



10 June 2020

Mr Alex Sutton
Advisor, Listings Compliance,
ASX Compliance Pty Limited,
20 Bridge Street,
Sydney, NSW 2000

Dear Alex,

VIDEO INTERVIEWS WITH MANAGING DIRECTOR

Andromeda Metals Limited (ASX: ADN, Andromeda, the Company) would like to advise of two recent video interviews conducted by the Company's Managing Director James Marsh which have been released across various media platforms.

The first, a further update in a series of **Coffee with Samso** interviews titled "**Mining High-Grade Kaolinite in Australia**" was released on 9 June 2020 with the link to the video as follows:

https://youtu.be/IM075_JaA1Q

In addition, a new **CRUX Investor** interview titled "**Andromeda Metals (ADN) Halloysite-Kaolin Can Make Investors Money**" was also released on 9 June 2020 with the link to the video as follows:

<https://youtu.be/raUzIxIKEHM>

Both video links are also available to access on the Company's website.

A summary of the key areas discussed during both video interviews is provided below. The Company confirms that there was no new information released in the videos that has not previously been provided to the market.

The Company

Andromeda Metals is an emerging industrial minerals producer with a focus on halloysite-kaolin. The Company is currently earning up to a 75% interest in the Poochera Halloysite-Kaolin Project in South Australia from ASX listed Minotaur Exploration Limited (ASX: MEP), with the Project considered to be one of the world's largest and highest purity halloysite-kaolin deposits in the world for this rare and increasingly in demand mineral. ADN also has a number of copper and gold projects in Australia under which it has entered joint venture arrangements with a number of companies as part of a corporate strategy to focus the Company's attention solely on halloysite-kaolin for the past two years.

James Marsh is a highly experienced industrial chemist with over 30 year's experience in industrial minerals, and specifically halloysite-kaolin, who joined Andromeda as Managing Director in June 2018 to drive the Company's new focus in halloysite-kaolin.

Pre-Feasibility Study

Following completion of 2 initial Scoping Studies, a Pre-Feasibility Study (PFS) covering the Carey's Well Deposit located at the Poochera Halloysite-Kaolin Project was released to the market on 1 June and represents the achievement of a major milestone for the Company. The project economics have again exceeded previously reported Scoping Study results and represent a steady improvement in confidence with the Project.

Key features of the PFS are:

- improved project financials compared to the previous Updated Scoping Study released on 6 April 2020 of a pre-tax NPV_{8%} of A\$736M (a 35% increase), IRR unchanged at 175%, pre-tax cashflow of \$1.97B (an 88% increase) and a payback still at 15 months from commencement of operations;
- it is based on the December 2019 updated Mineral Resource for Carey's Well which has extended the mine life to 26 years and resulted in a 67% increase in the Production Target to 12.7Mt when compared to the previous Scoping Studies;
- wet-processing on site is still preferred over site dry-processing. A hot-drying stage has also been added to the wet-processing plant in order to comfortably meet maximum shipping moisture content rates, resulting in additional capital expenditure but leading to significant savings in product handling and logistics costs;
- an initial Direct Shipping Ore (DSO) phase, incorporating toll-refining overseas, to be pursued while the wet-processing plant is constructed during the second year of operations, funded by DSO sales;
- an additional 3-6 months has been added to the project timeline to conservatively allow time to obtain all governmental approvals for mining to commence, which is now estimated to be late 2021 / early 2022 with first sales to be received during the first half of 2022;

Focus is now directed towards completion of the Definitive Feasibility Study (DFS), which will include more detailed metallurgical, mine and process design, and engineering studies, scheduled for completion by the end of the calendar year in addition to the preparation and submission to the government of permitting and approvals required in order for mining operations to commence. The Company will shortly be announcing the appointment of an experienced project manager to drive this critical phase of the Project.

Marketing

As part of the marketing strategy, and in response to the recent COVID-19 pandemic, the Company has expanded marketing efforts beyond China to other global markets with significant interest shown from potential ceramic customers in other Asian countries, Europe and the Middle East.

Large scale processing trials performed on Carey's Well ore that will provide final processed product to furnish potential customers with representative samples for commercial application testing has been recently undertaken. Several tonnes of premium grade product has been produced in Japan with another batch of Carey's Well material currently being processed at a plant in China. Material is also being tested in the USA and Europe.

Once commercial scale trials have been performed by potential ceramic customers on the premium grade product, and end users are in a position to sign-off that the material satisfies their individual customer requirements, the Company envisages to be in a position to execute binding offtake agreements with a number of customers.

Andromeda will also be investigating as part of the DFS the potential of producing a lower grade marketable product at site from wet-processing which could generate attractive margins in addition to premium grade product due to lower product handling and no overseas toll-refining costs, with new domestic market opportunities to be explored in Australia and New Zealand.

Mid to Longer Term Market Opportunities

High-purity halloysite is an area that the Company sees considerable growth with applications for this material under investigation globally for uses such as:

- hydrogen storage
- carbon capture
- energy storage
- water purification
- medical applications including anti-viral facemasks
- agricultural applications

Andromeda is encouraged by recent drilling at the Condooringie Prospect, located only 5kms north of the Carey's Well Deposit, which has identified high-purity halloysite and could be a significant source for this globally scarce material. The Company intends to prepare a Mineral Resource for Condooringie prior to the end of the year. It also intends to follow up on the world's best-ever reported halloysite results found at Camel Lake in South Australia with negotiations with the traditional landowners continuing in order for Andromeda to gain access and conduct follow-up exploration activities.

In addition, Andromeda is also awaiting results from a recent aircore drilling program conducted at the 100% owned Mount Hope Project where a historic non-JORC resource of 12.2Mt of halloysite-kaolin has been recorded. A 2012 JORC compliant Mineral Resource will also be determined from this drilling once results are available.

The Company is also currently evaluating opportunities for Poochera material to be a source for the production of High Purity Alumina (HPA) after testing has shown it to be a premium quality feedstock for HPA manufacture.

Summary

Andromeda is well positioned financially to complete the evaluation study process through to a decision to mine with approximately \$2.8M in the bank and up to \$7.5M in receipts from options capable of being exercised by optionholders before the expiry date of 30 November 2020, of which the Company is seeing an increasing number of these being exercised more recently. With a relatively small initial capital requirement and short period from commencement of operations to when receipts are anticipated to be generated, the Company considers it to be in an enviable and unique position in the Australian market. However, the Board recognises the need to consider funding for the start-up of operations and has therefore commenced discussions with a number of institutional investors who could strengthen the shareholder base, which currently predominantly consists of retail investors, now that the PFS stage has been achieved. Other alternate forms of funding will also be considered to fund the initial cash shortfall.

The Company's immediate focus is now directed towards delivering the Definitive Feasibility Study and the preparation and submission of the mining lease application and associated approvals required for mining operations at Carey's Well to commence in late 2021 / early 2022. At the same time, the evaluation of other value-add opportunities are continuing which may significantly add to the financial strength of the business to be developed.

It is Andromeda's vision to become a globally diversified industrial minerals company and as such the Company is considering other complementary industrial mineral products for inclusion in a portfolio of industrial minerals that can be sold to a number of the same customers for halloysite-kaolin applications.

Authorised for release by the Board.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Harding', with a stylized flourish at the end.

Nick Harding

Executive Director and Company Secretary