

ASX ANNOUNCEMENT

ANDROMEDA METALS LTD (Andromeda, ASX: ADN)



2 March 2023

Andromeda Metals Limited

ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (31 Dec 2022): \$23.9m

Issued Capital:

3,110,270,932 ordinary shares

26,160,000 unlisted options

20,582,075 performance rights

Directors:

Mick Wilkes

Non-Executive Chair

James Marsh

Managing Director

Melissa Holzberger

Non-Executive Director

Austen Perrin

Non-Executive Director

Company Secretary

Sarah Clarke

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Andromeda locks-in regulatory approval for its Great White Project

Andromeda Metals Limited (ASX: **ADN**) (**Andromeda**, the **Company**) is pleased to announce it has received approval from the South Australian Department for Energy and Mining (**DEM**) for the Program for Environment Protection and Rehabilitation (**PEPR**) for its Great White Project (**GWP**, the **Project**).

Highlights

- The PEPR is the second and final stage of the South Australian Government's two-stage regulatory process and is a significant step forward in the development of the GWP.
- Approval of the PEPR permits the processing of up to 300,000 tonnes per annum (tpa) of ore, producing up to a nominal 150,000 tpa of halloysite-kaolin products from the GWP.
- The PEPR authorises the staged development of the GWP's planned operations and anticipated production during the first 13 years of the mine's expected 28-year life-of-mine.
- Early-stage site preparation for the Stage 1A construction is anticipated to proceed over the coming months.
- Funding for Stage 1A is currently under consideration and may include a range of debt and equity mix options to support financing of the Project while also providing flexibility to pursue growth opportunities as they develop.

Andromeda's Managing Director, James Marsh, said: "We are very excited to have received approval of the PEPR as it brings Andromeda closer to becoming a globally significant producer of halloysite-kaolin products.

"With this important regulatory milestone now achieved, Andromeda is poised to progress towards construction, as we advance funding discussions which will enable a final investment decision.

"We are pleased to have satisfied the comprehensive environmental conditions required by DEM and look forward to building on the strong relationships we have developed with the local Eyre Peninsula community and delivering long-term benefits to our shareholders and the region."

Discussion

South Australia has a two-part assessment and approval process for mining operations, first requiring granting of a Mineral Lease and, secondly, approval of a PEPR before mining and processing operations may commence.

South Australia's DEM granted Mining Lease (ML) 6532 (see Figure 1) to Andromeda on 17 December 2021, along with two supporting Miscellaneous Purposes Licences (MPL 163 for a water pipeline and MPL 164 for an access road) (see Figure 2).

The PEPR, which addressed the Mining Lease conditions attached to ML 6532 and MPL 164, was developed following extensive stakeholder engagement, independent expert audits and comprehensive studies undertaken to incorporate designs and management plans.

The PEPR includes environmental management plans for GWP and detail how Andromeda has proposed to comply with the Mining Lease conditions. Andromeda must also pay a bond of \$3.79 million to secure the rehabilitation liability, before it can commence any operations on the Mining Lease plus approximately \$665,000 into the Native Vegetation Fund.

Approval of the PEPR is a significant milestone as it enables Andromeda to progress with its staged development of the GWP.

The Company expects to receive minor secondary approvals, such as EPA Works Approval, which are not required prior to the commencement of construction.

Project engineering and delivery

While awaiting the approval of the PEPR, Andromeda has progressed with the staged, scalable approach to developing the GWP, and ramped-up its preparedness to deliver the Project successfully.

Front End Engineering Design (FEED) and supporting construction plans for the Stage 1A are in readiness to progress with early-stage site preparation works. With the PEPR now approved, these early-stage works are anticipated to proceed in the coming months, including land clearance, road works, fencing installation, and on-site facilities.

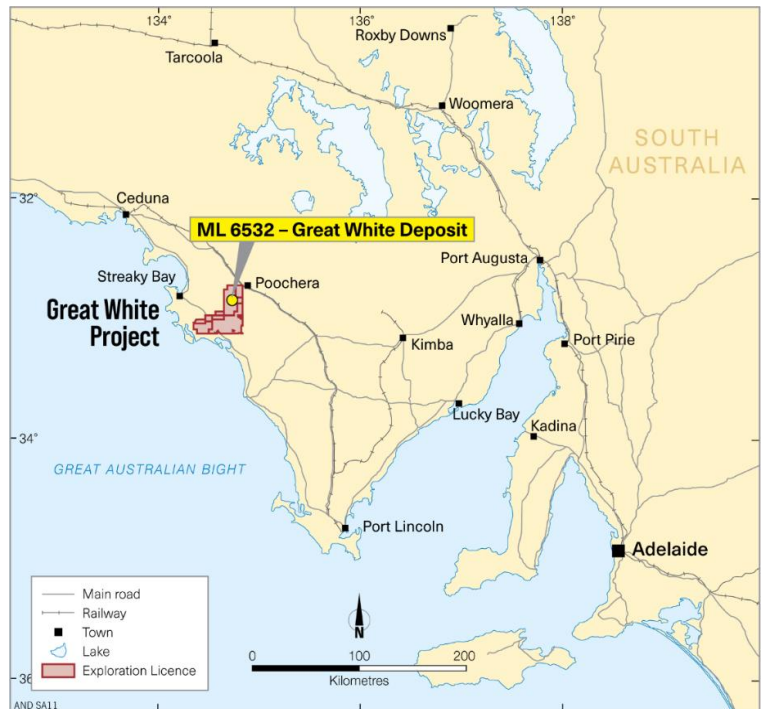


Figure 1 Project regional location map

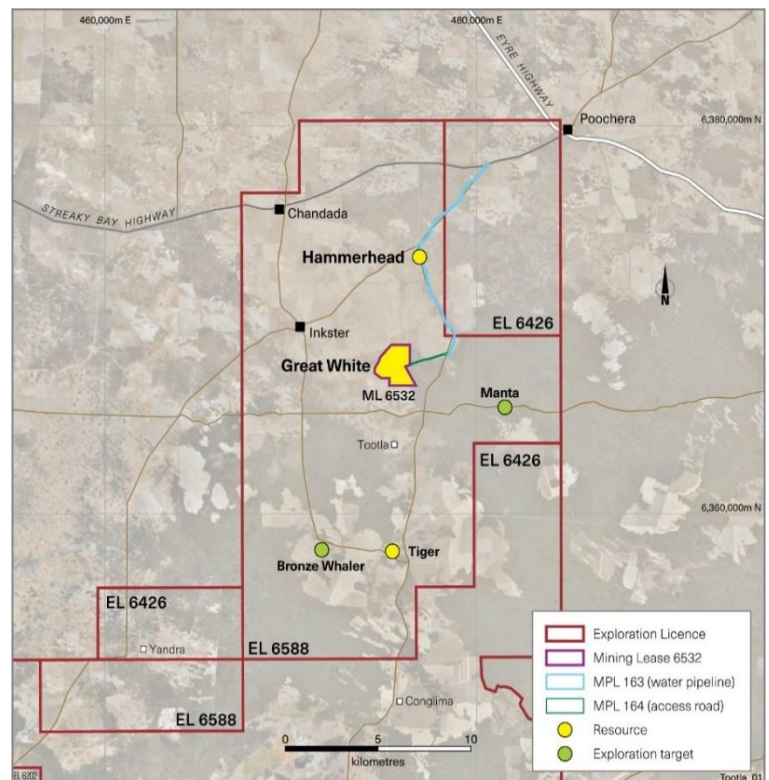


Figure 2 Project location map showing Mining Lease (ML 6532) and Miscellaneous Purpose Licences (MPL 163 & 164)

During this time, Andromeda will continue to refine the Project's budget, schedule and technical designs ahead of an anticipated final investment decision (FID).

The procurement of Stage 1A long lead items is continuing, and the Company is preparing for the delivery of all long lead items by late 2023.

This ASX announcement has been approved for release by the Board of Directors of Andromeda Metals Limited.

For more information about the Company and its projects, please visit our website, www.andromet.com.au or contact:

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About Andromeda

Andromeda Metals (ASX: ADN) is an ASX-listed emerging industrial minerals producer. Our vision is to lead the world in the sustainable supply of superior quality industrial minerals and advancement of nanotechnologies.

We see 2023 as a transformational year for Andromeda. One where we expect our flagship Great White Project to receive all the necessary regulatory approvals and the required funding, to enable the construction of the Stage 1A Starter Plant that will produce an initial range of halloysite-kaolin products.

From there, we expect to leverage the uniqueness of our Great White Project resources to grow through meeting the growing long-term demand for kaolin, expand our range of high-margin kaolin-based products and develop many new technologies at the forefront of science, and essential to building a more sustainable future.

Andromeda's kaolin deposits are located in South Australia's Eyre Peninsula, a Tier 1 mining jurisdiction, and contain some of the highest purity kaolin ever discovered. Kaolin has been used in ceramics production for centuries because of its unique properties as a bright white inert mineral with very fine particle size. In addition to ceramics, today, kaolin can be found in a range of everyday products, including cosmetics, paint, rubber, medicines, paper, pesticides, orthodontics, orthopedics, and plastics. Every modern home and car contains kaolin in some form.

Using a novel flowsheet, we are also researching using kaolin to produce the critical mineral High-purity Alumina (HPA).

Our large, high-quality deposits also contain rare kaolin called halloysite, a naturally occurring nanotube. Halloysite is highly desirable in some applications where it attracts a premium price. Halloysite-kaolin can be used in emerging high-tech nanotechnologies and applications, such as carbon capture, soil remediation, water purification, hydrogen storage, medicine delivery and renewable energy.