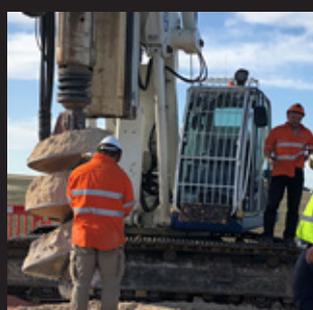
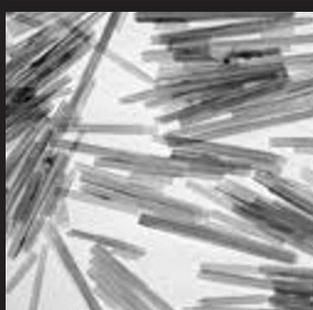
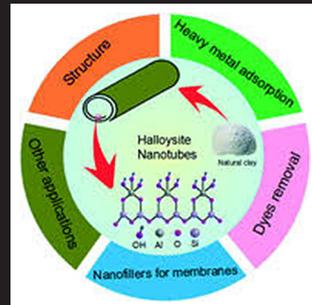
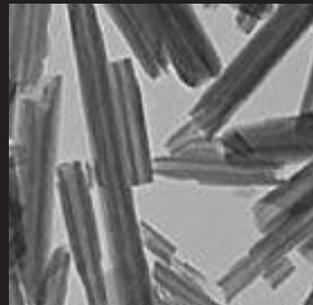
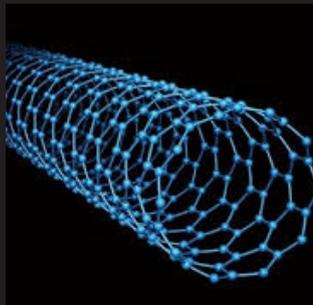
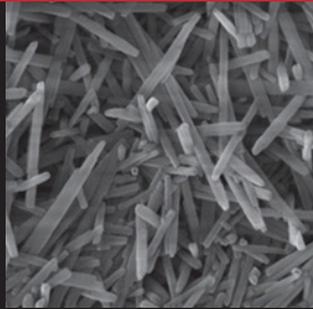
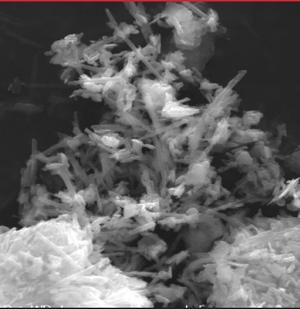


Andromeda

METALS

ANNUAL REPORT 2019



Company information

DIRECTORS

Rhod Grivas	Non-Executive Chairman
James Marsh	Managing Director
Nick Harding	Executive Director and Company Secretary
Andrew Shearer	Non-Executive Director

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SOLICITORS

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BANKERS

Westpac Banking Corporation
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STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
ASX code: ADN

ABN/ACN

75 061 503 375 / 061 503 375

Front cover photos

Top: The Andromeda Galaxy.
Bottom: Various images depicting
mining, characteristics and markets for
halloysite-kaolin including ceramics,
LED lighting, HPA manufacture, and
nanotechnology applications.

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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's name changed from Adelaide Resources to Andromeda Metals on 1 January 2017. From its public listing in 1996 up until early 2018, the Company's 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 Metals has directed its primary focus away from the exploration and the hopeful discovery of resultant gold and copper deposits to the evaluation and potential future development of halloysite-kaolin through the acquisition of a significant interest in the Poochera Halloysite-Kaolin Project in South Australia and its planned advancement towards production.

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

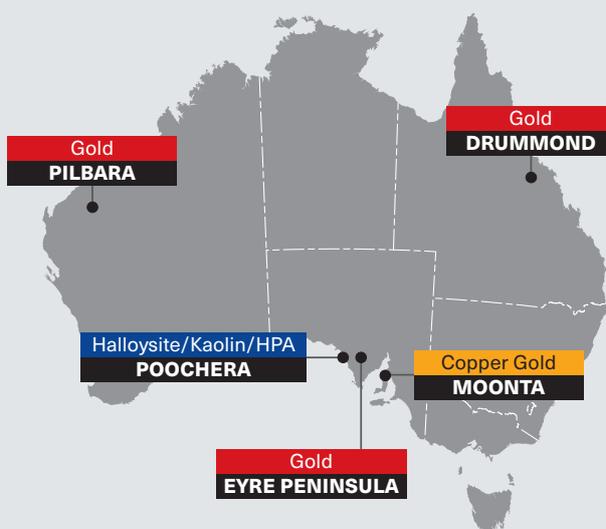
The Chairman, Rhod Grivas, is a geologist with substantial resource industry and board experience. He possesses a strong combination of equity market, M&A, commercial, strategic and executive management capabilities. Rhod previously was Managing Director of ASX and TSX listed gold miner Dioro Exploration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

Managing Director, James Marsh is an industrial chemist and holds tertiary qualifications in chemistry and physics. He has extensive experience across a wide range of industrial minerals spanning over a 25 year period, including 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.

Executive Director Nick Harding, who also acts as Company Secretary and Chief Financial Officer, is an accountant with over 30 years' experience in the resources industry. Nick has previously held senior financial roles with WMC Resources Limited, Normandy Mining Limited and Newmont Australia and has gained extensive experience in mine operations and project evaluations across a number of significant mining operations within Australia and overseas.

Non-executive director Andrew Shearer has been involved in the mining and finance industries for 23 years. With a geoscientific and finance background he has experience in the resources industry from exploration through to development. Andrew brings strong professional skills and experiences in equity research, investor relations, valuations and capital markets through his role as a Senior Resource Analyst with PAC Partners Pty Ltd. He is also currently a Non-Executive Director of ASX listed Northern Cobalt Limited.

With the collective skills and experience of the Board of Directors and the quality of the halloysite-kaolin Project at Poochera and other prospects, the Board is of the view that Andromeda Metals' 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.



Chairman's message

What an amazing year for Andromeda Metals and its shareholders.

A year ago the Company was trading at a share price of 0.5c, with a market capitalisation of approximately \$5 million, whereas today, at the time of writing it is trading at about 4.5c with a fully diluted market capitalisation of approximately \$88 million. While much work is still to be done, it is important to acknowledge upfront the efforts of my fellow Board members, management, staff and all consultants and contractors who have helped advance the Company. The Andromeda team is a small dedicated team putting in hours over and above to ensure the tasks have been completed during the year to meet Board and market expectations. On behalf of the Board I applauded their commitment and look forward to working with them over the next 12 months and beyond.

The key driver of this improved market valuation has been the advancement of the Poochera Halloysite-Kaolin Project. Last year in April 2018, Andromeda signed a binding joint venture Heads of Agreement to earn a majority interest in two halloysite-kaolin projects in South Australia, including the Poochera Project and within it the Carey's Well JORC 2012 Halloysite-Kaolin Mineral Resource. This year, within 18 months from inception, the Company signed off on the positive Carey's Well Scoping Study, which has the potential to deliver significant cashflows with modest capital costs.

Andromeda has an ambition to be a world leader in everything halloysite-kaolin from exploration, mining, supply and collaborating on exciting new high-tech applications for halloysite nanotubes as well as high purity alumina. Halloysite-kaolin is a high value industrial mineral that is growing in demand whilst quality global supplies are shrinking. The Carey's Well halloysite-kaolin has also shown to give superior results in high purity alumina testwork.

Last year the Company engaged Mr James Marsh as Managing Director, who has a lifetime of experience in the kaolin industry that is unique in Australia. During the past 12 months James with other Andromeda staff has travelled to Asia, USA and Europe to re-engage with his numerous global contacts and others in those regions as well as home grown expertise to assist the Company understand and maximise the value of the Carey's Well deposit as well as advance exploration on the regional prospects.

Andromeda Metals recently completed a capital raise of approximately \$4 million, divested the Rover Project for \$650,000 and received \$200,000 when Evolution committed to Stage 2 of the Drummond Project joint venture. This funding will enable the Company to meet the Carey's Well deposit feasibility study, permitting and farm-in commitments, as well as advance exploration on other regional halloysite-kaolin prospects and continue low cost match funding collaboration on halloysite nanotube R&D.

Finally, on behalf of the Company I would also like to acknowledge our appreciation for the support of our loyal shareholders who have embraced Andromeda Metals, taken the time to understand an atypical commodity and encourage others to appraise the Company.



Rhod Grivas
Chairman

Overview of projects

Poochera Halloysite-Kaolin Project

SOUTH AUSTRALIA

Andromeda Metals earning up to 75% interest



In June 2018 the Company exercised its option to acquire up to a 75% equity interest in the world class Poochera Halloysite-Kaolin Project in South Australia under a Joint Venture Agreement with Minotaur Exploration Limited (MEP). Since that time, Andromeda Metals has significantly advanced the Project which has culminated with the completion of a highly positive Scoping Study released in September 2019.

Joint Venture Terms

Andromeda Metals is required to spend a total of \$3.0 million over 2 years from the date of execution of the Heads of Agreement (which was 24 April 2018) on the Poochera Halloysite-Kaolin Project to earn a 51% equity interest (Stage 1 Commitment). The Company can then elect to sole contribute a further \$3.0 million over a further 3 years to earn a 75% equity interest in the Joint Venture (Stage 2 Commitment). Andromeda Metals will revert to an immediate 75% equity interest on the earlier of completion of the Stage 2 Commitment or a decision to mine is made by the joint venture management committee.

Market Opportunities

The Poochera Project includes the Carey's Well deposit, a high quality halloysite-kaolin resource that is highly valued by the ceramics industry for the manufacture of premium quality porcelain. Demand for this mineral is increasing whilst global supply is reducing, which puts Andromeda Metals in a very strong position to fill a growing gap in the market.

The extremely high chemical purity of the halloysite-kaolin also makes it ideal as a premium feed material for the manufacture of high purity alumina (HPA). HPA is a new age material critical in the manufacture of high-tech products in the battery technologies and energy storage sector, LED lighting industry and sapphire glass used in smart phones and TV screens.

During the year metallurgical process testing was carried out by independent chemical engineers, which proved that the Carey's Well mineral could be used to consistently produce 99.99% (4N) purity HPA, with only one stage of purification. This would offer significant opportunities for cost savings in the HPA manufacturing process, as well as the ability to produce higher value end product. Collaborative opportunities are now being sought in this sector.

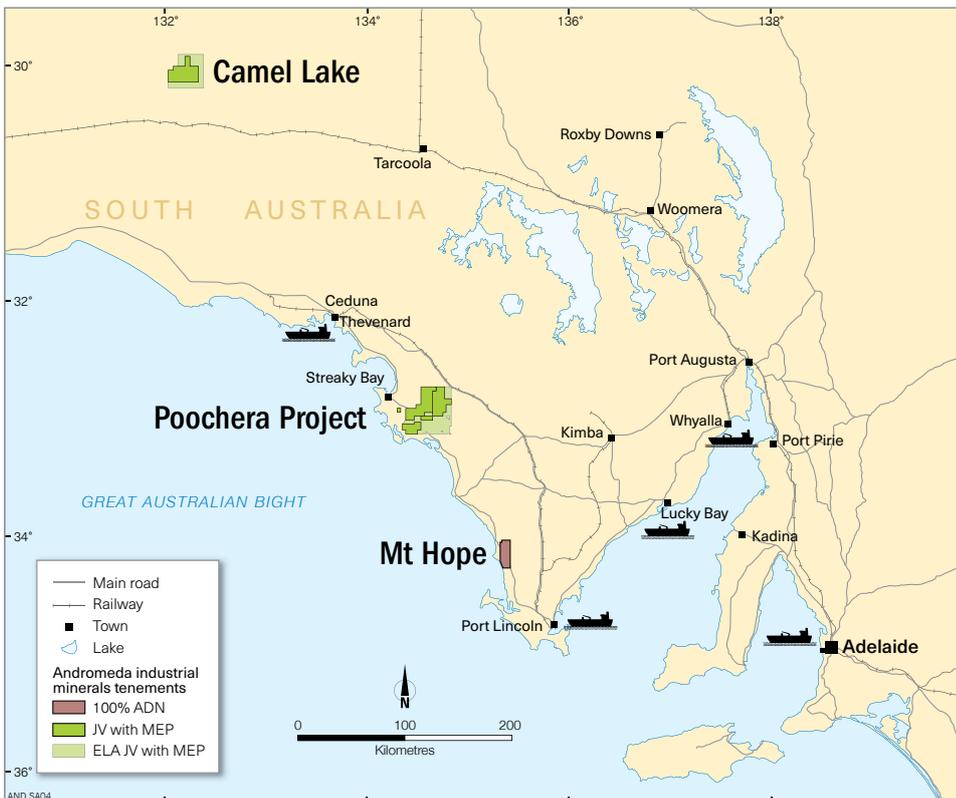


Figure 1 Andromeda Metals' halloysite-kaolin project areas.



Figure 2 High quality porcelain.



Figure 3 HPA sapphire glass application.

Overview of projects

The halloysite component of the mineral has a nanotube structure, which presents a large number of market opportunities in the rapidly emerging nano-technology sector. Research into new applications for halloysite nanotubes (HNT) is growing exponentially, with numerous patents being approved in areas including energy storage, water purification, carbon capture, medicine, construction and agriculture.

A number of commercial applications already exist for this extremely rare and high value product, and yet global supply is almost non-existent. Historic exploration over the Poochera JV tenure has shown areas of high purity halloysite, and Andromeda Metals carried out more exploration drilling in these areas during the financial year. Testing of these drill samples is still in progress at the time of writing, and more extensive drilling is being planned, including at Camel Lake where extremely high purity halloysite is known to exist.



Figure 4 Halloysite nanotube applications.

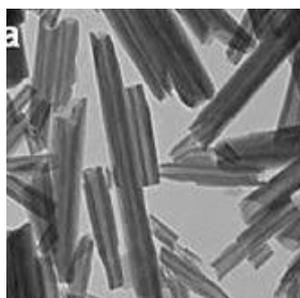


Figure 5 High purity halloysite nanotubes.

Carey's Well Mineral Resource

In August 2018 the Carey's Well Mineral Resource was upgraded to 2012 JORC guidelines, which gave an increase from the previous 2004 JORC resource from 16.3 million tonnes to 23.9 million tonnes of bright white kaolinised granite using an ISO Brightness R457 cut-off of 75 for minus 45 micron kaolin product. This was revised to 20.0 million tonnes once adjustments to mineral specific gravity were made. In February 2019 a further update to the Mineral Resource was released, which reported a halloysite rich content of 9.7 million tonnes, contained within the bright white kaolinised granite deposit at Carey's Well.

Bulk Sample Exercise

During October 2018 a bulk sample of 215 tonnes of halloysite kaolin ore was extracted from Carey's Well to be used for commercial scale wet and dry processing in China, Australia and the USA.

This work was designed to enable Scoping Study process design, and to provide large scale product samples with the aim of locking in offtake agreements for supply of direct shipping ore (DSO). Customer testing of this material resulted in offtake letters of intent (LOI) for 405,000tpa of DSO from companies in China and Japan.



Figure 6 Drill rig used for bulk sampling program.



Figure 7 Bulka Bags of kaolin-halloysite sample.

Overview of projects



Figure 8 Halloysite-kaolin ore stockpile.



Figure 9 Bulka Bags of processed kaolin-halloysite.

Processing Trials

Successful dry-processing trials were performed in Western Australia on 40 tonnes of the bulk sample material extracted. The results obtained indicated that this method of processing could be used to produce a final product for sale into the market.

Processed samples from these trials were sent to a number of potential customers in China and Japan for technical evaluation in ceramics applications, and as a feed for calcined kaolin production. This testing resulted in offtake LOIs for 307,000tpa of this product,

and proved that a standard dry-processing technique could be utilised to manufacture a commercially acceptable material. This is in addition to the previously acquired 211,000tpa of wet-refined product offtake LOIs from porcelain manufacturers in China. Other bulk samples were shipped to China (two companies), and the USA (two companies) to be processed on other commercially available dry-processing equipment. These trials also gave successful results, and the data has been used in the Scoping Study evaluations.

Approximately 135 tonnes of the bulk sample material were shipped to China ahead of commercial scale testing through a wet-refining facility, and this work is yet to be completed due to technical issues at the plant concerned. Wet-refining trials on 20 tonnes of ore are currently in progress at an alternative Chinese factory. Once this is complete the resultant product will be tested by ceramic customers as a premium grade material.

Intellectual Property Joint Venture

Collaborative work with the University of Newcastle's Global Innovative Centre for Nanotechnology (GICAN) on halloysite nanotubes (HNT) has progressed well over the financial year. As a result, Andromeda Metals and Mintotaur formed the Intellectual Property JV company 'Natural Nanotech' in May 2019 to capture and progress any IP opportunities. An application for Federal funding has been made along with the University, which would be used to drive the HNT work in carbon capture and water purification towards commercialisation. In addition to this, another project has now commenced at GICAN focussed on the use of HNTs in hydrogen transport and storage, which is the subject of a major Federal initiative.

Moving Forward

The results of the Poochera Project Scoping Study were released in September 2019 and showed the Project to be a technically sound and financially robust venture with the potential to generate significant cash flows as a long-term supplier of high-quality halloysite-kaolin product to meet a growing market demand.

In September 2019 the Poochera and Camel Lake Project tenures were significantly expanded to acquire additional ground considered prospective for halloysite-kaolin and high-purity halloysite.

Andromeda Metals will now complete all Pre-Feasibility studies and permitting approvals for the Poochera Project, as well as conducting exploration for high-purity halloysite at Camel Lake and other targets within the Poochera Project, along with the 100% owned Mount Hope Kaolin Project where the first objective is to upgrade the historic halloysite-kaolin resource to JORC 2012 compliance.

Overview of projects



Drummond Epithermal Gold Project

QUEENSLAND

Andromeda Metals 100%. (Evolution Mining Limited currently earning up to 80% interest)

The Drummond Epithermal Gold Project comprises four tenements securing a total area of 523km² in the gold prospective Drummond Basin in northern Queensland. The Drummond Basin is prospective for high grade epithermal gold deposits such as Pajingo which has produced approximately 3 million ounces of gold.



Figure 10 Location of Drummond Project.

Joint Venture with Evolution Mining

On 31 August 2018, the Company entered into a binding Earn-in and Exploration Joint Venture Agreement with Evolution Mining Limited (ASX: EVN) over the Drummond Epithermal Gold Project which would see up to \$6.5 million spent over 4 years by an experienced Australian gold miner in the region to earn up to an 80% equity interest in the Project. On execution of the Agreement, the Company received a \$300,000 cash payment with a requirement that Evolution sole fund \$2 million on exploration activities across the Project tenements within 2 years from the date of signing the Joint Venture Agreement (Stage 1 Commitment).

Subsequent to the end of the financial year, Evolution advised that it had met its Stage 1 Commitment under the Joint Venture Agreement and on 11 September 2019 gave notice of its decision to proceed with Stage 2.

Exploration during the year

From the commencement of the joint venture and for the balance of the financial year, Evolution undertook considerable exploration activities across the Project. This included a diamond drilling program conducted at the Bunyip and South West Limey prospects which commenced in May 2019 and carried on into the new financial year. A total of 10 holes for 4,568 metres were drilled with 5 holes for 2,159.7 metres drilled at Bunyip and 5 holes for 2408.3 metres drilled at South West Limey. At the time of writing, all assays have been received for the Bunyip drilling but a number are still awaited for South West Limey. The highest intercept achieved at Bunyip was 3.42g/t Au from 7 metres while at South West Limey the results received to date have returned only narrow low grade intersections.

In addition to drilling, Evolution has also conducted the following exploration activities across the Project during the year:

- IP surveys conducted at both Bunyip and South West Limey;
- A drone magnetic survey over Bunyip Hill;
- A ground magnetic survey over central parts of South West Limey and an extension to this along the Limey Trend;
- Soil geochemistry at Bunyip and South West Limey;
- A regional desktop review and follow up soil geochemistry at a number of target areas including Breccia Hill;
- Geological mapping of the Limey Trend from South West Limey to North Limey; and
- Significant track upgrades to provide access for further regional and remote work across the Drummond Project.

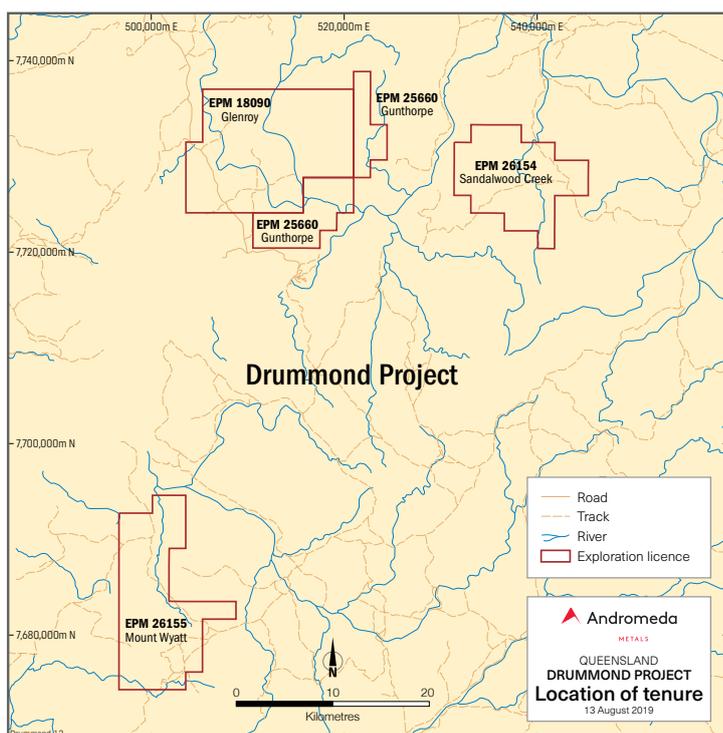


Figure 11 Location of tenure at Drummond Project.

Overview of projects

Pilbara Gold Project

WESTERN AUSTRALIA

Andromeda Metals 100%



The Company's Pilbara Gold Project comprises three tenements covering a total of 301 km² located in the Pilbara region of Western Australia. The Pilbara region has attracted significant attention following the discovery by Novo Resources (TSX-V: NVO) of gold mineralisation hosted in conglomerate occurring near the base of the Fortescue Group, a sequence of Archaean volcanic and sedimentary rocks that outcrop over extensive areas in the Pilbara.

This style of mineralisation is potentially analogous to the conglomerate hosted gold deposits of the Witwatersrand which have produced in excess of 1 billion ounces of gold, and so represent attractive exploration targets.

Tenements E 08/2954 and E 08/2955 located to the west of the Pilbara Region, secure intervals of a gold prospective unit called the Mount McGrath Formation that hosts gold mineralisation in the Ashburton region. The Paulsens Gold Mine (production to 2014 was in excess of 700,000 ounces of gold at a grade of 7.6g/t gold) is located just 15km north of the northern boundary of E 08/2954, while the plus 1Moz Mt Olympus gold project, hosted in the same stratigraphic units which occur in E 08/2954 and E08/2955, is situated to the southeast of the two tenements. The Monster Lode – Gossan Ridge prospect is located only 2.5 kilometres along strike from E 08/2955. The prospect occurs in an ironstone-quartz breccia, with historical rock chips returning promising assays including results to 75.9g/t gold.

Tenement E 48/1196 is located to the east, where the geology of the broader area includes an Archaean greenstone inlier draped by Mount Roe Basalt and

overlying Hardey Formation, units considered to be the main “conglomerate gold” host units in the Pilbara. In-situ gold occurrences, occur in the prospective units to the west of E 48/1196, while gold in nearby alluvial occurrences is likely also sourced in the same rocks. Metal detecting of these occurrences has reportedly found gold nuggets.

Financial Year Activity

The financial year was devoted to negotiating and executing native title heritage agreements with the respective native title groups over the tenement ground. These agreements were finalised and executed in the days following the end of the financial year allowing the then tenement applications to be granted shortly thereafter.

Following the end of the financial year, the Company has made application to acquire a tenement adjacent to E 46/1196 to add to the Pilbara Gold Project tenement portfolio. The new tenement E43/1336 has significant interest in that the Mount Roe Basalt and Hardey Formation, which are the targeted units found in the Pilbara Conglomerate Gold Models, outcrop along with the basement Pilbara Craton Inlier for approximately 14 kms. The tenement has evidence of historical alluvial gold workings and past metal detecting for nuggets, with gold anomalous rock chips encountered over the 14 kms of strike. However no drilling has been completed over the tenement other than two shallow holes previously drilled for uranium.

Andromeda is currently considering how best to move the Pilbara Gold Project forward given the focus of the Company is directed towards development of the Poochera Halloysite-Kaolin Project.



Figure 12 Ironstone-quartz breccia on E 08/2954.



Figure 13 Mt Roe Basalt outcrop.

Overview of projects

Eyre Peninsula Gold Project

SOUTH AUSTRALIA

Andromeda Metals 100% (Cobra Resources PLC currently earning 50% equity interest)



The Eyre Peninsula Gold Project comprises six tenements that total 2,027 km² in the Central Gawler Craton Gold Province of South Australia. The project includes the Wudinna Gold Camp, a cluster of deposits and earlier stage prospects that include the Barns, Baggy Green and White Tank deposits.

Joint Venture with Cobra Resources

The Company was advised during the year that Lady Alice Mines Pty Ltd, the original joint venture partner under the Wudinna Gold Farm-in and Joint Venture, had been acquired by listed London Stock Exchange entity Cobra Resources PLC. Cobra comprises a Board of highly regarded mining executives with significant resource company experience both in Australia and overseas. Cobra is to promote their interest in the joint venture as a key project which will see considerable funds sourced from investors in the UK directed towards advancing the Eyre Peninsula Gold Project. At the time of writing, Cobra were still finalising their funding in readiness to commence exploration activities on the Eyre Peninsula Gold Project.

Updated Mineral Resource

Based on a new geological reinterpretation commissioned by Cobra, an increased Mineral Resource for the Wudinna Gold Project of 4.43 million tonnes at 1.5g/t Au for 211,000 ounces of gold was reported during the financial year. The new Mineral Resource comprises 4.02 million tonnes at 1.5g/t Au for 193,000 ounces of Inferred Resource and 0.41 million tonnes at 1.4g/t Au for 18,000 ounces of Indicated Resource. The revised Mineral Resource covering the Barns, Baggy Green and White Tank deposits represents an increase of 5% in total contained gold and 15% in resource tonnes over the previous Mineral Resource estimate.

Overview of projects

Moonta Copper Gold Project

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)

The Moonta Copper-Gold Project falls near the southern end of the world class Olympic Copper-Gold Province in South Australia. The Olympic Copper-Gold Province is highly prospective for Iron Oxide Copper Gold (IOCG) deposits, with Olympic Dam, Prominent Hill and Moonta-Wallaroo being three mines with past or current production. OZ Minerals is now also developing a mine at the Carrapateena deposit.

Moonta ISR Copper Joint Venture

In December 2018, the Company announced that it has agreed commercial terms for a binding Earn-in and Joint Venture Agreement with Environmental Metals Recovery Pty Ltd (EMR) to form the Moonta ISR Joint Venture covering the northern part of the 100% owned Moonta tenement EL 5984 in South Australia. EMR is an Australian private company comprising a team of senior mining professionals with extensive experience in mine development and operations, including ISR production in South Australia. EMR is an entity associated to Environmental Copper Recovery SA Pty Ltd that is currently advancing the Kapunda Copper ISR Project and comprises the same project team.

The Project Area defined by the Joint Venture Agreement is considered to have attributes that are prospective for hydrometallurgical in-situ recovery application and significant technical due diligence has been completed by EMR personnel to date. The Bruce and Wombat prospects within the Project Area are seen to possess a number of critical attributes that may allow hydrometallurgical ISR copper production. Both prospects are characterised by deeply developed weathering troughs that extend hundreds of metres below the surface. The rock to both the north and south of the weathering troughs are fresh and impermeable while the trough material contains copper mineralisation that is oxidised, porous and likely permeable, and is situated below the water table and sea level. Both prospects remain open along strike, presenting opportunities to find further mineralisation in the trough extensions.



Figure 14 Location of Moonta tenement.

In-situ recovery is a production process used to recover minerals using a fluid circulated via drilled wells. During the process a leaching solution (or “lixiviant”) is injected into the mineralisation via a borehole, passes through the deposit leaching the target commodity, and is returned to the surface via a second bore where the dissolved metal is extracted from solution by SXEW or ion exchange in a processing plant. The costs of ISR are substantially below those of conventional mining, allowing production from much lower grade deposits. Importantly, as no significant surface disturbance is required, an ISR operation could conceivably be conducted in conjunction with current agricultural land use, and once completed have little on-going impact.

The principal terms of the Moonta ISR Joint Venture are:

- EMR can earn an initial 51% interest in the Project Area by sole funding \$2.0 million on project related activities across the Project Area within four years of execution of the Joint Venture Agreement (Stage 1 Commitment);
- EMR is required to spend a minimum of \$200,000 on the project in the first year and a further \$300,000 in the second year under the Stage 1 Commitment;

Overview of projects

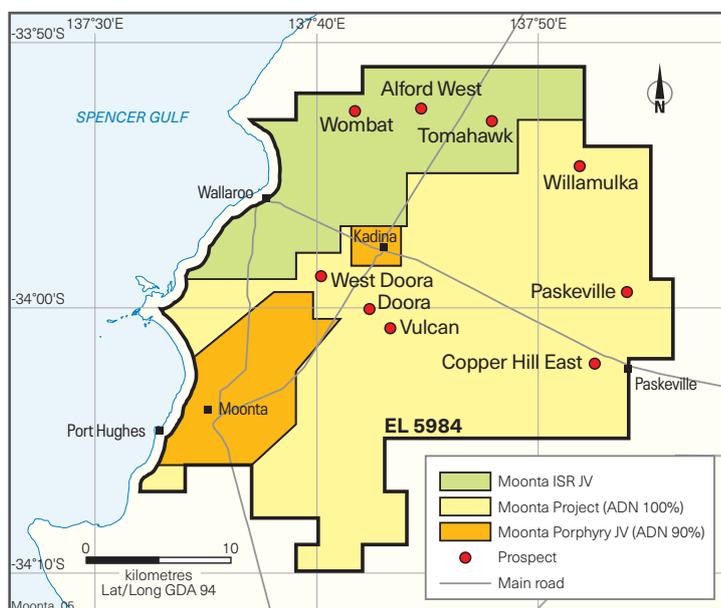


Figure 15 EL 5984 project location map.

- On completion of Stage 1 Commitment, EMR may elect to acquire an additional 24% equity interest (75% in total) through expenditure of an additional \$3.5 million (\$5.5 million in total) over a further 3.5 years (7.5 years in total) (Stage 2 Commitment);
- On completion of EMR's sole funding commitments, Andromeda may elect not to contribute to a proposed joint venture program and budget, in which case its interest in the joint venture will be reduced in accordance with a standard industry dilution formula;
- If Andromeda dilutes to less than 10% equity interest in the joint venture, then its interest will revert to a 1.5% net smelter return royalty payable with respect to any minerals produced from the Project Area.

The Company still retains 100% ownership of a significant amount of the tenement, which is highly prospective for copper mineralisation and located at the southern end of the Olympic Copper-Gold Domain. The ground contains the Willamulka, Paskeville, Copper Hill East and West Doora prospects amongst others and Andromeda Metals is continuing to seek potential third party funding to advance this area of the Project.

Financial Year Activity

Since the commencement of the ISR joint venture, EMR has completed a JORC 2012 Mineral Resource Estimate incorporating historical drilling results from a number of copper prospects over the area of interest covered by the joint venture. The results from this work has determined an Inferred Resource of 66.1 million tonnes grading 0.17% Cu, containing 114,000 tonnes of contained copper at a cut-off grade of 0.05% Cu.

In addition, EMR has undertaken a geophysical review of the weathering troughs at the Wombat and Bruce prospects along with a review of trial column leach testwork previously performed on Wombat core which has indicated that copper recoveries of between 80-90% are achievable with peak head grades in line with overseas ISR operations. Considerations are now be given to gaining a greater understanding of buffering and acid consumptions across the leach curves along with a determination of the optimal lixiviant to use.

Schedule of tenements

AS AT 30 JUNE 2019

TENEMENT	TENEMENT NAME	AREA (km ²)	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 5615	Wudinna Hill	42	Peninsula Resources Ltd	100%
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 Project⁹				
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
Poochera Kaolin Project				
EL 5814	Tootla	372	Great Southern Kaolin Pty Ltd ²	GSK 100% ADN earning 51% over 24 months
EL 6096	Whichelby	447	Minotaur Operations Pty Ltd ³	MOP 100% ADN earning 51% over 24 months
EL 6202	Mt Hall	147	Minotaur Operations Pty Ltd	MOP 100% ADN earning 51% over 24 months
EL 6128	Camel Lake	455	Minotaur Operations Pty Ltd	MOP 100% ADN earning 51% over 24 months
Mt Hope Kaolin Project				
EL 6286	Mt Hope	227	Andromeda Industrial Minerals Pty Ltd ⁴	100%
Northern Territory				
Rover Copper Gold Project				
EL 27292	Rover North	39	Adelaide Exploration Pty Ltd ⁵	100% – (Franco-Nevada Ltd retain 70% buyback right)
EL 27372	Rover	248	Adelaide Exploration Pty Ltd	
Queensland				
Drummond Gold Project⁶				
EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd	ADN 100% EVN earning 51% over 24 months
EPM 25660	Gunthorpe	74	Adelaide Exploration Pty Ltd	ADN 100% EVN earning 51% over 24 months
EPM 26154	Sandalwood Creek	109	Adelaide Exploration Pty Ltd	ADN 100% EVN earning 51% over 24 months
EPM 26155	Mt Wyatt	144	Adelaide Exploration Pty Ltd	ADN 100% EVN earning 51% over 24 months

TENEMENT	TENEMENT NAME	AREA (km ²)	REGISTERED HOLDER OR APPLICANT	NATURE OF COMPANY'S INTEREST %
Western Australia				
Pilbara Gold Project				
E 46/1196 (Application)	East Rooneys	54	Frontier Exploration Pty Ltd ⁷	100%
E 08/2954 (Application)	Wyloo	124	Mylo Gold Pty Ltd ⁸	100%
E 08/2955 (Application)	Cheela Plains	123	Mylo Gold Pty Ltd	100%

- 1 Peninsula Resources Ltd (incorporated 18 May 2007) is a wholly owned subsidiary of Andromeda Metals Ltd.
- 2 Great Southern Kaolin Pty Ltd ("GSK") is a wholly owned subsidiary of Minotaur Exploration Ltd.
- 3 Minotaur Operations Pty Ltd ("MOP") is a wholly owned subsidiary of Minotaur Exploration Ltd.
- 4 Andromeda Industrial Minerals Pty Ltd (incorporated 9 August 2018) is a wholly owned subsidiary of Andromeda Metals Ltd.
- 5 Adelaide Exploration Pty Ltd (incorporated 13 July 2001) is a wholly owned subsidiary of Andromeda Metals Ltd.
- 6 Andromeda Metals Ltd has formed a Joint Venture with Evolution Mining Ltd ("EVN") over the Drummond Epithermal Gold Project.
- 7 Frontier Exploration Pty Ltd (acquired 21 December 2017) is a wholly owned subsidiary of Andromeda Metals Ltd.
- 8 Mylo Gold Pty Ltd (acquired 21 December 2017) is a wholly owned subsidiary of Andromeda Metals Ltd.
- 9 Andromeda Metals Ltd has partnered with Environmental Metals Recovery Pty Ltd ("EMR") to form the Moonta ISR Joint Venture.

Competent Person and JORC 2012 Compliance Statements

Halloysite-Kaolin

Information in this report has been assessed and compiled by Mr James Marsh, a member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Marsh an employee of the Andromeda Metals Limited has sufficient experience, which is relevant to metal recovery from the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Persons under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. This includes over 30 years of experience in kaolin processing and applications.

Exploration Results

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Rhoderick Grivas, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Grivas is Chairman of Andromeda Metals and 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 Grivas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Carey's Well Mineral Resource

The information in this report that relates to the Minotaur Exploration Results for the Poochera Kaolin Project is based on information evaluated by Dr Antonio Belperio who is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), an executive director of Minotaur and part-time consultant to Andromeda. Dr Belperio 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"). Dr Belperio consents to inclusion in this document of the information in the form and context in which it appears.

The information in this announcement that relates to Mineral Resource Estimates for the Poochera Kaolin Project is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who 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 Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

Copper-Gold

Drummond Gold Project Drilling Results

The information in this report that relates to Exploration Results for the Drummond Gold Project is based on information compiled by Rex Brommecker, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Brommecker is employed by Evolution Mining Limited on a full time basis. Mr Brommecker 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 Brommecker consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Wudinna Gold Camp Mineral Resource Estimates

Information in this report that relates to the Estimation and Reporting of Mineral Resources has been 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 ISR Project

The information in this report that relates to the Moonta ISR Copper Gold Project is based on information compiled by Leon Faulkner, who holds a BSc in geology and who is a Member of The Australasian Institute of Geoscientists. Mr Faulkner is an employee of Environmental Metals Recovery Pty Ltd. He has sufficient experience which 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 Faulkner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Corporate governance

Andromeda Metals and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd Edition) published by the ASX Corporate Governance Council.

The corporate governance statement for the year ended 30 June 2019 can be viewed on the Company's website at www.andromet.com.au.

Statutory reports

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 2019. 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 25 years resource industry experience, including 17 years ASX listed company board experience. He is currently Non-Executive Chairman of ASX listed Golden Mile Resources Limited and was previously Managing Director of ASX and TSX listed gold miner Dioro Exploration NL, where he oversaw the discovery and development of a gold resource through feasibility into production.

Mr Grivas has a strong combination of equity market, M&A, commercial, strategic and executive management capabilities. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee.

James E Marsh

BSc (Hons), MAusIMM

Managing Director

James Marsh is an industrial chemist and holds tertiary qualifications in chemistry and physics. He has extensive experience across a wide range of industrial minerals spanning a 25 year period, including senior technical and marketing roles with two global market leaders. He previously worked for 7 years as Business Development Manager for Active Minerals Australia, part of the Active Minerals International group, a worldwide leader in the production and marketing of kaolin and gel quality attapulgite clay minerals.

Mr Marsh 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.

Nicholas J Harding

BA (Acc), Grad Dip (Acc), Grad Dip (App Fin), Grad Dip (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 minesites 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 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.

Andrew N Shearer

BSc (Geology), Hons (Geophysics), MBA

Non-Executive Director

Audit and Risk Committee Chairman

Andrew Shearer has been involved in the mining and finance industries for 24 years. With a geoscientific and finance background he has experience in the resources industry from exploration through to development. As a Resources Analyst, Mr Shearer has been exposed to the global resources sector covering small to mid-cap resource stocks across a broad suite of commodities. Prior to moving into the finance sector he spent over a decade working in the minerals exploration industry in technical and senior management roles.

Mr Shearer brings strong professional skills and experiences in equity research, investor relations, valuations, supply and demand analysis and capital markets. He is currently a Senior Resource Analyst with PAC Partners Pty Ltd and is also a Non-Executive Director of ASX listed Northern Cobalt Limited.

Mr Shearer is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

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
	Canyon Resources Limited	December 2009 to July 2016
A N Shearer	Northern Cobalt Limited	From March 2017 to present

PRINCIPAL ACTIVITIES

The principal activity of the Group is the advancement of the Poochera Halloysite-Kaolin Project through the completion of an initial Scoping Study to be followed by more detailed Feasibility Studies 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 Poochera Halloysite-Kaolin Project from Scoping and Pre-Feasibility Studies through to eventual development and production, should final modelling determine this to be commercially viable. Consideration of a number of production streams, including direct shipping of raw ore, product beneficiation on site of raw material through either dry or wet-processing for sale of processed kaolin to ceramic manufactures in Asia, and possible downstream production of HPA product most likely overseas, will be evaluated. Directors see the market for quality halloysite-kaolin product and HPA to be growing rapidly, and that the Poochera Project is a world-class deposit capable of supplying this rapidly expanding market.
- The Company will fund research to assist in the development of new market opportunities for halloysite-kaolin given the high purity halloysite found at Poochera, Camel Lake and potentially Mount Hope and 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 in order to allow Andromeda Metals to focus of the advancement of the Poochera Project. To that end, during the 2018/19 financial year the Company executed joint ventures with Evolution Mining Limited over the Drummond Epithermal Gold Project and Environmental Metals Recovery Pty Ltd over the northern part of the Moonta Copper-Gold Project. In addition, subsequent to the end of the financial year the Company sold the Rover Copper-Gold Project to a wholly owned subsidiary of Westgold Resources Limited.
- 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 \$1,113,181 (2018: loss of \$832,707).

Exploration and evaluation expenditure for the year was \$1,537,102 (2018: \$1,071,032) with funds predominantly directed towards advancing the Poochera Halloysite-Kaolin Project. Net operating cash outflows for the year totalled \$788,261 (2018: \$659,043). At the 30 June 2019 the Company held cash and cash equivalents totalling \$1,669,188 (2018: \$861,211).

On 7 August 2018 the Company raised \$1,100,000 before costs under a share placement to professional and sophisticated investors at an issue price of 0.6 cents per share which resulted in the issue of 183,333,333 ordinary shares.

On 28 February 2019 the Company issued 271,076,923 ordinary shares under a share placement to professional and sophisticated investors at an issue price of 0.65 cents per share raising \$1,762,000 before costs. Participants in the placement were issued 3 listed options for every 4 new shares subscribed resulting in 203,307,712 listed options being issued having an exercise price of \$0.012 cents and expiry date of 30 November 2020.

Exploration and evaluation activities

During the 2018/19 financial year Andromeda Metals' exploration and evaluation effort was directed principally towards advancing the Poochera Halloysite-Kaolin Project which is the subject to a Joint Venture agreement entered into by the Company with Minotaur Exploration Limited (MEP).

In addition, the Company announced the formation of the Drummond Gold Joint Venture with Evolution Mining Limited and the Moonta Copper In-situ Recovery Joint Venture with Environmental Metals Recovery Pty Ltd.

Poochera Halloysite-Kaolin Project

In June 2018 the Company exercised its option to acquire up to a 75% equity interest in the world class Poochera Halloysite-Kaolin Project in South Australia under a Joint Venture Agreement with Minotaur Exploration Limited (MEP). During the twelve months since then the Company has advanced the project through to completion of an extremely positive Scoping Study in September 2019.

The Poochera Project includes the Carey's Well deposit, a high quality halloysite-kaolin resource that is highly valued by the ceramic industry for the manufacture of premium quality porcelain. Demand for this mineral is increasing whilst global supply is reducing, which puts ADN in a strong position. The extremely high purity of the halloysite-kaolin also makes it an ideal feed material for the manufacture high purity alumina (HPA). HPA is a new age material critical in the manufacture of high-tech products in the battery technologies and energy storage sector, LED lighting industry and sapphire glass used in smart phones and TV screens. During the year metallurgical process testing was carried out by independent chemical engineers which proved that the Carey's Well mineral could be used to consistently produce 99.99% (4N) purity HPA with only one stage of purification. This proved that it offers significant opportunities for cost savings in the HPA manufacturing process, as well as the ability to produce higher value end product. Collaborative opportunities are now being sought in this sector.

The halloysite component of the mineral has a nanotube structure, which presents a large number of market opportunities in the nanotechnology sector. A number of commercial applications already exist for this extremely rare and high value product, and yet global supply is almost non-existent. Historic exploration on Poochera JV tenure has shown areas of high purity halloysite, and ADN carried out more exploration drilling in these areas during the last twelve months. Testing of these drill samples is still in progress, and more extensive drilling is being planned.

In August 2018 the Carey's Well Mineral Resource was upgraded to 2012 JORC guidelines, which gave an increase from the previous 2004 JORC resource from 16.3 million tonnes to 23.9 million tonnes of bright white kaolinised granite using an ISO Brightness R457 cut-off of 75 for minus 45 micron kaolin product. This was revised to 20.0 million tonnes once adjustments to mineral specific gravity had been made. In February 2019 a further update to the Mineral Resource was released which reported a halloysite content of 9.7 million tonnes contained within the bright white kaolinised granite deposit at Carey's Well.

During October 2018 a bulk sample of 215 tonnes of halloysite kaolin ore was extracted from Carey's Well to be used for commercial scale wet and dry processing in China, Australia and the USA. This work was designed to enable Scoping Study process design and to provide large scale product samples with the aim to lock in offtake agreements for supply of direct shipping ore (DSO) and dry-processed product. This resulted in offtake letters of intent (LOI) for a total of 405,000tpa from companies in China and Japan.

Successful dry-processing trials were performed in Western Australia on 40 tonnes of the bulk sample material extracted. The results obtained indicated that this method of processing could be used to produce a final product for sale into the market. Processed samples from these trials were sent to a number of potential customers in China and Japan for technical evaluation in ceramics applications, and as a feed for calcined kaolin production. This testing resulted in offtake LOI's for 357,000tpa of this product and proved that a standard dry-processing technique could be utilised to manufacture a commercially acceptable product. In addition to this, more bulk samples were shipped to China (two companies), and the USA to be processed on other commercially available dry-processing equipment. These trials also gave successful results and the data has been used in the Scoping Study evaluations.

Approximately 135 tonnes of the bulk sample material were shipped to China ahead of commercial scale testing through a wet-refining facility, and this work is yet to be completed due to technical issues at the plant concerned. Wet-refining trials on twenty tonnes of ore are currently in progress at an alternative Chinese factory. Once this is complete the resultant product will be tested by ceramic customers as a premium grade material.

Collaborative work with the University of Newcastle's Global Innovative Centre for Nanotechnology (GICAN) on halloysite nanotubes (HNT) has progressed well over the last twelve months. As a result, ADN and MEP formed the Intellectual Property JV company 'Natural

Nanotech' in May 2019 to capture and progress any IP opportunities. An application for Federal funding has been made along with the University, which would be used to drive the HNT work in carbon capture and water purification towards commercialisation. In addition to this another project is planned on the use of HNT's in hydrogen transport and storage.

During October 2018 ADN acquired tenements at Mount Hope in South Australia that include a historic resource of 12.2 million tonnes of halloysite-kaolin, and an exploration program is planned to upgrade this to a JORC 2012 resource.

In September 2019 the Poochera Project tenure was significantly expanded to take in ground considered to be prospective for halloysite-kaolin and high-purity halloysite.

Now that the ADN Scoping Study for the Poochera Project has been completed, resulting in a positive outcome, the Company will move to detailed Feasibility Studies and permitting approvals.

Drummond Epithermal Gold Project

On 31 August 2018 a binding Earn-in and Exploration Joint Venture Agreement was executed with Evolution Mining Limited (EVN) over the Drummond Gold Project which will see EVN spend up to \$6.5 million over four years to earn up to 80% equity in the project. The principal terms of the agreement include:

- EVN to pay ADN a non-refundable cash consideration of \$300,000 within 10 days of signing the Joint Venture Agreement;
- EVN can earn an initial 51% equity interest in the project by sole funding \$2.0 million on exploration activities across the project tenements within 2 years of execution of the Joint Venture Agreement (Stage 1 Commitment);
- On completion of Stage 1, EVN may elect to acquire an additional 29% equity interest (80% in total) through payment to ADN of a further cash consideration of \$200,000 within 10 business days of the election to continue to sole fund by EVN, and expenditure of an additional \$4.0 million (\$6.5 million in total) over a further 2 years (4 years in total) (Stage 2 Commitment);
- On completion of EVN's sole funding commitments, either party may elect not to contribute to a proposed joint venture program and budget, in which case their interest in the joint venture will be reduced in accordance with a standard industry dilution formula;

- If any party dilutes to less than 10% equity interest in the joint venture, then that party's interest will be deemed to have converted to a 2% net smelter return royalty payable with respect to any minerals produced from the project tenements, capped to a maximum of \$10.0 million.

The transaction will enable the Drummond Gold Project to be appropriately funded in order to explore a number of promising projects identified across the tenements to date using the skilled exploration resources of an experienced gold miner in the district.

EVN has subsequently undertaken an extensive evaluation of a number of targets across the tenement which has included IP surveys at both Bunyip and South West Limey Dam prospects, ground magnetic surveys at both prospects and significant soil sampling at these prospects and a number of other prospects across the tenements.

EVN conducted an extensive diamond drilling program which commenced in May and was still in progress at the end of the year. To the end of June a total of 3,706 metres had been drilled, initially at Bunyip and subsequently at South West Limey Dam prospects. A total of 5 diamond holes were drilled at Bunyip for 2,159 metres with a best intercept to date being 3 metres at 3.42g/t Au and 6.7g/t Ag from 7 metres of which included 1 metre at 9.16g/t Au and 18.1g/t Ag from 9 metres. Final assays for the Bunyip program are still awaited.

Drilling at Bunyip targeted a NNW-trending structural corridor that had been defined by geological mapping, surface geochemistry and interpreted geophysical data. At South West Limey Dam, to the end of the quarter a total of 3 diamond holes had been drilled for a total of 1,547 metres, with drilling continuing into July. No assay results have been received to date for the South West Limey Dam drilling.

Subsequent to the end of the year, on 11 September 2019 EVN gave notice of its decision to proceed to Stage 2 under the Earn-in and Exploration Joint Venture Agreement over the Drummond Gold Project having met the \$2.0 million expenditure requirement under Stage 1 within 2 years of execution of the agreement.

Moonta Copper-Gold Project

The Company's 100% owned Moonta Copper Gold Project is located towards the southern end of the world class Olympic Copper-Gold Province in South Australia and captures the historical 'Copper Triangle' mining district. On 19 December 2018, the Company announced it had agreed commercial terms for a binding Earn-in and Joint Venture Agreement with copper in-situ recovery (ISR) focused Environmental Metals Recovery Pty Ltd (EMR) to form the Moonta ISR Joint Venture covering the northern part of the Moonta tenement. The principal terms of the agreement include:

- EMR can earn an initial 51% interest in the project area by sole funding \$2.0 million on project related activities within 4 years of execution of the Joint Venture Agreement (Stage 1 Commitment);
- EMR is required to spend a minimum of \$200,000 on the project in the first year and a further \$300,000 in the second year under the Stage 1 Commitment;
- On completion of Stage 1 Commitment, EMR may elect to acquire an additional 24% equity interest (75% in total) through expenditure of an additional \$3.5 million (\$5.5 million in total) over a further 3.5 years (7.5 years in total) (Stage 2 Commitment);
- On completion of EMR's sole funding commitments, ADN may elect not to contribute to a proposed joint venture program and budget, in which case its interest in the joint venture will be reduced in accordance with a standard industry dilution formula;
- If ADN dilutes to less than 10% equity interest in the joint venture, then its interest will revert to a 1.5% net smelter return royalty payable with respect to any minerals produced from the project area.

While the transaction will lead to significant effort directed towards evaluating and potentially development of copper ISR applications across the northern part of the Moonta Project, the Company still retains 100% ownership of the balance of the Moonta tenement, which is highly prospective for copper mineralisation, and is open to considering third party involvement to explore and evaluate this project area.

Pilbara Gold Project

Following acquisition of the two legal entities in December 2017 which together hold applications over three tenements prospective for conglomerate hosted gold mineralisation in the Pilbara Region, efforts were directed towards working with respective Native Title

groups to put in place heritage agreements, which is a requirement to having the tenement applications granted. These native title heritage agreements have now been executed by the Company with the respective indigenous groups. Consequently, the Company has now been granted title by the WA Mines Department to the 3 tenements in the Pilbara that are considered prospective for gold conglomerates.

The Company is now considering how best to move the project forward now that access to the tenements has been received.

Eyre Peninsula Gold Project

Following agreement of terms under a joint venture with Lady Alice Mines Pty Ltd (LAM) over the Company's Eyre Peninsula Gold Project in late 2017, LAM has undertaken a thorough review of the extensive project database and resource determinations for the Project. Design of a new drilling program to follow-up and test results of this review in addition to the undertaking of a large calcrete sampling program and possible follow-up drilling of these new targets funded by LAM is scheduled to occur during 2019.

The Company was advised that LAM was acquired by London Stock Exchange Limited Cobra Resources PLC (Cobra) on 6 March 2019 and as a consequence Cobra is now acting as the operator of the Joint Venture.

In May 2019, Cobra announced an increased Mineral Resource for the Wudinna Gold Project of 43 million tonnes at 1.5g/t gold for 211,000 ounces comprising 4.02 million tonnes at 1.5g/t gold for 193,000 ounces of Inferred Resource and 0.41 million tonnes at 1.4g/t for 18,000 ounces of Indicated Resource. The revised Mineral Resource covering the Barns, White Tank and Baggy Green deposits represents an increase of 5% in total contained gold and 15% in resource tonnes over the previous Mineral Resource estimate.

Rover Copper-Gold Project

The Rover Copper Gold Project covers 287 km² in the Rover Field southwest of Tennant Creek in the Northern Territory. The Rover field is prospective for ironstone hosted copper-gold deposits geologically identical to deposits found in the Tennant Creek Field, many of which exhibited high grades allowing them to be profitably mined in the past.

Subsequent to the end of the year, on 2 August 2019 the Company executed a binding Sale and Purchase Agreement for the sale of the Rover Copper Gold Project to Castile Resources Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited, for a total cash consideration of \$650,000.

Thurlga Joint Venture

On 19 September 2018 Investigator Resources Limited provided the Company with formal notification that it had decided to withdraw from the Thurlga Joint Venture as manager and return the Thurlga tenement to the Company. Consequently the joint venture has been dissolved and the tenement was returned to ADN full ownership. The Company subsequently made the decision to relinquish the Thurlga tenement given priorities are directed towards advancing the Poochera Project.

Outlook and Future Developments

The focus of the Company will predominantly be directed towards further advancing the Poochera Halloysite-Kaolin Project. Key steps include:

- Completed the Scoping Study by September 2019;
- Commencement of more detailed feasibility studies;
- Commence regulatory permitting and approval processes;
- Undertake environmental studies as part of the permitting process;
- Undertake exploration activities on other prospects in the Poochera district;
- Initiate exploration activities at the Camel Lake prospect;
- Decide upon a logistics solution for transportation of ore from site to market;
- Progress halloysite nanotechnology opportunities through the halloysite research joint venture with Minotaur Exploration.

In addition, the Company will:

- Undertake initial exploration activities on the 100% owned Mount Hope kaolin tenement;
- With the Pilbara tenements now granted, determine how best to move forward with the Pilbara Gold Project.

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.

SUBSEQUENT EVENTS

On 2 August 2019 the Company executed a binding Sale and Purchase Agreement for the sale of the Rover Copper Gold Project to Castile Resources Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited, for a total cash consideration of \$650,000 which was received on 3 September 2019. As the Project was fully impaired at 30 June 2019, the Company will recognise a gain on sale of \$650,000 in the 2019/20 financial year.

On 11 September 2019 Evolution Mining Limited gave notice of its decision to proceed to Stage 2 under the Earn-in and Exploration Joint Venture Agreement over the Drummond Gold Project having met the \$2.0 million expenditure requirement under Stage 1 within 2 years of execution of the agreement. The Company received a \$200,000 cash payment on 20 September 2019 from Evolution as a condition under the agreement of the election to go to Stage 2.

On 30 September 2019 the Company released the results of a Scoping Study on the Poochera Halloysite-Kaolin Project which showed it to be a technically sound and financially robust venture and as a result the Company would be moving to the next stage to evaluate the Project in greater detail through Feasibility Studies with a view to potentially bring it into production within two years.

Other than the above, 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 2019 was:

	MEETINGS HELD WHILE IN OFFICE	MEETINGS ATTENDED
R G J Grivas	10	10
J E Marsh	10	10
N J Harding	10	10
A N Shearer	10	10

The Company held two meetings of the Audit and Risk Committee during the year ended 30 June 2019. 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 2019. The members of this committee comprise R G J Grivas (Chairman) and A N Shearer.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 18 to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 18 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

SHARES ISSUED UNDER THE LOAN FUNDED EMPLOYEE SHARE PLAN OR ISSUED ON MEETING THE PERFORMANCE CONDITIONS

Details of issued shares under the LFESP as at the date of this report were:

ISSUING ENTITY	NUMBER OF SHARES UNDER LFESP	CLASS OF SHARES	EXERCISE PRICE OF LFESP SHARES	VESTING DATE OF LFESP SHARES	EXPIRY DATE OF LFESP SHARES
Andromeda Metals Limited	2,812,500	Ordinary	\$0.010	31 December 2016	31 December 2020
Andromeda Metals Limited	378,000	Ordinary	\$0.018	31 December 2016	30 June 2021
Andromeda Metals Limited	1,792,000	Ordinary	\$0.010	31 December 2017	31 December 2021
Andromeda Metals Limited	2,100,000	Ordinary	\$0.006	31 December 2018	31 December 2022
Andromeda Metals Limited	750,000	Ordinary	\$0.007	23 May 2018	23 May 2023

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	703,602,124	Ordinary	\$0.012	30 November 2020
Andromeda Metals Limited	20,000,000	Ordinary	\$0.012	15 November 2021

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	986,039	Ordinary	\$0.012	\$nil

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 30 of the financial 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
R G J Grivas	2,699,055	12,745,159
J E Marsh	-	13,000,000
N J Harding	5,876,993	7,723,998
A N Shearer	2,361,673	8,496,773
	10,937,721	41,965,930

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

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)
- N J Harding** (Executive Director and Company Secretary)
- A N Shearer** (Non-executive Director)

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 2019:

	30 JUNE 2019	30 JUNE 2018	30 JUNE 2017	30 JUNE 2016	30 JUNE 2015
Revenue	18,474	5,815	4,989	15,443	47,327
Net profit / (loss) before tax	(1,041,044)	(683,544)	(6,847,987)	(3,882,933)	(1,140,160)
Net profit / (loss) after tax	(1,113,181)	(832,707)	(6,908,847)	(3,940,324)	(1,189,928)
Share price at beginning of the year	\$0.007	\$0.006	\$0.02	\$0.02	\$0.04
Share price at end of year	\$0.015	\$0.007	\$0.006	\$0.02	\$0.02
Basic earnings per share	\$(0.0010)	\$(0.0012)	\$(0.0174)	\$(0.0117)	\$(0.0044)
Diluted earnings per share	\$(0.0010)	\$(0.0012)	\$(0.0174)	\$(0.0117)	\$(0.0044)

No dividends have been declared during the five years ended 30 June 2019 and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2019.

There is no link between the Company's 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 (by the granting of shares under the LFESP);
- 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. No advice was obtained during the year ended 30 June 2019 (2018: 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 \$50,000 (2018: \$50,000) per annum excluding statutory superannuation. In addition, consulting fees paid during the year to the Non-executive Chairman were \$25,200 (2018: \$7,200). The Non-executive Director is entitled to receive \$35,000 (2018: \$35,000) per annum excluding statutory superannuation.

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 N J Harding, details of which are set out below.

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.

2019	SHORT-TERM EMPLOYEE BENEFITS SALARY & FEES(i) (\$)	POST EMPLOYMENT SUPERANNUATION (\$)	CASH BONUS(iii) (\$)	SUB TOTAL (\$)	SHARE BASED PAYMENTS(ii) (\$)	TOTAL (\$)
R G J Grivas	75,200	4,750	-	79,950	-	79,950
J E Marsh	182,649	20,822	36,529	240,000	63,256	303,256
N J Harding	187,600	-	-	187,600	36,821	224,421
A N Shearer	35,000	3,325	-	38,325	-	38,325
2019 Total	480,449	28,897	36,529	545,875	100,077	645,952

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) James Marsh was paid an additional one-off cash payment of \$40,000 inclusive of superannuation on 5 December 2018 following 6 months employment as was agreed in his employment contract. No other bonuses were granted during the financial year.

2018	SHORT-TERM EMPLOYEE BENEFITS SALARY & FEES(i) (\$)	POST EMPLOYMENT SUPERANNUATION (\$)	TERMINATION BENEFITS (\$)	SUB TOTAL (\$)	SHARE BASED PAYMENTS(ii) (\$)	TOTAL (\$)
R G J Grivas ⁽ⁱⁱⁱ⁾	40,805	3,192	-	43,997	52,344	96,341
J E Marsh ^(vi)	16,759	1,592	-	18,351	-	18,351
N J Harding	191,059	-	-	191,059	4,255	195,314
A N Shearer ⁽ⁱⁱⁱ⁾	23,523	2,235	-	25,758	34,896	60,654
C G Jackson ^(iv)	19,067	1,811	-	20,878	-	20,878
C G Drown ^(v)	179,095	-	-	179,095	399	179,494
J P Buckley ^(iv)	11,640	1,106	-	12,746	-	12,746
2018 Total	481,948	9,936	-	491,884	91,894	583,778

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. The amounts include a negative adjustment for performance rights granted in prior years that forfeited during the year due to not meeting the performance conditions (C G Drown \$10,876 and N J Harding \$3,764).

iii) Appointed 27 October 2017.

iv) Resigned 27 October 2017.

v) Resigned 26 April 2018.

vi) Appointed 30 May 2018.

No key management personnel appointed during the year received a payment as part of his consideration for agreeing to hold the position.

Service Agreements

The Group entered into a service agreement with an entity associated with N J Harding for a term of six months to 31 December 2018. The service agreement has since continued under the same terms until the date of this report.

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

2019

KEY MANAGEMENT PERSONNEL	TERMS
N J Harding	Daily rate of \$800

2018

KEY MANAGEMENT PERSONNEL	TERMS
C G Drown	Daily rate of \$860
N J Harding	Daily rate of \$765

The Company or the entity associated with N J Harding may terminate the agreement by giving two months notice respectively. The Group has a contingent liability of \$32,000 (2018: \$30,600) in relation to this agreement, where the employee is not required to work out the notice period.

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. A total of \$25,200 (2018: \$7,200) was paid under this agreement during the year.

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 member 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 4,500,000 fully paid ordinary shares to the former Managing Director and 2,500,000 ordinary shares to the Executive Director under the LFESP (the value of these shares issued to the former Managing Director and Executive Director were \$24,119 and \$13,400 respectively). The shares are to be transferred to the director on the achievement of those KPI's 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 former Managing Director were as follows:

- up to 2,250,000 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 2,250,000 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 1,687,500 shares becoming unrestricted and 2,812,500 shares were returned to the trustee for future allocations. On payment of \$0.01 per share the unrestricted shares were issued to the former Managing Director.

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 will be issued to the Executive Director. As at the date of this report this has not occurred.

At the Annual General Meeting held on the 30 November 2016, the shareholder's approved the granting of 2,300,000 fully paid ordinary shares to the former Managing Director and 1,300,000 ordinary shares to the Executive Director under the LFESP (the value of these shares issued to the former Managing Director and Executive Director were \$16,647 and \$9,409 respectively). The shares are to be transferred to the director on the achievement of those KPI's 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 former Managing Director were as follows:

- up to 1,150,000 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 1,150,000 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 1,012,000 shares becoming unrestricted and 1,288,000 shares were returned to the trustee for future allocations. On payment of \$0.01 per share the unrestricted shares were issued to the former Managing Director.

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 will be issued to the Executive Director. As at the date of this report this has not occurred.

At the Annual General Meeting held on the 30 November 2017, the shareholder's approved the granting of 1,800,000 fully paid ordinary shares to the former Managing Director and 1,800,000 ordinary shares to the Executive Director under the LFESP (the value of these shares issued to the former Managing Director and Executive Director were \$7,143 and \$7,143 respectively). 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 former Managing Director were as follows:

- up to 900,000 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 900,000 shares will vest on the achievement of various KPIs based on his personal performance during the calendar year 2018.

The former Managing Director resigned on 26 April 2018. The Board determined that 300,000 shares become unrestricted and 1,500,000 shares returned to the trustee for future allocation. On payment of \$0.006 per share the unrestricted shares were issued to the former Managing Director.

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 will be issued to the Executive Director. As at the date of this report this has not occurred.

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 2019

Fully paid ordinary shares issued by Andromeda Metals Limited

	BALANCE 01/07/18	ISSUED AS PART PAYMENT OF DIRECTOR FEES	OTHER CHANGES	BALANCE 30/06/19
R G J Grivas	-	2,699,055	-	2,699,055
J E Marsh	-	-	-	-
N J Harding	2,171,993	-	-	2,171,993
A N Shearer	-	2,361,673	-	2,361,673

Listed options issued by Andromeda Metals Limited

	BALANCE 01/07/18	GRANTED	EXERCISED	LAPSED	BALANCE 30/06/19	VESTED AND EXERCISABLE
R G J Grivas	12,745,159	-	-	-	12,745,159	See Note 14 for details
J E Marsh	-	-	-	-	-	See Note 14 for details
N J Harding	723,998	-	-	-	723,998	See Note 14 for details
A N Shearer	8,496,773	-	-	-	8,496,773	See Note 14 for details

Unlisted options issued by Andromeda Metals Limited

	BALANCE 01/07/18	GRANTED	EXERCISED	LAPSED	BALANCE 30/06/19	VESTED AND EXERCISABLE
R G J Grivas	-	-	-	-	-	See Note 14 for details
J E Marsh	-	13,000,000	-	-	13,000,000	See Note 14 for details
N J Harding	-	7,000,000	-	-	7,000,000	See Note 14 for details
A N Shearer	-	-	-	-	-	See Note 14 for details

Shares held by the trustee of the LFESP

	BALANCE 01/07/18	GRANTED	EXERCISED	FORFEITED/ CANCELLED	BALANCE 30/06/19	VESTED AND EXERCISABLE
N J Harding	3,705,000	-	-	-	3,705,000	See Note 16 for details

Signed in Adelaide this 30th day of September 2019 in accordance with a resolution of the Directors.



J E Marsh
Managing Director



A N Shearer
Non-Executive Director

Auditors independence declaration

Deloitte.

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Australia

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30 September 2019

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

Dear Board Members

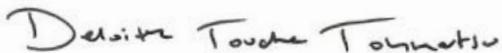
Auditor's Independence Declaration to Andromeda Metals Limited

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 2019, 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



Darren Hall
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	NOTE	YEAR ENDED 30/06/19 \$	YEAR ENDED 30/06/18 \$
Revenue	4(a)	18,474	5,815
Other income	4(b)	486	207,564
Impairment of exploration expenditure	8	-	-
Exploration expense written off	8	(135,484)	(87,975)
Administration expenses		(308,535)	(282,165)
Corporate consulting expenses		(201,403)	(213,794)
Company promotion		(62,426)	(36,712)
Salaries and wages		(105,617)	(21,528)
Directors fees		(85,000)	(94,569)
Occupancy expenses		(61,200)	(55,200)
Share based remuneration		(100,339)	(104,980)
Loss before income tax	4(b)	(1,041,044)	(683,544)
Tax expense	5	(72,137)	(149,163)
Loss for the period		(1,113,181)	(832,707)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the period		(1,113,181)	(832,707)
Earnings per share			
Basic (cents per share) – (loss)/profit	24	(0.10)	(0.12)
Diluted (cents per share) – (loss)/profit	24	(0.10)	(0.12)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2019

	NOTE	30/06/19 \$	30/06/18 \$
CURRENT ASSETS			
Cash and cash equivalents		1,669,188	861,211
Trade and other receivables	6	117,538	33,110
TOTAL CURRENT ASSETS		1,786,726	894,321
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	8	6,442,897	5,341,279
Plant and equipment	9	11,899	7,750
Other financial assets	7	124,966	108,000
TOTAL NON-CURRENT ASSETS		6,579,762	5,457,029
TOTAL ASSETS		8,366,488	6,351,350
CURRENT LIABILITIES			
Trade and other payables	10	455,997	193,943
Other liabilities	11	468	-
TOTAL CURRENT LIABILITIES		456,465	193,943
NON-CURRENT LIABILITIES			
Provisions	12	21,000	16,724
Other liabilities	13	975,517	975,517
TOTAL NON-CURRENT LIABILITIES		996,517	992,241
TOTAL LIABILITIES		1,452,982	1,186,184
NET ASSETS		6,913,506	5,165,166
EQUITY			
Issued capital	14	42,756,559	40,025,378
Reserves	15	562,719	432,379
Accumulated losses		(36,405,772)	(35,292,591)
TOTAL EQUITY		6,913,506	5,165,166

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 2019

	ISSUED CAPITAL \$	SHARE OPTION RESERVE \$	EMPLOYEE EQUITY-SETTLED BENEFITS RESERVE \$	ACCUMULATED LOSSES \$	TOTAL \$
Balance at 1 July 2017	38,055,344	-	36,433	(34,459,884)	3,631,893
Loss attributable to the period	-	-	-	(832,707)	(832,707)
Total comprehensive income for the period	-	-	-	(832,707)	(832,707)
Issue of share capital through a placement at 0.5 cents	1,006,309	-	-	-	1,006,309
Issue of share capital through a rights issue at 0.5 cents	985,631	-	-	-	985,631
Costs associated with the issue of shares	(497,208)	279,165	-	-	(218,043)
Related income tax	149,163	-	-	-	149,163
Shares issued on the exercise of listed options	69,597	-	-	-	69,597
Shares issued on the exercise of unlisted options	30,007	-	-	-	30,007
Transfer from other liabilities on exercise of listed options	6,123	11,801	-	-	17,924
Fair value of options issued to new directors	-	87,240	-	-	87,240
Issue of shares for acquisition of Pilbara tenements	180,000	-	-	-	180,000
Issue of shares as part payment of director fees	40,412	-	-	-	40,412
Fair value of shares issued to employees under the loan funded employee share plan	-	-	17,740	-	17,740
Balance at 30 June 2018	40,025,378	378,206	54,173	(35,292,591)	5,165,166
Loss attributable to the period	-	-	-	(1,113,181)	(1,113,181)
Total comprehensive income for the period	-	-	-	(1,113,181)	(1,113,181)
Issue of share capital through a placement at 0.6 cents	1,100,000	-	-	-	1,100,000
Issue of share capital through a rights issue at 0.65 cents	1,762,000	-	-	-	1,762,000
Costs associated with the issue of shares	(240,456)	30,001	-	-	(210,455)
Related income tax	72,137	-	-	-	72,137
Fair value of options issued to directors	-	97,317	-	-	97,317
Issue of shares as part payment of director fees	37,500	-	-	-	37,500
Fair value of shares issued to employees under the loan funded employee share plan	-	-	3,022	-	3,022
Balance at 30 June 2019	42,756,559	505,524	57,195	(36,405,772)	6,913,506

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 2019

	INFLOWS/(OUTFLOWS)	
	YEAR ENDED 30/06/19 \$	YEAR ENDED 30/06/18 \$
Cash flows relating to operating activities		
Receipts from customers	-	6,600
Payments to suppliers and employees	(788,261)	(665,643)
Net operating cash flows (Note (a))	(788,261)	(659,043)
Cash flows relating to investing activities		
Interest received	9,704	6,170
Refund of environmental bond	-	16,047
Payment of environmental bonds	(16,500)	(500)
Government grants received	-	87,365
Purchase of tenements (Note 27)	-	(100,000)
Payments for exploration and evaluation expenditure	(1,342,864)	(769,493)
Joint venture cancellation fee received	-	145,000
Payment received from joint venture partner	300,000	-
Proceeds from the sale of plant and equipment	-	4,200
Payments for plant and equipment	(5,647)	(6,154)
Net investing cash flows	(1,055,307)	(617,365)
Cash flows relating to financing activities		
Proceeds from share and equity options issued	2,862,000	2,091,544
Payments for capital raising costs	(210,455)	(222,261)
Net financing cash flows	2,651,545	1,869,283
Net increase in cash	807,977	592,875
Cash at beginning of financial year	861,211	268,336
Cash at end of financial year	1,669,188	861,211
<i>Note (a): Reconciliation of loss for the period to net cash flow from operating activities.</i>		
Loss for the period	(1,113,181)	(832,707)
Interest revenue	(18,473)	(5,815)
Share based remuneration	100,339	104,980
Fair value of equity options	-	(48,389)
Director fees paid in shares	37,500	40,412
Depreciation	3,873	2,664
Gain on sale of plant and equipment	-	(4,200)
Exploration written off or impaired	135,484	87,975
Settlement on cancellation of joint venture	-	(145,000)
Share issue costs	72,137	149,163
(Increase) decrease in receivables	(52,222)	(17,531)
Increase/(decrease) in payables	41,538	1,895
Increase/(decrease) in provisions	4,744	7,510
Net operating cash flows	(788,261)	(659,043)

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 2019

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

2 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period, resulting in no material change to amounts recognised and disclosed in the financial report.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations do not affect the Group's present policies and operations. The directors anticipate that the adoption of these Standards and Interpretations in future periods will not affect the amounts recognised in the financial statements of the Group but may change the disclosure presently made in the financial statements of the Group.

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 30th September 2019.

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.

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 where 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 the calculation of impairment expenditure.

Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

For the year ended 30 June 2019 the Group incurred a net loss of \$1,113,181 (30 June 2018: \$832,707), had a net cash outflow from operating activities of \$788,261 (30 June 2018: \$659,043) and net cash outflows from investing activities (principally exploration and evaluation expenditure) of \$1,055,307 (2018: \$617,365). At 30 June 2019, the Group has cash reserves of \$1,669,188 (30 June 2018: \$861,211).

The directors have prepared a cash flow forecast which indicates that, after receiving the payments from the sale of the Rover Project and from Evolution Mining electing to proceed with Stage 2 of the Drummond Gold Joint Venture in September 2019, there is not sufficient cash to fund planned exploration and evaluation expenditures, along with meeting all working capital requirements, and cash resources will be exhausted by 29 February 2020. The Group will be required to secure additional funding of at least \$1,600,000 by 29 February 2020 for the Group to proceed with their planned exploration and evaluation activities through to 30 September 2020.

Based on the Group's cash flow forecast and achieving the funding referred to above, the Directors believe that the Group will be able to continue as a going concern. If the Group is unable to successfully secure the above additional funding, there is significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

Accounting Policies

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and bank deposits.

b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits, expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to 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 and 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:

- i) 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:
- ii) 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 enacted 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) 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.

i) 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.

i) 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

k) 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 intragroup 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.

l) Revenue

Interest revenue

Interest revenue 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.

m) 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.

n) 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 balance sheet and recognised as income 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.

o) 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 30/06/19 \$	YEAR ENDED 30/06/18 \$
a) Revenue from continuing operations consisted of the following items		
Interest income:		
Bank deposits	18,474	5,815
b) Loss for the year includes the following gains and losses		
Other income		
Gain on sale of plant and equipment	-	4,200
Joint venture cancellation fee	-	145,000
Realised foreign exchange gain	39	-
Change in fair value of equity options (Note 11)	-	17,132
Sub-lease rent and administration charge	-	9,975
Other	447	-
	486	176,307
Other expenses		
Employee benefit expense:		
Post employment benefits:		
Accumulated benefit superannuation plans	47,831	16,284
Share based payments:		
Equity settled share-based payments (shares issued under the LFESP) (i)	100,339	104,980
Other employee benefits	719,809	541,564
	967,979	662,828
Less amounts capitalised in exploration and evaluation expenditure	(401,729)	(221,272)
	466,250	441,556
Depreciation of plant and equipment	3,873	2,664
Operating lease rental expenses	61,200	55,200

i) Share based payments relate to the amortisation of shares granted under the LFESP to employees. Shares granted under the LFESP 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 30/06/19 \$	YEAR ENDED 30/06/18 \$
a) Income tax recognised in profit or loss		
<i>The prima facie income tax expense on the loss before income tax reconciles to the tax expense in the financial statements as follows:</i>		
Loss from continuing operations	(1,041,044)	(683,544)
Income tax income calculated at 30%	(312,313)	(205,063)
Share based payments	30,102	31,382
Change in fair value of equity options	-	(14,517)
Other	37,807	134
Tax losses previously recognised now not recognised	781,294	(139,266)
Current year tax losses not recognised	(464,753)	476,493
Tax expense	72,137	149,163

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	(2,514)	(23)
Exploration and evaluation expenditure	(1,973,830)	(1,518,384)
Capital raising costs	183,029	188,755
Trade and other payables	24,974	27,487
Employee benefits	6,440	5,017
Other liabilities	33,450	33,450
	(1,728,451)	(1,263,698)
Tax value of losses carried forward	1,728,451	1,263,698
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	10,962,407	9,142,977
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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.

d) Movement in recognised temporary differences and tax losses

Opening balance	-	-
Recognised in equity	72,137	149,163
Recognised in income	(72,137)	(149,163)
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

	30/06/19	30/06/18
	\$	\$
Interest receivable	8,378	76
Other receivables	109,160	33,034
	<u>117,538</u>	<u>33,110</u>

7 OTHER NON-CURRENT FINANCIAL ASSETS

	30/06/19	30/06/18
	\$	\$
At amortised cost:		
Bank deposits (Note 21 (c))	92,966	92,500
Environmental bonds	32,000	15,500
	<u>124,966</u>	<u>108,000</u>

8 EXPLORATION AND EVALUATION EXPENDITURE

	30/06/19	30/06/18
	\$	\$
Costs brought forward	5,341,279	4,358,222
Expenditure incurred during the year	1,237,102	1,071,032
	<u>6,578,381</u>	<u>5,429,254</u>
Expenditure impaired	-	-
Expenditure written off	(135,484)	(87,975)
	<u>6,442,897</u>	<u>5,341,279</u>

Exploration impaired relates to exploration and evaluation expenditure associated with projects where the Group is not currently planning to carry out any further work.

Expenditure written off relates to exploration and evaluation expenditure associated with tenements or parts of tenements that have been surrendered.

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.

9 PLANT AND EQUIPMENT

	30/06/19 \$	30/06/18 \$
Gross carrying amount		
Balance at beginning of financial year	326,874	387,231
Additions	8,022	6,154
Disposals and write offs	-	(66,511)
Balance at end of financial year	334,896	326,874
Accumulated depreciation		
Balance at beginning of financial year	(319,124)	(382,971)
Depreciation for year	(3,873)	(2,664)
Disposals and write offs	-	66,511
Balance at end of financial year	(322,997)	(319,124)
Net book value at beginning of financial year	7,750	4,260
Net book value at end of financial year	11,899	7,750

10 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	30/06/19 \$	30/06/18 \$
Trade payables and accruals	455,997	193,943

11 CURRENT LIABILITIES – OTHER

	30/06/19 \$	30/06/18 \$
Employee benefits	468	-
Equity options	-	-
	468	-
Movement in employee benefits		
Balance at the beginning of the year	-	-
Leave accrued	15,220	-
Leave taken	14,752	-
Closing value	468	-
Movement in equity options		
Balance at the beginning of the year	-	66,313
Value on issue	-	-
Change in fair value	-	(17,132)
Options exercised	-	(10,798)
Options lapsed	-	(38,383)
Closing value	-	-

12 NON-CURRENT LIABILITIES - PROVISIONS

	30/06/19	30/06/18
	\$	\$
Employee benefits	21,000	16,724

13 NON-CURRENT LIABILITIES - OTHER

	30/06/19	30/06/18
	\$	\$
Deferred income (government grant)	975,517	975,517

14 ISSUED CAPITAL

	30/06/19	30/06/18
	\$	\$
1,355,499,211 fully paid ordinary shares (2018: 896,028,227)	42,879,479	40,148,298
Treasury stock	(122,920)	(122,920)
	42,756,559	40,025,378

Movement in issued shares for the year:

	NUMBER	YEAR ENDED 30/06/19 \$	NUMBER	YEAR ENDED 30/06/18 \$
Fully paid ordinary shares				
Balance at beginning of financial year	896,028,227	40,148,298	453,104,875	38,178,264
Placement at 0.6 cents	183,333,333	1,100,000	-	-
Placement at 0.65 cents*	271,076,923	1,762,000	-	-
Placement at 0.5 cents*	-	-	201,261,718	1,006,309
Rights issue at 0.5 cents*	-	-	197,125,999	985,631
Issue of shares for acquisition of Pilbara tenements	-	-	30,000,000	180,000
Issue of shares as part payment of director fees	5,060,728	37,500	6,735,373	40,412
Exercise of listed options	-	-	5,799,802	69,597
Transfer from other liabilities on exercise of listed options	-	-	-	6,123
Exercise of unlisted options	-	-	2,000,460	30,007
Costs associated with the issue of shares	-	(240,456)	-	(497,208)
Related income tax	-	72,137	-	149,163
Balance at end of financial year	1,355,499,211	42,879,479	896,028,227	40,148,298
Treasury stock				
Balance at beginning of financial year	(9,940,000)	(122,920)	(9,940,000)	(122,920)
Share issue under Loan Funded Employee Share Plan at 1.0 cent	-	-	-	-
Share issue under Loan Funded Employee Share Plan at 1.8 cents	-	-	-	-
Balance at end of financial year	(9,940,000)	(122,920)	(9,940,000)	(122,920)
Total issued capital	1,345,559,211	42,756,559	886,088,227	40,025,378

* One free option per share with an exercise price of \$0.012 and an expiry date of 30 November 2020 were also issued.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

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

On 7 August 2018 the Company issued 183,333,333 ordinary shares under a placement to professional and sophisticated investors at an issue price of 0.6 cents per share raising \$1,100,000 before costs.

A total of 5,060,728 ordinary shares were issued to Non-Executive Directors on 3 December 2018 as payment of partly deferred director fees as approved by shareholders.

On 28 February 2019 the Company issued 271,076,923 ordinary shares under a placement to professional and sophisticated investors at an issue price of 0.65 cents per share raising \$1,762,000 before costs. Participants in the placement were issued 3 listed options for every 4 new shares subscribed resulting in 203,307,712 listed options being issued having an exercise price of \$0.012 cents and expiry date of 30 November 2020.

Share Options on Issue

At 30 June 2018 there were 486,280,451 listed share options on issue having an exercise price of 1.2 cents and an expiry date of 30 November 2020. On 24 April 2019 a further 218,307,712 listed share options were issued under the same terms as part of a placement. This amount included 15,000,000 listed options issued to the broker who facilitated the fundraising as part of their fee. None of these listed share options were exercised during the year leaving 704,588,163 listed share options on issue at 30 June 2019.

At 30 June 2018 there were 2,476,507 unlisted share options on issue having an exercise price of 1.5 cents and an expiry date of 31 March 2019. None of these unlisted options were exercised during the year and the unlisted lapsed on 31 March 2019.

On 3 December 2018, 20,000,000 unlisted options were issued with an exercise price of 1.2 cents and an expiry date of 15 November 2021.

15 RESERVES

	30/06/19 \$	30/06/18 \$
Share option reserve	505,524	378,206
Employee equity-settled benefits reserve	57,195	54,173
	562,719	432,379

The employee equity-settled benefits reserve arises on the granting of shares to employees, consultants and executives under the Loan Funded Employee Share Plan (LFESP). Amounts are transferred out of the reserve and into issued capital when the shares under the LFESP are exercised. Further information about share based payments made under the plan is shown in Note 16 to the financial statements.

16 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 4,500,000 shares to the former Managing Director and 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 associated loans 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 key staff members 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 2,300,000 shares to the former Managing Director and 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 associated loans 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 former Managing Director and 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 associated loans 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 director 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

As at 30 June 2019 the number of shares granted to executives and employees is 7,832,500 (2018: 7,082,500) and the amount held by the trustee of the LFESP is 2,107,500 (2018: 2,857,500) that are available to be issued to executives and employees.

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

LOAN FUNDED EMPLOYEE SHARE PLAN	30/06/19 NUMBER OF LFESP SHARES	30/06/19 WEIGHTED AVERAGE EXERCISE PRICE \$	30/06/18 NUMBER OF LFESP SHARES	30/06/18 WEIGHTED AVERAGE EXERCISE PRICE \$
Balance at beginning of financial year	7,832,500	0.009	7,294,500	0.011
Granted during the financial year	-	-	4,350,000	0.006
Exercised during the financial year	-	-	-	-
Forfeited during the financial year	-	-	(1,808,000)	0.010
Cancelled during the financial year	-	-	(2,004,000)	0.009
Balance at end of the financial year	7,832,500	0.009	7,832,500	0.009
Exercisable at end of year	7,832,500	0.009	5,282,500	0.010

The shares granted under the LFESP that are exercisable at year end had an exercise price of \$0.009 (2018: \$0.010) and a weighted average remaining contractual life of 923 days (2018: 1,091).

17 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)
- N J Harding** (Executive Director and Company Secretary)
- A N Shearer** (Non-Executive Director)

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

	YEAR ENDED 30/06/19 \$	YEAR ENDED 30/06/18 \$
Short-term employee benefits	480,449	481,948
Post employment benefits	28,897	9,936
Cash bonus	36,529	-
Share-based payments (i)	100,077	91,894
	645,952	583,778

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

18 REMUNERATION OF AUDITORS

	30/06/19 \$	30/06/18 \$
Audit or review of the Company's financial report	52,000	59,000
Tax return preparation and advice	10,950	10,950
	62,950	69,950

The auditor of Andromeda Metals Limited is Deloitte Touche Tohmatsu.

19 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 25 to the financial statements.

Interests in joint arrangements

Details of interests in joint arrangements are disclosed in Note 20 to the financial statements.

b) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 17.

c) Transactions with key management personnel

Other than as disclosed in Note 16 and Note 21(b), there were no transactions with key management personnel or their personally related entities during the year ended 30 June 2019 (2018: Nil).

20 THIRD PARTY INTERESTS

The Group had interests in unincorporated joint arrangements at 30 June 2019 as follows:

	PERCENTAGE INTEREST 2019	PERCENTAGE INTEREST 2018
Moonta Porphyry Joint Venture (note i) – Copper/Gold Exploration	90%	90%
Thurlga Joint Venture (note ii) – Copper/Gold Exploration	N/A	25%
Rover Copper Gold Project (note iii) – Copper/Gold Exploration	100%	100%
Wudinna Gold Joint Venture (note iv) – Gold Exploration	100%	100%
Poochera Joint Venture (note v) – Halloysite-Kaolin Evaluation and Development	0%	0%
Drummond Gold Joint Venture (note vi) – Gold Exploration	100%	N/A
Moonta Copper ISR Joint Venture (note vii) – Copper in-situ recovery	100%	N/A
Halloysite Nanotechnology Joint Venture (note viii) – halloysite research	100%	N/A

- 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 Joint Venture Agreement, Investigator Resources Limited (IVR) was required to spend \$750,000 by 30 June 2017 on exploration activities on the Group's Thurlga tenement located on the Eyre Peninsula to earn a 75% equity interest in the tenement. Thereafter each party could contribute to ongoing expenditure in respect to their joint venture holding or else elect to dilute. Should a party's equity fall to 5%, its share will be automatically acquired by the other party in exchange for a 1% Net Smelter Royalty. IVR had met its expenditure obligation by 30 June 2017 and had earned a 75% equity in the Thurlga Joint Venture. On 19 September 2018 IVR gave notice that it wished to withdraw from the Joint Venture and transfer its equity in the Thurlga tenement back to the Company. The Thurlga tenement was subsequently dropped by the Company.

- iii) Refer to note 27.
- iv) 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. LAM can then 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 is required to spend \$100,000 before it has a right to withdraw from the Joint Venture.
- v) Under the terms of the Poochera Joint Venture Agreement, 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 on 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 convert to a 2% net smelter royalty.
- vi) 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. Subsequent to the end of the financial year, on 11 September 2019 EVN advised it had met its Stage 1 expenditure commitment and elected to proceed to Stage 2 which will require it to spend another \$4.0 million over the next 2 years and pay the Company a further \$200,000 to earn an overall 80% equity interest in the Project.
- vii) 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.
- viii) 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 Poochera Halloysite-Kaolin Project. Under the terms of the agreement the Company is required to contribute \$350,000 of R&D expenditure by June 2020 to earn a 50% equity interest in a newly incorporated company named Natural Nanotech Pty Ltd which will hold the intellectual property developed on behalf of the joint venture partners.

The amount included in mining tenements, exploration and evaluation (Note 8) includes \$6,387,639 (2018: \$2,574,999) relating to the above joint arrangements.

21 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.

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

	2019 \$	2018 \$
Not later than one year (i)	650,500	1,481,000
Later than one year but not later than two years:	700,917	1,789,000
Later than two years but not later than five years:	2,596,215	6,437,000

Commitments are shown net of third party contractual payments under the arrangements disclosed in note 20. Consequently, the commitments in the table above relate to the Poochera, Mt Hope, Moonta and Pilbara Projects only

b) Service agreements

The Group entered into a service agreement with an entity associated with N J Harding for a term of six months to 31 December 2018. The service agreement has since continued under the same terms until the date of this report.

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

2019

KEY MANAGEMENT PERSONNEL	TERMS
N J Harding	Daily rate of \$800

2018

KEY MANAGEMENT PERSONNEL	TERMS
C G Drown	Daily rate of \$860
N J Harding	Daily rate of \$765

The Company or the entity associated with N J Harding may terminate the agreement by giving two months notice respectively. The Group has a contingent liability of \$32,000 (2018: \$30,600) in relation to this agreement, where the employee is not required to work out the notice period.

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. A total of \$25,200 (2018: \$7,200) was paid under this agreement during the year.

c) Bank guarantees

The Group has provided restricted cash deposits of \$92,500 as security for the following unconditional irrevocable bank guarantees:

- A performance bond of \$50,000 (2018: \$50,000) to the Central Land Council, Northern Territory,
- An environment bond of \$10,000 (2018: \$10,000) to the Minister for Mineral Resources Department, South Australia,
- A rent guarantee of \$32,500 (2018: \$32,500) to the landlord of the Company's leased office premises.

d) Operating lease

Operating lease relates to the lease of office space which expires on 31 January 2020 (2018: 31 August 2018) The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Non-cancellable operating lease commitments

	2019 \$	2018 \$
Not longer than 1 year	40,600	9,200
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	40,600	9,200

22 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

	2019 \$	2018 \$
Financial assets		
Cash and cash equivalents	1,669,188	861,211
Trade and other receivables	117,538	33,110
Other financial assets	124,966	108,000
Financial liabilities		
Trade and other payables	455,997	193,943
Other liabilities	468	-

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/decrease by \$6,326 (2018: increase/decrease by \$2,824). 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 holding in cash compared to the prior year.

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.

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 \$
2019		
Non-interest bearing	-	455,997
2018		
Non-interest bearing	-	193,943

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.

23 SEGMENT INFORMATION

The Group has a number of exploration licenses in Australia which are managed on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash reserves, technical data and the expectations of future metal prices. Accordingly, the Group effectively operates as one segment, being exploration in Australia. 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.

24 EARNINGS PER SHARE

	YEAR ENDED 30/06/19 CENTS PER SHARE	YEAR ENDED 30/06/18 CENTS PER SHARE
Basic earnings per share – profit / (loss)	(0.10)	(0.12)
Diluted earnings per share – profit / (loss)	(0.10)	(0.12)

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	(1,113,181)	(832,707)
	NUMBER	NUMBER
Weighted average number of ordinary shares	1,143,839,122	701,701,705

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	(1,113,181)	(832,707)
	NUMBER	NUMBER
Weighted average number of ordinary shares	1,143,839,122	701,701,705

	YEAR ENDED 30/06/19 NUMBER	YEAR ENDED 30/06/18 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	704,588,163	486,280,451
Unlisted share options	20,000,000	2,476,507
LFESP shares	9,940,000	9,940,000
	734,528,163	498,696,958

25 CONTROLLED ENTITIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST		
		2019 %	2018 %	
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%	0%

- 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.

26 PARENT ENTITY DISCLOSURES

	30/06/19 \$	30/06/18 \$
Financial Position		
<i>Assets</i>		
Current assets	1,786,658	894,271
Non-current assets	5,334,592	4,077,481
Total assets	7,121,250	4,971,752
<i>Liabilities</i>		
Current liabilities	456,466	193,945
Non-current liabilities	21,000	16,724
Total liabilities	477,466	210,669
<i>Equity</i>		
Issued capital	42,756,559	40,025,378
Reserves	562,719	432,379
Accumulated losses	(36,675,494)	(35,696,674)
Total equity	6,643,784	4,761,083
	YEAR ENDED 30/06/19 \$	YEAR ENDED 30/06/18 \$
Financial Performance		
Profit / (loss) for the year	(978,820)	(1,236,790)
Other comprehensive income	-	-
Total comprehensive income	(978,820)	(1,236,790)

Commitment for expenditure and contingent liabilities if the parent entity

Note 21 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
- operating leases

27 SUBSEQUENT EVENTS

On 2 August 2019 the Company executed a binding Sale and Purchase Agreement for the sale of the Rover Copper Gold Project to Castile Resources Pty Ltd, a wholly owned subsidiary of Westgold Resources Limited, for a total cash consideration of \$650,000 which was received on 3 September 2019. As the Project was fully impaired at 30 June 2019, the Company will recognise a gain on sale of \$650,000 in the 2019/20 financial year.

On 11 September 2019 Evolution Mining Limited gave notice of its decision to proceed to Stage 2 under the Earn-in and Exploration Joint Venture Agreement over the Drummond Gold Project having met the \$2.0 million expenditure requirement under Stage 1 within 2 years of execution of the agreement. The Company received a \$200,000 cash payment on 20 September 2019 from Evolution as a condition under the agreement of the election to go to Stage 2.

On 30 September 2019 the Company released the results of a Scoping Study on the Poochera Halloysite-Kaolin Project which showed it to be a technically sound and financially robust venture and as a result the Company would be moving to the next stage to evaluate the Project in greater detail through Feasibility Studies with a view to potentially bring it into production within two years.

Other than the above, 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:

- a) 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;
- b) 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;
- c) 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
- d) 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

30th September 2019

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 "Entity"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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:

- a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of their financial performance for the year then ended; and
- b) 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 Entity, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss before tax of \$1,113,181 and had a net cash outflow from operating activities of \$788,261 and a net cash outflow from investing activities of \$1,055,307 during the year ended 30 June 2019. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- Inquiring of management and the directors in relation to events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- Challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern;
- assessing the impact of events occurring after balance date on the financial statements; and

- Assessing the adequacy of the disclosure related to going concern in Note 3.

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 of 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><u>Exploration and evaluation assets</u></p> <p>As at 30 June 2019, the Group has capitalised \$6.443 million of exploration and evaluation expenditure as disclosed in Note 8.</p> <p>Significant judgement is applied in determining the treatment of exploration and evaluation expenditure including:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether the facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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. <p>We also assessed the appropriateness of the disclosures included in Note 8 to the financial statements.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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, 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.

Responsibilities of the Directors for the Financial Report

The directors 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 have 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.

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, related safeguards.

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

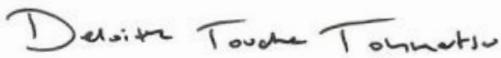
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the Director's Report for the year ended 30 June 2019.

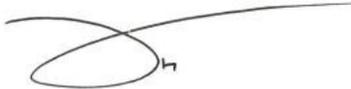
In our opinion, the Remuneration Report of Andromeda Metals Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Andromeda Metals Limited 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



Darren Hall
Partner
Chartered Accountants
Adelaide, 30 September 2019

Investor information

as at 30 September 2019

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:

2018	
26 July	Trading Halt
30 July	Placement of \$1.1 million to advance Poochera Project
31 July	June 18 Quarterly Activities Report
31 July	June 18 Quarterly Cashflow Report
8 August	Appendix 3B – Placement
22 August	Mineral Resource update for Poochera Kaolin Project
29 August	HPA testing proves 99.99% 4N potential at Poochera
3 September	\$6.5M Joint Venture over Drummond Project with Evolution
5 October	Investor Presentation
9 October	Commencement of Bulk Sampling at Carey's Well
22 October	Completion of Bulk Sampling at Carey's Well
24 October	Mount Hope Halloysite-Kaolin Exploration Licence application
31 October	September 18 Quarterly Activities Report
31 October	September 18 Quarterly Cashflow Report
15 November	Managing Director's Presentation – 2018 AGM
13 December	Successful Dry-Processing Trials of Halloysite-Kaolin
19 December	Joint Venture to progress Copper In-Situ Recovery at Moonta
2019	
31 January	December 18 Quarterly Activities Report
31 January	December 18 Quarterly Cashflow Report
4 February	HPA Testing confirms premium grade feed potential
12 February	Poochera Halloysite-Kaolin Mineral Resource
19 February	Trading Halt
21 February	Placement of \$1.76 million to advance Poochera Project
5 March	Excellent Dry-Processing trial results from Carey's Well ore
7 March	Dry-Processing results – Table 1 information

8 April	Commencement of drilling at Carey's Well and Company Update
29 April	China visit confirms strong demand for Halloysite-Kaolin
30 April	March 19 Quarterly Activities Report
30 April	March 19 Quarterly Cashflow Report
8 May	Increased Ounces for Wudinna Gold Project Mineral Resource
16 May	Joint Venture for Advanced Nanomaterial research formalised
16 May	Investor Presentation
17 May	Clarification of Mineral Resource
28 May	Chinese Kaolin Processing Company visit to Poochera
30 May	Drilling extends Halloysite-Kaolin Mineralised Zone
18 July	China visit confirms significant Halloysite-Kaolin demand
29 July	Additional offtake for Dry-Processed Halloysite-Kaolin
31 July	Response to ASX Query
31 July	June 19 Quarterly Activities Report
31 July	June 19 Quarterly Cashflow Report
5 August	Sale of Rover Copper-Gold Project
13 August	Response to ASX Query
16 August	Trading Halt
19 August	DSO offtake secured for Halloysite-Kaolin product
9 September	Expansion of Project Tenure at Poochera and Camel Lake
12 September	Evolution commits to Stage 2 of Drummond Joint Venture
26 September	Trading Halt
26 September	Exchange SA Conference Presentation
30 September	Scoping Study delivers robust economics for Poochera
14 October	Trading Halt
16 October	Placement
24 October	Funding for Halloysite-Kaolin research for Hydrogen Storage

SHARE PRICE MOVEMENTS

Share prices on the Australian Securities Exchange during the 2018-2019 year were:

QUARTER ENDED	HIGH	LOW
September 2018	\$0.008	\$0.005
December 2018	\$0.009	\$0.006
March 2019	\$0.008	\$0.005
June 2019	\$0.019	\$0.005

Additional shareholder information

as at 30 September 2019

TOP 20 SHAREHOLDERS OF ORDINARY SHARES

		SHARES	% SHARES
1	Buratu Pty Limited (Connolly Super Fund A/C)	128,600,000	9.48%
2	Debuscey Pty Ltd	30,000,000	2.21%
3	Citicorp Nominees Pty Ltd	28,270,465	2.08%
4	Peter Andrew Proksa	26,230,769	1.93%
5	Sihong Zeng	18,250,000	1.35%
6	BNP Paribas Nominees Pty Ltd (IB Au Noms Retail Client DRP)	15,410,926	1.14%
7	Janet Monica Henriod	15,000,000	1.11%
8	John Pezzaniti	14,096,407	1.04%
9	George David Butkeraitis	11,770,000	0.87%
10	Ampersand 8 Pty Ltd (S Helby Superfund A/C)	10,500,000	0.77%
11	Adonis Kiritsopoulos & Jennifer Anne Ford	10,500,000	0.77%
12	MLB Holdings Pty Ltd (MLB Family A/C)	10,000,000	0.74%
13	Chunyan Niu & Ran Li	10,000,000	0.74%
14	HSBC Custody Nominees (Australia) Limited	9,761,898	0.72%
15	Robery Everitt & Jo-Anne Michele Everitt (Robert Everitt S/F A/C)	8,892,185	0.66%
16	Volta Investments Pty Ltd (Volta A/C)	8,550,000	0.63%
17	Nik Milenkovski	8,500,000	0.63%
18	Paul Xavier O'Kane	8,008,973	0.59%
19	Peter Dallas Checkley	7,803,141	0.58%
20	Saba Nominees Pty Ltd (Saba A/C)	7,782,958	0.57%
Total of Top 20 shareholdings		387,927,722	28.60%
Other holdings		968,557,528	71.40%
Total fully paid ordinary shares on issue		1,356,485,250	100.00%

DISTRIBUTION OF SHAREHOLDERS

	NO. OF HOLDERS	ORDINARY SHARES
1-1,000	340	76,230
1,001-5,000	295	865,388
5,001-10,000	356	3,118,207
10,001-100,000	1,565	71,900,996
100,001-over	1,358	1,280,524,429
Total	3,914	1,356,485,250

There were 770 shareholders with less than a marketable parcel of 8,197 shares

SUBSTANTIAL SHAREHOLDERS

Buratu Pty Limited (Connolly Super Fund A/C)	128,600,000
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TOP 20 OPTIONHOLDERS OF LISTED ADNOB OPTIONS

	OPTIONS	% OPTIONS
1 Peter Andrew Proksa	72,023,077	10.24%
2 Raymond Laurence Carroll	44,000,316	6.25%
3 David Fagan	26,750,000	3.80%
4 Tony Sinozic & Anka Sinozic	22,600,000	3.21%
5 Buratu Pty Limited (Connolly Super Fund A/C)	20,820,000	2.96%
6 William McArthur	18,214,024	2.59%
7 PAC Partners Pty Ltd	17,242,532	2.45%
8 Goodheart Pty Ltd	12,745,159	1.81%
9 Robert John Connolly	12,235,255	1.74%
10 Kren Enterprise Pty Ltd (Kren Investment A/C)	10,749,074	1.53%
11 Craig Russell Stranger	10,500,000	1.49%
12 Boyun Liu	10,250,000	1.46%
13 Kalpesh Varsani & Rita Varsani (Varsani Family S/F A/C)	10,040,652	1.43%
14 William Gilbert Ginty	10,000,000	1.42%
15 SJ Capital Pty Ltd	9,873,139	1.40%
16 Volta Investments Pty Ltd (Volta A/C)	9,845,682	1.40%
17 William Mark Parker & Patricia Dawn Gregory (Palmer S/F A/C)	8,522,334	1.21%
18 Peter Robert Hays	8,500,000	1.21%
19 Valas Investments Pty Ltd (Valas Investments A/C)	8,496,773	1.21%
20 Michele Fay Perry	8,350,000	1.19%
Total of top 20 listed option holdings	351,758,017	49.99%
Other option holdings	351,844,107	50.01%
Total listed ADNOB options on issue	703,602,124	100.00%

exercise price of 1.2 cents and expiry date of 30 November 2020

DISTRIBUTION OF LISTED ADNOB OPTIONHOLDERS

	NO. OF HOLDERS	LISTED ADNOB OPTIONS
1-1,000	18	7,728
1,001-5,000	38	126,793
5,001-10,000	27	219,457
10,001-100,000	234	11,548,519
100,001-over	359	691,699,627
Total	676	703,602,124

There were 75 optionholders with less than a marketable parcel of 9,804 options

UNLISTED OPTIONS

20,000,000 – exercise price of 1.2 cents and expiry date of 15 November 2021

A few facts about the Andromeda Galaxy:

- Nearest major galaxy to our own Milky Way Galaxy
- 2.5 million light years from earth
- Appears in the Constellation of Andromeda, named after the mythological Greek princess Andromeda
- Is the brightest galaxy in the sky and is the most distant thing that we can see from earth with the unaided naked eye
- Contains an estimated 1 trillion stars, more than double that of the Milky Way
- Andromeda has a central core with spiral arms
- Is 2.5 times longer than the Milky Way
- Is the biggest known galaxy by volume
- The central core is considered to contain metal-rich stars with a metal-poor galactic halo

The logo for Andromeda METALS features a red triangle pointing upwards and to the right, followed by the word "Andromeda" in a white, sans-serif font. Below "Andromeda" is the word "METALS" in a smaller, red, all-caps, sans-serif font.

Andromeda

METALS

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