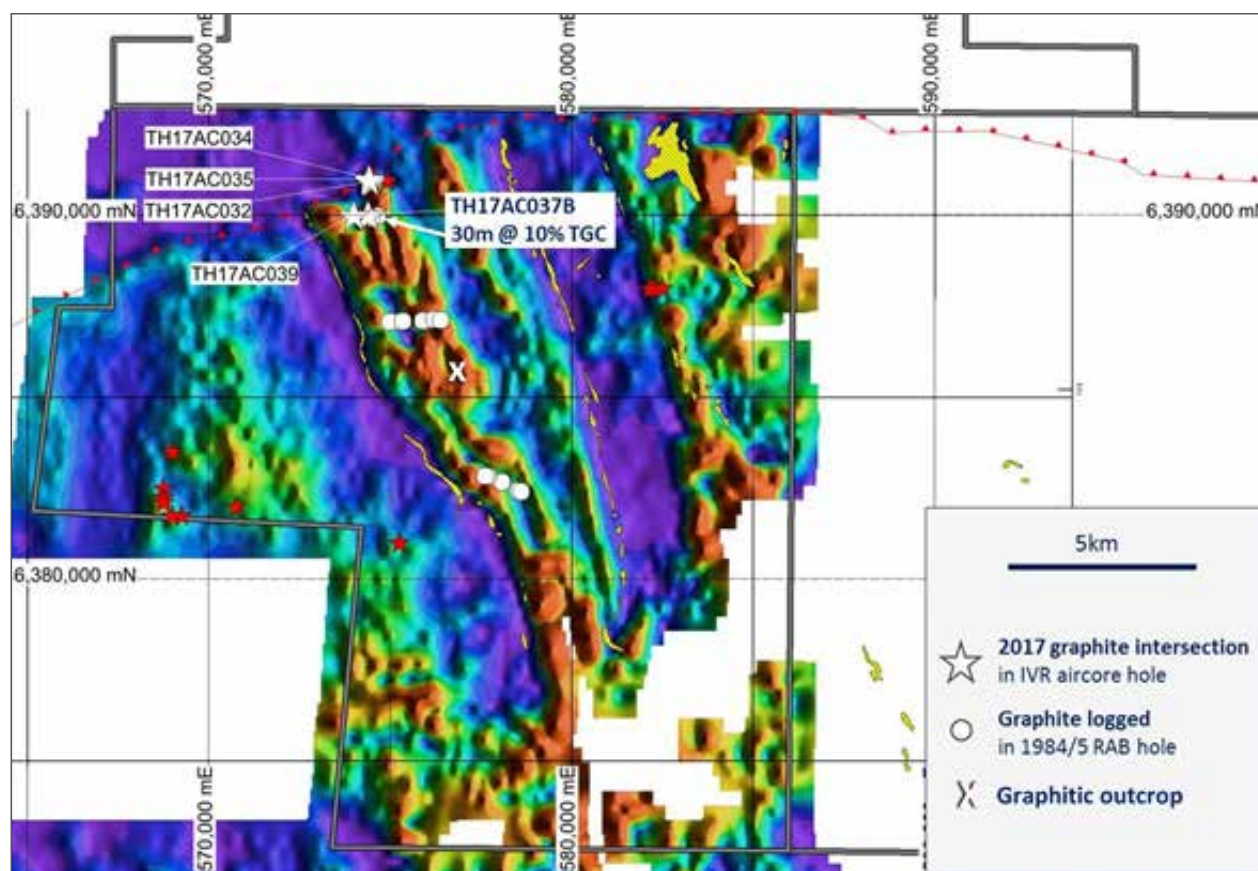


Figure 5: Conductivity image (-80m depth-slice) from 2010 airborne RepTEM survey. Graphite occurrences in drilling and outcrop are coincident with conductive trends in the RepTEM survey.

Overview of projects

Moonta Copper Gold Project

SOUTH AUSTRALIA

Andromeda Metals 100% (except Moonta Porphyry JV:
Andromeda Metals 90%, Minotaur Exploration 10%)

The 819 km² Moonta Copper Gold Project falls near the southern end of the world class Olympic Copper-Gold Province in South Australia (Figure 6). The Olympic Copper-Gold Province is highly prospective for Iron Oxide Copper Gold (IOCG) deposits, with Olympic Dam, Prominent Hill and Moonta-Wallaroo being three mines with past or current production. OZ Minerals is now also developing a mine at the Carrapateena deposit.

The Company aims to secure third party investment for the Moonta project and has maintained an ongoing effort to achieve this during the year. A party with whom the

Company had been negotiating a Heads of Agreement failed to meet various deadlines for reasons not related to the project, while an offer received from another party was rejected on value and execution risk grounds.

A review of historical drill hole assays on the Moonta project confirms the presence of significant cobalt in conjunction with copper mineralisation at a number of prospects. At Willamulka steeply dipping cobalt lodes are traceable for over 800 metres of strike (Figure 7), while a number of holes at Alford West also contain cobalt. Drill intersections include 5 metres at 0.32% cobalt at Willamulka and 9 metres at 0.13% cobalt at Alford West.

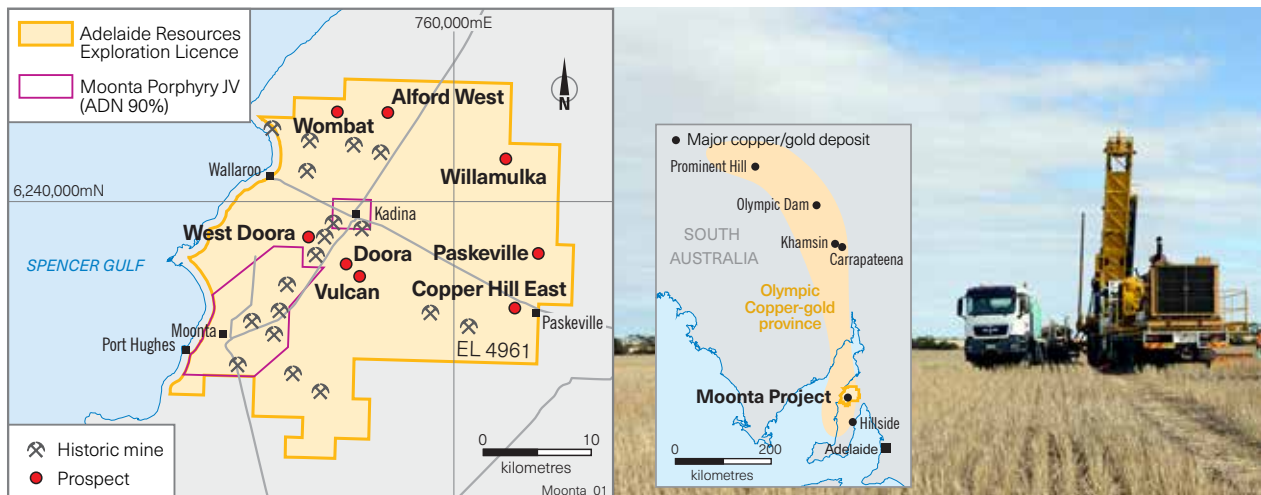


Figure 6: Moonta copper gold project location plan.

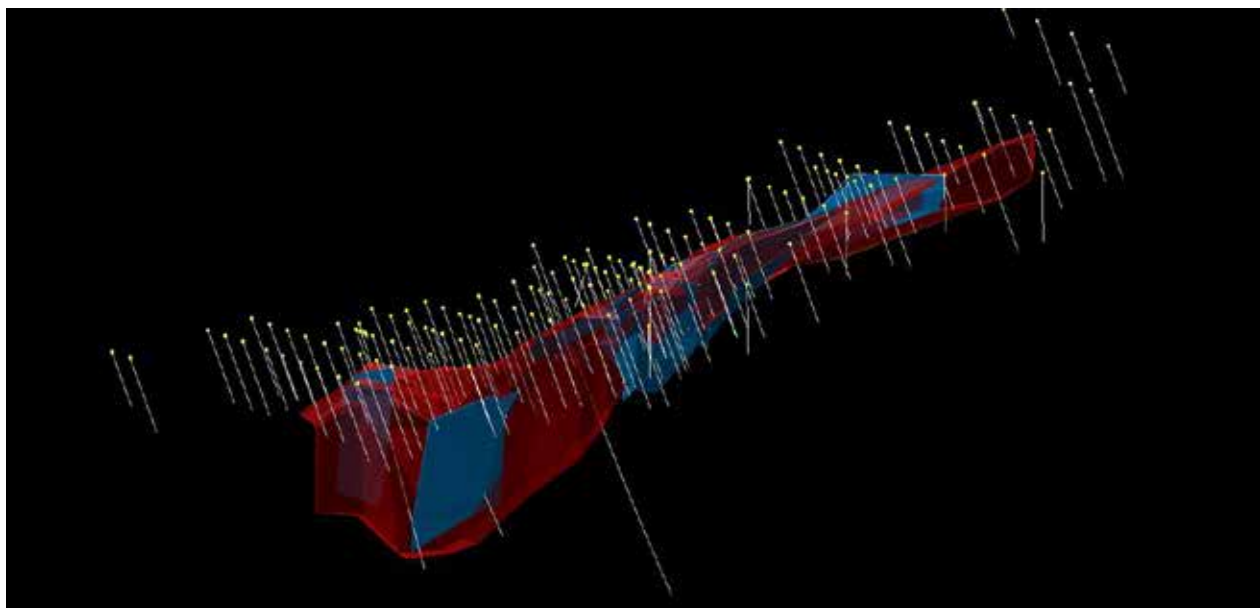


Figure 7: Willamulka deposit oblique view. Copper body in red, cobalt lodes in blue.

After year end the Company announced it was also assessing the potential to produce copper using in-situ recovery (ISR) methods at the Wombat and Bruce deposits, where copper mineralisation occurs in sub vertical weathering troughs that extend hundreds of metres below the surface (Figure 8).

Material in the troughs appears to be both porous and permeable, allowing lixiviant flow and copper phase contact, while the troughs are enclosed by fresh impermeable rock that can prevent lixiviant escape. Preliminary leach tests on composite samples from Wombat and Bruce confirm copper solubility of up to 65%.

A combined Exploration Target has been estimated for the Wombat and Bruce ISR opportunity, with the estimate being 80 million to 120 million tonnes at a grade of 0.18% to 0.23% copper (145,000 to 275,000 copper tonnes), comparable to resources at international ISR copper projects. The potential tonnage and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to

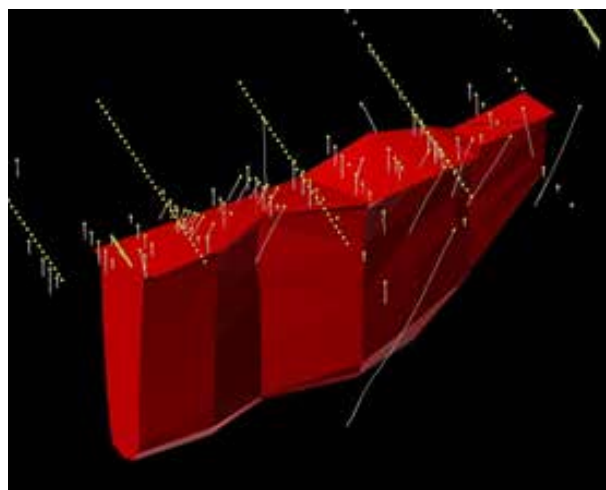


Figure 8: 3-D model of Wombat trough.

estimate a Mineral Resource, and it remains uncertain if further exploration will result in the estimation of a Mineral Resource. The Company is in discussions with third parties familiar with ISR operations.

Rover Copper Gold Project

NORTHERN TERRITORY

Andromeda Metals 100%

The Rover project covers 287 km² in the Rover Field southwest of Tennant Creek (Figure 9). 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.

In November 2016 the Company announced it had negotiated a farm-in and joint venture for Rover with Emmerson Resources Limited, however after year end Emmerson withdrew prematurely from the agreement having earned no equity in the project.

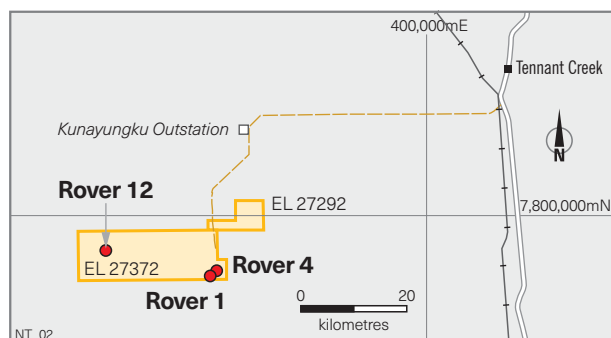


Figure 9: Rover copper gold project location plan.



Emmerson's exploration was restricted to completing a modest trial 3-D IP geophysical survey over the Rover 4, Rover 11 East and Rover 11 Central prospects, identifying anomalous responses at two targets.

Emmerson did no drilling at confirmed deposits like Rover 1 (historical ADN drill intersections include 55 metres at 3.36% copper and 0.12% cobalt, and 15 metres at 1.73% copper and 5.72g/t gold); Rover 4 (21 metres at 2.33% copper and 0.94g/t gold); nor any work at the promising early stage Rover 12 target (4 metres at 5.57g/t gold and 1.22% copper).

Andromeda Metals therefore holds the view that the limited work completed by Emmerson has not altered the perceived high prospectivity of the project, nor downgraded any of the established targets. The Company will seek to attract third party funding for Rover.

Overview of projects

Coolgardie Gold Project

WESTERN AUSTRALIA

Andromeda Metals 100%

Exploration licence E15/1520 "Prince of Wales" covers an area of 93 km² and is located 40 kilometres southwest of Coolgardie in the Western Australian goldfields (Figure 10).

The tenement secures a circular package of Archaean greenstones surrounded by granite bodies. The greenstones comprise mafic, ultramafic and sedimentary rocks, and are typical of the sequences that host significant gold and nickel mineralisation in the Yilgarn Craton.

Gold mineralisation in the area is confirmed by the presence of the historical Prince of Wales gold mine which is held under a small prospecting lease excised from, but surrounded by, E15/1520.

During the year a reinterpretation of historical surface geochemical exploration data was completed, defining a gold anomaly located within the Company's ground just southeast of the Prince of Wales prospecting lease. Past RAB drilling tested only the northernmost part of the anomaly, intersecting anomalous gold.

The tenement is also conceptually prospective for lithium bearing pegmatite dykes, having a geological setting closely analogous to the Lepidolite Hill lithium deposit located 25 kilometres to the east.

Surface programmes of mapping and geochemistry to evaluate gold and lithium potential are planned.

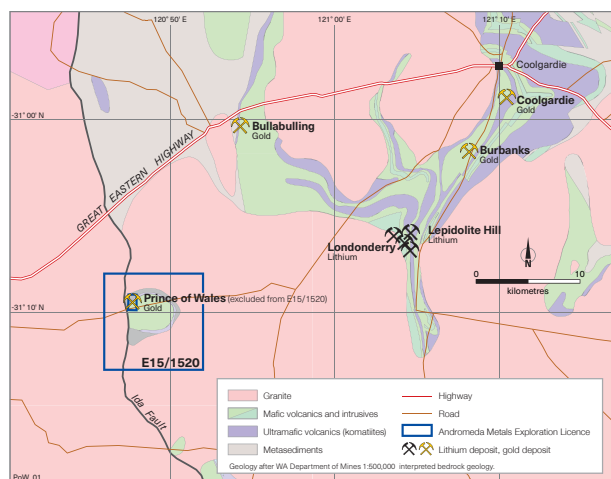


Figure 10: E15/1520 Prince of Wales location plan.

Davenport Tungsten Project

NORTHERN TERRITORY

Andromeda Metals 100%

EL31211 "Newlands Creek", covers an area of 540 km² in the Davenport Province in the Northern Territory. The tenement was acquired to secure ground that showed potential to host hard rock lithium-tungsten-tantalum-niobium mineralisation associated with the Elkedra Granite (Figure 11).

A modest surface programme was completed with 26 rock chip samples collected and assayed, and 63 Field Portable X Ray Fluorescence (FPXRF) soil sample analyses made to confirm if the target metals were present. The sampling was completed at five targets, including the Juggler prospect.

Significant tungsten, tantalum, niobium, bismuth and molybdenum were recorded in samples taken from a quartz-tourmaline vein at Juggler, reaching maximums of 1.41% WO₃, 53.9ppm Ta, 100ppm Nb, 262ppm Bi and 2340ppm Mo respectively. No significant lithium is present in the assayed samples.

The outcropping Juggler vein trends northwest, is up to 1 metre wide, and persists for over 50 metres before disappearing beneath colluvial cover to the southeast and soil cover to the northwest.

The trial FPXRF soil survey found anomalous tungsten coincident with the vein outcrop, suggesting this low cost method can be used effectively as an exploration tool.

Whether the Company pursues this opportunity in its own right or with a qualified partner is yet to be determined.

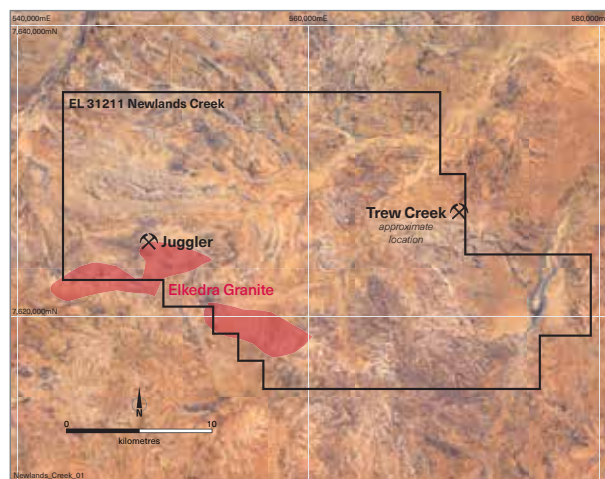


Figure 11: EL31211 Newlands Creek location plan.

Schedule of tenements

AS AT 30 JUNE 2017

Tenement	Tenement Name	Area (km ²)	Registered Holder or Applicant	Nature of Company's Interest (%)
South Australia				
Eyre Peninsula Gold Project				
EL 5381	Pinkawillinie	186	Peninsula Resources Ltd ¹	100%
EL 5120	Corrobinnie	1397	Peninsula Resources Ltd	100%
EL 5615	Wudinna Hill	42	Peninsula Resources Ltd	100%
EL 5953	Minnipa	184	Peninsula Resources Ltd	100%
ELA 2016/00160	Waddikee Rocks	147	Peninsula Resources Ltd	100%
EL 5350	Acraman	96	Peninsula Resources Ltd	100%
Thurlga Joint Venture				
EL 5419	Thurlga	333	Peninsula Resources Ltd, Gawler Resources Limited ³	25%, Gawler Resources Limited 75%
Moonta Copper Gold Project				
EL 5984	Moonta-Wallaroo	713	Peninsula Resources Ltd	100%
EL 5984	Moonta Porphyry JV	106	Peninsula Resources Ltd	90% – option to acquire 100% from Minotaur Exploration Limited
Northern Territory				
Rover Copper Gold Project				
EL 27292	Rover North	39	Adelaide Exploration Pty Ltd ²	100% – Emmerson Resources Limited in Farm in JV ⁴ (Franco-Nevada retain 70% buyback right)
EL 27372	Rover	248	Adelaide Exploration Pty Ltd	100% – Emmerson Resources Limited in Farm in JV ⁴ (Franco-Nevada retain 70% buyback right)
Davenport Ranges Tungsten Project				
EL 31211	Newlands Creek	540	Peninsula Resources Ltd	100%
Queensland				
Drummond Epithermal Gold Project				
EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd	100%
EPM 25660	Gunthorpe	74	Adelaide Exploration Pty Ltd	100%
EPM 26154	Sandalwood Creek	257	Adelaide Exploration Pty Ltd	100%
EPM 26155	Mount Wyatt	307	Adelaide Exploration Pty Ltd	100%
Western Australia				
Coolgardie Gold Project				
E15/520	Prince of Wales	93	Peninsula Resources Ltd	100%

¹ Peninsula Resources Limited (incorporated 18 May 2007) is a wholly-owned subsidiary of Andromeda Metals Limited

² Adelaide Exploration Pty Ltd (incorporated 13 July 2001) is a wholly-owned subsidiary of Andromeda Metals Limited

³ Gawler Resources Limited is a wholly owned subsidiary of Investigator Resources Limited.

⁴ Emmerson Resources withdrew from agreement after year end.

Corporate governance

Andromeda Metals and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd Edition) published by the ASX Corporate Governance Council.

The corporate governance statement for the year ended 30 June 2017 can be viewed on the Company's website at www.andromet.com.au.



Competent person and JORC 2012 compliance statements

EXPLORATION RESULTS

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.

WUDINNA GOLD CAMP MINERAL RESOURCE ESTIMATES

The information in this report relating to the Mineral Resource Estimates for the Barns, Baggy Green and White Tank gold deposits is extracted from reports entitled "Maiden 107,000 ounce gold resource estimated for Barns deposit." created on 19 July 2016; and "Wudinna Gold Camp Mineral Resource jumps to 200,000 ounces of gold." created on 23 January 2017. Both reports are available to view on www.andromet.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

WUDINNA GOLD CAMP METALLURGICAL TESTWORK

The information in this report relating to metallurgical testwork conducted on the Barns and Baggy Green gold deposits is extracted from reports entitled "Barns metallurgy results deliver 97% plus gold recovery with conventional flowsheet." created on 16 January 2017, and "Superb metallurgical gold recoveries to 99.3% at Baggy Green using conventional flowsheet." created on 6 July 2017. The reports are available to view on www.andromet.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Statutory reports

Directors' report

The directors present this Directors' Report and the attached annual financial report of Andromeda Metals Limited for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names and details of the directors of the Company during or since the end of the financial year are:

Colin G Jackson

MSc, BSc (Hons), DIC, Grad Dip Bus Admin

Non-Executive Chairman

Colin Jackson is a metallurgist and mineral process design engineer graduate of Birmingham University and Royal School of Mines, Imperial College, London University. He has over 40 years of industry experience and brings to the Company a strong technical background and extensive copper-gold knowledge. In addition he has substantial global financial market experience and has guided a number of companies from the exploration phase into production.

After ten years mine design and operating experience with Selection Trust Limited and RGC Limited, Mr Jackson became a Director of Research and Corporate for McIntosh Securities Ltd (now Bank of America Merrill Lynch) where he raised equity for a significant number of gold companies including Kidston Gold Mines and Placer Pacific Limited's IPO over a 12 year period. His next 8 years were dedicated to communication and investor relations roles at Newcrest Mining Limited and Normandy Mining Limited where he was Group Executive Corporate.

More recently Mr Jackson has held Non-Executive Director positions with Terramin Australia Limited, and chaired Intrepid Mines Limited and Red 5 Limited where he helped guide the financing and development of the Angas zinc mine in South Australia, the Paulsens underground gold mine in Western Australia, and the Siana open pit gold mine on the island of Mindanao in the Philippines.

Mr Jackson is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee.

Christopher G Drown

BSc (Hons), MAusIMM, MAICD

Managing Director

Chris Drown is a geologist with over 30 years' experience in the Australian exploration and mining industry. He is a member of the Australasian Institute of Mining and Metallurgy, a member of the Australian Institute of Company Directors, and a member of the Geological Society of Australia.

A graduate of the University of Tasmania, Mr Drown worked in underground nickel mines at Western Mining Corporation Limited's Kambalda operations in Western Australia, and filled mining geology roles at Aberfoyle Resources Limited's Hellyer lead-zinc-silver deposit in western Tasmania.

In 1991, he moved from mine geology into exploration searching for base metal and gold deposits in the Northern Territory and South Australia.

Mr Drown was appointed exploration manager of Andromeda Metals shortly after it listed on the ASX and has since played a major role in the Company's activities. In March 2005 he accepted an invitation to join the Board of Andromeda Metals as an executive director and in November 2007 was appointed Managing Director.

Nicholas J Harding

BA (Acc), Grad Dip (Acc), Grad Dip (App Fin), Grad Dip (Corp Gov), FCPA, F Fin, AGIA, ACIS

Executive Director and Company Secretary

Nick Harding is a qualified accountant and company secretary with over 30 years' experience in the resources industry. He is a Fellow of CPA Australia, a Fellow of the Financial Services Institute of Australasia and a member of the Governance Institute of Australia and possesses qualifications in accounting, finance and corporate governance.

Mr Harding has held various senior roles with WMC Resources Limited, Normandy Mining Limited and Newmont Australia Limited. At WMC Resources over a period of 14 years to 1999 he held a number of senior

management roles at both minesites and regional offices in Western Australia and South Australia including five years as Chief Financial Officer for Olympic Dam Operations, and four years as Chief Accountant and Business Planning Manager for the Copper Uranium Division.

In eight years from 1999 to 2006 at Normandy Mining and then Newmont Australia following the takeover by Newmont of Normandy, Mr Harding held the positions of General Manager Operations Finance and General Manager Planning and Analysis which respectively had responsibilities for accounting, finance and budgeting for 14 mining operations in Australia and overseas.

Jonathan P Buckley

B Ec

Non-Executive Director (Chairman of Audit and Risk Committee)

Jonathan Buckley is a corporate executive with extensive commercial and corporate finance experience spanning over 25 years in Australia and the UK. He was previously Group Managing Director for PhillipCapital Australia, part of a leading Asian financial group providing corporate finance, funds management, stockbroking and wealth management services in Australia. He has been a founding director of a number of fund management businesses in high growth sectors, including resources and healthcare.

Prior to establishing PhillipCapital Australia's corporate advisory business, Mr Buckley was Manager, Strategic Planning for Rothschild Asset Management UK based in London. He has also held roles with KPMG Management Consulting and Barclays de Zoete Wedd Securities in London.

Mr Buckley is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Directorships of other listed companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
O G Jackson	Intrepid Mines Limited	From 2003 to 2014
	Red5 Limited	From 2003 to 2013

PRINCIPAL ACTIVITIES

The principal continuing activity of the Group is the exploration for gold, copper and other economic mineral deposits.

OPERATING AND FINANCIAL REVIEW

Strategy

To achieve the goal of growing shareholder wealth, Andromeda Metals' directors have formulated a Company strategy comprising the following key elements:

- The Company will maintain a focus on gold exploration, with copper a secondary target commodity. Directors believe the outlook for these metals remains positive, and consider these are commodities well suited to Andromeda Metals' capability and expertise. The principal focus for the 2016/17 financial year has been to advance the Wudinna Gold Camp on the Eyre Peninsula towards mine development.
- The Company's Board believes it is in shareholders' best interests to retain maximum equity in its tier one projects and consequently seeks to self-fund exploration programmes on these projects when equity markets allow. The Board will contemplate third party investment in a tier one project if it believes the consequent loss of shareholder equity is more than compensated by increased financial certainty and project de-risking that may accrue.
- The Company will pursue opportunities which have potential to unlock value in its other mineral assets, and will maintain an active lookout for quality new projects in Australia and a watching brief overseas.
- The Company will adhere to principles of good corporate governance, caring for its employees, conducting its operations in an environmentally sensitive manner, and maintaining respect for other stakeholders and for the communities in which it operates.

Financial Results

The net result of operations for the year was a loss after income tax of \$6,908,847 (2016: loss of \$3,940,324).

Exploration expenditure for the year was \$702,281 (2016: \$1,186,677) with funds directed principally to the Eyre Peninsula Gold project. Expenditure during the year by joint venture parties on tenements in which the Company has an interest totalled \$399,974. Net operating cash outflows for the year totalled \$564,613 (2016: \$1,028,701). At the 30 June 2017 the Company held cash and cash equivalents totalling \$268,336 (2016: \$348,398). An impairment of capitalised exploration expenditures of \$6,069,107 (2016: \$2,452,260) was also recorded for the year.

In July 2016 the Company completed a share placement to professional and sophisticated investors at an issue price of 1.9 cents per share raising

\$816,050 before costs, and in May 2017 completed a 1-for-2 non-renounceable Rights Issue at an issue price of 0.8 cents per share which received applications totalling \$378,703.

Exploration Activities

During the 2016/17 financial year the Company focused its exploration effort on advancing the Wudinna Gold Camp on the Eyre Peninsula Gold Project on South Australia's northern Eyre Peninsula, with only modest programmes directed to other Company projects. The third party funded joint ventures were also active.

Eyre Peninsula Gold Project

The Eyre Peninsula Gold Project comprises six wholly owned tenements that total 2,052 km² in area. The licences fall in the Central Gawler Gold Province, an arcuate geological belt that is prospective for gold and other metals. WPG Resources Limited's Tarcoola gold mine, which commenced production in November 2016, also falls in the Central Gawler Gold Province. The Eyre Peninsula Project includes the wholly owned Wudinna Gold Camp, a cluster of prospects including the Barns, Baggy Green and White Tank deposits located about 20 kilometres north of the township of Wudinna. Work completed during the year has been aligned with the goal of advancing the Wudinna Gold camp into production.

In July 2016 the Company released a maiden Mineral Resource for the Barns deposit. The resource was estimated in accordance with the requirements of the JORC Code 2012, and completed with the assistance of independent consulting group Mining Plus Pty Ltd.

The Barns Mineral Resource estimate totals 2.11 million tonnes at 1.6g/t gold for 107,000 ounces at 0.5g/t gold cut-off grade. The Resource is classified into 380,000 tonnes of Indicated and 1,730,000 tonnes of Inferred Resources.

A reverse circulation drilling programme totalling 23 holes for 2,515 metres was undertaken at the Baggy Green prospect, located only 5.5 kilometres southeast of Barns, with the goal of defining shallow mineralisation that could materially add to the 107,000 ounce Barns resource. Analysis of the drill samples confirmed the presence of shallow high grade gold with adjacent 50 metre spaced holes BGRG-1222 and BGRG-1223 respectively recording 16 metres at 5.72g/t gold and 11 metres at 9.32g/t gold, the best gold intersections achieved to date.

Mineral Resource estimations, again completed with the assistance of Mining Plus Pty Ltd, were then completed for the Baggy Green deposit, and also the White tank deposit which is located 1 kilometre south of the Barns resource.

The Baggy Green Mineral Resource estimate totals 1.56 million tonnes at 1.64g/t gold for 82,400 ounces at a 0.5g/t gold cut-off grade. The White Tank Mineral Resource estimate totals 0.176 million tonnes at 1.92g/t gold for 10,900 ounces at a 0.5g/t gold cut-off grade. Both Resources are classified as Inferred.

The consolidated Wudinna Gold Camp Mineral Resource, including the Baggy Green, White Tank and Barns gold deposits, therefore totals 3.84 million tonnes at 1.62g/t gold for 200,300 ounces using a 0.5g/t cut-off grade, comprised of 0.38 million tonnes at 1.40g/t gold for 17,000 ounces of Indicated Resource and 3.469 million tonnes at 1.64g/t gold for 183,300 ounces of Inferred Resources.

All three of the deposits remain open down-dip and Baggy Green in particular presents excellent along strike targets. Additionally other nearby exploration targets and opportunities that can also deliver additional resources with exploration success were confirmed.

Metallurgical testing was conducted on composited samples from the Barns and Baggy Green deposits, with the composites representing both primary and oxide/supergene mineralised material.

At Barns gravity and cyanide leaching of the gravity concentrate and tailings recovered 98.8% of the gold in a supergene sample, and an average of 97.5% of the gold in primary samples. At Baggy Green recovery in a supergene sample was 94.3%, while recoveries for primary samples averaged 98.7%. These outstanding gold recoveries were achieved with modest reagent additions. Gravity and cyanide leaching therefore represents a viable conventional flowsheet for the Wudinna Gold Camp.

Metallurgical flotation tests were also completed on the Barns primary zone samples and achieved gold recoveries approaching 90% in a flotation concentrate representing approximately 6% of the feed mass. These are also very good results and may present an alternative flowsheet option to gravity and cyanide leaching when assessing the optimum economic value of the project.

Thurlga Joint Venture

The Thurlga Joint Venture with Investigator Resources Limited (IVR) is exploring a 333 km² exploration licence adjacent to the Eyre Peninsula Gold Project tenements, and to a tenement that hosts Investigator Resources' 42 million ounce Paris silver deposit. IVR met its joint venture obligation to spend a total of \$750,000 on exploration by 30 June 2017, and consequently has earned a 75% equity interest in the joint venture, with the Company retaining a 25% equity interest.

Soil sampling completed in 2016 defined a number of silver and base metal anomalous features, five of which were tested in a 2017 programme of aircore drilling totalling 20 holes for 1,076 metres. Anomalous silver and base metals were intersected at two targets.

More significantly, five holes drilled at the Ironstone prospect intersected substantial graphite mineralisation, with grades up to 16.5% TGC (total graphitic carbon) recorded in 3-metre composite samples. Hole TH17AC037B recorded 30 metres at 10.0% TGC, while TH17AC034 recorded 10 metres at 8.3% TGC.

An airborne RepTEM survey flown over the Thurlga tenement in 2010 reveals a series of linear conductive features that extend for 25 kilometres in aggregate strike length. The RepTEM conductors are coincident with the graphitic drill intersections and are likely to be sourced by the graphitic units.

Drilling completed to date indicates that the graphitic formations are up to 500 metres wide and, should they extend along the 25 kilometres of strike indicated by the RepTEM conductors, the resource potential is very substantial.

Drummond Epithermal Gold Project

Andromeda Metals holds 100% equity in four tenements securing an area of 838 km² in the northern Drummond Basin in Queensland. The Drummond Basin is prospective for high grade epithermal gold deposits such as Pajingo which has produced approximately 3 million ounces of gold.

Surface geochemistry and prospecting in the 2015/16 financial year defined four previously untested targets on the Drummond project, however drill testing of these targets was postponed due to the Company's constrained funding position. The targets represent high quality but early stage opportunities and the Company remains committed to drilling them when funding allows.

Rover Copper-Gold Project

The Rover project covers 287 km² in the Rover Field southwest of Tennant Creek in the Northern Territory. 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 in the past.

In November 2016 the Company announced it had negotiated a farm-in and joint venture for Rover with Emmerson Resources Limited (ERM). A modest 3-D Induced Polarisation geophysical survey,

collecting 13.5 line km of data over three targets, was completed. After year end, ERM announced it wished to withdraw from the farm-in and joint venture, citing funding constraints as the reason for its departure. At the time of reporting, the Company and ERM were in the process of negotiating a cash settlement to effect its withdrawal.

Moonta Copper-Gold Project

A second priority for the year was to deliver shareholder value through securing third party investment in the Moonta project. A significant party with whom the Company had been negotiating a Heads of Agreement for a considerable part of the year, failed to meet various deadlines for reasons not related to the project. An offer received from another party was rejected on value and execution risk grounds. The Company remains in active discussion with other parties.

A review of historical drill hole assays on the Moonta project confirms the presence of significant cobalt in conjunction with copper mineralisation at a number of prospects. At Willamulka steeply dipping cobalt lodes are traceable for over 800 metres of strike, while a number of holes at Alford West also contain cobalt. Drill intersections include 5 metres at 0.32% cobalt at Willamulka and 9 metres at 0.13% cobalt at Alford West.

After year end the Company announced it was also assessing the potential to produce copper using in-situ recovery (ISR) methods at the Wombat and Bruce deposits, where copper mineralisation occurs in sub vertical weathering troughs that extend hundreds of metres below the surface. Material in the troughs appears to be both porous and permeable, allowing lixiviant flow and copper phase contact, while the troughs are enclosed by fresh impermeable rock that can prevent lixiviant escape. Preliminary leach tests on composite samples from Wombat and Bruce confirm copper solubility of up to 65%.

A combined Exploration Target has been estimated for the Wombat and Bruce ISR opportunity, with the estimate being 80 million to 120 million tonnes at a grade of 0.18% to 0.23% copper (145,000 to 275,000 copper tonnes), comparable to resources at international ISR copper projects. The potential tonnage and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource, and it remains uncertain if further exploration will result in the estimation of a Mineral Resource. The Company is in discussions with parties familiar with ISR operations.

Other projects

A reconnaissance rock chip sampling programme completed on a wholly owned tenement in the Davenport Ranges area of the Northern Territory, initially selected for hard rock lithium potential, returned ore grade tungsten values up to 1.41% WO₃ in a vein at the Juggler prospect. Anomalous tantalum and niobium are also present, while a trial FPXRF soil survey found anomalous tungsten coincident with the vein outcrop, suggesting this low cost method could be used effectively as an exploration tool.

The Company was granted a tenement southwest of Coolgardie in Western Australia. The area is prospective for archaean greenstone hosted gold, and is potentially prospective for massive nickel sulphides and pegmatite associated lithium deposits.

Technical assessment of a number of tenement applications made over South Australian salt lakes conceptually prospective for lithium brines were negative, and the applications were withdrawn.

Outlook and Future Developments

Subject to funding, the forward exploration programme will again focus on advancing the Wudinna Gold Camp deposits towards production. Work programmes at Wudinna would include exploratory drilling with the goal of delineating additional mineralisation to increase the currently established 200,000 ounce gold resource, infill drilling within the established resources to allow reclassification of Inferred Resources to Indicated Resources and thereby allowing estimation of Ore Reserves, further metallurgical studies to optimise grind size/recovery parameters, and economic studies.

The Company intends to drill test Bunyip and the other targets identified on the Drummond Project, and undertake low cost surface prospecting and geochemistry to define additional epithermal drill targets at Drummond.

Concerted attention to deliver value from the Company's other exploration assets, including the copper dominant Moonta and Rover projects, through third party funding will be maintained.

DIVIDENDS

No dividends were paid or declared since the start of the financial year, and the directors do not recommend the payment of dividends in respect of the financial year.

CHANGES IN STATE OF AFFAIRS

On 16 December 2016 the Company changed its name from Adelaide Resources Limited to Andromeda Metals Limited. There was no other significant change in the state of affairs of the Group during the financial year.

SUBSEQUENT EVENTS

Subsequent to the end of the financial year, Emmerson Resources Limited (ERM) has advised that it wished to withdraw from the Rover Joint Venture. As a consequence, a settlement amount payable to the Company by ERM to affect their withdrawal has been negotiated and incorporated in an Early Withdrawal and Termination Deed that was executed on 28 September 2017.

Other than the above, there were no other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

ENVIRONMENTAL DEVELOPMENTS

The Group carries out exploration activities on its properties in South Australia, Queensland, Western Australia and in the Northern Territory. No mining activity has been conducted by the Group on its properties.

The Group's exploration operations are subject to environmental regulations under the various laws of South Australia, Queensland the Northern Territory, and the Commonwealth. While its exploration activities to date have had a low level of environmental impact, the Group has adopted a best practice approach in satisfaction of the regulations of relevant government authorities.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors attended by each director during the year ended 30 June 2017 was:

	Meetings held while in office	Meetings attended
C G Jackson ¹	11	9
C G Drown	11	11
N J Harding	11	11
J P Buckley	11	11

¹ C G Jackson was overseas and not at a secure contactable location for two Board meetings.

The Company held two meetings of the Audit and Risk Committee during the year ended 30 June 2017. The members of this committee comprise J P Buckley (Chairman) and C G Jackson.

There were two meetings held of the Remuneration Committee during the year ended 30 June 2017. The members of this committee comprise C G Jackson (Chairman) and J P Buckley.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 18 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

SHARES ISSUED UNDER THE LFESP OR ISSUED ON MEETING THE PERFORMANCE CONDITIONS

Details of issued shares under the LFESP as at the date of this report were:

Issuing entity	Number of shares under LFESP	Class of shares	Exercise price of LFESP shares	Vesting date of LFESP shares	Expiry date of LFESP shares
Andromeda Metals Limited	2,812,500	Ordinary	\$0.01	31 December 2016	31 December 2020
Andromeda Metals Limited	882,000	Ordinary	\$0.018	31 December 2016	30 June 2021
Andromeda Metals Limited	3,600,000	Ordinary	\$0.01	31 December 2017	31 December 2021

SHARES UNDER SHARE OPTIONS OR ISSUED ON EXERCISING OF SHARE OPTIONS

Details of unissued shares under share options as at the date of this report were:

Issuing entity	Number of shares under share options	Class of shares	Exercise price of share options	Expiry date of performance rights
Andromeda Metals Limited	23,616,235	Ordinary	\$0.012	31 March 2018
Andromeda Metals Limited	52,703	Ordinary	\$0.015	31 March 2019

Details of shares issued during or since the end of the financial year as result of the vesting of share options are:

Issuing entity	Number of shares under share option	Class of shares	Amount paid for shares	Amount unpaid on shares
Andromeda Metals Limited	24,417	Ordinary	\$0.05	\$nil
Andromeda Metals Limited	52,703	Ordinary	\$0.012	\$nil

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 27 of this report.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the year the Company arranged insurance cover and paid a premium for directors in respect of indemnity against third party liability. At the Annual General Meeting of the Company held on 17 November 1997 shareholders resolved to extend the indemnification for a period of seven years after a director ceases to hold office.

In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, as is permitted under Section 300 (9) of the Corporations Act 2001.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred by an officer or auditor.

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares in the Company as at the date of this report.

Directors	Fully paid ordinary shares Number	Options to acquire ordinary shares Number
C G Jackson	-	-
C G Drown	6,766,856	1,127,810
N J Harding	1,447,995	241,333
J P Buckley	911,250	130,625
	9,216,101	1,499,768

The above table includes shares held by related parties of directors.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and other key management personnel of the Company and its wholly owned subsidiaries.

Director and other key management personnel details

The following persons acted as key management personnel of the Group during or since the end of the financial year:

C G Jackson (Non-Executive Chairman)

C G Drown (Managing Director)

N J Harding (Executive Director and Company Secretary)

J P Buckley (Non-Executive Director)

M A Manly (Exploration Manager) – resigned 15 February 2017

Relationship between the remuneration policy and company performance

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2017:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Revenue	4,989	15,443	47,327	96,474	122,941
Net profit / (loss) before tax	(6,847,988)	(3,882,933)	(1,140,160)	(6,660,624)	(6,409,519)
Net profit / (loss) after tax	(6,908,847)	(3,940,324)	(1,189,928)	(6,684,454)	(6,486,545)

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Share price at beginning of the year	\$0.02	\$0.02	\$0.04	\$0.10	\$0.05
Share price at end of year	\$0.006	\$0.02	\$0.02	\$0.04	\$0.10
Basic earnings per share	\$(0.0174)	\$(0.0117)	\$(0.0044)	\$(0.0296)	\$(0.0363)
Diluted earnings per share	\$(0.0174)	\$(0.0117)	\$(0.0044)	\$(0.0296)	\$(0.0363)

No dividends have been declared during the five years ended 30 June 2017 and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2017.

There is no link between the Company's performance and the setting of remuneration except as discussed below in relation to shares issued under the Loan Funded Employee Share Plan (LFESP) for key management personnel.

Remuneration philosophy

The performance of the Group depends on the quality of its directors and other key management personnel and therefore the Group must attract, motivate and retain appropriately qualified industry personnel.

The Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre directors and other key management personnel;
- link executive rewards to shareholder value (by the granting of performance rights or shares under the LFESP);
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The above framework is reliant on the business having the financial capacity to deliver on the principles. Where this is not the situation, executive and director loyalty to shareholders may require short term sacrifice to maintain the viability of the business.

Remuneration policy

The Company has established a Remuneration Committee to assist the Board in discharging its responsibilities relating to the remuneration of directors and other key management personnel. The Committee makes recommendations on all remuneration matters for consideration by the Board.

The Committee assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality directors and other key management personnel. External advice on remuneration matters is sought whenever the Committee deems it necessary (no advice was obtained during the year ended 30 June 2017).

The remuneration of the directors and other key management personnel is not dependent on the satisfaction of a performance condition, other than as discussed below.

Non-executive director remuneration

The Board of Directors seeks to set remuneration of Non-Executive Directors at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development.

Currently, the Non-Executive Chairman is entitled to receive \$57,200 (2016: \$57,200) per annum excluding statutory superannuation. The Non-Executive Director is entitled to receive \$34,920 (2016: \$34,920) per annum excluding statutory superannuation. From 1 February 2017 both Non-Executive Directors have deferred and the Company has accrued 100% of their fees which will be paid when the Company has sufficient funds.

In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of directors and otherwise in the execution of their duties as directors.

Managing director remuneration

The Company aims to reward the Managing Director with a level and mix of remuneration commensurate with his position and responsibilities within the Company to:

- align the interests of the Managing Director with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Currently the Company has a service agreement with an entity associated with C G Drown, details of which are set out below.

Other key management personnel remuneration

The Company aims to remunerate other key management personnel at a level commensurate with their position and responsibility within the Company.

Currently the Company has a service agreement with an entity associated with N J Harding, details of which are set out below.

M A Manly was employed as Exploration Manager of the Company from 1 February 2016 on a casual employment basis at a daily rate of \$700 per day inclusive of statutory superannuation contributions and resigned on 15 February 2017.

Summary of amounts paid to key management personnel

The table below discloses the compensation of the key management personnel of the Group during the year.

2017	Short-term employee benefits Salary & fees ⁽ⁱ⁾	Post employment superannuation	Termination benefits	Sub total	Share based payments ⁽ⁱⁱⁱ⁾	Total
	\$	\$	\$	\$		\$
C G Jackson	57,200	5,434	-	62,634	-	62,634
C G Drown ⁽ⁱ⁾	184,363	-	-	184,363	9,124	193,487
N J Harding ⁽ⁱ⁾	187,234	-	-	187,234	5,167	192,401
J P Buckley	34,920	3,317	-	38,237	-	38,237
M A Manly ^(iv)	69,683	6,620	-	76,303	(1,373)	74,930
2017 Total	533,400	15,371	-	548,771	12,918	561,689

i) Includes consulting fees paid.

ii) Included in the short-term employment benefits are the following amounts which the directors have voluntarily deferred and agreed not to be paid until the Company has sufficient funds (C G Jackson \$28,992, C G Drown \$8,723, N J Harding \$18,963 and J P Buckley \$13,144. Such deferrals continue at the date of this report.

iii) Share based payments do not represent cash payments to key management personnel and the related shares may or may not ultimately vest. The amounts include a negative adjustment for performance rights granted in prior years that forfeited during the year due to not meeting the performance conditions (C G Drown \$10,387, N J Harding \$5,771 and M A Manly \$3,408).

iv) Resigned 15 February 2017.

2016	Short-term employee benefits Salary & fees ⁽ⁱ⁾	Post employment superannuation	Termination benefits	Sub total	Share based payments ⁽ⁱⁱⁱ⁾	Total
	\$	\$	\$	\$		\$
C G Jackson	57,200	5,434	-	62,634	-	62,634
C G Drown	244,225	-	-	244,225	3,040	247,265
N J Harding	222,952	-	-	222,952	8,236	231,188
J P Buckley	34,920	3,317	-	38,237	-	38,237
M A Manly	186,428	17,711	37,108	241,247	2,002	243,249
2016 Total	745,725	26,462	37,108	809,295	13,278	822,573

i) Includes consulting fees paid.

ii) Share based payments do not represent cash payments to key management personnel and the related shares may or may not ultimately vest. The amounts include a negative adjustment for performance rights granted in prior years that forfeited during the year due to not meeting the performance conditions (C G Drown \$18,677 and N J Harding \$9,388).

No key management personnel appointed during the year received a payment as part of his consideration for agreeing to hold the position.

Service agreements

The Group entered into service agreements with entities associated with C G Drown and N J Harding for a term of six months to 30 June 2016. Both service agreements have since continued under the same terms while the Company is sourcing sufficient funding at which time new service agreements will be formalised.

Details of the services and consultancy agreements are set out below:

2017

Key management personnel	Terms
C G Drown	Daily rate of \$860.
N J Harding	Daily rate of \$765.

From 1 February 2017 30% of the above daily rates are being deferred and recorded as an accrual and will be paid when the Company has sufficient funds.

2016

Key management personnel	Terms
C G Drown	Daily rate of \$1,250 for a minimum of 210 days per annum until 31 December 2015 when the daily rate was reduced to \$860.
N J Harding	Daily rate of \$1,050 for a minimum of 40 hours per month until 31 December 2015 when the daily rate was reduced to \$765.

The Company may terminate any of the above agreements by giving one month and two months notice to the entities associated with C G Drown and N J Harding respectively. The entities associated with the key management personnel may terminate their agreements with one and two months' notice respectively. The Group has a contingent liability of \$47,800 (2016: \$47,800) in relation to these agreements, where the employee is not required to work out the notice period.

The Group entered into a consultancy agreement with J P Buckley on 7 April 2014 to provide consulting services on an as needs basis at the rate of \$2,000 per day. There were no payments made under this agreement during the year (2016: \$nil).

Payments under the above service agreements are included in the remuneration table.

Shares held by key management personnel under the Loan Funded Employee Share Plan

At the Annual General Meeting held on 30 November 2015 the shareholders approved the Company's LFESP. Fully paid ordinary shares will be held by the trustee of the LFESP and transferred to key staff member of the Company on achieving certain Company and personal KPIs and the payment of the share issue price, as long as the holder remains employed by the Company. An interest-free loan will be provided by the Company to each key staff member to acquire the shares that are held by the trustee under the terms of the LFESP.

At the Annual General Meeting held on the 30 November 2015, the shareholder's approved the granting of 4,500,000 fully paid ordinary shares to the Managing Director and 2,500,000 ordinary shares to the Executive Director under the LFESP (the value of these shares issued to the Managing Director and Executive Director were \$24,119 and \$13,400 respectively). The shares are to be transferred to the director on the achievement of those KPIs met by 31 December 2016 and the payment of \$0.01 per share for those shares to which vested by 1 January 2021.

The KPIs for the Managing Director are as follows:

- up to 2,250,000 shares will vest based on the Company's share performance against a peer group relative share price performance during the calendar year 2016; and
- up to 2,250,000 shares will vest on the achievement of various KPIs based on his personal performance during the calendar year 2016.

As at 31 December 2016 some of the KPIs were met resulting in 1,687,500 shares becoming unrestricted and 2,812,500 shares were returned to the trustee for future allocations. On payment of \$0.01 per share the unrestricted shares will be issued to the Managing Director. As at the date of this report this has not occurred.

The KPIs for the Executive Director are as follows:

- up to 1,000,000 shares will vest based on the Company's share performance against a peer group relative share price performance during the calendar year 2016; and
- up to 1,500,000 shares will vest on the achievement of various KPIs based on his personal performance during the calendar year 2016.

As at 31 December 2016 some of the KPIs were met resulting in 1,125,000 shares becoming unrestricted and 1,375,000 shares were returned to the trustee for future allocations. On payment of \$0.01 per share the unrestricted shares will be issued to the Executive Director. As at the date of this report this has not occurred.

On the 30 June 2016, the Company granted 1,500,000 fully paid ordinary shares to the Exploration Manager (M A Manly) under the LFESP (the value of these shares issued were \$4,037). The shares are to be transferred to the Exploration Manager on the achievement of those KPIs met by 31 December 2016 and the payment of \$0.018 per share for those shares to which vested by 30 June 2021.

The KPIs for the Exploration Manager are as follows:

- up to 600,000 shares will vest based on the Company's share performance against a peer group relative share price performance during the calendar year 2016; and
- up to 900,000 shares will vest on the achievement of various KPIs based on his personal performance during the calendar year 2016.

As at 31 December 2016 some of the KPIs were met resulting in 780,000 shares becoming unrestricted and 720,000 shares were returned to the trustee for future allocations. On payment of \$0.018 per share the unrestricted shares will be issued to the Exploration Manager. As the Exploration Manager resigned on 15 February 2017 the unrestricted shares have been forfeited.

At the Annual General Meeting held on the 30 November 2016, the shareholder's approved the granting of 2,300,000 fully paid ordinary shares to the Managing Director and 1,300,000 ordinary shares to the Executive Director under the LFESP (the value of these shares issued to the Managing Director and Executive Director were \$16,647 and \$9,409 respectively). The shares are to be transferred to the director on the achievement of those KPIs met by 31 December 2017 and the payment of \$0.01 per share for those shares to which vested by 1 January 2022.

The KPIs for the Managing Director are as follows:

- up to 1,150,000 shares will vest based on the Company's share performance against a peer group relative share price performance during the calendar year 2017; and
- up to 1,150,000 shares will vest on the achievement of various KPIs based on his personal performance during the calendar year 2017.

The KPIs for the Executive Director are as follows:

- up to 520,000 shares will vest based on the Company's share performance against a peer group relative share price performance during the calendar year 2017; and
- up to 780,000 shares will vest on the achievement of various KPIs based on his personal performance during the calendar year 2017.

Value of shares granted under the LFESP – basis of calculation

- Value of shares granted under the LFESP is calculated by multiplying the fair value of shares granted by the number of shares granted during the financial year.
- The shares are issued once the KPIs have been met and the loan has been repaid. The value of shares issued under the LFESP is calculated by multiplying the fair value of shares at the date of issue (calculated as the difference between consideration paid and the Australian Securities Exchange last sale price on the day that the shares were issued) by the number of shares issued during the financial year.
- Value of shares granted under the LFESP forfeited/ cancelled is calculated by multiplying the fair value of shares granted at the time they were forfeited/ cancelled multiplied by the number of shares forfeited/ cancelled during the financial year.

The total value of shares granted under the LFESP included in compensation for the financial year is calculated in accordance with Accounting Standard AASB 2 "Share-based Payment". Shares granted under the LFESP during the financial year are recognised in compensation over their vesting period.

Equity holdings of key management personnel as at 30 June 2017

Fully paid ordinary shares issued by Andromeda Metals Limited

	Balance 01/07/16	Issued as result of rights issue	Shares issued under the LFESP	Other changes	Balance 30/06/17
C G Jackson	-	-	-	-	-
C G Drown	4,511,237	2,255,619	-	-	6,766,856
N J Harding	965,330	482,665	-	-	1,447,995
J P Buckley	650,000	261,250	-	-	911,250
M A Manly	450,000	-	-	(450,000)	-

Listed options issued by Andromeda Metals Limited

	Balance 01/07/16	Granted	Exercised	Lapsed	Balance 30/06/17	Vested and exercisable
Directors						
C G Drown	626,873	1,127,810	-	(626,873)	1,127,810	See Note 14 for details
N J Harding	85,889	241,333	-	(85,889)	241,333	See Note 14 for details
J P Buckley	227,500	130,625	-	(227,500)	130,625	See Note 14 for details

Shares held by the trustee of the LFESP

	Balance 01/07/16	Granted	Exercised	Forfeited/ cancelled	Balance 30/06/17	Vested and exercisable
C G Drown	4,500,000	2,300,000	-	(2,812,500)	3,987,500	See Note 16 for details
N J Harding	2,500,000	1,300,000	-	(1,375,000)	2,425,000	See Note 16 for details
M A Manly	1,500,000	-	-	(1,500,000)	-	See Note 16 for details

Signed in Adelaide this **29th day of September 2017**
in accordance with a resolution of the Directors.



C G Drown
Managing Director



J P Buckley
Non-Executive Director

Auditors independence declaration



Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

The Board of Directors
Andromeda Metals Limited
69 King William Road
UNLEY SA 5061

Dear Board Members

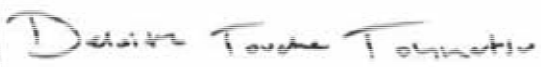
Andromeda Metals Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Andromeda Metals Limited.

As lead audit partner for the audit of the financial statements of Andromeda Metals Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Note	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Revenue	4(a)	4,989	15,443
Other income	4(b)	141,606	88,150
Impairment of exploration expenditure	8	(6,069,107)	(2,452,260)
Exploration expense written off	8	(253,540)	(515,555)
Administration expenses		(240,902)	(391,113)
Corporate consulting expenses		(207,550)	(264,843)
Company promotion		(52,957)	(67,840)
Salaries and wages		(8,335)	(114,296)
Directors fees		(92,120)	(92,120)
Occupancy expenses		(55,200)	(73,299)
Share based remuneration		(14,871)	(15,200)
Loss before income tax	4(b)	(6,847,987)	(3,882,933)
Tax expense	5	(60,860)	(57,391)
Loss for the period		(6,908,847)	(3,940,324)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the period		(6,908,847)	(3,940,324)
Earnings Per Share			
Basic (cents per share) – (Loss)/profit	24	(1.74)	(1.17)
Diluted (cents per share) – (Loss)/profit	24	(1.74)	(1.17)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Note	30/06/17 \$	30/06/16 \$
CURRENT ASSETS			
Cash and cash equivalents		268,336	348,398
Trade and other receivables	6	36,912	54,305
TOTAL CURRENT ASSETS		305,248	402,703
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	8	4,358,222	9,978,588
Plant and equipment	9	4,260	24,920
Other financial assets	7	123,547	100,171
TOTAL NON-CURRENT ASSETS		4,486,029	10,103,679
TOTAL ASSETS		4,791,277	10,506,382
CURRENT LIABILITIES			
Trade and other payables	10	195,705	195,964
Other liabilities	11	66,313	-
TOTAL CURRENT LIABILITIES		262,018	195,964
NON-CURRENT LIABILITIES			
Provisions	12	9,214	11,626
Other liabilities	13	888,152	793,400
TOTAL NON-CURRENT LIABILITIES		897,366	805,026
TOTAL LIABILITIES		1,159,384	1,000,990
NET ASSETS		3,631,893	9,505,392
EQUITY			
Issued capital	14	38,055,344	37,034,867
Reserves	15	36,433	26,984
Accumulated losses		(34,459,884)	(27,556,459)
TOTAL EQUITY		3,631,893	9,505,392

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Issued capital	Employee equity-settled benefits reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2015	36,233,820	11,784	(23,616,135)	12,629,469
Loss attributable to the period	-	-	(3,940,324)	(3,940,324)
Total comprehensive income for the period	-	-	(3,940,324)	(3,940,324)
Issue of share capital through a Share Purchase Plan and top-up placement at 2.0 cents	927,533	-	-	927,533
Issue of shares as part payment to a consultant	7,425	-	-	7,425
Costs associated with the issue of shares	(191,302)	-	-	(191,302)
Related income tax	57,391	-	-	57,391
Fair value of performance rights issued to employees	-	16,281	-	16,281
Fair value of shares issued to employees under the loan funded employee share plan	-	26,984	-	26,984
Performance rights forfeited as conditions not achieved	-	(28,065)	-	(28,065)
Balance at 30 June 2016	37,034,867	26,984	(27,556,459)	9,505,392
Loss attributable to the period	-	-	(6,908,847)	(6,908,847)
Total comprehensive income for the period	-	-	(6,908,847)	(6,908,847)
Issue of share capital through a placement at 1.9 cents	816,050	-	-	816,050
Broker incentive shares associated with placement	35,190	-	-	35,190
Issue of share capital through a rights issue at 0.8 cents	310,022	-	-	310,022
Costs associated with the issue of shares	(202,866)	-	-	(202,866)
Related income tax	60,860	-	-	60,860
Shares issued on the exercise of listed options	1,221	-	-	1,221
Fair value of shares issued to employees under the loan funded employee share plan	-	34,437	-	34,437
Transfer of cancelled shares under the loan funded employee share plan as conditions not achieved	-	(24,988)	5,422	(19,566)
Balance at 30 June 2017	38,055,344	36,433	(34,459,884)	3,631,893

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Inflows/(outflows)	
	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Cash flows relating to operating activities		
Receipts from customers	11,000	-
Payments to suppliers and employees	(575,613)	(1,028,701)
Net operating cash flows (Note (a))	(564,613)	(1,028,701)
Cash flows relating to investing activities		
Interest received	4,862	16,118
Government grants received	203,529	379,117
Payment of environmental bonds	(23,376)	-
Payments for exploration and evaluation expenditure	(749,825)	(1,367,900)
Proceeds from the sale of plant and equipment	22,000	-
Payments for plant and equipment	(3,057)	(698)
Net investing cash flows	(545,867)	(973,363)
Cash flows relating to financing activities		
Proceeds from share and equity options issued	1,195,974	927,533
Payments for capital raising costs	(165,556)	(180,770)
Net financing cash flows	1,030,418	746,763
Net increase in cash	(80,062)	(1,255,301)
Cash at beginning of financial year	348,398	1,603,699
Cash at end of financial year	268,336	348,398

Note (a): Reconciliation of loss for the period to net cash flow from operating activities.

Loss for the period	(6,908,847)	(3,940,324)
Interest revenue	(4,989)	(15,443)
Share based remuneration	14,871	22,625
Government grants	(108,777)	(87,500)
Fair value of equity options	(2,368)	-
Depreciation	21,184	44,631
Gain on sale of plant and equipment	(19,467)	-
Exploration written off or impaired	6,322,647	2,967,815
(Increase) decrease in receivables	34,043	(4,614)
(Increase) decrease in deferred tax asset	60,860	57,391
Increase/(decrease) in payables	28,642	(24,811)
Increase/(decrease) in provisions	(2,412)	(48,471)
Net operating cash flows	(564,613)	(1,028,701)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

for the financial year ended 30 June 2017

1. General information

Andromeda Metals Limited (the Company) is a listed public company, incorporated in Australia and operating in Australia.

Andromeda Metals Limited's registered office and its principal place of business are as follows:

Registered office	Principal place of business
69 King William Road Unley South Australia 5061	69 King William Road Unley South Australia 5061

2. Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period, resulting in no accounting policy changes and no changes to recognition and measurement.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations do not affect the Group's present policies and operations. The directors anticipate that the adoption of these Standards and Interpretations in future periods will not affect the amounts recognised in the financial statements of the Group but may change the disclosure presently made in the financial statements of the Group.

3. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 29th September 2017.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploration or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Ore reserve and resource estimates

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC Code). Reserves determined in this way are taken into account in the calculation of impairment expenditure.

Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

For the year ended 30 June 2017 the Group incurred a net loss of \$6,908,847 (30 June 2016: \$3,940,324), had a net cash outflow from operating activities of \$564,486 (30 June 2016: \$1,028,701) and net cash outflows from investing activities (principally exploration and evaluation expenditure) of \$564,613 (2016: \$973,363). At 30 June 2017, the Group has cash reserves of \$268,336 (30 June 2016: \$348,398).

The directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration and working capital requirements without the raising of additional funds, and unless additional funding is obtained, cash resources will be exhausted by 31 October 2017. The Company will be required to raise additional funding (which may include a pro-rata issue to shareholders, placement of shares or sale or partial sale of some of the Group's exploration interests) of at least \$400,000 by 31 October 2017 and at least a further \$1,600,000 to meet an active exploration programme and working capital requirement through to 30 September 2018. The Company continues to review various capital raising and sale/partial sale of exploration interest opportunities.

Based on the Group's cash flow forecast and achieving the funding referred to above, the directors believe that the Group will be able to continue as a going concern.

Should the Company be unable to raise the funding referred to above, there is a material uncertainty as to whether the Group will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that might be necessary should the Group not continue.

Accounting policies

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and bank deposits.

b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits, expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within

12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to accumulated benefit superannuation plans are expensed when incurred.

c) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest, are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 "Exploration for and Evaluation of Mineral Resources") suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories; financial assets 'at fair value through profit or loss', 'held to maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit and loss'.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

e) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or:
- ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

f) Impairment of assets (other than exploration and evaluation)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/ consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The Company and all its wholly-owned Australian resident entity are part of a tax-consolidated group under Australian taxation law. Andromeda Metals Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in Note 5 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

h) Joint ventures

Interests in jointly controlled operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint arrangements, the share of liabilities incurred in relation to the joint arrangements and the share of any expenses incurred in relation to the joint arrangements in their respective classification categories.

i) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

j) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment – at cost 3-5 years

k) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

i) Revenue

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is that rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

m) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 16.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

n) Government grants

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants whose primary condition is to assist with exploration activities are recognised as deferred income in the balance sheet and recognised as income on a systematic basis when the related exploration and evaluation is written off.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income in the period in which it becomes receivable.

o) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of their fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 "Income Taxes" and AASB 119 "Employee Benefits" respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 "Share-based Payment"; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

4. LOSS FROM OPERATIONS

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
a) Revenue from continuing operations consisted of the following items		
Interest income:		
Bank deposits	4,989	15,443
b) Loss for the year includes the following gains and losses		
Other income		
Gain on sale of plant and equipment	19,467	-
Government grants	108,777	87,500
Change in fair value of equity options (Note 11)	2,368	-
Sub-lease rent and administration charge	7,125	-
Other	3,869	650
	141,606	88,150
Other expenses		
Employee benefit expense:		
Post employment benefits:		
Accumulated benefit superannuation plans	25,045	50,129
Share based payments:		
Equity settled share-based payments (shares issued under the LFESP) ⁽ⁱ⁾	34,437	43,265
Termination benefits	-	70,604
Other employee benefits	635,229	999,290
	694,711	1,163,288
Less amounts capitalised in exploration and evaluation expenditure	(349,845)	(605,637)
	344,866	557,651
Share based remuneration (employees) ⁽ⁱ⁾ :		
Current year amortisation of performance rights or shares issued under the LFESP	34,437	43,265
Shares forfeited as conditions not achieved	(19,566)	(28,065)
	14,871	15,200
Depreciation of plant and equipment	21,184	44,631
Operating lease rental expenses	55,200	73,299

i) Share based payments relate to the amortisation of shares granted under the LFESP to employees. Shares granted under the LFESP do not represent cash payments and may or may not be exercised (paying the related loan amount) by the employee.

5. INCOME TAX

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
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a) Income tax recognised in profit or loss

The prima facie income tax expense on the loss before income tax reconciles to the tax expense in the financial statements as follows:

Loss from continuing operations	(6,847,987)	(3,882,933)
Income tax income calculated at 30%	(2,054,396)	(1,164,880)
Share based payments	4,461	4,560
Change in fair value of equity options	(710)	-
Other	175	1,710
Tax losses previously recognised now not recognised	1,689,677	560,848
Current year tax losses not recognised	421,653	655,153
Tax expense	60,860	57,391

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

b) Recognised tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Trade and other receivables	(129)	(91)
Exploration and evaluation expenditure	(1,307,467)	(2,993,576)
Capital raising costs	107,795	100,710
Trade and other payables	39,155	16,477
Employee benefits	2,764	3,488
Other liabilities	33,450	58,883
	(1,124,432)	(2,814,109)
Tax value of losses carried forward	1,124,432	2,814,109
Net deferred tax assets / (liabilities)	-	-

c) Unrecognised deferred tax assets:

A deferred tax asset has not been recognised in respect of the following item:

Tax losses-revenue	9,227,403	7,116,073
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A deferred tax asset has not been recognised in respect of the above tax losses because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefit.

d) Movement in recognised temporary differences and tax losses

Opening balance	-	-
Recognised in equity	60,860	57,391
Recognised in income	(60,860)	(57,391)
Closing balance	-	-

Tax consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly-owned Australian resident entities are in a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Andromeda Metals Limited.

Nature of tax funding arrangement

Entities within the tax-consolidated group have entered into a tax funding arrangement with the head entity. Under the terms of the tax funding arrangement, Andromeda Metals Limited and its wholly owned Australian resident entities have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the-consolidated group.

6. CURRENT TRADE AND OTHER RECEIVABLES

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Interest receivable	431	304
Other receivables	36,481	54,001
	36,912	54,305

7. OTHER NON-CURRENT FINANCIAL ASSETS

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
At amortised cost:		
Bank deposits (Note 21 (e))	92,500	92,500
Environmental bonds	31,047	7,671
	123,547	100,171

8. EXPLORATION AND EVALUATION EXPENDITURE

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Costs brought forward	9,978,588	11,759,726
Expenditure incurred during the year	702,281	1,186,677
	10,680,869	12,946,403
Expenditure impaired	(6,069,107)	(2,452,260)
Expenditure written off	(253,540)	(515,555)
	4,358,222	9,978,588

Exploration impaired relates to exploration and evaluation expenditure associated with projects where the Group is not currently planning to carry out any further work.

Expenditure written off relates to exploration and evaluation expenditure associated with tenements or parts of tenements that have been surrendered.

The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9. PLANT AND EQUIPMENT

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Gross carrying amount		
Balance at beginning of financial year	423,947	423,249
Additions	3,057	698
Disposals and write offs	(39,773)	-
Balance at end of financial year	387,231	423,947
Accumulated depreciation		
Balance at beginning of financial year	(399,027)	(354,396)
Depreciation for year	(21,184)	(44,631)
Disposals and write offs	37,240	-
Balance at end of financial year	(382,971)	(399,027)
Net book value at beginning of financial year	24,920	68,853
Net book value at end of financial year	4,260	24,920

10. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Trade payables and accruals	195,705	195,964

11. CURRENT LIABILITIES – OTHER

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Movement in equity options		
Balance at the beginning of the year	-	-
Value on issue	68,681	-
Change in fair value	(2,368)	-
Closing value	66,313	-

The equity option relates to the piggy back option as disclosed in Note 14 and Note 22.

This liability will not result in a payment by the Group, as when the equity options are exercised the amount associated with the exercised option will be transferred to equity and if the options are not exercised by the expiry date, 31 March 2018, the equity option will be transferred to the profit and loss.

12. NON-CURRENT LIABILITIES – PROVISIONS

	30/06/17 \$	30/06/16 \$
Employee benefits	9,214	11,626

13. NON-CURRENT LIABILITIES – OTHER

	30/06/17 \$	30/06/16 \$
Deferred income (government grant)	888,152	793,400

14. ISSUED CAPITAL

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
453,104,875 fully paid ordinary shares (2016: 361,326,414)	38,178,264	37,157,787
Treasury stock	(122,920)	(122,920)
	38,055,344	37,034,867

Movement in issued shares for the year:

	Number	Year ended 30/06/17 \$	Number	Year ended 30/06/16 \$
Fully paid ordinary shares				
Balance at beginning of financial year	361,326,414	37,157,787	304,545,685	36,233,820
Placement at 1.9 cents	42,950,000	816,050	-	-
Broker incentive shares associated with placement	1,466,232	35,190	-	-
Exercise of listed options	24,417	1,221	-	-
Rights issue at 0.8 cents less the value of equity options (see Note 11)	47,337,812	310,022	-	-
Share Purchase Plan and top-up placement at 2.0 cents	-	-	46,376,667	927,533
Share issue under Loan Funded Employee Share Plan at 1.0 cent	-	-	7,000,000	70,000
Share issue under Loan Funded Employee Share Plan at 1.8 cents	-	-	2,940,000	52,920
Share issue as part payment to a consultant at 1.6 cents	-	-	464,062	7,425
Costs associated with the issue of shares	-	(202,866)	-	(191,302)
Related income tax	-	60,860	-	57,391
Balance at end of financial year	453,104,875	38,178,264	361,326,414	37,157,787
Treasury stock				
Balance at beginning of financial year	(9,940,000)	(122,920)	-	-
Share issue under Loan Funded Employee Share Plan at 1.0 cent	-	-	(7,000,000)	(70,000)
Share issue under Loan Funded Employee Share Plan at 1.8 cents	-	-	(2,940,000)	(52,920)
Balance at end of financial year	(9,940,000)	(122,920)	(9,940,000)	(122,920)
Total issued capital	443,164,875	38,055,344	351,386,414	37,034,867

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid shares carry one vote per share and carry the right to dividends.

On 23 May 2017 the Company issued 47,337,812 ordinary shares after undertaking a non-renounceable rights issue of one new shares for every two shares held at an issue price of \$0.008 cents per share. The Company also issued one free attaching option for every two new shares purchased with an exercise price of \$0.012 cents and an expiry date of 31 March 2018. Each new option upon exercise will receive one new piggy back option having an exercise price of \$0.015 cents and an expiry date of 31 March 2019. The Company issued 23,668,938 options. The rights raised \$378,703 before costs and expenses.

As the new option will result in a piggy back option being granted on exercise, AASB 132 "Financial Instruments: Presentation" requires the option to be treated as a financial liability instead of equity. Therefore, the Company recognised the option as a financial liability at fair value through profit and loss. See Note 11 and Note 22.

Share options on issue

At the 30 June 2017 there were 23,668,938 listed share options on issue with an exercise price of 1.2 cents and expiry date of 31 March 2018. None of these listed options had been exercised during the year.

During the year 37,197,687 listed options with an exercise price of 5.0 cents and expiry date of 30 September 2016 lapsed with 24,417 (2016: nil) of these listed share options exercised during the year.

15. RESERVES

	30/06/17 \$	30/06/16 \$
Employee equity-settled benefits	36,433	26,984
	36,433	26,984

The employee equity-settled benefits reserve arises on the granting of shares to employees, consultants and executives under the Loan Funded Employee Share Plan (LFESP). Amounts are transferred out of the reserve and into issued capital when the shares under the LFESP are exercised. Further information about share based payments made under the plan is shown in Note 16 to the financial statements.

16. LOAN FUNDED EMPLOYEE SHARE PLAN

The Loan Funded Employee Share Plan (LFESP) is an ownership-based compensation plan for executives, employees and consultants.

At the Annual General Meeting held on 30 November 2015 the shareholders approved the Company's LFESP. Fully paid ordinary shares will be held by the trustee of the LFESP and transferred to executives, employees and consultants of the Company on achieving certain Company and personal KPIs and the payment of the share issue price, as long as the holder remains employed by the Company. An interest-free loan will be provided by the Company to each staff member to acquire the shares that are held by the trustee under the terms of the LFESP.

At the Annual General Meeting held on the 30 November 2015, the shareholder's approved the granting of 4,500,000 shares to the Managing Director and 2,500,000 shares to the Executive Director under the LFESP and held by the trustee of the Plan at an issue price of \$0.01 per share along with associated loans of the same value. The shares will transfer to the individual executive on the achievement of a number of KPIs set by the Board of Directors for the 2016 calendar year.

On 30 June 2016, directors approved the issue of 2,940,000 shares to key staff members under the LFESP and held by the trustee of the Plan at an issue price of \$0.018 per share along with associated loans of the same value. The shares will transfer to the individual staff member on the achievement of a number of KPIs set by the Board of Directors for the 2016 calendar year.

At the Annual General Meeting held on the 30 November 2016, the shareholder's approved the granting of 2,300,000 shares to the Managing Director and 1,300,000 shares to the Executive Director under the LFESP and held by the trustee of the Plan at an issue price of \$0.01 per share along with associated loans of the same value. The shares will transfer to the individual executive on the achievement of a number of KPIs set by the Board of Directors for the 2017 calendar year.

The following LFESP shares were in existence during the financial year

Rights – series	Number	Grant date	Vesting date	Fair value at grant date
Series 1	7,000,000	30/11/2015	As described above	\$0.005
Series 2	2,940,000	30/06/2016	As described above	\$0.003
Series 3	3,600,000	30/11/2016	As described above	\$0.007

Fair value of shares granted under the Loan Fund Employee Share Plan during the year

The weighted average fair value of the shares granted under the LFESP during the financial year is \$0.007 (2016: \$0.004).

LFESP shares granted during the current year were fair valued using a Black-Scholes pricing model and key inputs are set out below.

Inputs into the 2016 LFESP shares pricing model:

	Series 3
Grant date share price	\$0.012
Exercise price	\$0.010
Expected volatility	148.3%
Vesting date if performance conditions met	31 December 2017
Expiry date	31 December 2021

Movement in shares granted under the Loan Funded Employee Share Plan during the year

As at 30 June 2017 the number of shares granted to executives and employees is 7,294,500 (2016: 9,940,000) and the amount held by the trustee of the LFESP is 2,645,500 (2016: nil) that are available to be issued to executives and employees.

The following reconciles the shares granted under the Plan at the beginning and end of the financial year:

Loan Funded Employee Share Plan	30/06/17		30/06/16	
	Number of LFESP shares	Weighted average exercise price (\$)	Number of LFESP shares	Weighted average exercise price (\$)
Balance at beginning of financial year	9,940,000	0.012	-	-
Granted during the financial year	3,600,000	0.010	9,940,000	0.012
Exercised during the financial year	-	-	-	-
Forfeited during the financial year	(5,465,500)	0.012	-	-
Cancelled during the financial year	(780,000)	0.018	-	-
Balance at end of the financial year	7,294,500	0.011	9,940,000	0.012
Exercisable at end of year	3,694,500	0.012	-	-

The shares granted under the LFESP that are exercisable at year end had an exercise price of \$0.012 (2016: nil) and a weighted average remaining contractual life of 1,323 days (2016: nil).

17. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of Andromeda Metals Limited during the year were:

C G Jackson (Non-Executive Chairman)

C G Drown (Managing Director)

N J Harding (Executive Director and Company Secretary)

J P Buckley (Non-Executive Director)

M A Manly (Exploration Manager) – resigned 15 February 2017

The aggregate compensation of Key Management Personnel of the Group is set out below:

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Short-term employee benefits (i)	533,400	745,725
Post employment benefits	15,371	26,462
Termination payments	-	37,108
Share-based payments (ii)	12,918	13,278
	561,689	822,573

Included in the short-term employment benefits are the following amounts which the directors have agreed not to be paid until the Company has sufficient funds (C G Jackson \$28,992, C G Drown \$8,723, N J Harding \$18,963 and J P Buckley \$13,144).

Share based payments do not represent cash payments to key management personnel and the related shares may or may not ultimately vest. The amounts include a negative adjustment for performance rights granted in prior years that forfeited during the year due to not meeting the performance conditions (C G Drown \$10,387, N J Harding \$5,771 and M A Manly \$3,408).

18. REMUNERATION OF AUDITORS

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Audit or review of the Company's financial report	41,000	43,950
Tax return preparation and advice	7,500	17,850
	48,500	61,800

The auditor of Andromeda Metals Limited is Deloitte Touche Tohmatsu.

19. RELATED PARTY DISCLOSURES

a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

Interests in joint ventures

Details of interests in joint ventures are disclosed in Note 20 to the financial statements.

b) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 17.

c) Transactions with key management personnel

Other than as disclosed in Note 16 and Note 21(d), there were no transactions with key management personnel or their personally related entities during the year ended 30 June 2017 (2016: Nil).

20. JOINTLY CONTROLLED ASSETS

The Group had interests in unincorporated joint arrangements at 30 June 2017 as follows:

	Percentage interest 2017	Percentage interest 2016
Moonta Porphyry Joint Venture (Note i) – Copper/gold exploration	90%	90%
Kimba-Verran Joint Venture – Copper/gold exploration	0%	90%
Thurlga Joint Venture (Note ii) – Copper/gold exploration	25%	100%
Rover Joint Venture (Note iii) – Copper/gold exploration	100%	N/A

- i) The Group has an option to purchase the remaining 10% at any time for a consideration of \$200,000 cash or the equivalent of \$200,000 in Andromeda Metals Limited shares.
- ii) Under the terms of the joint venture agreement, Investigator Resources Limited (IVR) was required to spend \$750,000 by 30 June 2017 on exploration activities on the Group's Thurlga tenement located on the Eyre Peninsula to earn a 75% equity interest in the tenement. Thereafter each party may contribute to ongoing expenditure in respect to their joint venture holding or else elect to dilute. Should a party's equity fall to 5%, its share will be automatically acquired by the other party in exchange for a 1% Net Smelter Royalty. IVR had met its expenditure obligation by 30 June 2017 and had earned a 75% equity in the Thurlga Joint Venture.
- iii) Under the terms of the Rover Farm-in and joint venture agreement, Emmerson Resources Limited (ERM) is required to spend \$2,000,000 by 11 November 2019 on exploration activities to earn a 51% equity interest in the Group's Rover Project, located southwest of Tennant Creek in the Northern Territory. ERM can elect to sole fund a further \$2,000,000 over an additional 3 year period to increase its equity to 75%. Thereafter each party may contribute to ongoing expenditure in respect to their joint venture holding or else elect to dilute. Should a party's equity fall to 5%, its share may at any time be acquired by the other party at a price to be negotiated. See Note 27 where this joint venture is the process of being terminated.

The amount included in mining tenements, exploration and evaluation (Note 8) includes \$44,379 (2016: \$213,757) relating to the above joint arrangements.

21. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

a) Exploration Expenditure Commitments

The Group has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the Company.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	Year ended 2017 \$	Year ended 2016 \$
Not later than one year:	1,057,093	627,761
Later than one year but not later than two years:	1,441,023	632,750
Later than two years but not later than five years:	4,533,338	1,973,250

b) Rover Project – Northern Territory

Under an agreement entered into with Newmont Gold Exploration Pty Ltd ("Newmont") on 28 February 2005, Adelaide Exploration Limited acquired a 100% interest in the Rover Project (Exploration Licences 27292 and 27372) located near Tennant Creek, Northern Territory, on the following terms.

- A minimum of \$400,000 to be spent on exploration activities within 18 months of approval being received from the Central Land Council. This obligation had been met by December 2005.
- A net smelter return royalty to Newmont ranging from 1.5% to 2.5% after production, and
- The grant of a once only option to Newmont to buy back a 70% interest should a resource of more than 2 million gold ounces be discovered, by paying Adelaide Exploration Limited the lesser of \$A20 million or three times the expenditure by Adelaide Exploration Limited from the date of execution of the agreement.
- Under an agreement entered into with Adelaide Exploration Limited, Andromeda Metals Limited and Franco-Nevada Australia Pty Ltd ("Franco") dated 11 February 2009; Newmont assigned its interest in the royalty buy back to Franco.

c) Newcrest Mining royalty deed

By a Royalty Deed dated 13 February 2002 the Group is obliged to pay to Newcrest Mining Limited a royalty of 1.5% of the gross proceeds received from the sale of refined minerals, less allowable deductions, mined from certain tenements on the Eyre Peninsula, South Australia.

d) Service agreements

The Group entered into service agreements with entities associated with C G Drown and N J Harding for a term of six months to 30 June 2016. Both service agreements have since continued under the same terms while the Company is sourcing sufficient funding at which time new service agreements will be formalised.

Details of the current services and consultancy agreements are set out below:

2017

Key management personnel	Terms
C G Drown	Daily rate of \$860.
N J Harding	Daily rate of \$765.

From 1 February 2017, 30% of the above daily rates are being deferred and recorded as an accrual and will be paid when the Company has sufficient funds.

2016

Key management personnel	Terms
C G Drown	Daily rate of \$1,250 for a minimum of 210 days per annum until 31 December 2015 when the daily rate was reduced to \$860.
N J Harding	Daily rate of \$1,050 for a minimum of 40 hours per month until 31 December 2015 when the daily rate was reduced to \$765.

The Company may terminate any of the above agreements by giving one month and two months notice to the entities associated with C G Drown and N J Harding respectively. The entities associated with the key management personnel may terminate their agreements with one and two months' notice respectively. The Group has a contingent liability of \$47,800 (2016: \$47,800) in relation to these agreements, where the employee is not required to work out the notice period.

The Group entered into a consultancy agreement with J P Buckley on 7 April 2014 to provide consulting services on an as needs basis at the rate of \$2,000 per day. There were no payments made under this agreement during the year (2016: \$nil).

e) Bank guarantees

The Group has provided restricted cash deposits of \$92,500 as security for the following unconditional irrevocable bank guarantees:

- A performance bond of \$50,000 (2016: \$50,000) to the Central Land Council, Northern Territory,
- An environment bond of \$10,000 (2016: \$10,000) to the Minister for Mineral Resources Department, South Australia,
- A rent guarantee of \$32,500 (2016: \$32,500) to the landlord of the Company's leased office premises.

f) Operating lease

Operating lease relates to the lease of office space which expires on 31 January 2018 (2016: 31 January 2017) The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Non-cancellable operating lease commitments

	Year ended 2017 \$	Year ended 2016 \$
Not longer than 1 year	32,200	32,200
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	32,200	32,200

22. FINANCIAL INSTRUMENTS

Capital risk management

The Group aims to manage its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

Due to the nature of the Group's activities (exploration) the directors believe that the most advantageous way to fund activities is through equity and strategic joint venture arrangements. The Group's exploration activities are monitored to ensure that adequate funds are available.

Categories of financial instruments

	Year ended 2017 \$	Year ended 2016 \$
Financial assets		
Cash and cash equivalents	268,336	348,398
Trade and other receivables	36,912	54,305
Other financial assets	123,547	100,171
Financial liabilities		
Trade and other payables	195,705	195,964
Other liabilities	66,313	-

Interest rate risk management

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by \$1,340 (2016: increase/decrease by \$3,993). This is mainly attributable to interest rates on bank deposits.

The Group's sensitivity to interest rates has decreased due to the decrease in the current holding in cash compared to the prior year.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than one year \$
2017		
Non-interest bearing	-	262,018
2016		
Non-interest bearing	-	195,964

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The following table gives information about how the fair values of equity options are determined (in particular the valuation technique(s) and inputs used).

Financial assets / Financial liabilities	Fair value as at 30/06/17 \$	Fair value at 30/06/16 \$	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Other financial liability – equity options	66,313	-	Level 3	Black Scholes pricing model. The option call price was estimated based on the market observable share price, historical share price volatility and prevailing interest rates	The share price volatility used in the valuation was estimated based on the average volatility of a peer group of companies	A higher stock price volatility would result in a higher fair value, and vice versa

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements:

	Held at maturity – Options for company equities \$
Opening balance	-
Issued during the year	66,681
Change in fair value taken to profit or loss	(2,368)
Closing balance	66,313

23. SEGMENT INFORMATION

The Group has a number of exploration licenses in Australia which are managed on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash reserves, technical data and the expectations of future metal prices. Accordingly, the Group effectively operates as one segment, being exploration in Australia. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Group.

24. EARNINGS PER SHARE

	Year ended 30/06/17	Year ended 30/06/16
	Cents per share	Cents per share
Basic earnings per share – Profit / (loss)	(1.74)	(1.17)
Diluted earnings per share – Profit / (loss)	(1.74)	(1.17)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	\$	\$
– Earnings	(6,908,847)	(3,940,324)
	Number	Number
– Weighted average number of ordinary shares	398,075,666	335,886,709

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	\$	\$
– Earnings	(6,908,847)	(3,940,324)
	Number	Number
– Weighted average number of ordinary shares	398,075,666	335,886,709
	Number	Number

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted profit / (loss) per share:

– Listed share options	23,668,938	37,222,104
– LFESP shares	9,940,000	9,940,000
	33,608,938	47,162,104

25. CONTROLLED ENTITIES

Name of entity		Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
Parent entity				
Andromeda Metals Limited	(i)	Australia	100%	100%
Subsidiaries				
Adelaide Exploration Pty Ltd	(ii)	Australia	100%	100%
Peninsula Resources Pty Ltd	(ii)	Australia	100%	100%
ADN LFESP Pty Ltd	(ii) (iii)	Australia	100%	100%

- i) Head entity in tax consolidated group
- ii) Members of tax consolidated group
- iii) The Company acts as the trustee to the Loan Funded Employee Share Plan.

26. PARENT ENTITY DISCLOSURES

	Year ended 30/06/17 \$	Year ended 30/06/16 \$
Financial position		
Assets		
Current assets	304,966	402,504
Non-current assets	3,598,161	9,310,480
Total assets	3,903,127	9,712,984
Liabilities		
Current liabilities	262,020	195,966
Non-current liabilities	9,214	11,626
Total liabilities	271,234	207,592
Equity		
Issued capital	38,055,344	37,034,867
Reserves	36,433	26,984
Accumulated losses	(34,459,884)	(27,556,459)
Total equity	3,361,893	9,505,392
Financial performance	(6,908,847)	(3,940,324)
Profit / (loss) for the year		
Other comprehensive income	-	-
Total comprehensive income	(6,908,847)	(3,940,324)

Commitment for expenditure and contingent liabilities if the parent entity

Note 21 to the financial statements disclose the Group's commitments for expenditure and contingent liabilities. Of the items disclosed in that note the following relate to the parent entity:

- service agreements
- bank guarantees
- operating leases

27. SUBSEQUENT EVENTS

Subsequent to the end of the financial year, Emmerson Resources Limited (ERM) has advised that it wished to withdraw from the Rover Joint Venture. As a consequence, a settlement amount payable to the Company by ERM to affect their withdrawal has been negotiated and incorporated in an Early Withdrawal and Termination Deed that was executed on 28 September 2017.

Other than the above, there were no other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Directors' declaration

The directors declare that:

- a) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements;
- c) In the directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and consolidated entity; and
- d) The directors have been given the declaration required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the directors



C G Drown
Managing Director



J P Buckley
Non-Executive Director

Adelaide, South Australia

29th September 2017

Independent Auditor's Report to the members of Andromeda Metals Limited

Report on the Audit of the Financial Report

Disclaimer of Opinion

We were engaged to audit the financial report of Andromeda Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

Due to the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on this financial report. Accordingly, we do not express an opinion as to whether the financial report of Andromeda Metals Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Disclaimer of Opinion

We draw attention to Note 3 'Going Concern' in the financial report, which indicates that for the year ended 30 June 2017 the Group incurred a net loss of \$6,908,847, had a net cash outflow from operating activities of \$564,613 and a net cash outflow from investing activities of \$545,867. At 30 June 2017 the Group had cash and cash equivalents of \$268,336.

At the date of this report, we have been unable to obtain sufficient appropriate audit evidence as to the likelihood that the Group will be successful in raising the additional funding as described in Note 3.

Further, the statement of financial position as at 30 June 2017 includes the recognition of exploration and evaluation expenditure of \$4,358,222 which are expected to be realised in future years. The ability to recover the carrying value of the exploration and evaluation expenditure is dependent on successfully achieving the fund raisings outlined in Note 3, and the Group continuing as a going concern.

These conditions, along with other matters as set forth in Note 3, indicate the existence of material uncertainties that cast significant doubt about the Group's ability to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business.

Given the above circumstances, in our opinion, the uncertainties are so material and pervasive that we are unable to express an opinion on the financial report as a whole.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Andromeda Metals Limited, would be in the same terms if given to the Directors as at the time of this auditors report.

Report on the Remuneration Report

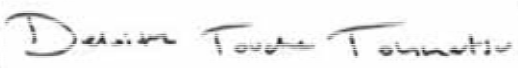
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 26 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Andromeda Metals Limited, for the year ended 30 June 2017, complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


DELOITTE TOUCHE TOHMATSU
Darren Hall
Partner
Chartered Accountants
Adelaide, 1 October 2017

Investor information

ANNOUNCEMENTS

The Company makes both statutory announcements (quarterly activities reports, financial reports, Appendix 5B cashflow statements, changes to directors' interests) and specific announcements under continuous disclosure provisions on a timely basis.

Company announcements made since the start of the financial year and marked as price sensitive by ASX include:

2016

15 July	Trading Halt
19 July	Share Placement completed to advance gold projects
19 July	Maiden 107,000 ounce gold resource for Barns deposit
19 July	Second Quarter Activities Report
28 July	Second Quarter Cashflow Report
16 August	Successful PACE applications secure \$290,000 in co-funding
21 September	Baggy Green drilling to add to Barns gold resource inventory
17 October	Drilling underway at Baggy Green gold prospect
24 October	Third Quarter Activities Report
25 October	Third Quarter Cashflow Report
3 November	First Baggy Green holes deliver exceptional results
15 November	Rover farm-in and joint venture with Emmerson Resources
28 November	Baggy Green set to increase local gold resources
29 November	Significant tungsten rock chip results

2017

11 January	Fourth Quarter Activities Report
11 January	Fourth Quarter Cashflow Report
16 January	Barns metallurgy results deliver 97% plus gold recovery
23 January	Wudinna Gold Camp resource jumps to 200,000 ozs gold
13 April	Rights Issue to progress Gold Projects
13 April	Rights Issue Prospectus
26 April	Despatch of documents – Supplementary Prospectus
28 April	March 17 Quarterly Activities Report

2017

28 April	March 17 Quarterly Cashflow Report
11 May	Significant Cobalt in Moonta Copper Gold Deposits
12 May	Exploration Development Incentive Scheme
19 May	Rights Issue – Notification of Shortfall
6 July	Superb metallurgical gold recoveries to 99.3% at Baggy Green
10 July	High grade graphite discovered
20 July	ISR copper potential for Moonta Project
28 July	June 17 Quarterly Activities Report
28 July	June 17 Quarterly Cashflow Report
4 October	Rover Project back under Andromeda Metals control

SHARE PRICE MOVEMENTS

Share prices on the Australian Securities Exchange during the 2016-2017 year were:

Quarter ended	High	Low
September 2016	\$0.023	\$0.012
December 2016	\$0.018	\$0.009
March 2017	\$0.013	\$0.009
June 2017	\$0.009	\$0.005

Additional shareholder information

as at 29 September 2017

SUBSTANTIAL SHAREHOLDERS

	No. of ordinary shares
Buratu Pty Limited (Connolly Super Fund A/C)	85,000,000

TOP 20 SHAREHOLDERS OF ORDINARY SHARES

	No. of ordinary shares	% Shares
1 Buratu Pty Limited (Connolly Super Fund A/C)	85,000,000	18.76%
2 Navigator Australia Limited (MLC Investment Sett A/C)	13,788,089	3.03%
3 MLB Holdings Pty Limited (MLB Family A/C)	13,500,000	2.97%
4 ADN LFESP Pty Ltd	9,940,000	2.18%
5 Edward Garnet Bunn	8,000,000	1.76%
6 Greylands Super Pty Ltd (DJMS Super Fund A/C)	7,729,038	1.70%
7 Chris Drown & Lynette Drown (C&L Drown Family A/C)	5,891,313	1.29%
8 Norvest Projects Pty Ltd	5,000,000	1.09%
9 Jilldav Pty Ltd (Convoy Super Fund A/C)	4,672,500	1.02%
10 Robert Nairn Pty Ltd (Cherham A/C)	4,491,570	0.98%
11 George William Cridland	4,125,000	0.90%
12 Keith Yates & Assoc Pty Limited (Yates Family Super Fund A/C)	3,676,738	0.80%
13 Meherali Pty Limited (Meherali Family S/F A/C)	3,553,429	0.77%
14 Yongmei Chen	3,116,156	0.68%
15 Marmion Investments Pty Ltd (The Marmion Super Fund A/C)	3,000,000	0.65%
16 Nick Milenkovski	3,000,000	0.65%
17 Dimitrios & Konstantina Piliouras (Energia Super Fund A/C)	3,000,000	0.65%
18 Nurragi Investments Pty Ltd	2,530,263	0.55%
19 Keith Robert Yates	2,427,278	0.53%
20 Carmel Elizabeth Whiting	2,394,737	0.52%
Total of top 20 holdings	188,836,111	41.67%
Other holdings	264,321,467	58.33%
Total fully paid shares issued	453,157,578	100.00%

LISTED OPTIONS

	No. of options
Exercise price of 1.2 cents and expiry date of 31 March 2018	23,616,235

UNLISTED OPTIONS

	No. of options
Exercise price of 1.5 cents and expiry date of 31 March 2019	52,703

DISTRIBUTION OF SHAREHOLDERS

	No. of holders	No. of ordinary shares
1-1,000	317	72,681
1,001-5,000	318	944,970
5,001-10,000	281	2,437,263
10,001-100,000	818	35,787,446
100,001-over	557	413,915,218
Total	2,291	453,157,578

There were 1,616 shareholders with less than a marketable parcel of 83,334 shares.



METALS

Registered and Principal Office

69 King William Road, Unley, South Australia 5061

PO Box 1210, UNLEY BC SA 5061

T: +61 8 8271 0600; F: +61 8 8271 0033

admin@andromet.com.au

www.andromet.com.au