

ASX ANNOUNCEMENT

ANDROMEDA METALS LTD (Andromeda, ASX: ADN)

28 April 2023

Andromeda Metals Limited

ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash (31 March 2023):

\$19.6m Issued Capital:

3,110,270,932 ordinary shares

24,760,000 unlisted options

18,596,711 performance rights

Directors:

Mick Wilkes

Non-Executive Chair

Bob Katsioularis

CEO & Managing Director

James Marsh

Executive Director – Sales and Marketing

Melissa Holzberger

Non-Executive Director

Austen Perrin

Non-Executive Director

Company Secretary

Sarah Clarke

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Carbon Capture and Conversion Project Update

Andromeda Metals Limited (ASX: **ADN**) (**Andromeda**, the **Company**) provides an update on its Carbon Capture and Conversion (**CC&C**) Research Project (**CC&C Project**) which is funded by Andromeda and conducted by the University of Newcastle's Global Innovative Centre for Advanced Nanomaterials (**GICAN**).

Summary

- The Research Agreement related to the CC&C Project with the University of Newcastle (**University**) has been terminated, by mutual agreement.
- Andromeda retains control of the CC&C business opportunity and ownership of the CC&C Project intellectual property (IP) and the physical Carbon Capture Pilot Plant (CCPP).
- The termination follows ongoing delays in the progress of the CC&C Project, including with the certification process for components of the Carbon Capture Pilot Plant (CCPP) and its set up and installation by GICAN, following its arrival in Newcastle.
- Andromeda retains the right to continue the CC&C Project and seek to further develop the opportunities identified, with suitable partners.
- Andromeda's priority focus is progressing the development of the Great White Project (GWP).

Andromeda's Executive Director, James Marsh, said: "The termination by mutual agreement, while regrettable, does not prevent Andromeda from continuing to progress the opportunities presented by the unique properties of the halloysite-kaolin resources underpinning the Great White Project (**GWP**).

"With the recent approval of the PEPR, our priority is to get the GWP up and running as it brings Andromeda closer to becoming a globally significant producer of halloysite-kaolin products.

"We remain excited by the emerging business opportunities to collaborate with partners going forward to progress the development of halloysite-derived nanomaterial and critical mineral, HPA, solutions for solving the global decarbonisation challenge."

The key terms for the mutual termination of the Research Agreement are as follows:

- Ownership of all intellectual property developed as part of the CC&C Project, and the physical CCPP and its components, are retained by Andromeda;
- Control of the CC&C business opportunity and ownership of its IP and the physical Carbon Capture Pilot Plant (CCPP), are retained by Andromeda;
- For a 6 month period following termination, the University will provide any assistance reasonably required by Andromeda in relation to the filing or amendment of patents connected to the CC&C Project;
- Andromeda will not be required to pay any winding up costs or the remaining \$2.5million committed under the Research Agreement;
- The parties are relieved from further obligations or liability under the Research Agreement.

Importantly, termination of the Research Agreement does not mean termination of the CC&C Project, with Andromeda having the right to progress the CC&C Project in its discretion.

Andromeda is conducting a review of the CC&C Project, which includes:

- review of the opportunities identified by the CC&C Project;
- relocation of the CCPP to a suitable location, with the requirements for certification and operation to be assessed; and
- identification of suitable industry and research partners to progress the CC&C Project.

Andromeda plans to complete the review by early in the fourth quarter 2023.

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

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

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About Andromeda

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

We see 2023 as a transformational year for Andromeda. Following which we anticipate becoming a globally significant producer of halloysite-kaolin products. Having received all major regulatory approvals for our flagship the Great White Project (GWP), we are progressing towards early-stage-construction of the Stage 1A Starter Plant. We are also advancing funding discussions aimed at enabling a final investment decision for the GWP to be made.

From there, we aim to leverage the uniqueness of our GWP resources to grow through meeting the increasing long-term demand for kaolin, expand our range of high-margin kaolin-based products and develop new materials for building a more sustainable future.

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

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

Our large, high-quality deposits also contain a rare form of kaolin called halloysite, a naturally occurring nanotube. Halloysite-kaolin derived nanomaterials can be used in a range of industry applications, such as carbon capture, soil remediation, water purification, hydrogen storage, medicine delivery and renewable energy.