Andromeda

ANNUAL REPORT
2021

Company information

DIRECTORS

Rhod Grivas	Non-Executive Chair
James Marsh	Managing Director
Joe Ranford	Operations Director
Melissa Holzberger	Non-Executive Director
Andrew Shearer	Non-Executive Director

COMPANY SECRETARY

Andrea Betti	Company Secretary

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

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Company profile

Andromeda Metals Limited is an emerging industrial minerals company listed on the Australian Securities Exchange (ASX: ADN) based in Adelaide, South Australia and has a vision of becoming the world's leading supplier of high grade halloysite-kaolin. The Company first listed in 1996 under the name Adelaide Resources and up until early 2018, the focus was directed towards predominantly gold and copper exploration at projects located in South Australia, the Northern Territory, Queensland and Western Australia.

From 2018, Andromeda has directed its primary focus away from the exploration for gold and copper deposits to the evaluation and potential future development of halloysite-kaolin through the acquisition of a significant interest in the Great White Kaolin Project (previously the Poochera Halloysite Kaolin Project) in South Australia, and its planned advancement towards production.

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

The Chairman, Rhod Grivas is a geologist with substantial resource industry and board experience. He possesses a strong combination of equity market, M&A, commercial, strategic and executive management capabilities. He is currently a Non-Executive Chairman of ASX listed Golden Mile Resources Limited, Non-Executive Director of AIM listed Lexington Gold Limited and was previously Managing Director of ASX and Toronto Stock Exchange (TSX) listed gold miner Dioro Exploration NL, where he oversaw the discovery and development of a gold resource through feasibility into production.

Managing Director, James Marsh is an industrial chemist and holds tertiary qualifications in chemistry and physics. He is a highly qualified kaolin specialist with more than 30 years' industrial minerals experience, including notable, senior technical and marketing roles with two global market leaders. James has been instrumental in developing and launching industrial minerals products into established and new applications globally and has a successful track record in general management and sales.

Operations Director Joe Ranford is a mining engineer with significant experience gained in senior management roles held with both domestic and international mining companies. Most recently, Joe held the role of Chief Operating Officer for Nordic Gold Inc. where he re-established mining operations for the Laiva Gold Mine in Finland from care and maintenance. He has also been Operations Manager for Terramin Australia where he managed all operational and technical aspects of the Angas Zinc Mine and championed the evaluation and approval processes for the Bird in Hand Gold Project, both in the community sensitive Adelaide Hills district of South Australia.

Non-Executive Director Andrew Shearer has been involved in the mining and finance industries for 20 years. Coupled with geoscience and finance qualifications he has experience from exploration through to production. A Non-Executive Director with Andromeda, Andrew also holds company director positions with Investigator Resources and Resolution Minerals. Andrew brings strong professional skills and experiences in equity research, investor relations, valuations and capital markets through his previous role as Senior Resource Analyst with PAC Partners. He is also currently a Non-Executive Director of Resolution Minerals Limited and Investigator Resources Limited.

Non-Executive Director Ms Holzberger in an experienced Independent Non-Executive Director and Mining Lawyer with over 20 years' experience in the international energy and resources sector. Melissa brings a deep understanding of mining projects and operations, having previously worked with BHP and Rio Tinto. Her substantial experience extends to highly regulated industries, international commodity trade, corporate ethics, risk and compliance oversight, together with a focus on environment, social and governance matters. Melissa is currently a Director of two ASX listed companies, Paladin Energy Ltd and Silex Systems Limited and is also a member of the Federal Government's Australian Radiation Protection and Nuclear Safety Agency's Radiation Health and Safety Advisory Council.

Company Secretary Andrea Betti is a corporate governance professional with over 20 years' experience in accounting, corporate governance, finance and corporate banking. She has acted as Company Secretary for companies in the private and publicly listed sectors. Andrea is a member of the Institute of Chartered Accountants in Australia and New Zealand and an associate member of the Governance Institute of Australia. Andrea is currently a Director of a corporate advisory company based in Perth that provides corporate and other advisory services to publicly listed companies. She has a Bachelor of Commerce, Graduate Diploma in Corporate Governance, Graduate Diploma in Applied Finance and Investment and a Masters of Business Administration.

With the collective skills and experience of the Board of Directors and the quality of the Great White Kaolin project and the Company's other prospects, the Board is of the view that Andromeda's vision to be a sustainable industrial minerals producer of high-quality halloysite-kaolin is achievable and thus providing shareholders with substantial financial return on their investment in the Company.

Chair's review

Dear Shareholders,

Welcome to the 2021 Annual Report for Andromeda Metals Limited, as we reflect on an exciting and productive year in our Company's strategy to become a leading producer of kaolin and halloysite via our projects in South Australia.

Andromeda made significant progress in developing our portfolio of projects over the past 12 months, including our flagship Great White Kaolin Project, (a 75/25 joint venture with Minotaur Exploration) where we are finalising work on the Definitive Feasibility Study (DFS), our nearby 100% owned Mount Hope and part ownerships in Eyre Kaolin, Camel Lake Kaolin, Natural Nanotech and our gold and copper projects.

Andromeda secured two significant offtake agreements to underpin the progress of the Great White Kaolin project, the first 5,000 tonnes per annum (tpa) to a Japanese porcelain manufacturer and the second 70,000tpa with a Chinese industrial minerals' customer for paints and polymers markets. Based off the Phase 1 production profile of 116,500 tpa, these two offtake agreements form 64% of the Phase 1 capacity, with options to sell the balance of the production into the market, this gives us great confidence and security in the future of the Great White Kaolin Project. We plan to double production in Phase 2, timing of this will be determined by the signing of new offtakes in diversified markets to underwrite the future growth of the Company.

We are eagerly anticipating the completion of the Great White Kaolin Project's DFS, which was strategically delayed to incorporate the new paint and polymer product off-take.

We are also working on a new concrete additive product and a direct shipping ore option. Upon securing binding offtakes for these, they will be included in future business plan updates.

The Company on behalf of the Great White Joint Venture has commenced discussions with several financiers to look at funding options for Phase 1 of the Great White Kaolin Project.

Subject to the results of the DFS, subsequent financial investment decision and decision to mine, we are on track to commence mining on the Great White Kaolin Project in mid-2022, and we look forward to this exciting and transformational milestone.

In May, the Company signed a memorandum of understanding with a Canadian company that provides HPA technology knowhow to build our own high purity alumina (HPA) plant in Australia, from which we could produce HPA from our premium grade feedstock in the future.

Progress was also made by our 50% owned Natural Nanotech Pty Ltd, at the University of Newcastle where halloysite nanotubes are being applied to a range of applications such as carbon capture, hydrogen storage, energy storage, water purification, agriculture and medical compound delivery into the body.

Halloysite is the most researched clay mineral worldwide and Andromeda has a significant opportunity in this space with 75% ownership of potentially the largest high grade halloysite-kaolin deposit in the world, and a highly qualified and experienced team behind us.

In July, we achieved a major milestone when we successfully raised a total of $45 million in capital, $30 million of which came from a share placement and a further $15 million from a share purchase plan. Our capital raising efforts attracted strong interest from institutional and sophisticated investors, with both existing and new investors taking part. These funds are being used to complete final studies for our Great White Kaolin Project, fund long-term capital items, undertake further product development and meet ongoing capital requirements.

I would like to thank our Shareholders for your continued support and belief in Andromeda to achieve the goals it has set out to achieve. We remain focused on delivering these and providing our Shareholders with long-term growth and I believe the year ahead will demonstrate just what we are capable of accomplishing.

I also take this opportunity to welcome Melissa Holzberger to the board and thank Nick Harding for his contribution to Andromeda over the last 11 years.

Thank you to all of our management team and employees for the efforts during 2021, a period which has continued to face disruption and uncertainty due to the global COVID-19 pandemic, and restrictions have at times made our operations challenging. Our staff continued to show their dedication to achieving our goals, and for this I am very grateful.

As we look to financial year 2022, we have several important milestones ahead in our development of the Great White Kaolin Project and across our portfolio, I look forward to keeping you updated on our progress.

Rhoderick Grivas
Non-Executive Chair

Operations review

Great White Kaolin Project

SOUTH AUSTRALIA

Andromeda Metals 75%

The Great White Kaolin Joint Venture is a joint venture between Andromeda Metals and Minotaur Exploration Limited (ASX: MEP) in which Andromeda holds a 75% equity interest.

It covers two main geographic areas of interest, both situated in the western province of South Australia (Figure 1). The current main area of focus is the Great White Kaolin Project on the Eyre Peninsula which comprises four tenements and is located approximately 635km west by road from Adelaide and 130km south-east of Ceduna (Figure 2).

High quality halloysite-kaolin occurrences exist extensively across the Great White Kaolin Project area making this a region of global significance for the mineral and capable of supporting a considerable long-life mining operation, should final feasibility studies determine the project to be commercially positive.

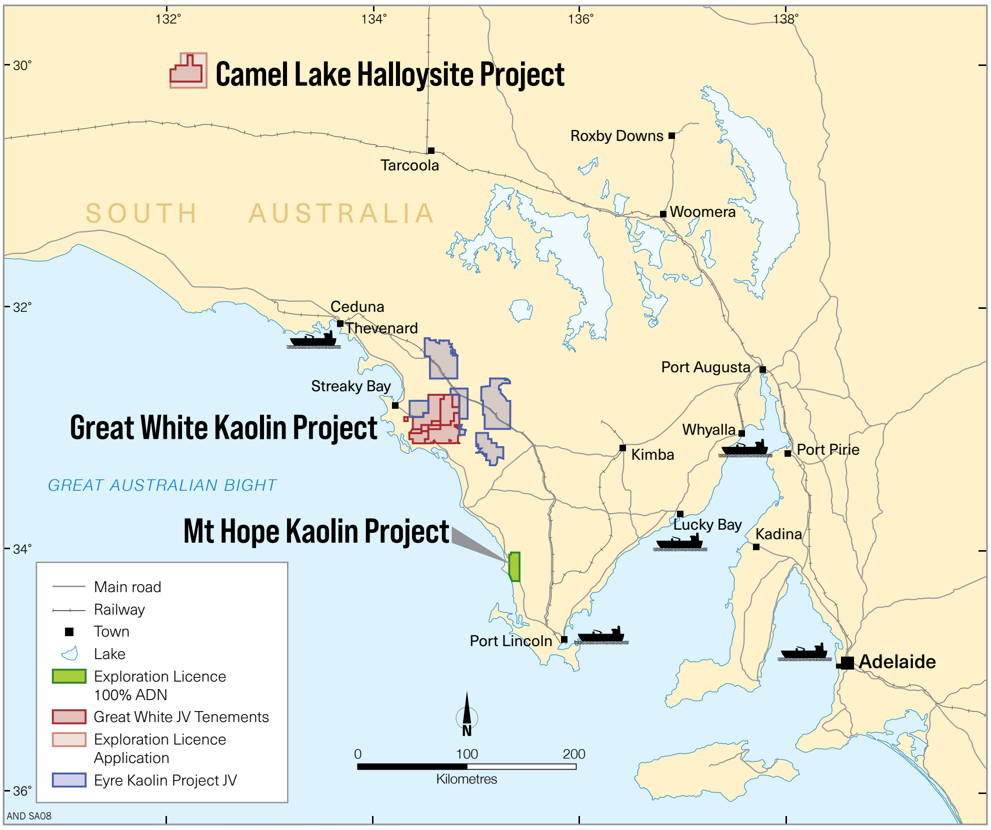

Figure 1 *Andromeda's halloysite-kaolin project locations.*

Great White Ore Reserve

A maiden Ore Reserve Estimate for the Great White Deposit (previously Carey's Well) of 12.5Mt of bright white kaolinised granite containing 52% of material in the minus 45 micron fraction was released early in FY21 (refer Andromeda's ASX announcement dated 10 July 2020 titled "Maiden Ore Reserve for Carey's Well Deposit").

The Ore Reserve Estimate, which comprises 15% halloysite and 78% kaolinite in the minus 45 micron fraction, consists entirely of Probable Reserves reported in accordance with the 2012 JORC Code guidelines and has been derived from the Measured and Indicated Mineral Resources contained within the December 2019 Mineral Resource Estimate announced on 23 December 2019, and is shown in Table 1 below.

The Ore Reserve supports a 26-year mine life at a mining rate of 500,000tpa which is the basis under which the Pre-Feasibility Study (PFS) was prepared.

Table 1 – Great White Ore Reserve Estimate

CATEGORY	TONNES Mt	GRADE % -45µM	MINERAL CONTENT % OF -45µm FRACTION HALLOYSITE	MINERAL CONTENT % OF -45µm FRACTION KAOLINITE	HALLOYSITE + KAOLINITE % OF -45µm FRACTION
Proven	0.0	0	0	0	0
Probable	12.5	52	15	78	93
Total	12.5	52	15	78	93

Note that all figures are on a 100% Project basis and rounded to reflect appropriate levels of confidence.

In addition, following a geological review and completion of the Great White Mineral Resource estimate (26 November 2020, Updated mineral resource for the Great White Kaolin JV Deposit), it has been identified that the Great White Deposit contains zones of high grade, ultralow impurity, bright white kaolin and high grade halloysite. This provides confidence that the additional market opportunities being developed by the Company into coatings and new applications can be sourced out of the initial project development areas.

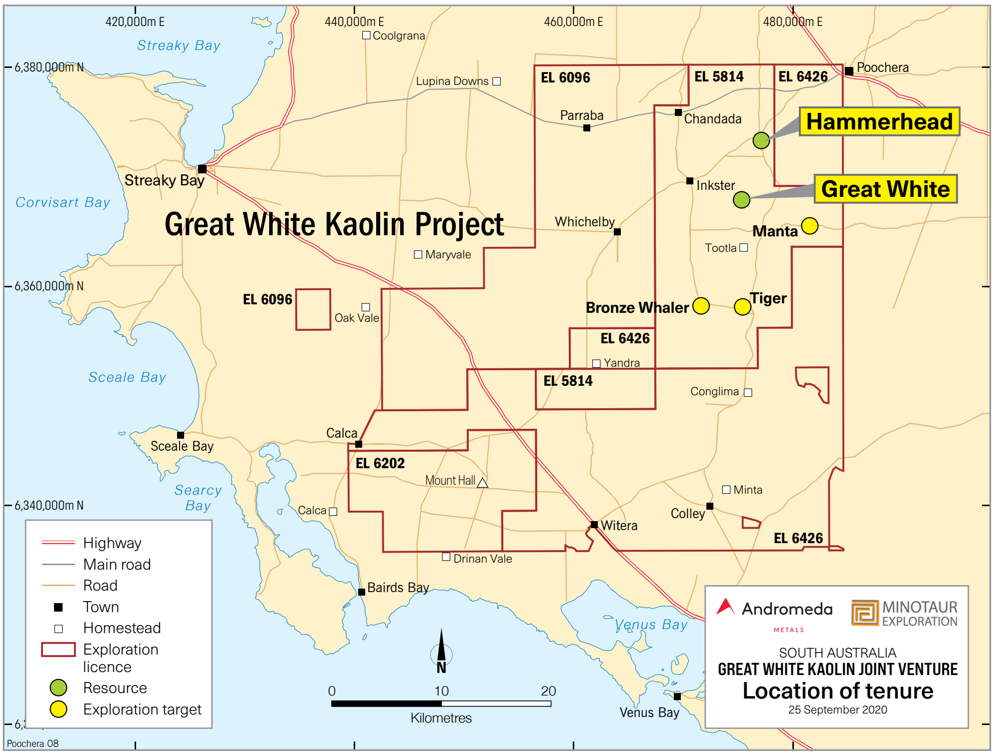

Figure 2 *Great White Kaolin Project deposits and prospects.*

Hammerhead

The Hammerhead Deposit (previously Condooringie) is approximately 5km northeast of the Great White Deposit.

The Company completed a 45-hole, 2031m aircore drill program in May 2020 to follow up on a high-grade halloysite zone located 1km north of drilling undertaken at Hammerhead in December 2019, which significantly extended the kaolin zone to the south[1].

A key objective of the May 2020 drilling program was to infill between the two high-grade halloysite zones identified to potentially define a bright white halloysite-kaolin prospect over 2km of strike should the two zones be shown to be linked. Analyses of samples collected from the May 2020 aircore program received in July 2020 defined an extensive area of Bright White kaolin (>75 ISO Brightness) with a minimum thickness of 10 metres extending over an area of 2.4km north-south by 0.5km east-west. XRD test results also confirmed zones of high-grade (+20%) halloysite-kaolin within the Bright White domain[2].

A single 200mm diameter drillhole was drilled to a depth of 56 metres from which a 2 tonne sample was collected for planned testwork.

Hammerhead Mineral Resource estimate

An inaugural Inferred Mineral Resource estimate for the Hammerhead deposit of 51.5Mt of kaolinised granite reported at an ISO Brightness (R457) cut-off of 75 in the minus 45-micron size fraction has been estimated during the quarter following the completion of the May 2020 aircore drilling program (refer Table 2, ASX 29 September 2020, New mineral resource estimate for Hammerhead Halloysite-Kaolin Deposit).

Table 2 – Hammerhead Kaolin Mineral Resource

DOMAIN	Mt	PSD -45µM	KAOLINITE %	HALLOYSITE %
Main	43.1	52.7	43.2	5.4
Halloysite	8.4	52.1	40.5	12.0
Total	51.5	52.6	42.7	6.5

Note that all figures are rounded to reflect appropriate levels of confidence.

The Resource yields 27.1Mt of High Bright kaolin product (R457 >80) in the minus 45-micron recovered fraction, with the remaining approximate 47.4% of material being largely residual quartz derived from the weathered granite. The Halloysite sub domain contains 4.7Mt of minus 45-micron material comprised of 21.6% halloysite with an ISO B of 82.9.

Table 3 – Hammerhead Kaolin Mineral Resource -45µm

DOMAIN	Mt	ISO B	KAOLINITE %	HALLOYSITE %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %
Main	22.4	82.0	82.7	10.4	36.90	0.63	0.73
Halloysite	4.7	82.9	72.9	21.6	37.47	0.64	0.62
Total	27.1	82.2	81.0	12.3	36.99	0.63	0.71

Note that all figures are rounded to reflect appropriate levels of confidence.

Significantly, some areas within the Hammerhead Deposit show high levels of halloysite (>20%) that is similar to the existing resource reported at the Great White Kaolin Deposit.

1 *Refer ADN ASX announcement dated 16 March 2020 titled "High Grade Halloysite Zone Identified at Condooringie"*

2 *Refer ADN ASX announcement dated 11 September 2020 titled "Hammerhead Drill Results and Potential Construction Product Application".*

Offtake agreements

Andromeda secured its first legally binding offtake agreement for 5,000tpa of Great White CRM™ for the Great White Kaolin Project with highly respected Japanese porcelain manufacturer Plantan Yamada (Yamada), which has factories in Japan and China.

The customer agreed to pay A$700 per tonne for the high-quality halloysite-kaolin product, which is equivalent to the price used in the Pre-Feasibility Study (PFS)[3].

Yamada analysed and tested a broad series of samples at laboratory and pilot scale over two years prior to running approximately 40 tonnes of material through its processing plant. This was used to manufacture a large batch of high quality porcelain items to give it a sufficiently high level of confidence to sign a legally binding agreement.

In June, Andromeda signed a substantial binding offtake agreement with large Chinese commodity trading house Jiangsu Mineral Sources International Trading Co. Ltd (MSI) for 70,000tpa +/- 10% of Great White PRM™ (refined ultra-bright, high-purity kaolin material) for the coatings and polymers market for an initial term of five years[4].

The contract price for the first three years of the agreement is fixed at an amount significantly higher than that used in the Pre-Feasibility Study (PFS), which was A$700 per tonne for ceramic grade material. This ultra-bight, high-purity kaolin has been given the brand name Great White PRM™ and will be separate to the Great White CRM™ product to be produced to meet the requirements of high-end coatings and polymers manufacturers. The introduction of this second product stream to be manufactured on site at a higher price has the added benefit of providing product diversification and therefore assisting to manage offtake market risk.

MSI was supported in the offtake agreement by Jiangsu Holly International Technical Engineering Co. Ltd (Holly), an engineering and industrial enterprise with extensive business relationships throughout China and has an annual import and export turnover of approximately A$400 million, as financier to the transaction.

MSI is well positioned within both the coatings and polymers and ceramic industries to sell and deliver Great White refined kaolin products to end users throughout China. MSI has indicated there will be longer-term demand for additional quantities of both Great White PRM™ and CRM™ material and the agreement signed with them includes a nonbinding clause for delivery of an aspirational quantity of 150,000tpa two years following first production, which will align with the planned expansion of the plant to 500,000tpa feed rate full capacity.

Conrad Partners, the Project's Asian focused marketing agent who were instrumental in delivering the offtake agreement with MSI, is continuing to engage with high end ceramic users in China with the objective to secure further binding offtake agreements for Great White refined product. Some of these potential customers have previously signed Letters of Intent (LOI's) for Great White product during earlier visits to China by Andromeda representatives and it is Conrad's objective to convert a number of these to binding offtake agreements.

The Company is also in advanced discussions with potential customers located in Europe, the Middle East and other parts of Asia for Great White refined halloysite-kaolin product, with samples provided to many of them for testing to ascertain product suitability for their individual requirements. A strategy which incorporates the development of global customer markets for dual product applications further de-risks the Project with respect to product and geographic risk.

3 *Refer ADN ASX announcement dated 1 June 2020 titled "Pre-Feasibility Study Further Improves Poochera Halloysite-Kaolin Project Economics".*

4 *Refer ADN ASX announcement dated 10 June 2021 titled "Significant Binding Offtake Agreement Signed for Great White Kaolin Project".*

Definitive feasibility study

Work on the Definitive Feasibility Study (DFS) continued, with variations in the application and scope set out in the Pre-Feasibility Study (PFS) evaluated.

Prior to the MSI offtake agreement, the focus of the DFS was directed towards the production of Great White CRM™ only, and was well advanced for completion by the end of FY21.

However, securing the binding offtake agreement with MSI for the valuable coatings and polymer PRM product requires further work to be incorporated into the DFS including:

- An updated mining schedule to include early mine extraction from the Dorsal Fin area of the Great White Deposit, from where the high-purity ultra-bright material suitable for PRM™ will be sourced;
- Adjustments to be made to the existing plant design, which to date has been engineered to allow manufacture of a purely ceramic focused CRM™ product onsite only;
- Inclusion of a milling and bagging process facility to allow for the delivery of Great White PRM™ in 25kg bags, which will be in addition to Great White CRM™ product to be shipped as noodles in "bulka" bags; and
- Updated shipping and transportation logistics planning to take into account delivery of bagged Great White PRM in containers as separate to Great White CRM™ shipped as break bulk cargo.

As a result of this additional work required, release of the DFS is now forecast to occur in Q4 2021.

The Company is evaluating the option under the DFS for the construction of an initial 250,000tpa feed rate wet-processing plant on site to be commissioned approximately six months following commencement of construction. Expansion to full capacity under this scenario is likely to occur at the start of Year 3. This expansion is expected to result in full capacity in the order of a 500,000tpa feed rate and in line with the PFS, but final decisions on size, incorporation of DSO/ Toll Treating, and product makeup have not been finalised at this stage.

The expected benefit of the adjusted DFS approach is that high value product will be manufactured at site approximately six months following commencement of construction, providing anticipated improved financial outcomes predominantly through substantially lower shipping and transport costs compared to shipping less refined material, as modelled in the PFS, in addition to enabling project management to directly control product manufacture to meet customer quality specifications.

The earlier construction of the wet-processing plant on site will require bringing forward capital expenditure for construction of the plant compared to the scenario considered by the PFS. Primero Engineering, which has been completing detailed design and costing for the initial 250,000tpa feed rate capacity wet-processing plant, have provided preliminary capital costings which the Company has been evaluating for consideration in the DFS. Additional capital will now be required to facilitate the manufacture of Great White PRM™ by the processing plant, which is currently being costed by Primero.

The option to undertake DSO in the initial phase of operations will not be considered by the DFS, but ongoing evaluation to consider the technical capabilities of identified refineries and the undertaking of further cost benefit analysis will continue to assess whether DSO presents an attractive option for the Project.

Other studies

Alongside the DFS, which is purely focused on the ceramic market, and coating and polymer markets, separate studies are being prepared for recently identified alternative market opportunities for halloysite-kaolin material, being the addition as a rheology modifier product for the concrete industry, cosmetic applications and separately as a feed product suited for the production of High Purity Alumina (HPA).

Work on these new market applications is not as advanced as for ceramics in both testing and product marketing, and so have been separated from the DFS due to the required level of detailed analysis needed to support the studies.

Mining lease application

Andromeda made significant progress to complete a Mining Lease application (MLA) for the Great White Kaolin Project. It lodged applications on behalf of the joint venture partners for a Mining Lease and two Miscellaneous Purposes Licences with the South Australian Department for Energy and Mining (DEM) for the proposed development of the Great White Kaolin Project.

The MLA outlines the proposed development of a shallow open pit mine, wet-processing plant and supporting infrastructure at the Great White Deposit, which is in line with the Project Pre-Feasibility Study[5]. A Mining Proposal and Management Plan supports the MLA which incorporates supporting environment impact assessments undertaken by independent experts.

5 *Refer ADN ASX announcement dated 1 June 2020 titled "Pre-Feasibility Study Further Improves Poochera Halloysite-Kaolin Project Economics"*

The MLA is supported by extensive stakeholder engagement and comprehensive Scoping and Pre-Feasibility Studies involving independent experts that have been prepared by Andromeda over the past 18 months with a commitment by the Company to continue to actively engage with stakeholders during the Government's public consultation process and throughout all stages of the proposed development.

Andromeda received a request for clarification on matters in the MLA from DEM on the 10 June 2021 after a prolonged public consultation period to cover public holidays and the Easter period. There were no new matters raised from the public or from other government departments that were not addressed in the submission.

The Company provided a formal response to each of the matters raised in early July that were made public on the DEM website in mid-August 2021. Forecast timelines for the receipt of the mining lease approval are expected to allow commencement of construction on the Great White Project mid-year 2022 in line with the DFS and subsequent Bankable Feasibility Study (BFS) completion.

New product opportunities

The Company tested halloysite-kaolin across several concrete application mix designs with positive results achieved. Clear strength gains and important handling and performance improvements to concrete through the addition of halloysite-kaolin was observed, representing an additional significant domestic and global market opportunity to the high-value ceramics market.

Work continues on the potential use of halloysite-kaolin as a rheology modifier product for the concrete industry with a patent successfully lodged by Andromeda for this application.

Current testing is delivering further improved results with strength testing and rheological benefits which outperform existing commercial solutions. Final results are expected to be completed during the third Quarter of 2021. These benefits allow many potential options to reduce concrete costs, lower carbon footprint and improve performance. A large sample is now being tested by a major concrete supplier across a range of mix designs.

High purity alumina

In May 2021, Andromeda signed a Memorandum of Understanding (MoU) with AEM Technologies Inc, part of the Advanced Energy Minerals group (AEM) and entered an initial 90-day exclusivity period to explore a HPA licencing transaction that includes testing Andromeda's kaolin feed, process feasibility studies and potential licensing and marketing arrangements[6].

AEM's Cap Chat HPA Process Plant, located in Quebec Canada, uses its patented process to make 99.99% ("4N") and 99.999% ("5N") pure high purity alumina. With proven technology and extensive patents, Cap Chat is recognised as environmentally friendly with its focus on reducing reagent consumption and transitioning to a near "zero carbon emission" energy consumption plant. The facility is the only one globally that can produce 4/5N HPA from a kaolin feed. Having commissioned the plant in 2020, AEM is now in offtake discussions with potential customers around the world.

The MoU signed with AEM will see kaolin samples evaluated using the AEM proven process to determine its suitability for HPA manufacture, and potentially lead to the construction by Andromeda of a HPA plant under a licencing agreement with AEM, which could also include the marketing of HPA manufactured product by Andromeda through AEM's global distribution network.

The MoU has been extended until the end of 2021 to allow additional due diligence work to be completed by a number of independent experts.

6 *Refer ADN ASX announcement dated 28 May 2021 titled "Andromeda Signs High Purity Alumina MoU with AEM Technologies Inc".*

Camel Lake Halloysite Project

SOUTH AUSTRALIA

Andromeda Metals 75%

Positive meetings were held during the period with the Maralinga Tjarutja Council, the traditional landowners on which the Camel Lake tenement is located. An initial site inspection of targeted areas within the Camel Lake tenement occurred in January 2021. A report was prepared by the anthropologist outlining areas that can be accessed for surface sampling by Andromeda. A heritage agreement is currently being negotiated with the Maralinga Tjarutja lawyers.

Mount Hope Kaolin Project

SOUTH AUSTRALIA

Andromeda Metals 100%

Andromeda holds a 100% interest in the Mount Hope Kaolin Project, approximately 160km southeast of the Great White Kaolin Project.

Assay results from aircore drilling at Mount Hope undertaken in April 2020 identified significant areas of ultra-high bright white kaolin with exceptionally low iron contaminant providing a further potential additional high value market opportunity in specialist coatings and polymers.

A new Inferred Mineral Resource for Mount Hope of 18.0Mt of Bright White kaolinised granite was subsequently estimated using an ISO Brightness R457 cut-off of 75, yielding 7.5Mt of minus 45 micron quality kaolin product (ASX 11 August 2020, New mineral resource for the Mount Hope Kaolin Project).

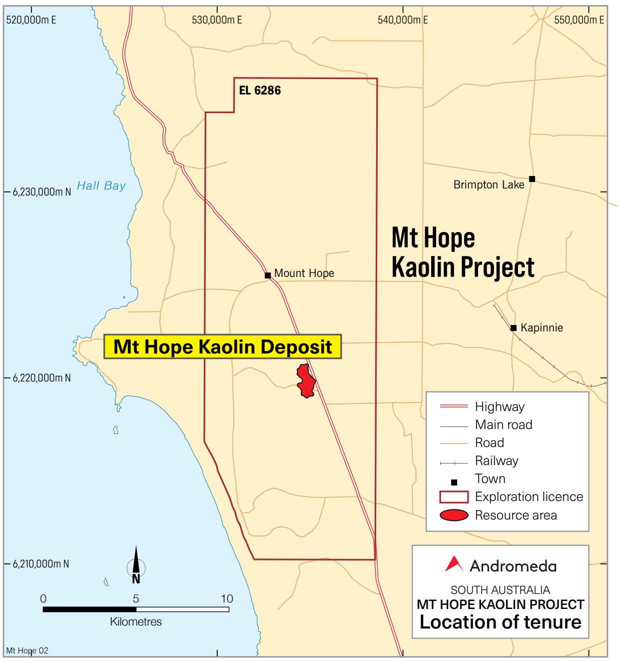

Figure 3 *Mount Hope tenement, EL 6286.*

Table 4 – Mount Hope Kaolin Mineral Resource.

DOMAIN	Mt	PSD -45µm	KAOLINITE %	HALLOYSITE %
Main	12.8	40.95	33.6	0.9
Halloysite	1.6	39.13	25.6	6.7
Ultra-bright	3.7	44.37	38.0	0.7
Total	18.0	41.49	33.8	1.4

Note that all figures are rounded to reflect appropriate levels of confidence

The Ultra-Bright sub domain contains 1.6Mt of minus 45-micron material with an ISO brightness (R457) of 84.1 and the halloysite sub domain contains 0.6Mt of minus 45-micron material comprised of 17.2% halloysite.

DOMAIN	Mt	R457	KAOLINITE %	HALLOYSITE %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %
Main	5.2	81.8	82.1	2.2	35.1	0.56	0.62
Halloysite	0.6	81.2	65.4	17.2	34.8	0.60	0.63
Ultra-bright	1.6	84.1	85.7	1.5	36.0	0.32	0.63
Total	7.5	82.2	81.4	3.3	35.3	0.51	0.62

Note that all figures are rounded to reflect appropriate levels of confidence.

The Ultra-Bright domain is comprised of extremely high purity, bright white kaolin with low halloysite levels. This makes it ideally suited to high-value markets in specialist coatings and polymers, thus providing market diversification and de-risking opportunities while presenting new and potentially significant markets for the Company to pursue.

During March 2021 Andromeda completed an aircore drilling program comprising 50 holes for 1,988 metres at the Mount Hope Kaolin Project. The objective for the drilling program was to infill drill the southern half of the Mount Hope Resource to allow a reclassification from Inferred to Indicated category and to close off the deposit to the south and to the east which remained open from previous drilling.

Average thickness of white clay intercepted from drilling was slightly over 20m. Significant thicknesses of white kaolin were encountered at the southern end of the deposit with holes intersecting kaolin of up to 40m (MH21AC024) immediately south of the 2020 Mount Hope Resource. The quality of the white clay is yet to be determined by analytical methods.

Natural Nanotech Joint Venture

Natural Nanotech Pty Ltd (NNT) is a research and commercialisation venture, jointly owned (50:50) by Andromeda and Minotaur, established to investigate new technology applications for halloysite-kaolin nanoparticles in association with the University of Newcastle. It aims to create new user markets for the halloysite nanotube material including the potential to produce a global alternative to inordinately expensive manufactured carbon nanotubes amongst other things. Potential applications include carbon capture, hydrogen storage and transport, remediation of water and wastewater, energy storage technologies, and antibacterial and agricultural applications.

Experimentation by the University of Newcastle's Global Innovative Centre for Advanced Nanomaterials (GICAN), funded by Natural Nanotech, continued to optimise the conversion process for high halloysite kaolin into a variety of functionalised nano-porous structures and the adsorption performance.

With the combination of tuneable pores, high surface area, high-temperature stability, high charge-discharge capability and conductivity, the resultant nanomaterials have potential application in batteries, supercapacitors technologies, as antimicrobial agents in water treatment, in carbon capture-storage and in hydrogen storage-transport. As part of this program, a demonstration of battery cells based on halloysite-derived nanocarbon matrix was prepared, and a CO_2 capture pilot plant has been designed and ordered.

Results already superior to commercially available products (such as activated carbon) were documented, with Great White refined halloysite demonstrating over 1600m^2/g surface area and 25.7 mmol/g of CO_2 adsorption when synthesised into engineered porous carbon nanomaterial[7].

NNT owners and the GICAN unit applied for an ARC Linkage Grant for $350,000 for an R&D project, under the direction of Professor Jiabao Yi of GICAN, investigating the use of halloysite-derived nanocomposite materials for the removal of microplastics from contaminated water systems. This new project aims to advance next-generation composite materials for water treatment exploiting the high surface area and catalytic nature of halloysite nanotubes.

In the June quarter, NNT and GICAN signed a $4 million research partnership over five years to fund research into carbon dioxide capture using halloysite nanotubes following outstanding results for the ability of halloysite nanomaterials to selectively capture CO_2 using Great White refined halloysite-kaolin.

The GICAN team is now actively seeking to reach an adsorbed amount of 2 tonnes of CO_2 per tonne of the adsorbent whilst also maximising recyclability of materials. Optimising the adsorption and recyclability potential are considered critical to commercialisation of this technology. A large batch of high-purity halloysite will be extracted and refined during the third Quarter of 2021 to be used in the carbon capture pilot plant that is due to be installed and operational by the end of 2021.

In June 2021, NNT announced a research project on nutrient delivery to cropping soils utilising halloysite nanoclays. The three-year $2.4 million project, funded by a research grant through the Cooperative Research Centre for High Performance Soils (Soil CRC), will design and evaluate specifically engineered nanocomposite materials for enhanced nutrient delivery to the subsoil, particularly P and Zn, and quantify improved crop productivity. The Soil CRC has extensive research facilities under controlled and field environments together with pre-eminent agronomic research experience.

7 Refer ADN ASX announcement dated 12 April 2021 titled "Carbon Capture Utilising Halloysite-Derived Adsorbent Nanomaterials"

Drummond Epithermal Gold Joint Venture

QUEENSLAND

Andromeda Metals 100%

In the first half of FY21, Evolution Mining Limited (Evolution) completed an RC drilling program to test a 300m strike length target of the Roo Tail Breccia, located at the southern end of the Southwest Limey Prospect. A total of four RC pre-collar holes with diamond tails for 980 metres were drilled with unfortunately no significant intercepts encountered.

Following this, Evolution advised the Company it had decided to withdraw from the joint venture and return the Project to 100% Andromeda ownership, which it is entitled to do as expenditure on the Project had exceeded the required minimum amount under the joint venture terms.

In total Evolution spent approximately $4.3 million since September 2018 on the Drummond Project with drilling undertaken at the Bunyip and Southwest Limey targets, but with minimal success. In addition, Evolution also paid the Company a total of $500,000 in two instalments at the commencement of each of the 2 stages defined under the joint venture agreement.

The Company will assess the results achieved under the joint venture and decide how best to advance the Project.

Eyre Peninsula Gold Project

SOUTH AUSTRALIA

Andromeda Metals 35%
(Cobra Resources PLC earning up to a 75% equity interest)

Joint venture partner Cobra Resources PLC completed a 41-hole, 6,090 metre RC drilling program targeting several prospects across the Project.

Drilling returned an intercept of 31m at 3.06g/t gold from 69m, including 15m at 5.35g/t gold from 83m, at the Clarke deposit, 1.75km north of the Baggy Green deposit and north of mineralisation previously intersected at Clarke (ASX 8 December 2020, Significant High Grade Gold Intercepted at Wudinna). This represented a high priority target for a future joint venture program.

Other results from Barns and Baggy Green included 9m at 1.07g/t gold at Baggy Green and 3.25g/t gold over 13m, including 1m at 33.60g/t gold with 7.25g/t silver and 1.71% copper, 8g/t gold over 3m and several other solid gold intercepts returned at Barns.

With the completion of the RC drilling program, Cobra met the Stage 1 expenditure commitment under the joint venture and therefore earned a 50% equity interest in the Eyre Peninsula Gold Project tenements.

Subsequent to year-end, Cobra advised that it had met Stage 2 expenditure requirements under the Joint Venture Agreement by spending a further $1.65 million to move to a 65% interest in the Project. Cobra has further advised of its intention to proceed with Stage 3 of the joint venture which involves a further $1.25 million to be spent within 1 year of the completion of Stage 2 to earn 75% of the equity in the Project.

During the March quarter, Cobra completed further soil sampling at Barns and White Tank with 138 samples collected for analysis.

Cobra designed a more extensive geochemical program to be undertaken across several prospects on the Eyre Peninsula Project. Cobra also modelled the Clarke prospect following the highly encouraging result returned during earlier drilling.

Cobra commenced a rotary air blast (RAB) program of more than 1,000 planned holes late in the June quarter. Results of the program are targeted to confirm the primary orientation and mineralisation of these and other prospects identified across the Project tenement area.

Moonta Copper ISR Joint Venture

SOUTH AUSTRALIA

Andromeda Metals 100%
(except Moonta Porphyry JV: Andromeda Metals 90%, Minotaur Exploration 10%).
Environmental Metals Recovery currently earning up to a 75% interest)

Joint venture partner Environmental Metals Recovery Pty Ltd (EMR) continued to make steady progress, completing additional leach testwork using lixiviants in a range of pH conditions with generally positive results achieved. In addition, a hydrogeological study undertaken confirmed that high flow areas coincided with the mineralised zones identified and that the groundwater is extremely saline and unfit for other uses, while hylogger test results of the Wombat core determined that the clay species found is kaolinite, which is ideal for leaching copper and gold, supporting the view that good metal recoveries could be obtained under ISR application.

In the March quarter, EMR representatives met with the local State Member and in the June quarter, EMR met with Copper Coast and Barunga West councils to provide information on the project, which was well received.

At year-end, preparation for a hydrogeologic drilling program was in final stages. Modelling of the Alford West project has commenced with the coupled hydrothermal flow model for the Bruce deposit now complete, and the Larwood and Wombat portions expected to be completed during the September quarter.

Initial lixiviant testing work was completed by the CSIRO with a report due to be received shortly. Preparation for the hydrogeologic drilling program is underway with a PEPR being prepared and a drilling contractor secured. Additional ISR specialist geological staff were engaged to assist with the Project, specifically to review Hylogger and hydrogeological data interpretation, while a modelling specialist from the University of Adelaide was engaged to work on developing a coupled hydro flow model for the Alford West Project.

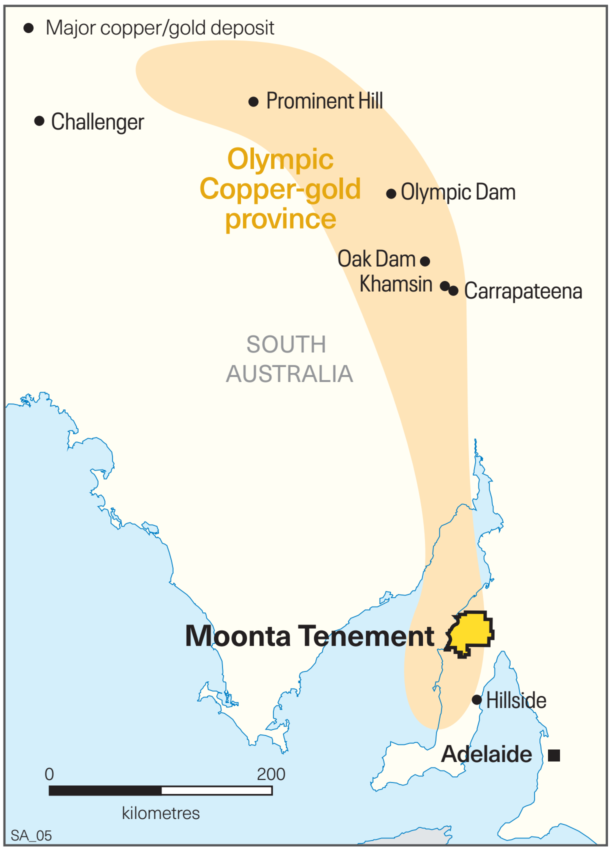

Figure 4 *Location of Moonta tenement.*

UPDATE – Eyre Kaolin Project JV

Post year-end, in August 2021, Andromeda announced it had executed a binding Heads of Agreement (HOA) with private entity Peninsula Exploration Pty Ltd (Peninsula) to form the Eyre Kaolin Project Joint Venture (EKJV).

Peninsula holds title to four exploration licence applications that cover 2,799km^2 located on the Eyre Peninsula of South Australia and which are adjacent to, or close to, tenements that comprise the Great White Kaolin Joint Venture.

Andromeda can earn up to an 80% interest in the EKJV tenements through sole funding expenditure of $2.75 million over six years from commencement of the Joint Venture.

Following a geological review of Australia and especially the Eyre Peninsula, the ground held by Peninsula was identified as containing halloysite kaolin targets similar to those found at the Great White and Mount Hope Projects. The Peninsula tenements have recorded occurrences of kaolin, and existing data suggests that the tenement package has the potential to host halloysite with the physical properties sought by Andromeda.

Andromeda's Geology Team has gained considerable understanding on the formation and occurrence of halloysite over the past three years of intensive studies, which led to the identification of this ground and the new Joint Venture.

The principal terms of the Farm-In and Joint Venture Heads of Agreement are as follows:

- Andromeda to make an initial payment to Peninsula of $20,000 upon execution of the HOA.
- A minimum expenditure requirement of $140,000 (exclusive of tenement rents) to be spent by Andromeda on the Project tenements within 12 months of commencement of the EKJV.
- Stage 1 expenditure obligation by Andromeda of $750,000 (exclusive of tenement rents and which is inclusive of the minimum expenditure requirement) within 3 years of commencement to earn a 51% interest in the EKJV (Stage 1 commitment).
- Andromeda can elect to sole fund an additional $2 million over a further 3 years on meeting Stage 1 to earn an additional 29% interest, taking its overall interest in the EKJV to 80% (Stage 2 commitment).
- If a JORC 2012 compliant Measured and Indicated Resource of at least 50Mt (with a minimum of 80 ISO Brightness and maximum total 1wt% Fe_2O_3 + TiO_2 calculated from the -45µm fraction) is calculated over the EKJV tenements, Andromeda will issue Peninsula with $500,000 worth of Andromeda shares.
- Peninsula has the option to convert its remaining 20% interest into a 1.5% net profit royalty following a Decision to Mine. The Eyre Kaolin Project comprises four exploration licence applications held by Peninsula Exploration Pty Ltd.

The South Australian Department for Energy and Mining has given Notification of Proposed Exploration Licence Terms and Conditions pursuant to Regulation 46 for all four exploration licence applications and these will be granted for an initial period of six years on acceptance of conditions and payment of licence fees.

By entering the Eyre Kaolin Project Joint Venture, Andromeda more than doubles its holding of tenements on the western Eyre Peninsula in this highly regarded region that is prospective for the discovery of world class halloysite-kaolin deposits.

Corporate

Capital raising and capital structure

On 30 June 2021, the Company announced a Placement of 200,000,000 shares to institutional and professional and sophisticated investors at a price of $0.15 per share, raising $30 million before costs. The allotment of the shares occurred on 7 July 2021.

The Company announced a Share Purchase Plan (SPP) at the same price of $0.15 per share capped to a maximum of $15 million to eligible shareholders who were registered on the share register at the Record Date of 29 June 2021. The SPP opened on 6 July and closed oversubscribed on 20 July 2021, raising the full amount. A total of 99,999,219 shares relating to the SPP were issued on 27 July 2021.

As of the date of this report, Andromeda currently has on issue 2,460,727,046 ordinary shares, 86,320,000 unlisted options and 19,750,000 performance rights.

Management changes

In June 2021, the Company appointed Mr Michael Zannes to the new role of Chief Financial Officer. Michael is a qualified accountant with more than 20 years' experience in the mining industry and possesses an extensive background and knowledge gained from managing operational and corporate finance functions within resource companies both in Australia and internationally. The experience Michael brings to Andromeda will prove to be invaluable as the Company moves towards establishing mining operations at the Great White Kaolin Project early next year.

Following this, post year end in August 2021, Nick Harding announced his resignation as an Executive Director and Company Secretary, however he continues to contribute in a consulting capacity through a handover phase.

The Company appointed Andrea Betti as Company Secretary. Ms Betti is a corporate governance professional with more than 20 years' experience in accounting, corporate governance, finance and corporate banking. She has acted as Company Secretary for companies in the private and publicly listed sectors.

Share Trading Activities

The Board noted significant short selling activity in the Company's shares during the June quarter and in the lead up and during the recent capital raising activities which regrettably may have had a negative effect on the Company's share price.

The Board worked with its advisors to execute a capital raising despite these challenging circumstances and confirms that no member of the Board or advisors participated in any short selling activities.

In view of the high level of shorting undertaken in the lead up to the recent capital raising, the Board analysed and continues to monitor the trading and register movements to determine if there has been any non-compliance with the law and intends to refer any identified suspect transactions to ASIC and ASX for further investigation.

Pilbara Gold Project

WESTERN AUSTRALIA

Andromeda Metals 100%

The Company formally relinquished the Pilbara tenements in February 2021 given the Group's focus is directed towards development of the Great White Kaolin Project.

Schedule of tenements

as at 31 July 2021

PROJECT	TENEMENT	TENEMENT NAME	AREA KM²	REGISTERED HOLDER OR APPLICANT	NATURE OF COMPANY'S INTEREST
South Australia					
Wudinna Gold Joint Venture	EL 6317	Pinkawillinie	156	Peninsula Resources Ltd[1]	100%
	EL 6131	Corrobinnie	1303	Peninsula Resources Ltd	100%
	EL 6489	Wudinna Hill	42	Peninsula Resources Ltd	PRL 50% LAM[2] 50%
	EL 5953	Minnipa	184	Peninsula Resources Ltd	100%
	EL 6001	Waddikee Rocks	147	Peninsula Resources Ltd	100%
	EL 6262	Acraman	96	Peninsula Resources Ltd	100%
Moonta Copper Gold Project[2]	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 Ltd)
Great White Kaolin Project	EL 6588	Tootla	372	Great Southern Kaolin Pty Ltd[3]	AIM 75% GSK 25%
	EL 6096	Whichelby	447	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd[4]	AIM 75% GSK 25%
	EL 6202	Mt Hall	147	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd	AIM 75% GSK 25%
	EL 6426	Mt Cooper	648	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd	AIM 75% GSK 25%
Camel Lake Halloysite Project	EL 6128	Camel Lake	455	Great Southern Kaolin Pty Ltd and Andromeda Industrial Minerals Pty Ltd	AIM 75% GSK 25%
	ELA 2019/73	Dromedary	481	Minotaur Operations Pty Ltd[5]	AIM 75% MOP 25%
Mt Hope Kaolin Project	EL 6286	Mt Hope	227	Andromeda Industrial Minerals Pty Ltd	100%
Queensland					
Drummond Gold Project	EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd[6]	100%
	EPM 25660	Gunthorpe	74	Adelaide Exploration Pty Ltd	100%
	EPM 26154	Sandalwood Creek	109	Adelaide Exploration Pty Ltd	100%
	EPM 26155	Mount Wyatt	144	Adelaide Exploration Pty Ltd	100%
	EPM 27501	Packhorse Creek	16	Adelaide Exploration Pty Ltd	100%
Western Australia					
Dundas Project	E 63/2089 (Application)	Circle Valley	29	Mylo Gold Pty Ltd[7]	100%

1 *Peninsula Resources Ltd (incorporated 18 May 2007) is a wholly owned subsidiary of Andromeda Metals Ltd.*
2 *Lady Alice Mines Pty Ltd (LAM) has satisfied stage one expenditure requirements to earn a 50% equity interest in the Project.*
2 *Andromeda Metals Ltd has partnered with Environmental Metals Recovery Pty Ltd ("EMR") to form the Moonta ISR Joint Venture.*
3 *Great Southern Kaolin Pty Ltd (GSK) is a wholly owned subsidiary of Minotaur Exploration Ltd.*
4 *Andromeda Industrial Minerals Pty Ltd (AIM; incorporated 9 August 2018) is a wholly owned subsidiary of Andromeda Metals Ltd.*
5 *Minotaur Operations Pty Ltd (MOP) is a wholly owned subsidiary of Minotaur Exploration Ltd.*
6 *Adelaide Exploration Pty Ltd (incorporated 13 July 2001) is a wholly owned subsidiary of Andromeda Metals Ltd.*
7 *Mylo Gold Pty Ltd (acquired 21 December 2017) is a wholly owned subsidiary of Andromeda Metals Ltd.*

Reserves and resources

as at 31 July 2021

Andromeda's Mineral Resource and Ore Reserve estimates as at 30 June 2020 and 30 June 2021 are listed below. The Mineral Resource estimates are reported inclusive of Ore Reserve estimates. The totals and average of some reports may appear inconsistent with the parts, but this is due to rounding of values to levels of reporting precision commensurate with the confidence in the respective estimates.

The JORC Code Competent Person statements for the 30 June 2021 estimates are included on page 23 of this Annual Report.

Andromeda's public reporting governance for mineral resources and ore reserves includes a chain of assurance measures. Firstly, Andromeda ensures that the Competent Persons responsible for public reporting:

- are current members of a professional organisation that is recognised in the JORC Code framework;
- have sufficient mining industry experience that is relevant to the style of mineralisation and reporting activity, to be considered a Competent Person as defined in the JORC Code;
- have provided Andromeda with a written sign-off on the results and estimates that are reported, stating that the report agrees with supporting documentation regarding the results or estimates prepared by each Competent Person; and
- have prepared supporting documentation for results and estimates to a level consistent with normal industry practices – which for JORC Code 2012 resources includes Table 1 Checklists for any results and/or estimates reported.

The following tables set out the current Resource and Reserve position for the Company.

Table of Resources – Clay, whole rock

		MEASURED RESOURCE				INDICATED RESOURCE				INFERRED RESOURCE				TOTAL RESOURCES			
	ANDROMEDA INTEREST (%)	TONNES (Mt)	PSD <45µm	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD <45µm	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD <45µm	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	PSD <45µm	KAOLINITE (%)	HALLOYSITE (%)
2020																	
Great White[1,2]	50	15.5	50.7	45.0	-	4.8	49.8	43.4	-	5.3	50.0	42.7	-	25.6	50.4	44.2	-
Hammerhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mount Hope	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (100%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 2020 (Andromeda share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021																	
Great White[1,3,4]	75	5.7	50.2	39.5	6.9	14.2	51.1	42.0	5.0	14.7	49.3	40.3	4.9	34.6	50.2	40.9	5.3
Hammerhead[1,4,5]	75	-	-	-	-	-	-	-	-	51.5	52.6	42.7	6.5	51.5	52.6	42.7	6.5
Mount Hope[1,4,6]	100	-	-	-	-	-	-	-		18.0	41.5	33.8	1.4	18.0	41.5	33.8	1.4
Total (100%)[1]	-	5.7	50.2	39.5	6.9	14.2	51.1	42.0	5.0	84.2	49.7	40.4	5.1	104.1	49.9	40.6	5.2
Total 2021 (Andromeda share)[1]	-	4.3	50.2	39.5	6.9	10.7	51.1	42.0	5.0	67.7	49.1	39.9	4.9	82.6	49.4	40.2	5.0

Table of Resources – Clay <45µm

		MEASURED RESOURCE				INDICATED RESOURCE				INFERRED RESOURCE				TOTAL RESOURCES			
	ANDROMEDA INTEREST (%)	TONNES (Mt)	ISO B <45µm	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	ISO B <45µm	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	ISO B <45µm	KAOLINITE (%)	HALLOYSITE (%)	TONNES (Mt)	ISO B <45µm	KAOLINITE (%)	HALLOYSITE (%)
2020																	
Great White[1,2]	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hammerhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mount Hope	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (100%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 2020 (Andromeda share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021																	
Great White[1,3,4]	75	2.9	83.9	78.8	13.8	7.3	82.8	82.3	9.9	7.2	83.3	81.7	9.9	17.4	83.2	81.5	10.5
Hammerhead[1,4,5]	75	-	-	-	-	-	-	-	-	27.1	82.2	81.0	12.3	27.1	82.2	81.0	12.3
Mount Hope[1,4,6]	100	-	-	-	-	-	-	-	-	7.5	82.2	81.4	3.3	7.5	82.2	81.4	3.3
Total (100%)[1]	-	-	-	-	-	-	-	-	-	41.8	82.4	81.2	10.3	52.0	82.5	81.2	10.4
Total 2021 (Andromeda share)[1]	-	-	-	-	-	-	-	-	-	33.2	82.4	81.3	9.9	40.9	82.5	81.2	10.1

Table of Resources – Clay <45µm continued

		MEASURED RESOURCE				INDICATED RESOURCE				INFERRED RESOURCE				TOTAL RESOURCES			
	ANDROMEDA INTEREST (%)	TONNES (Mt)	Al_2O_3 (%)	Fe_2O_3 (%)	TiO_2 (%)	TONNES (Mt)	Al_2O_3 (%)	Fe_2O_3 (%)	TiO_2 (%)	TONNES (Mt)	Al_2O_3 (%)	Fe_2O_3 (%)	TiO_2 (%)	TONNES (Mt)	Al_2O_3 (%)	Fe_2O_3 (%)	TiO_2 (%)
2020																	
Great White[1,2]	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hammerhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mount Hope	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (100%)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (Andromeda share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021																	
Great White[1,3,4]	75	2.9	36.7	0.52	0.32	7.3	36.6	0.51	0.5	7.2	36.4	0.51	0.45	17.4	36.5	0.51	0.45
Hammerhead[1,4,5]	75	-	-	-	-	-	-	-	-	27.1	37.0	0.63	0.71	27.1	37.0	0.63	0.71
Mount Hope[1,4,6]	100	-	-	-	-	-	-	-	-	7.5	35.3	0.51	0.62	7.5	35.3	0.51	0.62
Total (100%)[1]	-	-	-	-	-	-	-	-	-	41.8	36.6	0.59	0.65	52.0	36.6	0.6	0.61
Total (Andromeda share)[1]	-	-	-	-	-	-	-	-	-	33.2	36.5	0.58	0.65	40.9	36.5	0.6	0.6

Reserves and resources

as at 31 July 2021

Table of Resources – Gold

		INDICATED RESOURCE			INFERRED RESOURCE			TOTAL RESOURCES		
	ANDROMEDA INTEREST (%)	TONNES (Kt)	AU (g/t)	AU (koz)	TONNES (Kt)	AU (g/t)	AU (koz)	TONNES (Kt)	AU (g/t)	AU (koz)
2020										
Barns[1,7,8]	100	410	1.4	18000	1710	1.5	86000	2210	1.5	104000
Baggy Green[1,7,8]	100	-	-	-	2030	1.4	94000	2030	1.4	94000
White Tank[1,7,8]	100	-	-	-	280	1.4	13000	280	1.4	13000
Total (100%)	-	410	1.4	18000	4020	1.4	193000	4430	1.5	21100
Total (Andromeda share)	-	410	1.4	18000	4020	1.5	193000	4430	1.5	21100
2021										
Barns[1,7,8]	50	410	1.4	18000	1710	1.5	86000	2210	1.5	104000
Baggy Green[1,7,8]	50	-	-	-	2030	1.4	94000	2030	1.4	94000
White Tank[1,7,8]	50	-	-	-	280	1.4	13000	280	1.4	13000
Total (100%)[1]	-	410	1.4	18000	4020	1.4	193000	4430	1.5	21100
Total (Andromeda share)[1]	-	205	1.4	9000	2010	1.5	96000	2215	1.5	10500

Table of Resources – Copper (in situ recovery)

		INFERRED RESOURCE					TOTAL RESOURCES				
	ANDROMEDA INTEREST (%)	TONNES (kt)	CU (%)	CU (kt)	AU (g/t)	AU (koz)	TONNES (kt)	CU (%)	CU (kt)	AU (g/t)	AU (koz)
2020											
Wombat[1,9,10,11]	100	46.5	0.17	80	-	-	46.5	0.17	80	-	-
Bruce[1,9,10,11]	100	11.8	0.19	22	-	-	11.8	0.19	22	-	-
Larwood[1,9,10,11]	100	7.8	0.15	12	0.04	10	7.8	0.15	12	0.04	10
Total (100%)[1]	-	66.1	0.17	114	0.04	10	66.1	0.17	114	0.04	10
Total (Andromeda share)	-	66.1	0.17	114	0.04	10	66.1	0.17	114	0.04	10
2021											
Wombat[1,9,10,11]	100	46.5	0.17	80	-	-	46.5	0.17	80	-	-
Bruce[1,9,10,11]	100	11.8	0.19	22	-	-	11.8	0.19	22	-	-
Larwood[1,9,10,11]	100	7.8	0.15	12	0.04	10	7.8	0.15	12	0.04	10
Total (100%)[1]	-	66.1	0.17	114	0.04	10	66.1	0.17	114	0.04	10
Total (Andromeda share)[1]	-	66.1	0.17	114	0.04	10	66.1	0.17	114	0.04	10

Reserves and resources

as at 31 July 2021

Table of Reserves – Clay

		PROBABLE RESERVE					TOTAL RESERVE				
		WHOLE ROCK		WITHIN <45μm FRACTION			WHOLE ROCK		WITHIN <45μm FRACTION		
	ANDROMEDA INTEREST (%)	TONNES (Mt)	RECOVERY <45μm FRACTION (%)	HALLOYSITE (%)	KAOLINITE (%)	HALLOYSITE + KAOLINITE (%)	TONNES (Mt)	RECOVERY <45μm FRACTION (%)	HALLOYSITE (%)	KAOLINITE (%)	HALLOYSITE + KAOLINITE (%)
2020	-	-	-	-	-	-	-	-	-	-	-
Great White	-	-	-	-	-	-	-	-	-	-	-
Total (100%)	-	-	-	-	-	-	-	-	-	-	-
Total (Andromeda share)	-	-	-	-	-	-	-	-	-	-	-
2021											
Great White[1,12,13,14]	75	12.5	52	15	78	93	12.5	52	15	78	93
Total (100%)	-	12.5	52	15	78	93	12.5	52	15	78	93
Total (Andromeda share)[1]	-	9.4	52	15	78	93	9.4	52	15	78	93

1 *Figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.*

2 *ASX 23 December 2019, "Significant increase in Mineral Resource for the Poochera Kaolin Project", total kaolin reported only for whole resource, no breakdown between halloysite and kaolin.*

3 *ASX 26 November 2020, "Updated mineral resource for the Great White Kaolin JV Deposit".*

4 *ISO brightness (R457) cut-off of at 75 in the <45μm size fraction.*

5 *ASX 29 September 2020, "New mineral resource estimate for Hammerhead Halloysite-Kaolin Deposit".*

6 *ASX 11 August 2020, "New mineral resource for the Mount Hope Kaolin Project".*

7 *ASX announcement released 8 May 2019 "Increased ounces in updated Wudinna Gold Project Mineral Resource".*

8 *The Wudinna Gold Project Mineral Resources estimates have been reported at a 0.5 g/t gold cut-off grade to reflect extraction by open pit mining.*

9 *ASX release dated 15 August 2019 "Substantial initial copper resource – Moonta Project, inferred ISR copper resource of 114,000 tonnes contained copper".*

10 *Figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.*

11 *Environmental Copper Recovery Pty Ltd earning a 75% interest.*

12 *ASX release dated 10 July 2020 "Maiden Ore Reserve for Carey's Well Deposit".*

13 *Great White Reserve estimated based off the 2019 Great White Resource estimate (refer ADN ASX release dated 23 December 2019 "Significant Increase in Mineral Resource at Poochera").*

14 *The maiden Ore Reserve Estimate is drawn from the PFS released in June 2020 (refer ADN ASX announcement dated 1 June 2020 titled "Pre-Feasibility Study further improves Poochera Halloysite-Kaolin Project Economics").*

15 *Ore Reserves have been reported from Measured and Indicated Resources only.*

Competent person statements

GREAT WHITE AND MT HOPE PROJECTS RESOURCES

Information in that relates to the Great White Project and Mt Hope Project has been reviewed by Mr James Marsh a member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Marsh is an employee of Andromeda Metals Limited who holds shares, options and performance rights in the company and is entitled to participate in Andromeda's employee incentive plan (details of which are included in Andromeda's Annual Remuneration Report) and has sufficient experience, which is relevant to the style of mineralisation, type of deposits and their ore recovery under consideration and to the activity being undertaking to qualify as a Competent Person under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). This includes Mr Marsh attaining over 30 years of experience in kaolin processing and applications. Mr Marsh consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The data that relates to Mineral Resource Estimates for the Great White Kaolin Project (Great White and Hammerhead Deposits) and Mount Hope Kaolin Project are based on information evaluated by Mr Eric Whittaker who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Whittaker is the Chief Geologist of Andromeda Metals Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Whittaker has 30 years of experience in the mining industry. Mr Whittaker consents to the information in the form and context in which it appears. Mr Whittaker holds Performance Rights in the Company and is entitled to participate in Andromeda's employee incentive plan.

WUDINNA GOLD PROJECT RESOURCES

Information that relates to the Estimation and Reporting of Mineral Resources for the Barns, White Tank and Baggy Green Deposits were compiled by Mrs Christine Standing BSc Hons (Geology), MSc (Min Econs), MAusIMM, MAIG. Mrs Standing is a full-time employee of Optiro and has acted as an independent consultant on the Mineral Resource estimates for the Barns, White Tank and Baggy Green deposits. Mrs Standing is a Member of the Australian Institute of Geoscientists and the Australian Institute of Mining and Metallurgy and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mrs Standing consents to the inclusion in this report of the contained technical information relating to the Mineral Resource estimations in the form and context in which it appears.

MOONTA COPPER ISR RESOURCES

The information in this release that relates to the Estimation and Reporting of Mineral Resources has been compiled by Mr David Coventry BSc (Hons). Mr Coventry is a full-time employee of Mining Plus Pty Ltd and has acted as an independent consultant on the Moonta Deposit Mineral Resource estimations. Mr Coventry is a Member of the Australasian Institute of Mining and Metallurgists and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities 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 (The JORC Code). Mr Coventry consents to the inclusion in this report of the contained technical information relating the Mineral Resource Estimation in the form and context in which it appears.

GREAT WHITE ORE RESERVES

The information in this report that relates to Ore Reserves is based on and fairly represents information and supporting documentation compiled by Mr Paul Griffin, BMinTech, GradDip (Tech) Man, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM Member No. 100234). Mr Griffin is an Employee and Director of MinEcoTech Pty Ltd and is retained as a consultant and study manager by Andromeda Metals Limited. Mr Griffin holds options in Andromeda Metals Limited.

Mr Griffin 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 Griffin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

2021 Annual corporate goverance statement

INTRODUCTION

The Board of Andromeda Metals Limited (Andromeda or Company) is committed to responsible financial and business practices and the highest standards of corporate governance to protect and advance shareholder's interests.

This Corporate Governance Statement provides information about the Company's corporate governance practices in compliance with ASX Listing Rule 4.10.3 and the *ASX Corporate Governance Principles and Recommendations (Fourth Edition)* (Recommendations). The Company has adopted and significantly complies, to the extent appropriate to the size and nature of the Company's operations, with the Recommendations except where specifically stated.

The information in this Corporate Governance Statement is current as at 23 September 2021 and has been approved by the Board of the Company on 23 September 2021.

The governance documents referred to in this Corporate Governance Statement are available on the Company's website at *www.andromet.com.au*.

ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

Principle 1: Lay solid foundations for management and oversight

The Board

The Board has responsibility for the overall corporate governance of the Company including demonstrating leadership, setting and overseeing strategic direction, establishment of goals for management, and monitoring the achievement of those goals.

Board Charter

The Board Charter establishes and defines the roles and responsibilities of the Board and Management, which can be accessed from the Company's website at *www.andromet.com.au/who-we-are/corporate-governance/*.

Responsibilities

The Board retains full responsibility for overseeing and appraising the Company's strategies, policies and performance. To assist with discharging its responsibilities it has established the following committees:

1. Audit and Risk Committee; and
2. Remuneration Committee.

The Board's key functions include:

- representing and serving the collective interests of security holders and other stakeholders;
- the adoption, alteration and monitoring of a strategic plan and objectives for the Company;
- approving the entity's values and code of conduct to underpin the desired culture within the entity;
- taking steps to maximise performance of the Company to sustain the growth and success of the Company;
- overseeing the prudent management of the Company's risks and its capital and ensuring the Company has adequate internal controls;
- approving operating budgets and major capital expenditure and public financial reports;
- overseeing integrity of the Company, encouraging ethical behaviour, including instilling the Company's values, compliance with the Company's Code of Conduct and all policies which underpin the desired culture;
- ensuring that the directors and senior management collectively have the full range of skills needed for the effective and prudent operation of the Company; and
- the evaluation of the effectiveness of the performance of the Board, Committees, directors and senior executives.

Appointment of Directors and Senior Executives

The Board will identify suitable candidates with appropriate skills, experience, expertise and diversity to complement the existing Board and Executive Team, in order for the Company to discharge its duties and pursue its business objectives effectively.

The Company will also undertake appropriate checks on any candidate for a board or senior executive role and seek confirmation to ensure that the board candidate has sufficient time to fulfil their responsibilities as a director.

The Board will provide relevant material information to security holders for board members seeking re-election to enable security holders to make informed decisions on whether or not to re-elect a director.

Upon the appointment of a director or senior executive the Company will arrange a written agreement, setting out the terms of appointment, expectations and responsibilities of the role, remuneration, director independence requirements (if applicable), access to corporate resources and confidentiality requirements. The directors and executives are also provided a Deed of Indemnity, Access and Insurance which indemnifies the director in respect of certain liabilities and legal expenses incurred by them whilst acting as a director or officer and insures them against certain risks they are exposed to as a director or officer of the Company.

Evaluation of the Board

In accordance with the Board Charter, the performance of the Board, Committees and individual directors are the responsibility of the Board. The Board provides evaluation and feedback during the year on the performance of directors. The remuneration committee is currently auditing the annual performance review process with the aim of implementing this new process in the current financial year

Evaluation of senior executive performance

The Board reviews the performance of the Managing Director and senior executives annually against agreed financial and non-financial performance measures, based on the level of achievement of a number of company level and individual performance hurdles. The Managing Director undertakes a similar annual review of the performance of the other senior executives, which is reviewed by the Board and the Remuneration Committee. As the remuneration committee is currently reviewing the annual performance review process, an informal review of the Managing Director and senior executives occurred in the 2021 financial year.

Company Secretary

In accordance with the Board Charter, the Company Secretary is responsible for the implementation of the Company's corporate governance policies and practices and the coordination of the Board and its Committees.

Diversity

The Company is committed to being an inclusive workplace that values and promotes diversity in the workplace. The Company provides a working environment which is free from unlawful discrimination, harassment, bullying and victimisation. The Company recognises that a diverse range of perspectives within the workforce facilitates good decisions, business practices and ethical behaviours.

The Company has recently determined it will include diversity responsibilities to its Remuneration Committee and is currently developing a Diversity Policy. The current proportions of men and women in the Company is as follows:

Board	nil
Senior Executive Positions*	33%
Across the Company	25%

* *senior executives includes CFO, Chief Geologist & Company Secretary*

Principle 2: Structure the Board to be effective and add value

Nomination Committee

The Board has determined it will increase the scope of the Remuneration Committee to include the responsibilities of a Nomination Committee which will assist with the structure, performance and effectiveness of the Board. This committee assists with board composition, succession planning, director induction and continued professional development and evaluation of the board, its committees and individual directors.

Charter

The Charter of the Remuneration Committee is available on the Company's website *www.andromet.com.au/who-we-are/corporate-governance/*.

Composition and Membership

The members of the Remuneration Committee are Mr Rhod Grivas and Mr Andrew Shearer, both of whom are independent directors. The current size and structure of the Board means there are currently no other non-executive directors that can join the committee. Future non-executive director appointments to the Board will lead to future appointments to the Remuneration committee to increase its membership.

The committee is chaired by the Board Chair, Mr Rhod Grivas. The committee met twice during the 2021 financial year.

Skills

The Board, as it is currently constituted, has a broad range of skills, knowledge and experience which is sufficient and appropriate to steer the strategic direction of the Company, challenge management and discharge its obligations effectively. The Company is currently developing a Board Skills Matrix. The individual qualifications and experience of each of the directors is set out in the Director's Report within the 2021 Annual Report, which is available on the Company's website at *www.andromet.com.au*.

Independence

The ability of directors to exercise independent judgement is a crucial feature of good corporate governance. Independent, non-executive directors are unfettered by management and free from any business or other relationship that could materially interfere with the independent exercise of their judgement.

The Board has determined both Mr Rhod Grivas and Mr Andrew Shearer are independent directors on the basis that they are free of any interest, position, or relationship that might influence or reasonably be perceived to influence, in a material respect their capacity to exercise independent judgement. It is noted that in February 2021 Rhod Grivas, the Company Chair, was engaged as a consultant to the Company, to provide support to the executive team, on a short-term ad hoc basis, whilst the Company transitions from an explorer to a developer. The Board has determined that this has not compromised his capacity to bring independent judgement to bear on issues brought before the board and to act in the best interests of the Company.

The length of the service of all the directors is subject to the Company's Constitution, the ASX Listing Rules and the seeking of re-election every 3 years which is to be approved by shareholders.

Induction

All new directors participate in an induction program which involves senior management. The induction program includes briefings on the Company's strategy, organisation structure, corporate governance practices, risk management framework, culture, charters and policies regarding the required ethical conduct of directors and employees.

The Company supports appropriate professional development opportunities where required for directors and senior management to develop and maintain the skills and knowledge needed to perform their roles effectively.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Values

The Company is currently formally determining its mission, vision and core values and will articulate and disclose these on their website once finalised.

Code of Conduct

The Company has adopted a Code of Conduct to guide the standards of ethical behaviour expected of directors, officers and employees in the performance of their work. In summary, the Code of Conduct requires directors, officers and employees to:

- act in the best interests of the Company and with honesty, integrity and fairness;
- comply with the laws and regulations which apply to the Company and its operations;
- not knowingly participate in any illegal or unethical activity;
- immediately report any concern about a possible breach of the Code of Conduct or any reportable matter under the Code;
- not enter into any arrangement or participate in any activity that would conflict with the interests of the Company or cause the Company to breach any of its legal or regulatory obligations;
- not act in a way which would be likely to negatively affect the Company's reputation;
- not take advantage of the Company's property or information or your position (or opportunities arising from these) for personal gain or to compete with the Company; or
- not take advantage of or misuse a third party's property or information.

The Code of Conduct is available at the Company's website: *www.andromet.com.au/who-we-are/corporate-governance/*.

Whistleblower Policy

The Company has adopted a Whistleblower Policy which governs the process through which employees and others can notify the Company of potential violations or concerns. The purpose of this Policy is to help detect and address undesirable conduct and to enable employees and contractors to work in a supportive working environment. The Board is informed of any material incidents reported under the Whistleblower Policy.

A copy of the Whistleblower Policy is available on the Company's website: *www.andromet.com.au/who-we-are/corporate-governance/*

Anti-bribery and Corruption Policy

The Company is yet to adopt an Anti-Bribery & Corruption Policy, however intends to develop and adopt a policy in the 2022 financial year.

Principle 4: Safeguard integrity of corporate reports

Audit and Risk Committee

The Company has established an Audit and Risk Committee which assists the Board in fulfilling its statutory and fiduciary obligations by providing independent and objective recommendations and assurance on the effectiveness of governance, operational risk management, financial reporting, internal control processes and the external audit.

Charter

The Charter of the Audit and Risk Committee is available on the Company's website *www.andromet.com.au/who-we-are/corporate-governance/*.

Composition of the Audit and Risk Committee

The Audit and Risk Committee comprises two non-executive directors, both of whom are independent directors, and is chaired by Mr. Andrew Shearer an independent chair, who is not the Chair of the Board. The Company will consider adding to the membership of the committee in the near future.

Technical expertise

The experience and qualifications of each member of the Audit & Risk Committee is available on the Company's website at: *http://www.andromet.com.au/corporate/board-and-management*.

Meetings

The Audit and Risk Committee meets at least twice per year to coincide with the review of the half year and annual financial reports to satisfy its objectives. The committee met twice during the 2021 financial year.

Reporting

The Chair of the Audit and Risk Committee communicates the findings of the Committee to the Board after each meeting.

The Company's Charter of the Audit and Risk Committee has adopted a formal policy on the appointment and independence of the external auditors to ensure appropriate control processes are in place to review the nomination and performance of the external auditor.

The directors require the Managing Director and the Chief Financial Officer (CFO) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards. This statement also includes that the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board.

Currently the Company does not have an internal audit function, however the recently amended Audit and Risk Committee Charter has provided for the engagement of an internal auditor as required.

The external auditor attends each AGM and is available to answer shareholder questions at the AGM.

Any unaudited periodic reports have several levels of review and checking, including the Financial Controller, CFO, and the Board.

Principle 5: Make timely and balanced disclosure

The Board has adopted a Continuous Disclosure Policy, which sets out the key obligations of the Board and senior management to ensure that the Company complies with its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Board has overall responsibility for the establishment, implementation and supervision of the Company's continuous disclosure, however it has delegated authority to the Company Secretary (and other authorised representatives from time to time) for the release of market communications.

The Board receives a copy of all announcements upon release to the market, and all new and substantive investor or analyst presentations are released to the market ahead of when it is presented.

The Company is committed to regularly communicating with shareholders in a timely, accessible and clear manner with respect to both procedural matters and major issues affecting the Company. The Company's Continuous Disclosure Policy sets out the practices which the Company implements to support effective communication with its shareholders.

A copy of the Company's Continuous Disclosure Policy is available on the Company's website at: *www.andromet.com.au/who-we-are/corporate-governance/*.

Principle 6: Respect the rights of security holders

The Company aims to communicate all important information relating to the Company to its shareholders. The Company's website at *www.andromet.com.au* contains extensive information about the Company, its activities, portfolio, investment performance, the directors and senior executives. It is updated regularly to keep shareholders informed at all times.

The Company has a Shareholder Communications Policy which details the way in which it manages its communication with security holders and includes:

- ensuring all ASX announcements are published on the Company's website;
- publishing all Company charters and policies on its website;
- encouraging security holders to attend the Annual General Meeting and participate in the meeting either in person or by representative;
- encouraging security holders to submit questions to the Board and to the Company's auditors at its Annual General Meetings;

- providing the option for security holders to sign up to receive ASX announcements via email;
- providing an opportunity for security holders to contact the company via phone or website form via the Company's website; and
- shareholders can also elect to communicate with the Company's share registry electronically.

All substantive resolutions at shareholder meetings are determined by a poll.

Principle 7: Recognise and manage risk

The Board considers ongoing risk management to be a core component of the management of the Company, with the Board providing oversight and stewardship. Material risks affecting the Company are actively monitored and managed through the adopted corporate risk register together with internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with relevant laws and regulations maintained by the Audit and Risk Committee.

Charter

The Charter of the Audit and Risk Committee is available on the Company's website *www.andromet.com.au/who-we-are/corporate-governance/*.

Composition of the Audit and Risk Committee

The Audit and Risk Committee comprises two independent non-executive directors. The Audit and Risk Committee is chaired by Mr. Andrew Shearer an independent chair, who is not the Chair of the Board. The Company will consider adding to the membership of the committee in the near future.

Meetings

The Audit and Risk Committee meets at least twice per year to coincide with the review of the half year and annual financial reports to satisfy its objectives. The committee met twice during the 2021 financial year.

Risk Management Framework

The Company's Risk Management Framework is currently being reviewed and updated by the Company as it positions itself from being an explorer to a developer and producer. The reviewed and amended Risk Management Framework will be reviewed and approved by the Audit and Risk Committee prior to implementation by the Company. Part of this review process will be determining if the Company has any emerging exposure to environmental or social issues and how to manage those risks.

The Board Audit and Risk Committee Charter is available on the Company's website at: *www.andromet.com.au.*

Principle 8: Remunerate fairly and responsibly

The Board has established a Remuneration Committee which operates under the Remuneration Committee Charter. The charter is available on the Company's website at *www.andromet.com.au/who-we-are/corporate-governance/*.

Remuneration Committee

The Board has established a Remuneration Committee to make recommendations to the Board regarding director remuneration so as it is sufficient to attract and retain high quality directors and to recommend executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

Composition and Membership

The members of the Remuneration Committee are Mr Rhod Grivas and Mr Andrew Shearer, both of which are deemed to be independent directors. The committee is chaired by the Board Chair, Mr Rhod Grivas. The committee met twice during the 2021 financial year.

Meetings

The Charter of the Remuneration Committee dictates that it is to meet at least two times each year in order for the Committee to fulfil its obligations.

For details of the number of meetings of the Committee held during the year, and the attendees at those meetings, refer to Meetings of Directors in the 2021 Annual Report.

Disclosure

The policies and practices regarding remuneration of directors and senior executives are contained within the remuneration report of the 2021 Annual Report.

Equity-based remuneration

The Company's remuneration policy is to ensure that remuneration is competitive in attracting, motivating, and retaining employees of high calibre and appropriately reflect the duties and responsibilities of each executive. The Company offers a combination of fixed annual remuneration and performance related remuneration through its Employee Incentive Plan. The purpose of this equity-based remuneration scheme is to create a strong link between increasing shareholder value and executive reward.

Company policy prohibits executives from entering into transactions which limit the economic risk of participating in the scheme.

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 2021. 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:

Rhoderick G J Grivas

BSc (Geology), MAusIMM

Non-Executive Chairman

Rhod Grivas is a geologist with over 30 years' resource industry experience, including 20+ years ASX listed company board experience.

He is currently a Non-Executive Chairman of ASX listed Golden Mile Resources Limited, Non-Executive Director of AIM listed Lexington Gold Limited and was previously Managing Director of ASX and Toronto Stock Exchange (TSX) listed gold miner Dioro Exploration NL, where he oversaw the discovery and development of a gold resource through feasibility into production.

Rhod is committed to bringing Andromeda's premium kaolin deposits into production and to building long-term relationships that enable our customers to produce premium products and clean technologies far into the future.

James E Marsh

BSc (Hons), MAusIMM

Managing Director

James Marsh is a highly qualified kaolin specialist with more than 30 years' industrial minerals experience, including notable, senior technical and marketing roles with two global market leaders.

With experience at all levels of the industry from laboratory development through to market listing, James has been instrumental in developing new applications and markets for kaolin around the world.

James spent fifteen years working as Technical Manager for Imerys Minerals, the world leader in industrial minerals with a focus on kaolin, where he successfully assisted in developing and commercialising several new grades from projects around the world.

He then worked for nine years with Minerals Corporation in Australia as Marketing and Technical Director commercialising kaolin products from Australia and China, and setting up a global network for sales and distribution.

James then spent seven years as Business Development Manager for Active Minerals International, a worldwide leader in the production and marketing of kaolin and attapulgite minerals.

Uniquely qualified in all aspects of the kaolin industry, James is passionate about leveraging his experience to deliver a world-class industrial minerals business.

Joseph F Ranford

BEng (Mining), MBA, FAusIMM, GAICD

Operations Director

Joe Ranford is a mining engineer with 25 years' senior management experience across both domestic and international mining companies. Joe has significant experience bringing mining operations into production within sensitive communities and considerable knowledge of the South Australian mining approval process and stakeholder landscape. Most recently, he held the role as Chief Operating Officer for Nordic Gold Inc, a Canadian based company which was the previous owner of the Laiva Gold Mine in Finland, where he re-established mining operations and brought the project back into production from care and maintenance.

Prior to his role at Nordic Gold Inc, Joe was Operations Manager for Terramin Australia Limited where he managed all operational and technical aspects of the Angas Zinc mine and championed the evaluation and approval processes for the Bird in Hand Gold Project.

Joe is focused on bringing the deposits of the Great White Kaolin Project on South Australia's Eyre Peninsula project into production. Growing up in the region, Joe has a genuine understanding and respect for the local community and wants to continue building partnerships based on creating shared value.

Andrew N Shearer

BSc (Geology), Hons (Geophysics), MBA

Non-Executive Director

Audit and Risk Committee Chairman

Andrew has been involved in the mining and finance industries for 20 years. Coupled with geoscience and finance qualifications he has experience from exploration through to production. A Non-Executive Director with Andromeda, Andrew also holds company director positions with Investigator Resources and Resolution Minerals.

Andrew has been exposed to the global resources sector covering micro to mid-cap resources stocks; from exploration to producing companies, across a broad suite of commodities. He has held senior roles in the mining and finance industries with PAC Partners, Phillip Capital, Austock, the South Australian Government, Mount Isa Mines and Glengarry Resources.

Andrew will leverage a strong track-record in mining and finance to bring Andromeda's valuable deposits into production.

Andrea Betti

(Appointed 11 August 2021)

BCom, MBA, GradDip (Corporate Governance), GradDip (Applied Finance and Investment) MBA

Company Secretary

Andrea Betti is a corporate governance professional with over 20 years' experience in accounting, corporate governance, finance and corporate banking.

She has acted as Company Secretary for companies in the private and publicly listed sectors. Andrea is a member of the Institute of Chartered Accountants in Australia and New Zealand and an associate member of the Governance Institute of Australia.

Andrea is currently a Director of a corporate advisory company based in Perth that provides corporate and other advisory services to publicly listed companies. She has a Bachelor of Commerce, Graduate Diploma in Corporate Governance, Graduate Diploma in Applied Finance and Investment and a Masters of Business Administration.

Melissa K Holzberger

(Appointed 23 September 2021)

LLM Resources Law (Distinction (Scotland), Dip. International Nuclear Law (Hons) (France), LLB (Adel), BA (Adel), GradDip Legal Practice, GAICD, FGIA

Non-Executive Director

Ms Holzberger in an experienced Independent Non-Executive Director and Mining Lawyer with over 20 years' experience in the international energy and resources sector.

Melissa is currently a Director of two ASX listed companies, Paladin Energy Ltd and Silex Systems Limited and is also a member of the Federal Government's Australian Radiation Protection and Nuclear Safety Agency's Radiation Health and Safety Advisory Council.

Melissa brings a deep understanding of mining projects and operations, having previously worked with BHP and Rio Tinto. Her substantial experience extends to highly regulated industries, international commodity trade, corporate ethics, risk and compliance oversight, together with a focus on environment, social and governance matters.

Nicholas J Harding

(Resigned 11th August 2021)

BA (Acc), GradDip (Acc), GradDip (App Fin), GradDip (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 mine sites 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 the 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.

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
R G J Grivas	Golden Mile Resources Limited	From March 2017 to present
	Lexington Gold Limited (AIM Listed)	From November 2020 to present
	Aldoro Resources Limited	From November 2019 to November 2020
	Okapi Resources Limited	From June 2020 to May 2021
A N Shearer	Resolution Minerals Limited	From March 2017 to present
	Investigator Resources Limited	From July 2020 to present
	Okapi Resources Limited	From July 2020 to May 2021
M K Holzberger	Paladin Energy Limited	From May 2021 to present
	Silex Systems Limited	From January 2019 to present

PRINCIPAL ACTIVITIES

The principal activity of the Group is the advancement of the Great White Kaolin Project through the completion of detailed Feasibility Studies and a Mining Lease submission that will allow the Company to be in a position to make a decision to mine should the economic evaluation of the Project prove to be positive.

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 advancing the Great White Kaolin Project through Definitive and Bankable Feasibility Studies to eventual development and production. Consideration of a combination of production streams, including direct shipping of raw ore, product beneficiation on site of raw material through wet processing for sale of processed products to overseas ceramic manufactures in addition to other possible markets, are being evaluated. The Directors see a strong market for quality halloysite-kaolin product along with a decline in supply. New markets such as concrete and HPA will be pursued, as the Great White Kaolin Project is a world class deposit capable of supplying the large mature existing as well as new and developing markets.
- The Company will fund research to assist in the development of new market opportunities for halloysite-kaolin given the high purity halloysite found at Great White, Camel Lake and Mount Hope along with the forecast growth in demand for the product in emerging markets.
- The Company's Board believes it is in shareholders' best interests to divest or enter joint venture arrangements for most of its portfolio of gold and copper projects to allow Andromeda Metals to focus of the advancement of the Great White Kaolin Project. To that end, joint ventures with Cobra Resources PLC over the Eyre Peninsula Gold Project and Environmental Metals Recovery Pty Ltd over the northern part of the Moonta Copper-Gold Project have been executed. The Company is currently reviewing all data before determining the best option on how to progress the Drummond Epithermal Gold Project.
- 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 $6,443,299 (2020: loss of $3,447,274).

Exploration and evaluation expenditure for the year was $4,023,911 (2020: $3,175,536) with funds predominantly directed towards advancing the Great White Kaolin Project. Net operating cash outflows for the year totalled $1,737,540 (2020: $1,081,686). At the 30 June 2021 the Company held cash and cash equivalents totalling $4,904,719 (2020: $2,998,626) with additional funds raised subsequent to period end as discussed later in this report.

During the year the Company raised $7,370,215 through the issue of 614,184,571 listed options with an exercise price of $0.012 which expired on 30 November 2020 and $651,520 through the issue of 10,180,000 unlisted options with an issue price of $0.064 and expiry date of 28 November 2022.

Exploration and evaluation activities

During the year ended 30 June 2021, Andromeda Metals' main focus has been to further progress the Great White Kaolin Project with the finalisation of the mining lease application and progress on the Definitive Feasibility Study for the Project.

Great White Kaolin Project

The Company formally earnt a 75% equity interest in the Great White Kaolin Project during the period after confirmation was received from joint venture partner Minotaur Exploration Limited (ASX: MEP) that ADN had met the Stage 2 expenditure requirement. Minotaur have advised that they intend to hold their 25% interest in the Project from this point and hence are now contributing 25% of Project expenditures going forward.

An updated Mineral Resource for the Great White Deposit was completed which is now 34.6Mt of in-situ Bright White kaolinised granite (5.7Mt Measured, 14.2Mt Indicated and 14.7Mt Inferred), representing an increase of 8.6Mt or 33% over the previous estimate, to yield 17.4Mt of minus 45 micron quality kaolin product. The new resource contains two sub-domains consisting of a halloysite zone (15.9Mt) and an Ultra Bright high-purity kaolin zone (1.2Mt) which shows exceptionally low iron contaminant and is ideally suited to high-value markets in specialist coatings and polymers.

A maiden Great White Deposit Ore Reserve was also reported during the year of 12.5Mt of Bright White kaolinised granite classified as Probable Reserve comprising 15% halloysite and 78% kaolinite in the minus 45 micron fraction.

The Mining Lease Application for the Great White Kaolin Project was lodged with the South Australian Department for Energy and Mining (DEM) on 25 February 2021. The Great White approval process is ongoing with the Mining Lease application now being assessed by the Regulators. The public submission period for the Mining Lease application closed on 30 March 2021. Andromeda submitted a response document on 15 July 2021. The response document along with the public submissions, the government's request for response document to the public submission and the original mining proposal are published on the DEM's web site.

While there were some concerns raised about the integration of a new industry into the established commercial landscape, the community is generally supportive and excited about the opportunities the Project presents. Typical issues around dust management, traffic integration, safety of road users and water supply have been brought up by some community members. Consultation is continuing to communicate the engineering controls to be implemented to ensure that the community and environment is not adversely affected.

The first legally binding offtake agreement for 5,000tpa of Great White CRM was secured with highly respected Japanese porcelain manufacturer Plantan Yamada (Yamada), which has factories located in both Japan and China. The customer has agreed to pay A$700 per tonne for the high-quality halloysite-kaolin product, which is equivalent to the price used in the Pre-Feasibility Study (PFS).

A second legally binding offtake agreement was signed with large Chinese commodity trading house Jiangsu Mineral Sources International Trading Co. Ltd (MSI) for 70,000tpa +/- 10% of refined ultra-bright high-purity kaolin material for the coatings and polymers market for an initial term of 5 years at a price significantly higher than the A$700 per tonne for ceramic grade material used in the PFS. The agreement is subject to a number of conditions precedent to be met in respect to a final decision to mine and investment decision required to be made by the joint venture partners, receipt of all mining approvals and achievement of commercial levels of production for the Project during 2022.

Drilling undertaken at Hammerhead Deposit defined an extensive area of Bright White kaolin (>75 ISO Brightness) with a minimum thickness of 10 metres extending over an area of 2.4 km by 0.5 km. An inaugural Inferred Mineral Resource for the Hammerhead Deposit was subsequently calculated during the year of 51.5Mt of Bright White kaolinised granite yielding 27.1Mt of minus 45 micron quality kaolin product. The Resource contains a sub-domain of 4.7Mt of high halloysite-kaolin of +20% halloysite perfectly suited for the high-quality porcelain ceramics market.

Over the year the Company tested Great White halloysite-kaolin across a number of concrete application mix designs with positive results achieved. Clear strength gains and important handling and performance improvements to concrete through the addition of halloysite-kaolin was observed, representing an additional, significant domestic and global market opportunity to the high-value ceramics market.

Significant progress was made over the twelve-month period to 30 June 2021 with the DFS on track for completion in the final quarter of calendar year 2021. In addition, Origin Capital were appointed to assist the joint venture partners in working towards meeting the requirements for a Bankable Feasibility Study (BFS) that is required under the Joint Venture Agreement. Experienced Asian marketing group Conrad Partners were engaged by the Company to drive the execution of binding offtake agreements in China and to source toll refining facilities.

Mount Hope Kaolin Project

Assay results from aircore drilling at Mount Hope undertaken during 2020 identified significant areas of Ultra-High Bright White kaolin with exceptionally low iron contaminant providing a further potential additional high value market opportunity in specialist coatings and polymers. A new Inferred Mineral Resource for Mount Hope of 18.0Mt of Bright White kaolinised granite was subsequently estimated using an ISO Brightness R457 cut-off of 75, yielding 7.5Mt of minus 45 micron quality kaolin product. An aircore drilling program comprising 50 holes for 1,988 metres was undertaken during March 2021 at the Mount Hope Kaolin Project. Samples from this drill program are currently being analysed and upon receipt of assays the Mount Hope Mineral Resource Estimate will be updated.

High purity alumina

In May 2021, Andromeda signed a Memorandum of Understanding (MoU) with AEM Technologies Inc, part of the Advanced Energy Minerals group (AEM) and entered an initial 90-day exclusivity period to explore a HPA licencing transaction that includes testing ADN kaolin feed, process feasibility studies and potential licensing and marketing arrangements (refer ADN ASX announcement dated 28 May 2021 titled "Andromeda Signs High Purity Alumina MoU with AEM Technologies Inc"). Subsequent to the end of the reporting period, the MoU has been extended until 31 December 2021 (refer ADN: ASX announcement dated 22 September 2021 titled "Andromeda Progresses HPA Strategy Following Positive Testing Results").

AEM's Cap Chat HPA Process Plant, located in Quebec Canada, uses its patented process to make 99.99% ("4N") and 99.999% ("5N") pure high purity alumina. With proven technology and extensive patents, Cap Chat is recognised as environmentally friendly with its focus on reducing reagent consumption and transitioning to a near "zero carbon emission" energy consumption plant. The facility is the only one globally that is capable of producing 4/5N HPA from a kaolin feed. Having commissioned the plant in 2020, AEM is now in offtake discussions with potential customers around the world.

The MoU signed with AEM will see kaolin samples evaluated using the AEM proven process to determine its suitability for HPA manufacture, and potentially lead to the construction by Andromeda of a HPA plant under a licencing agreement with AEM, which could also include the marketing of HPA manufactured product by ADN through AEM's global distribution network.

Natural Nanotech Joint Venture

Natural Nanotech Pty Ltd (NNT) is a research and commercialisation venture, jointly owned (50:50) by Andromeda and Minotaur, established to investigate new technology applications for halloysite-kaolin nanoparticles. NNT is working with the University of Newcastle's Global Innovative Centre for Advanced Nanomaterials (GICAN) on high-tech applications for halloysite, natural clay nanotubes, from the Great White Kaolin Joint Venture's high-grade halloysite kaolin deposits. Significant advances are being made by GICAN in developing solutions for a range of environmental issues using nano-porous materials synthesised from natural halloysite-kaolin mixtures.

NNT signed a $4 million research partnership over 5 years with GICAN to fund research into carbon dioxide capture using halloysite nanotubes. Outstanding results have been reported by GICAN for the ability of halloysite nanomaterials to selectively capture CO_2 using Great White refined halloysite-kaolin which has demonstrated significantly superior results compared to current commercial products such as activated carbon, and other materials including mesoporous carbon, carbon nitride and multi-walled carbon nanotubes. The GICAN team is now actively seeking to reach an adsorbed amount of 2 tonnes of CO_2 per tonne of the adsorbent whilst also maximising recyclability of materials. Optimizing the adsorption and recyclability potential are considered critical to commercialisation of this technology.

In June, NNT announced a research project on nutrient delivery to cropping soils utilising halloysite nanoclays. The 3 year $2.4M Project, the bulk of which will be funded by a successful research grant application through the Cooperative Research Centre for High Performance Soils (Soil CRC), will design and evaluate specifically engineered nanocomposite materials for enhanced nutrient delivery to the subsoil, particularly P and Zn, and quantify improved crop productivity. The Soil CRC has extensive research facilities under controlled and field environments together with pre-eminent agronomic research experience. The research projects qualify and are eligible for the Research and Development tax incentive scheme.

Eyre Kaolin Project Joint Venture

A binding Heads of Agreement was signed with private entity Peninsula Exploration Pty Ltd to form the Eyre Kaolin Project Joint Venture (EKJV). Peninsula holds title to four exploration licence that cover 2,799 square kilometres located on the Eyre Peninsula of South Australia and which are adjacent to, or in close proximity to, tenements that comprise the Great White Kaolin Joint Venture.

Andromeda can earn up to an 80% interest in the EKJV tenements through sole funding expenditure of $2.75 million over 6 years from commencement of the Joint Venture. At the date of this report Andromeda's interest earned was 0%.

Eyre Peninsula Gold Joint Venture

Joint venture partner Cobra Resources PLC completed a 41 hole 6,090 metre RC drilling program targeting a number of prospects across the Project during the half year period.

A significant gold intercept was returned of 31 metres at 3.06 g/t gold from 69 metres, including 15 metres at 5.35 g/t gold from 83 metres, at the Clarke deposit. Some further good results from the drilling program were recorded at both Barns and Baggy Green including 9 metres at 1.07 g/t gold at Baggy Green and 3.25 g/t gold over 13 metres, including 1 metre at 33.60 g/t gold with 7.25 g/t silver. Cobra is now analysing the results of the full drilling program with a view to updating the geological interpretation and resource modelling at Baggy Green and Barns as well as consideration of further drilling to define a future maiden resource at Clarke.

With the completion of the RC drilling program, Cobra has now met the Stage 1 expenditure commitment under the joint venture and therefore earned a 50% equity interest in the Eyre Peninsula Gold Project tenements.

Moonta Copper ISR Joint Venture

During the period, further progress on stakeholder engagement was undertaken by joint venture partner Environmental Metals Recovery (EMR) with meetings held with both the Copper Coast and Barunga West councils to provide information on the project, which was well received.

Preparation for the hydrogeologic drilling program is being finalised with several landowners being contacted regarding road access. Modelling of the Alford West project has commenced with the coupled hydrothermal flow model for the Bruce deposit now complete.

Drummond Epithermal Gold Joint Venture

During the period, Evolution Mining Limited (Evolution) completed an RC drilling program to test a 300 metre strike length target of the Roo Tail Breccia, which is located at the southern end of the South West Limey Prospect. A total of 4 RC pre-collar holes with diamond tails for 980 metres were drilled with unfortunately no significant intercepts encountered.

As a consequence of these results Evolution advised the Company that it had decided to withdraw from the joint venture and return the Project to 100% Andromeda ownership.

A full review of the data is to be performed before determining the best option as to how to progress the Drummond Gold Project.

Pilbara Gold Project

During the year, the Pilbara Gold Project was reviewed by a number of third parties with the objective of formalising a deal over the ground, but no offers were received. As a result, the Company formally relinquished the Pilbara tenements in February 2021 given the Group's focus is directed towards development of the Great White Kaolin Project.

OUTLOOK AND FUTURE DEVELOPMENTS

The focus of the Company will predominantly be directed towards further advancing the Great White Kaolin Project. Key steps include:

- Completion of the Definitive Feasibility by the end of the end of 2021,
- Progress regulatory permitting and approval processes through to mining approval and commencement of construction mid-year 2022,
- Progress opportunities in concrete and coatings markets,
- Continue exploration activities on other prospects in the Poochera district including an upgrade of the Great White Resource,
- Progress halloysite nanotechnology opportunities through the halloysite research joint venture with Minotaur Exploration,

In addition, the Company will:

- Upgrade the 100% owned Mount Hope Halloysite-Kaolin Resource, and
- Commence exploration activities on the EKJV tenement package.

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

There was no significant change in the state of affairs of the Group during the financial year.

COVID-19

The outbreak of the 2019 novel strain of coronavirus causing a contagious respiratory disease known as COVID-19, and the subsequent quarantine measures imposed by the Australian and other governments, and related travel and trade restrictions have caused disruption to businesses and resulted in significant global economic impacts. As at 30 June 2021, these impacts have not had a significant effect on the Group's financial results or operations. However, as the impact of COVID-19 continues to evolve, including changes in government policy and business reactions thereto, if our staff are unable to work or travel due to illness or government restrictions, we may be forced to reduce or suspend our exploration and development activities. In addition, as the COVID-19 pandemic and mitigation measures have also negatively impacted global economic conditions, this, in turn, could adversely affect our business in the future. Due to the continually evolving nature of COVID-19 the Directors cannot reasonably estimate the effects that the COVID-19 pandemic could have on future periods and believe that any disturbance may be temporary. However, there is uncertainty about the length and potential impact of any resultant disturbance. As a result, we are unable to estimate the potential impact on the Group's future operations as at the date of these Financial Statements.

During the year ended 30 June 2021, the group received Job Keeper ($87,600) and Covid cash boost ($62,500) government assistance which have been recognised as offsets to exploration and evaluation expenditure and other income respectively.

SUBSEQUENT EVENTS

In July 2021, under the terms of a share placement, managed by Canaccord Genuity and Taylor Collison as Joint Lead Managers, the Company issued 200 million shares at $0.15 per share, raising $30 million (before costs). Settlement of the placement and issue of the new shares to commence trading has been completed.

In addition to the share placement, in July 2021 the Company undertook a $15 million share purchase plan to eligible shareholders on the same terms as the placement. The share purchase plan was oversubscribed and following a scale back of applications, the issue of new shares was completed.

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 and Western Australia. 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, Western Australia, 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 2021 was:

	MEETINGS HELD WHILE IN OFFICE	MEETINGS ATTENDED
R G J Grivas	11	11
J E Marsh	11	11
N J Harding	11	11
J F Ranford	11	11
A N Shearer	11	11

The Company held two meetings of the Audit and Risk Committee during the year ended 30 June 2021. The members of this committee comprise A N Shearer (Chairman) and R G J Grivas.

There were two meetings held of the Remuneration Committee during the year ended 30 June 2021. The members of this committee comprise R G J Grivas (Chairman) and A N Shearer.

NON-AUDIT SERVICES

There were no amounts paid or payable to the auditor for non-audit services provided during the year.

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	17,500,000	Ordinary	$0.012	15 November 2021
Andromeda Metals Limited	48,820,000	Ordinary	$0.064	28 November 2022
Andromeda Metals Limited	20,000,000	Ordinary	$0.075	28 November 2023

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	614,184,571	Ordinary	$0.012	$nil
Andromeda Metals Limited	10,180,000	Ordinary	$0.064	$nil

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 45 of this Annual 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	PERFORMANCE RIGHTS OVER ORDINARY SHARES NUMBER
R G J Grivas	15,093,068	11,500,000	2,250,000
J E Marsh	2,500,000	32,000,000	3,250,000
J F Ranford	3,500,000	-	8,750,000
A N Shearer	11,137,204	11,500,000	2,250,000
N J Harding[1]	6,698,447	23,500,000	1,000,000
	38,928,719	78,500,000	17,500,000

1 *Mr Harding resigned as a Director of the Company on 11 August 2021.*

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

Remuneration report

REMUNERATION REPORT (AUDITED)

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:

R G J Grivas (Non-Executive Chairman)

J E Marsh (Managing Director)

J F Ranford (Operations Director)

A N Shearer (Non-Executive Director)

E J Whittaker (Chief Geologist)

M C Zannes (Chief Financial Officer) – Commenced 1 June 2021

M K Holzberger (Non-Executive Director) – Commenced 23 September 2021

N J Harding (Executive Director and Company Secretary) – Resigned 11 August 2021

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 2021:

	30 JUNE 2021	30 JUNE 2020	30 JUNE 2019	30 JUNE 2018	30 JUNE 2017
Other Income	61,461	767,419	18,960	5,815	4,989
Net profit / (loss) before tax	(6,435,782)	(3,365,301)	(1,041,044)	(683,544)	(6,847,987)
Net profit / (loss) after tax	(6,443,299)	(3,447,274)	(1,113,181)	(832,707)	(6,908,847)

	30 JUNE 2021	30 JUNE 2020	30 JUNE 2019	30 JUNE 2018	30 JUNE 2017
Share price at beginning of the year	$0.051	$0.015	$0.007	$0.06	$0.02
Share price at end of year	$0.150	$0.051	$0.015	$0.007	$0.02
Basic earnings per share	$(0.0033)	$(0.0024)	$(0.0010)	$(0.0012)	$(0.0174)
Diluted earnings per share	$(0.0033)	$(0.0024)	$(0.0010)	$(0.0012)	$(0.0174)

No dividends have been declared during the five years ended 30 June 2021 and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2021.

There is no link between the Company's financial 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;
- 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.

During the year an independent external remuneration consultant was engaged to assist with developing a remuneration framework and guiding principles to ensure that total remuneration packages for key management personnel (KMP) are relevant compared to current market benchmarks and competitively set to attract and retain appropriately qualified and experienced people. As a result of an internal selection process, the Company appointed BDO Remuneration and Reward Ltd (BDO) to review the existing KMP remuneration approach and determine appropriateness of current pay structures compared to 'peers' in the market. BDO are an international consulting and business advisory organisation that work with a range of ASX listed companies. Total fees paid to BDO for the independent advice was $20,500 during the year ending 30 June 2021.

BDO collated data and benchmarked the Company against peer companies in the mining and metals sector in a predominately single country jurisdiction, with similar market capitalisation. The report was presented to the Chair of the Remuneration Committee, providing a summary of base salaries, statutory superannuation plans, short-term incentive plans (STIP) and long-term incentive plans (LTIP) and assessing the positioning of the Company compared to the market.

The Board is satisfied that the interaction between BDO and the KMP team was minimal and BDO had processes and procedures in place to minimise potential opportunities for undue influence from the KMP. The Board is therefore satisfied the information and advice received from BDO was free from undue influence from the KMP to whom the remuneration information applies. The Board reviewed the independent advice and utilised the Remuneration Committee to consider the information and data, along with other business conditions when recommending remunerations packages based on the advice received. (2020: nil).

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.

The Non-Executive Chairman is entitled to receive $65,000 (2020: $65,000) per annum excluding statutory superannuation. In addition, consulting fees paid during the year to the Non-Executive Chairman were $72,700 (2020: $3,600). The Non-Executive Director is entitled to receive $45,000 (2020: $45,000) per annum excluding statutory superannuation. In addition, consulting fees paid during the year to the Non-Executive Director were $4,225 (2020: nil).

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.

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 J F Ranford, details of which are set out below. The agreement held with an entity associated with N J Harding is ending subsequent to 30 June 2021 as a result of Mr Harding's resignation on 11 August 2021.

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.

2021	SHORT-TERM EMPLOYEE BENEFITS SALARY & FEES[i] $	POST EMPLOYMENT SUPERANNUATION $	ANNUAL & LONG SERVICE LEAVE $	CASH BONUS[iii] $	SUB TOTAL $	SHARE BASED PAYMENTS[ii] $	TOTAL $
R G J Grivas[iv]	137,700	6,175	-	-	143,875	307,180	451,055
J E Marsh[v]	307,193	27,510	31,587	-	366,290	479,348	845,638
J F Ranford	270,000	-	-	-	270,000	2,453,771	2,723,771
A N Shearer[vi]	49,775	4,275	-	-	54,050	307,180	361,230
M C Zannes	22,831	2,169	1,923	-	26,923	-	26,923
E J Whittaker[vii]	180,000	17,100	15,162	-	212,262	-	212,262
N J Harding	246,797	-	-	-	246,797	450,185	696,982
2021 Total	1,214,296	57,229	48,672	-	1,320,197	3,997,664	5,317,861

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. Valuation of share based payments was undertaken based on prevailing market conditions at the date of granting (see note 16) and are expensed to the profit and loss over the relevant vesting period.

iii) No bonuses were granted during the financial year.

iv) Subsequent to year-end, as part of a periodic remuneration review, effective 1 September 2021, Non-Executive Chair Fees were increased to $110,000 per annum (inclusive of superannuation).

v) Subsequent to year-end, as part of a periodic remuneration review, effective 1 September 2021, Mr Marsh's salary was increased to $375,000 per annum (plus superannuation).

vi) Subsequent to year-end, as part of a periodic remuneration review, effective 1 September 2021, Non-Executive Director Fees were increased to $75,000 per annum (inclusive of superannuation).

vii) Subsequent to year-end, as part of a periodic remuneration review, effective 1 September 2021, Mr Whittaker's salary was increased to $220,000 per annum (plus superannuation).

2020	SHORT-TERM EMPLOYEE BENEFITS SALARY & FEES[i] $	POST EMPLOYMENT SUPERANNUATION $	ANNUAL & LONG SERVICE LEAVE $	CASH BONUS[iii] $	SUB TOTAL $	SHARE BASED PAYMENTS[ii] $	TOTAL $
R G J Grivas	62,350	7,750	-	22,831	92,931	336,339	429,270
J E Marsh	238,946	27,038	26,322	45,662	337,968	617,143	955,111
N J Harding	249,550	-	-	50,000	299,550	476,741	776,291
J F Ranford	32,500	-	-	-	32,500	-	32,500
A N Shearer	42,292	6,048	-	22,831	71,171	336,339	407,510
E J Whittaker	67,500	6,413	5,685	-	79,598	-	79,598
2020 Total	693,138	47,249	32,007	141,324	913,718	1,766,562	2,680,280

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.

iii) A discretionary cash bonus payment was paid to Executive Directors J E Marsh of $50,000 inclusive of superannuation and N J Harding of $50,000 (exclusive of superannuation) and to Non-Executive Directors R G J Grivas and A N Shearer of $25,000 inclusive of superannuation each on 16 March 2020 to link reward with the strategic goals and performance of the Company.

Service Agreements

Details of the services and consultancy agreements in place during the year are set out below:

2021

KEY MANAGEMENT PERSONNEL	TERMS
J F Ranford	Monthly rate of $25,000 for a minimum of 3 days per week
R G J Grivas	Daily rate of $1,000 per day as required
N J Harding	Daily rate of $920

2020

KEY MANAGEMENT PERSONNEL	TERMS
J F Ranford	Monthly rate of $20,000 for 3 days per week
R G J Grivas	Daily rate of $900 per day as required
N J Harding	Daily rate of $920

On 1 June 2020 the Group entered into a service agreement with an entity associated with J F Ranford with no fixed term. The Group or the entity associated with J F Ranford may terminate the agreement by giving three months' notice respectively. The monthly charge for Mr Ranford's services increased to $25,000 per month from 1 January 2021 in accordance with contractual terms. Subsequent to year-end, as part of a periodic remuneration review, effective 1 September 2021, the monthly rate increased to $30,000.

The Group entered into a consultancy agreement with R G J Grivas on 27 October 2017 to provide consulting services on an as needs basis at the rate of $900 per day. The daily rate was increased to $1,000 per day for the year ended 30 June 2021. A total of $72,700 (2020: $3,600) was paid under this agreement during the year.

On 19 December 2019 the Group entered into a new service agreement with an entity associated with N J Harding with no fixed term. The Group or the entity associated with N J Harding may terminate the agreement by giving three months' notice respectively. Mr Harding resigned subsequent to 30 June 2021 and is currently serving his contractual three month notice period. All unlisted options over the Company's shares held as at the date of resignation were retained, however 2,250,000 of the 3,250,000 performance rights granted to Mr Harding on 26 November 2020 were cancelled on the date of resignation to reflect an estimated pro-rata of service over the vesting period.

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 members 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 2,500,000 ordinary shares to the Executive Director under the LFESP (the value of these shares was $13,400). 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 Executive Director were 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 were issued to the Executive Director on 24 June 2020.

At the Annual General Meeting held on the 30 November 2016, the shareholder's approved the granting of 1,300,000 ordinary shares to the Executive Director under the LFESP (the value of these shares was $9,409). 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 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.

As at 31 December 2017 some of the KPIs were met resulting in 780,000 shares becoming unrestricted and 520,000 shares were returned to the trustee for future allocations. On payment of $0.01 per share the unrestricted shares were issued to the Executive Director on 24 June 2020.

At the Annual General Meeting held on the 30 November 2017, the shareholder's approved the granting of 1,800,000 ordinary shares to the Executive Director under the LFESP (the value of these shares was $7,143). The shares are to be transferred to the director on the achievement of those KPI's met by 31 December 2018 and the payment of $0.006 per share for those shares to which vested by 1 January 2023.

The KPIs for the Executive Director are as follows:

- up to 720,000 shares will vest based on the Company's share performance against a peer group relative share price performance during the calendar year 2018; and
- up to 1,080,000 shares will vest on the achievement of various KPIs based on his personal performance during the calendar year 2018.

As at 31 December 2018 the Board determined that all of the KPIs were met resulting in 1,800,000 shares becoming unrestricted. On payment of $0.006 per share the unrestricted shares were issued to the Executive Director on 24 June 2020.

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 2021

Fully paid ordinary shares issued by Andromeda Metals Limited

	BALANCE 01/07/20	PERFORMANCE RIGHTS VESTED AND CONVERTED TO SHARES[i]	EXERCISE OF OPTIONS	DISPOSAL OF SHARES	TRANSFERRED FROM THE LFESP	BALANCE 30/06/21
R G J Grivas	5,199,055	–	10,245,159	448,602	–	14,995,612
J E Marsh	2,500,000	–	–	–	–	2,500,000
N J Harding	6,600,991	–	–	–	–	6,600,991
J F Ranford	–	3,500,000	–	–	–	3,500,000
A N Shearer	5,361,024	–	5,899,998	270,003	–	10,991,019
E J Whittaker	–	–	–	–	–	–
M C Zannes	–	–	–	–	–	–

i) *The vesting conditions of 3,500,000 performance rights granted to Mr Ranford (as approved by shareholders on 26 November 2020) were satisfied upon the successful submission of a Mining Lease Application for the Great White Kaolin Project 28 February 2021. The performance rights were converted to shares on 3 March 2021.*

Listed options issued by Andromeda Metals Limited

	BALANCE 01/07/20	GRANTED	EXERCISED	LAPSED	BALANCE 30/06/21	VESTED AND EXERCISABLE
R G J Grivas	10,245,159	–	10,245,159	–	–	See Note 16 for details
J E Marsh	–	–	–	–	–	See Note 16 for details
N J Harding	–	–	–	–	–	See Note 16 for details
J F Ranford	–	–	–	–	–	See Note 16 for details
A N Shearer	5,899,998	–	5,899,998	–	–	See Note 16 for details
E J Whittaker	–	–	–	–	–	See Note 16 for details
M C Zannes	–	–	–	–	–	See Note 16 for details

Unlisted options issued by Andromeda Metals Limited

	BALANCE 01/07/20	GRANTED	EXERCISED	LAPSED	BALANCE 30/06/21	VESTED AND EXERCISABLE
R G J Grivas	11,500,000	–	–	–	11,500,000	See Note 16 for details
J E Marsh	32,000,000	–	–	–	32,000,000	See Note 16 for details
N J Harding	23,500,000	–	–	–	23,500,000	See Note 16 for details
J F Ranford	–	–	–	–	–	See Note 16 for details
A N Shearer	11,500,000	–	–	–	11,500,000	See Note 16 for details
E J Whittaker	–	–	–	–	–	See Note 16 for details
M C Zannes	–	–	–	–	–	See Note 16 for details

Remuneration report

Performance rights issued by Andromeda Metals Limited

	BALANCE 01/07/20	GRANTED[i]	VESTED AND CONVERTED TO SHARES	LAPSED / CANCELLED	BALANCE 30/06/21	VESTED AND ISSUED
R G J Grivas	–	2,250,000	–	–	2,250,000	See Note 16 for details
J E Marsh	–	3,250,000	–	–	3,250,000	See Note 16 for details
J F Ranford	–	12,250,000	3,500,000	–	8,750,000	See Note 16 for details
A N Shearer	–	2,250,000	–	–	2,250,000	See Note 16 for details
M C Zannes	–	–	–	–	–	See Note 16 for details
E J Whittaker	–	–	–	–	–	See Note 16 for details
N J Harding	–	3,250,000	–	–	3,250,000	See Note 16 for details

23,250,000 performance rights were approved by shareholders on 26 November 2020 and granted on that date. The performance rights are subject to vesting conditions and were valued based on the market price of $0.295 per right at the time they were granted, see Note 16 for additional information.

Nil shares were held by the trustee of the LFESP as at 30 June 2021, see Note 18 for details.

Signed in Adelaide this 29th day of September 2021 in accordance with a resolution of the Directors.

J E Marsh
Managing Director

A N Shearer
Non-Executive Director

Auditors independence declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

29 September 2021

Dear Board Members

Auditor's Independence Declaration to 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 report of Andromeda Metals Limited for the year ended 30 June 2021, 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; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	NOTE	YEAR ENDED 30/06/21 $	YEAR ENDED 30/06/20 $
Other income	4	61,461	767,419
Impairment of exploration expenditure	8	(37,893)	(384,009)
Exploration and evaluation expenditure expensed	8	(24,047)	(15,933)
Administration expenses		(939,167)	(459,365)
Corporate consulting expenses		(848,251)	(380,991)
Company promotion		(124,079)	(81,956)
Salaries and wages		(132,283)	(144,811)
Directors fees		(110,000)	(157,745)
Occupancy expenses		(21,276)	(40,600)
Share based payments		(3,997,664)	(2,467,310)
Share of loss of joint venture		(262,583)	-
Loss before income tax	5	(6,435,782)	(3,365,301)
Tax expense	5	(7,517)	(81,973)
Loss for the year		(6,443,299)	(3,447,274)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(6,443,299)	(3,447,274)
Earnings per share			
Basic (cents per share) – (loss)	26	(0.33)	(0.24)
Diluted (cents per share) – (loss)	26	(0.33)	(0.24)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2021

	NOTE	30/06/21 $	30/06/20 $
CURRENT ASSETS			
Cash and cash equivalents		4,904,719	2,998,626
Trade and other receivables	6	853,927	84,997
TOTAL CURRENT ASSETS		5,758,646	3,083,623
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	8	13,180,462	9,218,491
Plant and equipment	9	212,960	150,547
Other financial assets	7	184,500	74,500
Investment in joint venture	10	282,638	157,964
TOTAL NON-CURRENT ASSETS		13,860,560	9,601,502
TOTAL ASSETS		19,619,206	12,685,125
CURRENT LIABILITIES			
Trade and other payables	11	1,110,176	626,274
Lease liabilities	13	56,974	70,851
Other liabilities	12	41,933	12,178
TOTAL CURRENT LIABILITIES		1,209,083	709,303
NON-CURRENT LIABILITIES			
Provisions	14	30,679	26,632
Lease liabilities	13	26,591	43,024
Other liabilities	15	1,863,643	975,517
TOTAL NON-CURRENT LIABILITIES		1,920,913	1,045,173
TOTAL LIABILITIES		3,129,996	1,754,476
NET ASSETS		16,489,210	10,930,649
EQUITY			
Issued capital	16	56,929,522	47,826,518
Reserves	17	5,838,594	2,939,738
Accumulated losses		(46,278,906)	(39,835,607)
TOTAL EQUITY		16,489,210	10,930,649

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 2021

	ISSUED CAPITAL $	SHARE OPTION RESERVE $	EMPLOYEE EQUITY-SETTLED BENEFITS RESERVE $	ACCUMULATED LOSSES $	TOTAL $
Balance at 1 July 2019	42,756,559	505,524	57,195	(36,405,772)	6,913,506
Loss attributable to the year	-	-	-	(3,447,274)	(3,447,274)
Total comprehensive income for the year	-	-	-	(3,447,274)	(3,447,274)
Issue of share capital through a placement at 4.7 cents	3,997,199	-	-	-	3,997,199
Costs associated with the issue of shares	(273,243)	-	-	-	(273,243)
Related income tax	81,973	-	-	-	81,973
Issue of shares as part payment of director fees	17,500	-	-	-	17,500
Shares issued on the exercise of listed options	1,093,910	(20,932)	-	-	1,072,978
Shares issued on the exercise of unlisted options	42,165	(12,165)	-	-	30,000
Shares issued from treasury stock	110,455	-	(39,756)	-	70,699
Share based payments	-	2,467,311	-	-	2,467,311
Forfeiture of shares issued to employees under the Loan Funded Employee Share Plan	-	-	(17,439)	17,439	-
Balance at 30 June 2020	47,826,518	2,939,738	-	(39,835,607)	10,930,649
Loss attributable to the year	-	-	-	(6,443,299)	(6,443,299)
Total comprehensive income for the year	-	-	-	(6,443,299)	(6,443,299)
Shares issued on the exercise of listed options	7,436,523	(66,308)	-	-	7,370,215
Shares issued on the exercise of unlisted options	651,520	-	-	-	651,520
Costs associated with the issue of shares	(25,056)	-	-	-	(25,056)
Related income tax	7,517	-	-	-	7,517
Share based payments	-	3,997,664	-	-	3,997,664
Conversion of performance rights	1,032,500	(1,032,500)	-	-	-
Balance at 30 June 2021	56,929,522	5,838,594	-	(46,278,906)	16,489,210

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 2021

	INFLOWS/(OUTFLOWS) YEAR ENDED 30/06/21 $	INFLOWS/(OUTFLOWS) YEAR ENDED 30/06/20 $
Cash flows relating to operating activities		
Receipts from government grants	62,000	74,000
Payments to suppliers and employees	(1,799,540)	(1,155,686)
Net operating cash flows (Note (a))	(1,737,540)	(1,081,686)
Cash flows relating to investing activities		
Interest received	9,072	27,221
Receipts from government grants	343,879	-
Refund of bank guarantee	-	50,000
Payment of environmental bonds	(20,000)	-
Payment for investment in joint venture	(380,006)	(157,964)
Payments for exploration and evaluation expenditure	(5,010,162)	(3,191,085)
Payments received from joint venture partner	979,784	200,000
Proceeds from the sale of assets (Note 4)	-	650,000
Payments for plant and equipment	(112,613)	(34,681)
Cash transferred to secured term deposit	(90,000)	-
Net investing cash flows	(4,280,046)	(2,456,509)
Cash flows relating to financing activities		
Proceeds from share and equity options issued	8,021,735	5,170,876
Lease payments	(73,000)	(28,565)
Interest paid	-	(1,435)
Payments for share issue costs	(25,056)	(273,243)
Net financing cash flows	7,923,679	4,867,633
Net increase in cash and cash equivalents	1,906,093	1,329,438
Cash at beginning of financial year	2,998,626	1,669,188
Cash and cash equivalents at end of financial year	4,904,719	2,998,626
Note (a): Reconciliation of loss for the period to net cash flow from operating activities.		
Loss for the period	(6,443,299)	(3,447,274)
Interest revenue	(8,636)	(18,919)
Share based remuneration	3,997,664	2,467,310
Director fees paid in shares	-	17,500
Depreciation	93,227	37,857
Interest expense	2,337	1,435
Sale of Rover Project	-	(650,000)
Exploration written off or impaired	61,940	399,942
Income tax expense	7,517	81,973
(Increase) decrease in receivables	(149,719)	13,002
Share of loss of JV	262,584	-
Increase/(decrease) in payables	405,043	(1,854)
Increase/(decrease) in provisions	33,802	17,342
Net operating cash flows	(1,737,540)	(1,081,686)

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 2021

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	69 King William Road
Unley	Unley
South Australia 5061	South Australia 5061

2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

There were no new or revised Accounting Standards adopted during the year.

Standards and Interpretations on issue but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2021. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial statements:

STANDARD/INTERPRETATION	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*, AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2022	1 July 2022
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*	1 January 2023	1 July 2023
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022	1 July 2022
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023	1 July 2023

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 2021.

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.

Certain comparative financial information in the statement of profit or loss and other comprehensive income has been reclassified to ensure consistency with current year presentation. This reclassification does not affect reported profit or loss or other comprehensive income for the year ended 30 June 2020.

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 whether 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 considering the recoverability of capitalised exploration and evaluation expenditure.

Going concern

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities, and that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.

For the year ended 30 June 2021 the Group incurred a net loss of $6,443,299 (30 June 2020: $3,447,274), and experienced net cash outflows from operating and investing activities of $6,017,586 (30 June 2020: $3,538,195). At 30 June 2021, the Group has cash reserves of $4,904,719 (30 June 2020: $2,998,626).

The Group has prepared a cash flow forecast for the period ending 30 September 2022 which includes $45 million capital raised subsequent to 30 June 2021 as part of (a) share placement and (b) share purchase plan.

The forecast indicates that the Group will have sufficient funding to meet all expected cash outflows, including its currently envisaged exploration activities, including some construction should a development decision be made with respect to the Great White Project.

When the final investment decision is made in relation to the Great White Kaolin Project, the cash flow forecast will be updated to identify any additional funding required i.e. Debt and/or equity.

The directors are satisfied therefore, that the going concern basis of preparation is appropriate.

COVID-19

The COVID-19 outbreak and the subsequent quarantine measures imposed by the Australian and other governments, and related travel and trade restrictions have caused disruption to businesses and resulted in significant global economic impacts. As at 30 June 2021, these impacts have not had a significant effect on the Group's financial results or operations. However, as the impact of COVID-19 continues to evolve, including changes in government policy and business reactions thereto, if our staff are unable to work or travel due to illness or government restrictions, we may be forced to reduce or suspend our exploration and potential development activities. In addition, as the COVID-19 pandemic and mitigation measures have also negatively impacted global economic conditions, this, in turn, could adversely affect our business in the future. Due to the continually evolving nature of COVID-19 the Directors cannot reasonably estimate the effects that the COVID-19 pandemic could have on future periods, and believes that any disturbance may be temporary. However, there is uncertainty about the length and potential impact of any resultant disturbance. As a result, we are unable to estimate the potential impact on the Group's future operations as at the date of these Financial Statements.

Accounting policies

a) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and deposits held at call which are subject to insignificant risk of changes in value.

b) **Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the 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.

Farm-outs – exploration and evaluation phase

The consolidated entity accounts for the treatment of farm-out arrangements under AASB 6 Evaluation of Mineral Resources under these arrangements:

¬ the farmor will not capitalise any expenditure settled by the farmee;

¬ any proceeds received that are not attributable to future expenditure are initially credited against the carrying amount of any existing exploration and evaluation asset; and

¬ to the extent that the proceeds received from the farmee exceed the carrying amount of any exploration an evaluation asset that has already been capitalised by the farmor, this excess is recognised as a gain in profit or loss.

d) Financial assets

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Classification of financial assets Debt instruments that meet the following conditions are measured subsequently at amortised cost:

¬ the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

¬ the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

  > the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

  > the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Amortised cost and effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Amortised cost and effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

e) **Goods and service tax**

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

¬ 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:

¬ 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 enacting 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) Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5.

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

The Group applies AASB 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee.

Furthermore, in applying AASB 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with AASB 128).

i) Joint arrangements

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.

j) 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.

k) 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

l) 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 intra-group 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.

m) Interest income

Interest income 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.

n) 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.

o) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

p) **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 statement of financial position and recognised in profit or loss 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.

Other grants related to cost reimbursements are recognised as other income in profit or loss in the period when the costs were incurred or when the incentive meets the recognition requirements (if later).

q) **Research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

r) **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 30/06/21 $	YEAR ENDED 30/06/20 $
Other income		
Interest income on bank deposits	8,636	18,919
Profit on sale of assets (i)	–	650,000
Other (ii)	52,825	98,500
	61,461	767,419

i) Profit on the sale of assets related to the disposal of the Rover Copper Gold Project

ii) Relates to government assistance in the form of Job Keeper received starting from March 2020 until December 2020; Covid cash bonus received starting from March 2020 until September 2020. In addition to the amounts recognised through other income, job keeper receipts during the year of $87,600 related to E&E and have been netted against exploration and evaluation expenditure.

Other expenses		
Employee benefit expense:		
Post-employment benefits:		
Accumulated benefit superannuation plans	116,190	77,293
Share based payments:		
Equity settled share-based payments (i)	3,997,664	2,039,075
Other employee benefits	1,807,761	1,187,364
	5,921,615	3,303,732
Less amounts capitalised in exploration and evaluation expenditure	(1,444,862)	(712,862)
	4,476,753	2,590,870
Depreciation of plant and equipment	93,227	37,857
Short-term rental expenses	21,276	40,600

(i) Share based payments relate to the amortisation of shares, options or performance rights granted to employees. Share based payments 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 30/06/21 $	YEAR ENDED 30/06/20 $
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	(6,435,782)	(3,365,301)
Income tax income calculated at 30%	(1,930,735)	(1,009,590)
Share based payments	1,199,299	740,193
Other	(52,929)	(49,821)
Deferred tax assets not brought to account	791,882	401,191
Tax expense	7,517	81,973

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	(164)	(7,531)
Exploration and evaluation expenditure	(3,903,293)	(2,764,830)
Property plant and equipment	(17,589)	-
Investments	76,386	-
Capital raising costs	107,267	265,002
Trade and other payables	17,468	61,345
Employee benefits	32,364	11,643
Other liabilities	33,450	33,450
	(3,654,111)	(2,400,921)
Tax value of losses carried forward	3,654,111	2,400,921
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	9,897,066	11,363,598

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.

5 INCOME TAX continued

	YEAR ENDED 30/06/21 $	YEAR ENDED 30/06/20 $
d) Movement in recognised temporary differences and tax losses		
Opening balance	–	–
Recognised in equity	7,517	81,973
Recognised in income	(7,517)	(81,973)
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

	30/06/21 $	30/06/20 $
Interest receivable	107	543
Other receivables and prepayments[1]	853,820	84,454
	853,927	84,997

1 *As at 30 June 2021 this relates to a government grant receivable of $631,846 (received subsequent to year-end), prepaid expenses of $163,141 and GST receivable of $58,833.*

7 OTHER NON-CURRENT FINANCIAL ASSETS

	30/06/21 $	30/06/20 $
Deposits (Note 23 (c))	132,500	42,500
Environmental bonds	52,000	32,000
	184,500	74,500

8 EXPLORATION AND EVALUATION EXPENDITURE

	30/06/21 $	30/06/20 $
Costs brought forward	9,218,491	6,442,897
Expenditure incurred during the year (i)	4,023,911	3,175,536
	13,242,402	9,618,433
Impairment of exploration and evaluation expenditure		
Expenditure impaired (ii)	(37,893)	(384,009)
Expenditure written off (iii)	(24,047)	(15,933)
	(61,940)	(399,942)
	13,180,462	9,218,491

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.

i) Expenditure net of joint venture contributions

ii) *Impairment*
Impairment of specific exploration and evaluation assets during the year have occurred where Directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation. At each reporting date the group undertakes an assessment of the carrying amount of its exploration and evaluation assets. During the year indicators of impairment were identified on certain exploration and evaluation assets in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. As a result of this review, an impairment loss of $37,893 (2020: $384,009) has been recognised in relation to areas of interest where the Directors have concluded that no further work will be completed, and consequently the capitalised expenditure is unlikely to be recovered by sale or future exploitation.

iii) Expenditure written off relates to exploration and evaluation expenditure associated with tenements or parts of tenements that have been surrendered, or exploration to identify new exploration targets where no tenure is currently held by the Company.

9 PLANT AND EQUIPMENT

	PLANT & EQUIPMENT	WORK IN PROGRESS	MOTOR VEHICLES	FURNITURE & FITTINGS	OFFICE & IT EQUIPMENT	RIGHT OF USE ASSETS	TOTAL
2020/21							
Gross carrying amount							
Opening balance	25,715	–	3,736	45,302	169,245	142,439	386,437
Additions	20,283	38,288	1,056	17,186	35,998	42,829	155,640
Transfer from WIP	–	–	–	–	–	–	–
Disposals and write-offs	–	–	–	–	–	–	–
Balance 30 June 2021	45,998	38,288	4,792	62,488	205,243	185,268	542,077
Accumulated depreciation							
Opening balance	(20,240)	–	(3,736)	(45,039)	(137,200)	(29,675)	(235,890)
Depreciation	(4,188)	–	(209)	(1,529)	(13,702)	(73,599)	(93,227)
Disposals and write-offs	–	–	–	–	–	–	–
Balance 30 June 2021	(24,428)	–	(3,945)	(46,568)	(150,902)	(103,274)	(329,117)
Net book value 30 June 2021	21,570	38,288	847	15,920	54,341	81,994	212,960
2019/20							
Gross carrying amount							
Opening balance	84,313	–	3,736	45,007	201,840	–	334,896
	–	–	–	–	–	142,439	142,439
Additions	5,740	–	–	295	28,030	–	34,065
Disposals and write-offs	(64,338)	–	–	–	(60,625)	–	(124,963)
Balance 30 June 2020	25,715	–	3,736	45,302	169,245	142,439	386,437
Accumulated depreciation							
Opening balance	(83,720)	–	(3,736)	(45,008)	(190,533)	–	(322,997)
Depreciation	(858)	–	–	(31)	(7,293)	(29,675)	(37,857)
Disposals and write-offs	64,338	–	–	–	60,626	–	124,964
Balance 30 June 2020	(20,240)	–	(3,736)	(45,039)	(137,200)	(29,675)	(235,890)
Net book value 30 June 2020	5,475	–	–	263	32,045	112,764	150,547

The Group has two leases, one for office premises and the other for equipment. The average lease term is 1.7 years.

	30/06/21 $	30/06/20 $
Amount recognised in profit or loss		
Depreciation expense on right-to-use assets	73,599	29,675
Interest expense on lease liabilities	2,338	1,435
Expense relating to short term leases	21,276	40,600

The total cash outflow for leases amounts to $73,000.

10 INVESTMENT IN JOINT VENTURE

	30/06/21 $	30/06/20 $
Investment in joint venture (i)	282,638	157,964

i) Relates to investment in Natural Nanotech Pty Ltd. As at 30 June 2021 ADN has joint control by virtue of having one of two board positions. As at 30 June 2020 all payments required to earn a 50% interest were made with the shares expected to be legally transferred to Andromeda later in calendar year 2021 to reflect ADN's 50% equity interest in Natural Nanotech.

11 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	30/06/21 $	30/06/20 $
Trade payables and accruals (i)	880,176	626,274
Other payables (ii)	230,000	-
	1,110,176	626,274

i) Trade payables and accruals principally comprise amounts outstanding for trade purchases in relation to exploration activities and ongoing costs. The average credit period taken for trade purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

ii) Amount relates to share placement funds received directly by the Company prior to the associated shares being issued. After year end, the shares associated with these funds were issued and the amount was transferred to Share Capital.

12 CURRENT LIABILITIES – OTHER

	30/06/21 $	30/06/20 $
Employee benefits – annual leave	41,933	12,178
	41,933	12,178
Movement in employee benefits		
Balance at the beginning of the year	12,178	468
Leave accrued	56,950	28,030
Leave taken	(27,195)	(16,320)
Closing value	41,933	12,178

13 LEASE LIABILITIES

	30/06/21 $	30/06/20 $
Maturity analysis:		
Year 1	58,257	73,000
Year 2	14,857	43,400
Year 3	12,381	-
	85,495	116,400
Less unearned interest	(1,930)	(2,525)
Closing value	83,565	113,875
Analysed as:		
Current	56,974	70,851
Non-current	26,591	43,024
	83,565	113,875

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

14 NON-CURRENT LIABILITIES – PROVISIONS

	30/06/21 $	30/06/20 $
Employee benefits	30,679	26,632

15 NON-CURRENT LIABILITIES – OTHER

	30/06/21 $	30/06/20 $
Deferred income (government grant)	1,863,643	975,517

Deferred income relates to government grants received in relation to exploration related activities associated with currently active exploration projects, refer note 3(p) for the accounting policy. The funds received are non-refundable.

16 ISSUED CAPITAL

	30/06/21 $	30/06/20 $
2,160,727,827 fully paid ordinary shares (2020: 1,532,863,256)	56,981,743	47,878,739
2,107,500 treasury stock (2020: 2,107,500)	(52,221)	(52,221)
	56,929,522	47,826,518

Movement in issued shares for the year:

	NUMBER	YEAR ENDED 30/06/21 $	NUMBER	YEAR ENDED 30/06/20 $
Fully paid ordinary shares				
Balance at beginning of financial year	1,532,863,256	47,878,739	1,355,499,211	42,879,479
Placement at 4.7 cents	-	-	85,046,790	3,997,199
Issue of shares as part payment of director fees	-	-	402,576	17,500
Exercise of listed options	614,184,571	7,370,215	89,414,679	1,093,910
Exercise of unlisted options	10,180,000	651,520	2,500,000	42,165
Conversion of performance rights	3,500,000	1,032,500	-	-
Transfer from options reserve	-	66,308	-	-
Shares issued from treasury stock	-	-	-	39,756
Costs associated with the issue of shares	-	(25,056)	-	(273,243)
Related income tax	-	7,517	-	81,973
Balance at end of financial year	2,160,727,827	56,981,743	1,532,863,256	47,878,739
Treasury stock				
Balance at beginning of financial year	(2,107,500)	(52,221)	(9,940,000)	(122,920)
Shares issued from treasury stock	-	-	7,832,500	70,699
Balance at end of financial year	(2,107,500)	(52,221)	(2,107,500)	(52,221)
Total issued capital	2,158,620,327	56,929,522	1,530,755,756	47,826,518

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

Financial year ended 30 June 2020

On 25 October 2019 the Company issued 85,046,790 ordinary shares under a placement to professional and sophisticated investors at an issue price of 4.7 cents per share raising $3,997,199 before costs.

A total of 402,576 ordinary shares were issued to a Non-Executive Director on 3 December 2019 as payment of partly deferred director fees as approved by shareholders.

Financial year ended 30 June 2021

There were no shares issued as part of a capital raising or settlement of directors fees during the year.

16 **ISSUED CAPITAL** continued

Share Options on Issue

At 30 June 2019 there were 704,588,163 listed share options on issue having an exercise price of 1.2 cents and an expiry date of 30 November 2020. A total of 89,414,679 listed share options were exercised during the year leaving 615,173,484 listed share options on issue at 30 June 2020. 614,184,571 were exercised by the expiry date, leaving 988,913 listed share options unexercised and lapsed. There are no listed share options on issue as at 30 June 2021.

At 30 June 2020 there were 17,500,000 unlisted options on issue having an exercise price of 1.2 cents and an expiry date of 15 November 2021. None of these unlisted options were exercised during the year.

On 24 December 2019, 59,000,000 unlisted options were issued with an exercise price of 6.4 cents and an expiry date of 28 November 2022. 10,180,000 of these unlisted options were exercised during the year, leaving 48,820,000 unlisted options on issue at 30 June 2021.

On 24 December 2019, a further 20,000,000 unlisted options were issued, which vest 12 months following the 2019 AGM, with an exercise price of 7.5 cents and expiry date of 28 November 2023. None of these unlisted options were exercised during the year.

Performance Rights

During the year, the Company issued the following performance rights:

NO. PERFORMANCE RIGHTS GRANTED	VESTING CONDITION	EXPIRY DATE
3,500,000	Completion of the Definitive Feasibility Study for the Great White Kaolin Project	26 November 2022
3,500,000	Submission of a Mining Lease application for the Great White Kaolin Project	26 November 2022
2,000,000	Approval of the Mining Lease application for the Great White Kaolin Project	26 November 2022
14,250,000	Commencement of mining at the Great White Deposit (or equivalent deposit)	26 November 2023

The performance rights were approved by shareholders on 26 November 2020 and were granted to Directors for no cash consideration. At grant date of 26 November 2020, the performance rights were valued at $6.8 million based on the market share price of $0.295 per right with vesting conditions as above. An expense is recognised in profit or loss over the estimated period to achieve the vesting condition. The vesting conditions are subject to an expiry date and continued service.

During the period, the Mining Lease Application for the Great White Kaolin Project was submitted, and the vesting condition was satisfied for 3,500,000 performance rights. Accordingly, 3,500,000 shares were issued.

17 **RESERVES**

	30/06/21 $	30/06/20 $
Share option reserve (i)	5,838,594	2,939,738
	5,838,594	2,939,738

i) The share option reserve arises from the issuance of share options arising from rights issues and issuance to directors, employees and consultants.

18 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 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 an associated loan 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 a key staff member 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 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 an associated loan 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.

At the Annual General Meeting held on the 30 November 2017, the shareholder's approved the granting of 1,800,000 shares to the Executive Director under the LFESP and held by the trustee of the Plan at an issue price of $0.006 per share along with an associated loan 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 2018 calendar year.

On 23 May 2018 directors approved the issue of 750,000 shares to a key staff member under the LFESP and held by the trustee of the Plan at an issue price of $0.007 per share along with an associated loan 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 2018 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
Series 4	3,600,000	30/11/2017	As described above	$0.004
Series 5	750,000	23/05/2018	As described above	$0.007

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

At 30 June 2021 the number of shares granted to executives and employees was nil and the amount held by the trustee of the LFESP was 2,107,500 that are available to be issued to executives and employees. During the year no shares were transferred to executives and employees through the settlement of their respective interest-free loans.

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

LOAN FUNDED EMPLOYEE SHARE PLAN	30/06/21 NUMBER OF LFESP SHARES	30/06/21 WEIGHTED AVERAGE EXERCISE PRICE $	30/06/20 NUMBER OF LFESP SHARES	30/06/20 WEIGHTED AVERAGE EXERCISE PRICE $
Balance at beginning of financial year	-	-	7,832,500	0.009
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	(7,832,500)	(0.009)
Forfeited during the financial year	-	-	-	-
Cancelled during the financial year	-	-	-	-
Balance at end of the financial year	-	-	-	-
Exercisable at end of year	-	-	-	-

19 KEY MANAGEMENT PERSONNEL COMPENSATION

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

R G J Grivas	(Non-Executive Chairman)
J E Marsh	(Managing Director)
J F Ranford	(Operations Director)
A N Shearer	(Non-Executive Director)
M Zannes	(Chief Financial Officer) – Commenced 1 June 2021
E J Whittaker	(Chief Geologist)
N J Harding	(Executive Director and Company Secretary) – Resigned 11 August 2021

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

	YEAR ENDED 30/06/21 $	YEAR ENDED 30/06/20 $
Short-term employee benefits	1,214,296	693,138
Post employment benefits	57,229	47,249
Leave benefits	48,672	32,007
Cash bonus	-	141,324
Share-based payments (i)	3,997,664	1,766,562
	5,317,861	2,680,280

i) Share based payments do not represent cash payments to key management personnel and the related shares may or may not ultimately vest.

20 REMUNERATION OF AUDITORS

	30/06/21 $	30/06/20 $
Deloitte and related network firms*		
Audit or review of financial reports		
Group	95,888	66,860
	95,888	66,860

* The auditor of Andromeda Metals Limited is Deloitte Touche Tohmatsu.

21 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 27 to the financial statements.

Interests in joint arrangements

Details of interests in joint arrangements are disclosed in Note 22 to the financial statements.

b) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 19.

c) Transactions with key management personnel

Other than as disclosed in Note 19 and Note 21(b), there were no transactions with key management personnel or their personally related entities during the year ended 30 June 2021 (2020: Nil).

22 THIRD PARTY INTERESTS

The Group had interests in unincorporated joint arrangements at 30 June 2021 as follows:

	PERCENTAGE INTEREST 2021	PERCENTAGE INTEREST 2020
Moonta Porphyry Joint Venture (note i) – Copper/gold exploration	90%	90%
Wudinna Gold Joint Venture (note ii) – Gold exploration	50%	100%
Great White Kaolin Joint Venture (note iii) – Halloysite-kaolin evaluation and development	75%	51%
Drummond Gold Joint Venture (note iv) – Gold exploration	100%	100%
Moonta Copper ISR Joint Venture (note v) – Copper in-situ recovery	100%	100%
Halloysite Nanotechnology Joint Venture (note vi) – Halloysite research	50%	0%

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 Wudinna Farm-in and Joint Venture Agreement, Lady Alice Mines Pty Ltd (LAM) is required to spend $2,100,000 by 30 October 2020 on exploration activities across tenements comprising the Company's Eyre Peninsula Gold Project to earn a 50% equity interest in the Project. The Company granted an extension to 31 December 2020 for the completion of the Stage 1 expenditure following a request from LAM due to logistical issues associated with COVID-19, which was met. LAM can now elect to sole fund a further $1,650,000 over a further two years to increase its equity to 65% and then an additional $1,250,000 over a further year to move to 75% equity interest in the project. 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 below 5%, its equity will be compulsory acquired by the other party at a price to be negotiated in good faith or as determined by an independent valuer. LAM was acquired by London Stock Exchange listed entity Cobra Resources PLC in calendar year 2019 and acts as the operator of the joint venture.

iii) Under the terms of the Great White Kaolin Joint Venture Agreement (previously known as the Poochera Joint Venture), the Company can acquire a 51% equity interest in the tenements located on the Eyre Peninsula currently held by Minotaur Exploration Limited (MEP) that contain high-quality halloysite-kaolin deposits on spending $3,000,000 by 24 April 2020 in advancing the project through exploration and evaluation activities and feasibility studies. $400,000 is required to be spent by the Company before it has the right to withdraw. ADN can elect to sole fund a further $3,000,000 over a further three years to acquire an additional 24% equity in the Project. The Company's interest will immediately convert to 75% ownership prior to the completion of the second stage contribution if a decision to mine is determined by both parties to the agreement. Thereafter each party may contribute to ongoing expenditure in respect to their joint venture holding or else elect to dilute. If any party dilutes to less than 5% equity interest, then its interest will be acquired by the other party for a modest sum and covert to a 2% net smelter royalty. On 4 March 2020, the joint venture partners announced that the Stage 1 expenditure had been met by ADN and that the Company had acquired a 51% interest in the Project. On that date, ADN elected to proceed with Stage 2 by sole funding an additional $3,000,000 to be spent by 24 April 2023 to acquire a further 24% interest in the Project. This Stage 2 expenditure was completed during the December 2020 quarter, officially earning the Company a 75% interest in the Project.

iv) The Drummond Gold Joint Venture was established on 31 August 2018 with Evolution Mining Limited (EVN) to explore epithermal gold prospects across the Company's Drummond Gold Project in north Queensland. Under the terms of the joint venture, EVN is required to sole fund $2.0 million on exploration expenditure under Stage 1 within 2 years of execution and pay the Company $300,000 at the time of entering the joint venture. EVN advised it had met its Stage 1 expenditure commitment during the year and elected to proceed to Stage 2 which required a further $4.0 million of expenditure through to September 2021 and pay the Company a further $200,000 to earn an overall 80% equity interest in the Project. During the first half of the year, Evolution Mining Limited (Evolution) completed an RC drilling program to test a 300-metre strike length target of the Roo Tail Breccia, which is located at the southern end of the South West Limey Prospect. A total of 4 RC pre-collar holes with diamond tails for 980 metres were drilled with unfortunately no significant intercepts encountered. As a consequence of these results Evolution advised the Company that it had decided to withdraw from the joint venture and return the Project to 100% Andromeda ownership. A full review of the data is to be performed before determining the best option as to how to progress the Drummond Gold Project.

v) The Moonta Copper ISR Joint Venture was established on 19 December 2018 with Environmental Metals Recovery Pty Ltd (EMR) to progress the potential to recover copper via in-situ leach recover technique across the northern part of the Company's Moonta tenement in South Australia. Under the terms of the joint venture EMR will sole fund $2.0 million over 4 years to earn a 51% equity interest in the project area. EMR can elect to move to a 75% interest in the project by spending a further $3.5 million over an additional 3.5 years.

22 THIRD PARTY INTERESTS continued

vi) The Halloysite Technology Joint Venture is a collaborative partnership with Minotaur Exploration Limited established on 16 May 2019 to undertake research and development to develop intellectual property and investigate commercial applications for halloysite-kaolin nanotubes sourced from the Great White Kaolin Project. Under the terms of the agreement the Company is required to make contributions to earn a 50% equity interest in an incorporated company named Natural Nanotech Pty Ltd which will hold the intellectual property developed on behalf of the joint venture partners. As at 30 June 2020 all payments required to earn the 50% interest were made, with the shares expected to be legally transferred to Andromeda in calendar year 2021. Andromeda already has joint control by virtue of having one of two board seats, and consequently the investment is classified as an investment in joint venture as at 30 June 2021. Refer Note 10 for further information.

The amount included in mining tenements, exploration and evaluation (Note 8) includes $11,957,945 (2020: $9,044,172) relating to the above joint arrangements.

23 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.

The Group's share of expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	2021 $	2020 $
Not later than one year	1,322,225	2,797,250
Later than one year but not later than two years:	628,650	2,078,500
Later than two years but not later than five years:	492,383	937,000

b) Natural Nanotech Joint Venture

As a result of the 50% interest in Natural Nanotech, the Group has commitments to fund the research partnerships that have been entered into by Natural Nanotech Pty Ltd.

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

	2021 $	2020 $
Not later than one year	562,500	375,000
Later than one year but not later than two years:	500,000	625,000
Later than two years but not later than five years:	1,250,000	1,687,500

23 COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES continued

c) Service agreements

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

2021

KEY MANAGEMENT PERSONNEL	TERMS
N J Harding(i)	Daily rate of $920
J F Ranford	Monthly rate of $25,000 for 3 days week
R G J Grivas	Daily rate of $1,000 per day as required

i) Mr Harding resigned as a Director of the Company on 11 August 2021 and the agreement is no longer in effect.

2020

KEY MANAGEMENT PERSONNEL	TERMS
N J Harding	Daily rate of $920
J F Ranford	Monthly rate of $20,000 for 3 days week
R G J Grivas	Daily rate of $900 per day as required

On 1 June 2020 the Group entered into a service agreement with an entity associated with J F Ranford with no fixed term. The Group or the entity associated with J F Ranford may terminate the agreement by giving three months' notice respectively.

The Group entered into a consultancy agreement with R G J Grivas on 27 October 2017 to provide consulting services on an as needs basis at the rate of $900 per day. The rate was increased to $1,000 per day for the year ended 30 June 2021. A total of $72,700 (2020: $3,600) was paid under this agreement during the year.

On 19 December 2019 the Group entered into a new service agreement with an entity associated with N J Harding with no fixed term. The Group or the entity associated with N J Harding may terminate the agreement by giving three months' notice respectively. Mr Harding resigned 11 August 2021.

d) Bank guarantees

The Group has provided restricted cash deposits of $132,500 as security for the following unconditional irrevocable bank guarantees:

¬ An environment bond of $10,000 (2020: $10,000) to the Minister for Mineral Resources Department, South Australia.

¬ A rent guarantee of $32,500 (2020: $32,500) to the landlord of the Company's leased office premises.

¬ A cash deposit of $90,000 (2020: nil) to secure a credit card facility.

24 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

	2021 $	2020 $
Financial assets		
Cash and cash equivalents	4,904,719	2,998,626
Trade and other receivables	853,927	84,997
Other financial assets	184,500	74,500
Financial liabilities		
Trade and other payables	1,110,176	626,274
Lease liabilities	83,565	113,875
Other liabilities	41,933	12,178

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 by $28,446 and decrease by $9,242 (2020: increase/decrease by $11,669). This is mainly attributable to interest rates on bank deposits.

The Group's sensitivity to interest rates has increased due to the increase in the current cash holding compared to the prior year as well as very low prevailing interest rates.

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.

24 FINANCIAL INSTRUMENTS continued

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 $	ONE TO TWO YEARS $	TWO TO THREE YEARS $
2021				
Non-interest bearing	-	1,110,176	-	-
Interest bearing	2.31%	56,974	14,338	12,253
2020				
Non-interest bearing	-	626,274	-	-
Interest bearing	2.63%	70,851	43,024	43,024

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 book value approximates the fair value.

25 SEGMENT INFORMATION

The Group's focus is on developing its Kaolin Halloysite assets, including the Great White Kaolin Project and associated technologies. The decision to allocate resources to other projects in which the Group has an interest is predominantly based on available cash reserves, technical data and the expectations of future commodity prices. 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. Overall, the Group has a number of exploration licenses in Australia which are managed on a portfolio basis. Accordingly, the Group effectively operates as one segment, being exploration in Australia.

26 EARNINGS PER SHARE

	YEAR ENDED 30/06/21 CENTS PER SHARE	YEAR ENDED 30/06/20 CENTS PER SHARE
Basic earnings per share – Profit / (loss)	(0.33)	(0.24)
Diluted earnings per share – Profit / (loss)	(0.33)	(0.24)

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	(6,443,299)	(3,447,274)

	NUMBER	NUMBER
– Weighted average number of ordinary shares	1,967,778,546	1,423,661,411

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	(6,443,299)	(3,447,274)

	NUMBER	NUMBER
– Weighted average number of ordinary shares	1,967,778,546	1,423,661,411

	YEAR ENDED 30/06/21 NUMBER	YEAR ENDED 30/06/20 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	988,913	615,173,484
– Unlisted share options	86,320,000	96,500,000
– Treasury shares	2,107,500	2,107,500
	89,416,413	713,780,984

27 CONTROLLED ENTITIES

NAME OF ENTITY		COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2021 %	OWNERSHIP INTEREST 2020 %
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%
Mylo Gold Pty Ltd	(ii)	Australia	100%	100%
Frontier Exploration Pty Ltd	(ii)	Australia	100%	100%
Andromeda Industrial Minerals Pty Ltd	(ii)	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.

28 PARENT ENTITY DISCLOSURES

	30/06/21 $	30/06/20 $
Financial position		
Assets		
Current assets	5,301,299	3,083,617
Non-current assets	12,454,265	8,625,995
Total assets	17,755,564	11,709,612
Liabilities		
Current liabilities	1,209,084	709,307
Non-current liabilities	57,270	69,656
Total liabilities	1,266,354	778,963
Equity		
Issued capital	56,922,005	47,826,518
Reserves	5,838,594	2,939,738
Accumulated losses	(46,271,389)	(39,835,607)
Total equity	16,489,210	10,930,649

	YEAR ENDED 30/06/21 $	YEAR ENDED 30/06/20 $
Financial performance		
Profit / (loss) for the year	(6,435,782)	(3,177,551)
Other comprehensive income	-	-
Total comprehensive income / (loss)	(6,435,782)	(3,177,551)

Commitment for expenditure and contingent liabilities if the parent entity

Note 23 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

29 SUBSEQUENT EVENTS

In July, under the terms of a share placement, managed by Canaccord Genuity and Taylor Collison as Joint Lead Managers, the Company issued 200M shares at $0.15 per share, raising $30 million (before costs). Settlement of the placement and issue of the new shares to commence trading has been completed.

In addition to the aforementioned share placement, in July the Company undertook a $15 million share purchase plan to eligible shareholders on the same terms as the placement. The share purchase plan was oversubscribed and following a scale back of applications, the issue of new shares was completed.

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:

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;

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;

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 Group; and

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

James E Marsh
Managing Director

Andrew N Shearer
Non-Executive Director

Adelaide, South Australia

29 September 2021

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited 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 2021, 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.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<u>Accounting for exploration and evaluation expenditure</u> As at 30 June 2021, the Group has capitalised $13.2 million of exploration and evaluation expenditure as disclosed in Note 8. Significant judgement is applied in determining the treatment of exploration and evaluation expenditure including: • whether the conditions for capitalisation are satisfied; • which elements of exploration and evaluation expenditure qualify for capitalisation; • the Group's intentions and ability to proceed with a future work programme; • the likelihood of licence renewal or extension; and • the expected or actual success of resource evaluation and analysis.	Our procedures associated with exploration and evaluation expenditure incurred during the year included, but were not limited to: • testing on a sample basis, exploration and evaluation expenditure to confirm the nature of the costs incurred, and the appropriateness of the classification as asset or expense. Our procedures associated with assessing the carrying value of exploration and evaluation assets included, but were not limited to: • obtaining an understanding of management's process for assessing the recoverability of exploration and evaluation assets; • obtaining a schedule of the areas of interest held by the Group, and assessing whether the rights to tenure of those areas of interest remained current at balance date; • holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest; • assessing whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and • assessing whether any facts or circumstances existed to suggest impairment testing was required. We also assessed the appropriateness of the disclosures included in Note 8 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Reserves and Resources, which we obtained prior to the date of this auditor's report ,and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Company Profile, Chairman's Message, Operations Review, and additional Shareholder Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company Profile, Chairman's Message, Operations Review, and additional Shareholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

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Responsibilities of the Directors 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 ability of the Group 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.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 22 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Andromeda Metals Limited, for the year ended 30 June 2021, 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

DELOITTE TOUCHE TOHMATSU

David Newman
Partner
Chartered Accountants
Perth, 29 September 2021

Investor information

as at 30 September 2021

SHARE PRICE MOVEMENTS

Share prices on the Australian Securities Exchange during the 2020-2021 year were:

QUARTER ENDED	HIGH	LOW
September 2020	$0.175	$0.045
December 2020	$0.130	$0.335
March 2021	$0.265	$0.430
June 2021	$0.290	$0.150

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:

2020	
10/07/2020	Maiden Ore Reserve for Carey's Well Deposit
15/07/2020	Noosa Mining Virtual Conference Presentation
15/07/2020	New Major Market Opportunity following Mount Hope results
30/07/2020	Quarterly Cashflow Report
30/07/2020	Quarterly Activities Report
11/08/2020	New Mineral Resource for Mount Hope Kaolin Project
3/09/2020	Video Interview with Managing Director
11/09/2020	Share Cafe Webinar and Presentation
11/09/2020	Hammerhead Results and Potential New Product Application
28/09/2020	Trading Halt
28/09/2020	Pause in Trading
29/09/2020	Mineral Resource for Hammerhead Halloysite-Kaolin Deposit
29/09/2020	Commencement of Drilling at Wudinna Gold Project
29/09/2020	Response to ASX Price Query Letter
28/10/2020	Halloysite Nanotechnology Breakthroughs for Natural Nanotech
2/11/2020	Appointment of Corporate Advisor
2/11/2020	Quarterly Cashflow Report
2/11/2020	Quarterly Activities Report
12/11/2020	Positive Results from Concrete and Coatings Testing
26/11/2020	MD Presentation 2020 AGM
26/11/2020	Chairman's Address
26/11/2020	Updated Mineral Resource for Great White Kaolin JV Deposit
4/12/2020	Trading Halt
8/12/2020	Significant High-Grade Gold Intercepted at Wudinna

Investor information

as at 30 September 2021

2021	
25/01/2021	Great White Kaolin Project Update
1/02/2021	Quarterly Cashflow Report
1/02/2021	Quarterly Activities Report
1/03/2021	Mining Lease Application Submitted for Great White Project
5/03/2021	Drilling underway at Mount Hope Kaolin Project
12/03/2021	S&P DJI Announces March 2021 Quarterly Rebalance
16/03/2021	Trading Halt
17/03/2021	First Customer Binding Offtake Signed for Great White
12/04/2021	Carbon Capture from Halloysite-Derived Nanomaterials
30/04/2021	Quarterly Cashflow Report
30/04/2021	Quarterly Activities Report
3/05/2021	Natural Nanotech Research Project with Uni of Newcastle
4/05/2021	Drilling Underway at the Great White Deposit
6/05/2021	Response to ASX Aware Query
28/05/2021	Share Cafe Investor Presentation
28/05/2021	Andromeda signs HPA MoU with AEM Technologies
9/06/2021	Trading Halt
10/06/2021	Significant Binding Offtake Agreement Signed for Great White
21/06/2021	Diversified Product Strategy for Great White Project
29/06/2021	Trading Halt
30/06/2021	Proposed issue of securities - ADN
30/06/2021	Investor Presentation
30/06/2021	Andromeda completes $30M Placement and launches $15M SPP
7/07/2021	Patent Lodged for H-K Conversion to Carbon Materials
12/07/2021	Response to ASX Query Letter
27/07/2021	Oversubscribed Share Purchase Plan raises $15 million
30/07/2021	Quarterly Activities/Appendix 5B Cash Flow Report
12/08/2021	Andromeda enters new kaolin Joint Venture
22/09/2021	Andromeda Progresses HPA Strategy
27/09/2021	Great White Bulk Sample Program in Progress

Additional shareholder information

as at 30 September 2021

TOP 20 SHAREHOLDERS OF ORDINARY SHARES

RANK	NAME	UNITS	% UNITS
1	BURATU PTY LTD <CONNOLLY SUPER FUND A/C>	143,366,848	5.82
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,355,132	1.76
3	MR PETER ANDREW PROKSA	43,000,000	1.75
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	34,901,186	1.42
5	DEBUSCEY PTY LTD	30,000,000	1.22
6	LJ & K THOMSON PTY LTD <LJT & KT SUPER FUND A/C>	30,000,000	1.22
7	MR JOHN PEZZANITI	24,100,000	0.98
8	CITICORP NOMINEES PTY LIMITED	21,431,657	0.87
9	MR ADONIS KIRITSOPOULOS + MS JENNIFER ANNE FORD	20,250,000	0.82
10	MR ROBERT JOHN CONNOLLY	17,928,264	0.73
11	MR TONI SINOZIC + MRS ANKA SINOZIC	16,500,000	0.67
12	GOODHEART PTY LTD <GBH A/C>	15,093,068	0.61
13	MRS JANET MONICA HENRIOD	14,000,000	0.57
14	MR WILLIAM MARK PALMER + MRS PATRICIA DAWN GREGORY <PALMER S/F A/C>	13,633,839	0.55
15	MR DAVID FAGAN	13,625,958	0.55
16	SURPION PTY LTD <M W SUHR & CO A/C>	11,750,000	0.48
17	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,554,793	0.47
18	AMPERSAND 8 PTY LTD <S HELBY SUPERFUND A/C>	11,500,000	0.47
19	MR PAUL TOMLIN	11,432,000	0.46
20	MR BRIAN JAMES WALKER	11,278,022	0.46
	Total of top 20 holders of FULLY PAID ORDINARY SHARES	538,700,767	21.88
	Other holdings	1,922,851,279	78.12
	Total fully paid ordinary shares on issue	2,461,552,046	100

Additional shareholder information

as at 30 September 2021

FULLY PAID ORDINARY SHARES (TOTAL)

Range of units

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1 - 1,000	390	85,063	0.00
1,001 - 5,000	2,084	6,280,101	0.26
5,001 - 10,000	1,804	14,234,417	0.58
10,001 - 100,000	5,629	218,266,607	8.87
100,001 over	2,601	2,222,685,858	90.30
		Rounding	-0.01
Total	12,508	2,461,552,046	100.00

Unmarketable parcels

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $500.00 parcel at $0.1550 per unit	3,226	1,635	2,887,208

SUBSTANTIAL SHAREHOLDERS

Buratu Pty Ltd (Connolly Super Fund A/C / Robert John Connolly	161,295,112

UNLISTED OPTIONS

Unlisted Options with an exercise price of $0.012 and expiring 15/11/2021	17,500,000
Unlisted Options with an exercise price of $0.064 and expiring 28/11/2022	47,995,000
Unlisted Options with an exercise price of $0.075 and expiring 24/12/2019	20,000,000

UNLISTED PERFORMANCE RIGHTS – ISSUED TO DIRECTORS AND EMPLOYEES

Performance Rights with performance hurdles to be achieved by 24/12/2022	5,500,000
Performance Rights with performance hurdles to be achieved by 23/12/2023	17,639,475

Andromeda

Registered and Principal Office

60 King William Rd, Unley, South Australia
PO Box 1210, Unley BC SA 5061
T: +61 8 8271 0600 F: +61 8 8271 0033
E: info@andromet.com.au
W: andromet.com.au