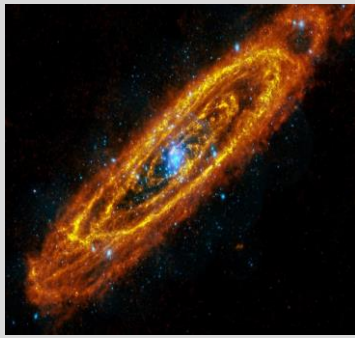


ASX Announcement

30 June 2021



Andromeda Metals Limited

ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (31 Mar 2021): \$6.70 million

Issued Capital:

2,160,727,827 ordinary shares

86,320,000 unlisted options

19,750,000 performance rights

Directors:

Rhod Grivas

Non-Executive Chairman

James Marsh

Managing Director

Nick Harding

Executive Director and
Company Secretary

Joe Ranford

Operations Director

Andrew Shearer

Non-Executive Director

Contact details:

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Andromeda Successfully Completes \$30 million Placement and Launches \$15 million Share Purchase Plan

Highlights

- **Share Placement successfully completed raising \$30M from institutional and professional/sophisticated investors.**
- **Strong support received from new and existing shareholders, with the introduction of high quality domestic and offshore institutions to the Andromeda register.**
- **Andromeda to undertake a \$15M Share Purchase Plan to eligible shareholders on the same terms as the Placement.**
- **Proceeds from the Placement and Share Purchase Plan will be used for long lead capital items, product development and working capital requirements.**
- **Increased institutional interest in Andromeda since the announcement of the binding offtake with Jiangsu Mineral Sources International Trading Co. Ltd (MSI).**

Overview

Andromeda Metals Limited (ASX:ADN) (“**Andromeda**” or the “**Company**”) is pleased to advise that it has successfully completed a bookbuild process to raise \$30M (before costs) through a Placement of new fully paid ordinary shares (“**Placement**”), with the assistance of Canaccord Genuity and Taylor Collison as Joint Lead Managers and Morgans Financial as Co-manager.

The Placement, together with a Share Purchase Plan (“**SPP**”) capped at \$15M, will provide Andromeda with funds to meet the Company’s share of long lead time processing plant equipment purchases, continue product development in the areas of ceramic, paints and coatings, concrete and HPA, contribute to ongoing research and development, accelerate exploration and ongoing working capital requirements.

Andromeda’s Managing Director, James Marsh, commented;

“The Company thanks our existing shareholders for their ongoing support and welcomes the new institutional investors to the register. The support led to demand in excess of the funds sought by the Company. Andromeda has not had to raise funds for the past two years and the equity funding, on the back of the MSI binding offtake agreement, provides the Company with the financial support it needs to complete the Great White DFS later this year, leading into construction and mining next year.”

Share Placement

The Placement was managed by Canaccord Genuity and Taylor Collison as Joint Lead Managers using a single tranche structure in accordance with the Company’s available placement capacity pursuant to ASX Listing Rule 7.1. Morgans Financial limited acted as Co-Manager. Under the terms of the Placement, the Company will issue approximately 200M shares (9.25% of the issued capital) at \$0.15 per share, resulting in approximately 2,360M shares on issue after the issuance of the Placement shares.

Settlement of the Placement is scheduled to occur on Tuesday 6 July 2021 with new shares expected to be allotted and commence trading on Wednesday 7 July 2021.

Share Purchase Plan

Andromeda will offer existing shareholders on the Company share register at 7:00pm (EST) on 29 June 2021 with registered addresses in Australia and New Zealand (“**Eligible Shareholders**”) the opportunity to apply for up to a maximum of \$30,000 worth of new fully paid ordinary shares in the Company. The shares issued under the SPP will be offered at the Placement issue price of \$0.15 per share and will rank equally with existing shares.

The SPP will be capped at \$15M. Andromeda retains the right to scale back applications (in whole or part) in its absolute discretion. The Company reserves the right to close the SPP early. Accordingly, the Board recommends that Eligible Shareholders lodge their applications as soon as possible. Further information, including terms and conditions of the SPP, will be provided to Eligible Shareholders in the SPP Booklet which is expected to be lodged with the ASX and made available to shareholders on 6 July 2021. Participation in the SPP by Eligible Shareholders is optional. The SPP meets the requirements of Listing Rule 7.2 exception 5.

Indicative Timetable

The indicative timetable for the Placement and SPP is detailed below:

| Placement | |
|---|--------------|
| Settlement of Placement Shares | 6 July 2021 |
| Allotment of Placement Shares | 7 July 2021 |
| Share Purchase Plan | |
| Record Date to be eligible to participate in SPP | 29 June 2021 |
| Dispatch of SPP documentation and SPP offer open date | 6 July 2021 |
| SPP closing date | 20 July 2021 |
| Announcement of SPP results | 27 July 2021 |
| Allotment of new shares under SPP | 27 July 2021 |

Note: These dates (except for the Record date) are indicative only. Subject to ASX requirements the Company may vary the dates of the SPP in its discretion and without notice.

Investor Presentation

Further details of the capital raising are detailed in the investor presentation released on the ASX platform today.

This announcement has been authorised for release by the Board.

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Managing Director

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Great White Kaolin Project

The Great White Kaolin Project covers two main geographic areas of interest, both situated in the western province of South Australia (Figure 1). The current main area of focus for the Project is on the Eyre Peninsula which comprises four tenements and is located approximately 635 kms west by road from Adelaide and 130 kms south-east from Ceduna (Figure 2). The Project is a joint venture between Andromeda Metals and Minotaur Exploration Limited (ASX: MEP) in which ADN holds a 75% equity interest.

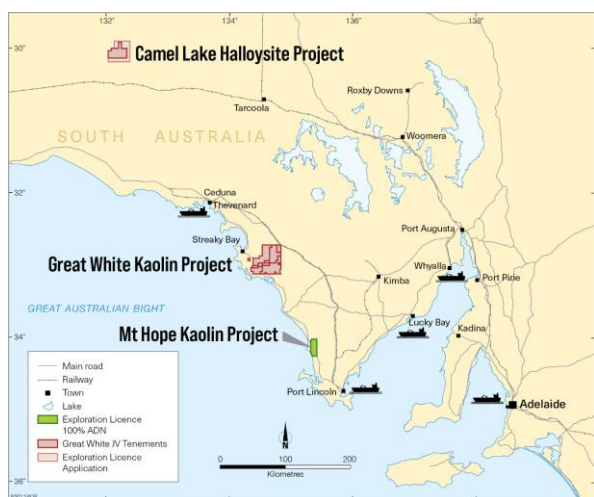


Figure 1 - Project Location Plan

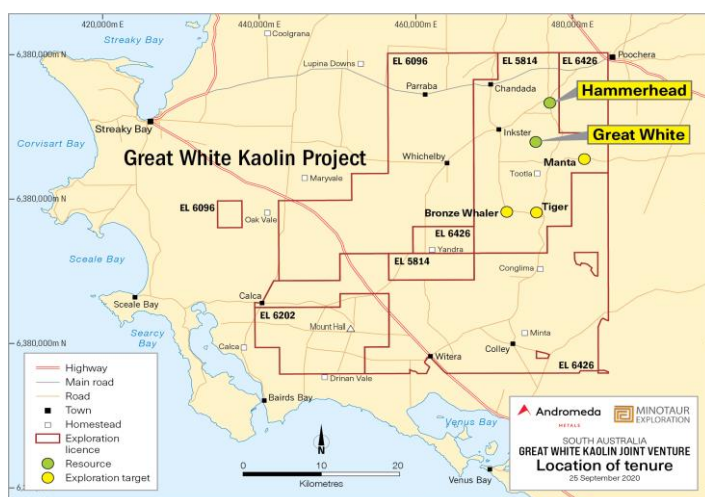


Figure 2 - Great White Joint Venture tenements

High quality halloysite-kaolin occurrences exist extensively across the Great White Project area making this a region of global significance for the mineral and capable of supporting a considerable long-life mining operation.

Andromeda also holds a 100% interest in the Mount Hope Kaolin Project which is located approximately 160 kms southeast of the Great White Kaolin Project.