



Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN
Cash: \$0.546 million
(at 30 June 2017)
Issued Capital:
570,194,856 ordinary shares
21,369,257 listed options
799,681 unlisted options

Directors:

Rhod Grivas
Non-Executive Chairman
Chris Drown
Managing Director
Nick Harding
Executive Director and
Company Secretary
Andrew Shearer
Non-Executive Director

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ASX announcement

27 November 2017

Mylo-Frontier Pilbara Gold Project acquisition

Summary

- On 27 October 2017 the Company signed a binding term sheet that, subject to due diligence, could lead to the acquisition of 100% equity in ground held under Exploration Licence Applications (ELAs) in the Pilbara region of Western Australia.
- Due Diligence investigations, including a field review of the ELAs, has been completed and the Company and project vendors have agreed that Andromeda Metals will pay a reduced consideration of \$75,000 cash and 30,000,000 ADN shares to acquire 40% of the original area offered.
- The field review of E 08/2954 and E 08/2955 confirms these tenements secure intervals of the Mount McGrath Formation, a geological unit which hosts gold mineralisation at prospects including the Northern Star owned Monster Lode – Gossan Ridge prospect located along strike to E 08/2954, and the Northern Star owned Electric Dingo deposit (22,000 ounce gold resource) along strike from E 08/2955.
- The field review of E 46/1196 confirms the presence of Mount Roe Basalt and overlying Hardey Formation, including a basal boulder conglomerate unit, close to the tenement boundary. In the past, prospectors in the area have won gold from the conglomerates and Andromeda Metals believes the emerging Pilbara Gold Model is applicable in this area.
- Andromeda Metals will progress the ELAs to grant prior to commencing on-ground exploration.

Managing Director

Enquiries: Chris Drown (08) 8271 0600 or 0427 770 653

Introduction

The Pilbara region has attracted significant attention following the discovery by Novo Resources (TSX-V:NVO) of gold mineralisation hosted in conglomerates occurring near the base of the Fortescue Group, a sequence of Archaean volcanic and sedimentary rocks that out crop over extensive areas in the Pilbara. Similarly, the Ashburton region to the south hosts significant gold deposits.

On 27 October 2017 Andromeda Metals signed a binding term sheet that, subject to the satisfactory completion of due diligence investigations, would allow the Company to acquire 100% equity in a Pilbara gold project comprising Exploration Licence Applications (ELAs) pegged by Mylo Gold Pty Ltd and Frontier Exploration Pty Ltd covering a total area of 756km² in the Pilbara and Ashburton areas for a consideration of \$50,000 in cash and 85,000,000 fully paid ordinary Andromeda Metals shares.

The Company has now completed its due diligence investigations, including a field visit to the ground, and is to progress the acquisition of 40% of the project area on revised terms.

Under the revised terms of the acquisition, Andromeda Metals will acquire Frontier Exploration Pty Ltd and Mylo Gold Pty Ltd for a consideration of \$75,000 in cash plus 30 million fully paid ordinary shares in Andromeda Metals.

E 08/2954 “Wylloo” and E 08/2955 “Cheela Springs”

E 08/2954 (Figure 1) and E 08/2955 secure intervals of a gold prospective unit called the Mount McGrath Formation that hosts gold mineralisation in the Ashburton region.

The Paulsens Gold Mine (production to 2014 in excess of 700,000 ounces of gold at a grade of 7.6g/t gold) is located just 15 kilometres north of the northern boundary of E 08/2954 and could provide a toll milling option for a small resource if exploration on E 08/2954 is successful, while the plus 1Moz Mt Olympus gold project, hosted in the same stratigraphic units which occur in E 08/2954 and E 08/2955, is situated to the southeast of the two tenements.

The Monster Lode – Gossan Ridge prospect is located only 2.5 kilometres along strike from E 08/2955. The prospect occurs in an ironstone-quartz breccia (Figure 2), with historical rock chips returning promising gold values including results to 75.9g/t gold.

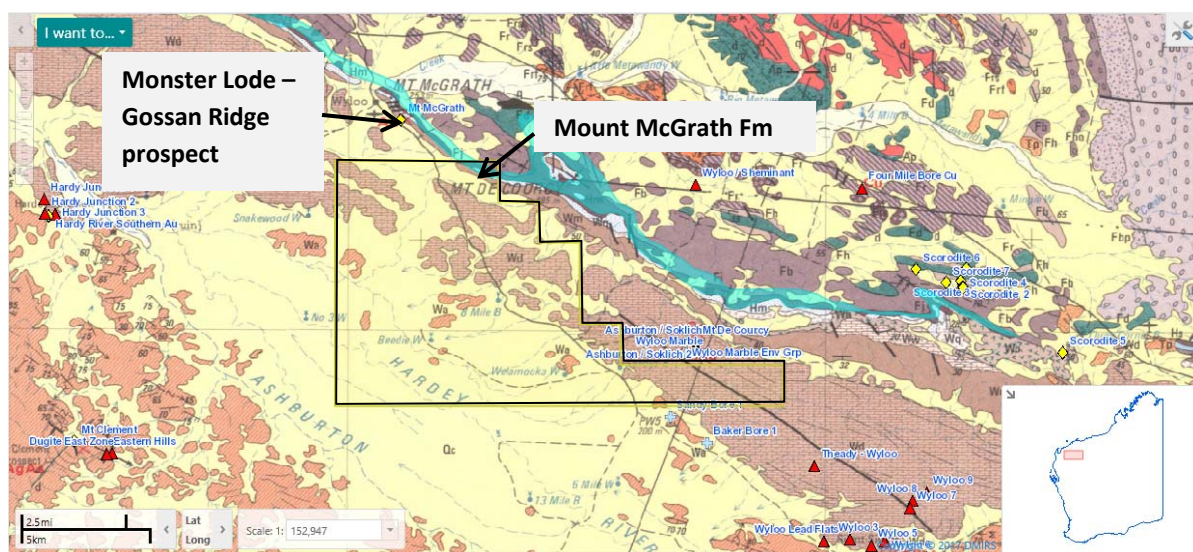


Figure 1: E 08/2954 mapped geology (image from WA DRIMS GeoVIEW site).

The same ironstone-quartz breccias were observed to persist along strike into E 08/2954 (Figure 3), while weathered sulphides were also observed in adjacent host rocks.



Fig 2: Ironstone-quartz breccia host rock at the Monster Lode – Gossan Ridge prospect.



Fig 3: Ironstone-quartz breccia on E 08/2954.

E 08/2955 (Figure 4) similarly captures an interval of the Mount McGrath Formation, and the field review again confirmed the presence of ironstone-quartz breccias (Figure 5).

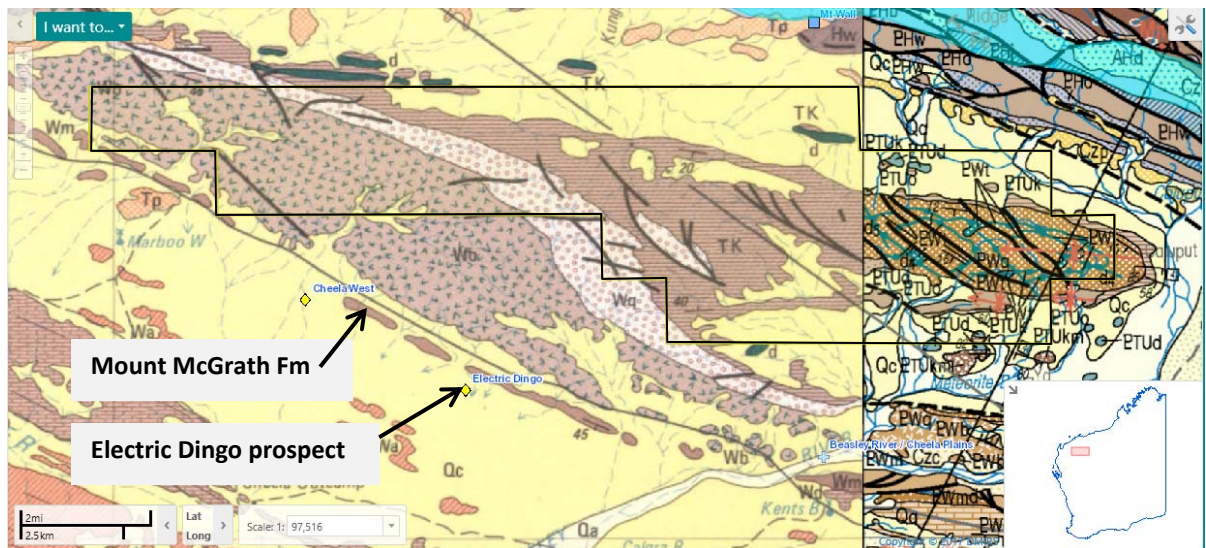


Fig 4: E 08/2955 mapped geology (image from WA DRIMS GeoVIEW site).

To the south of E 08/2955 a series of gold prospects occur in the Mount McGrath Formation.

The Cheela West prospect is reported to have returned historical drill intersections including 10 metres at 6.4g/t gold, and 11 metres at 4.2g/t gold, while the Electric Dingo prospect has an estimated Mineral Resource of 22,000 ounces of gold. Cheela West and Electric Dingo are located outside of E 08/2955 but confirm the prospectivity of the Mount McGrath Formation in the immediate area.



Fig 5: Ironstone-quartz breccia on E 08/2955.

E 48/1196 “Rooney’s Find East”

E 48/1196, is adjacent to ground held by well known Western Australian prospecting identity, Mark Creasy.

The geology of the area includes an Archaean greenstone inlier to the west of E 48/1196 which is draped by Mount Roe Basalt and overlying Hardey Formation (Figure 6). A number of in-situ gold occurrences, including Rooney’s Find and Kallona occur in these rock units to the west of E 48/1196, while nearby alluvial gold occurrences are likely also sourced in the same rocks. These occurrences have been worked by prospectors in the past with gold nuggets reportedly located using metal detectors.

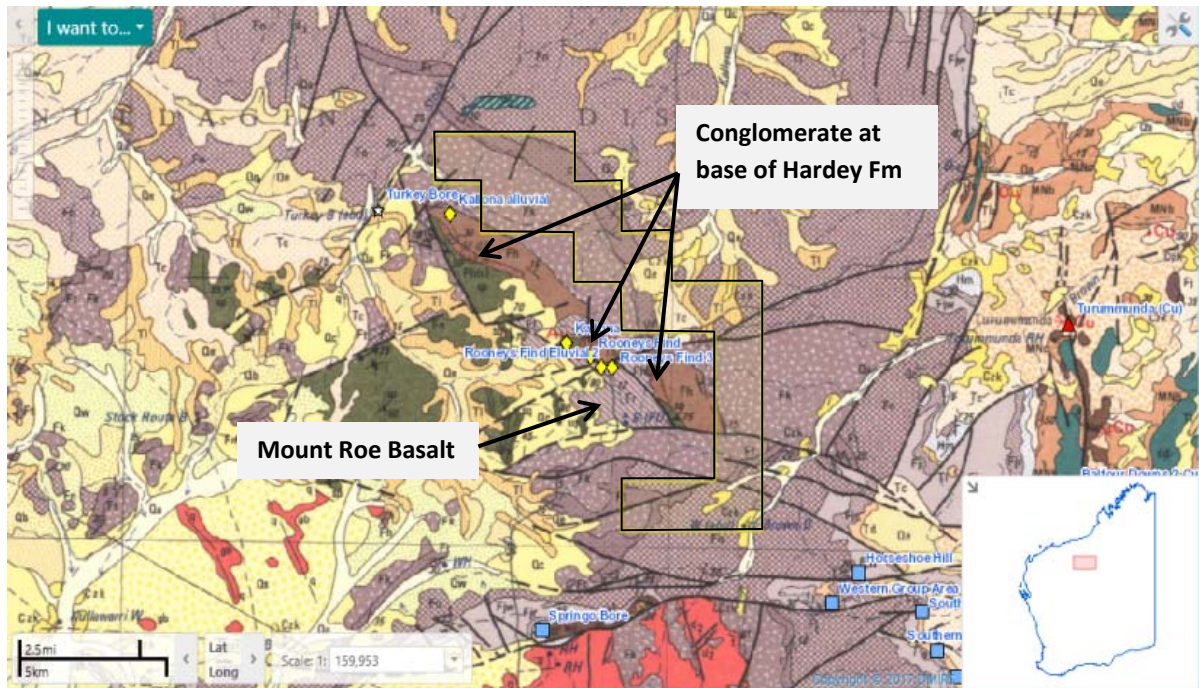


Figure 6: E 48/1196 located on mapped geology. Yellow diamonds are gold prospects. (image from WA DRIMS GeoVIEW site).

During Andromeda Metals’ field review the Mount Roe Basalt (Figure 7) was observed below a sequence of boulder conglomerates (Figure 8) in an area just west of E 48/1196.



Figure 7: Mount Roe Basalt outcrop.



Figure 8: Boulder conglomerate - Hardey Fm.

The gold occurrences in lower Fortescue Group rocks including the Mount Roe Basalt and conglomerate units of the Hardey Formation nearby E 48/1196 is consistent with the emerging Pilbara Gold Model.

The prospective Mount Roe Basalt and Hardey Formation conglomerate formations are interpreted to occur at depth on E 48/1196 as they are observed to dip shallowly to the east from the area of outcrop just west of the tenement.

Forward plans

Formal Sale Agreements for Frontier Exploration Pty Ltd and Mylo Gold Pty Ltd will be drafted and executed in the coming month, and Andromeda Metals will progress the grant of the three tenements prior to commencing on-ground exploration.

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Drown is employed by Drown Geological Services Pty Ltd and consults to the Company on a full time basis. Mr Drown has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Drown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC 2012 Note

There are no material exploration results in this release relating to the Mylo-Frontier Pilbara Gold Project and there is also no requirement for a JORC Code, 2012 Edition table.