Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: $1.687 million
(at 31 December 2017)

Issued Capital:
893,655,276 ordinary shares
21,064,462 ADNOA options
486,280,451 ADNOB options
1,104,476 unlisted options

Directors:

Rhod Grivas
Non-Executive Chairman

Chris Drown
Managing Director

Nick Harding
Executive Director and Company Secretary

Andrew Shearer
Non-Executive Director

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Andromeda METALS

ASX announcement

23 March 2018

Bunyip – a new Pajingo-style gold discovery in North Queensland

- **Results for the first seven holes of a planned 25 hole drilling program at the Bunyip epithermal gold prospect include several significant grade gold intervals.**
- **The style of mineralisation discovered is the same as the nearby Pajingo (>3Moz) and Wirralie (1.1Moz) gold deposits.**
- **Every one of the 16 holes completed to date has intersected quartz veining, with maximum downhole vein widths of 6 metres.**
- **Drilling is continuing with more results expected into April.**

Summary

Andromeda Metals is pleased to report that assay results from the first seven RC holes of the maiden drilling program at the Bunyip gold prospect on the Drummond Epithermal Gold Project in Queensland confirm the presence of significant gold mineralisation at depth. Gold intersections recorded to date include:

- **2 metres at 4.36g/t gold from 8 metres in BUNRC001,**
- **2 metres at 1.66g/t gold from 13 metres in BUNRC002,**
- **1 metre at 2.32g/t gold from 61 metres in BUNRC004, and**
- **4 metres at 5.15g/t gold from 7 metres in BUNRC005**

As of 20 March 2018 a total of 16 holes had been completed for 1174 metres, with assays received from the first 7 holes. Further batches of samples have been delivered to the commercial laboratory for assay with analysis currently underway. The drilling program is continuing and additional assay results are expected into April.

Andromeda Metals' objective with this maiden drilling program is to confirm whether Bunyip might represent a significant new Drummond Basin gold discovery, and these first results are seen as a highly encouraging step in satisfying that objective.

The assay results and the geological observations made so far indicate that Bunyip is an epithermal mineral system of substantial size which contains numerous quartz veins, some of which appear to be of significant width. Alteration and sulphide development is widespread and the mineral system is confirmed to host significant grades and widths of gold mineralisation in places.

Introduction

The Company's Drummond Epithermal Gold Project comprises four wholly owned, granted Exploration Permits for Minerals (EPM's) that secure a total area of 523km^2 in the gold prospective Drummond Basin in north Queensland.

The Drummond Basin hosts a number of gold deposits of epithermal style including Pajingo (>3.0Moz), Wirralie (1.1Moz), Yandan (0.5Moz), Mt Coolan (0.5Moz) and Twin Hills (0.33Moz). The Bunyip prospect is located on EPM 25660 which captures part of a prospective area the Company has named the Glenroy Field (Figure 1).

Andromeda Metals defined Bunyip through programs of surface prospecting, rock chip sampling and FPXRF soil geochemistry. This exploration found numerous outcropping quartz veins with rock chip sampling confirming some to be auriferous. Strong pathfinder metal soil anomalies were also defined, and the geological environment was confirmed to be of the targeted epithermal style.

A maiden program of up to 2,000 metres of reverse circulation drilling to test the Bunyip prospect commenced on 8 March 2018, with first assay results now finalised.

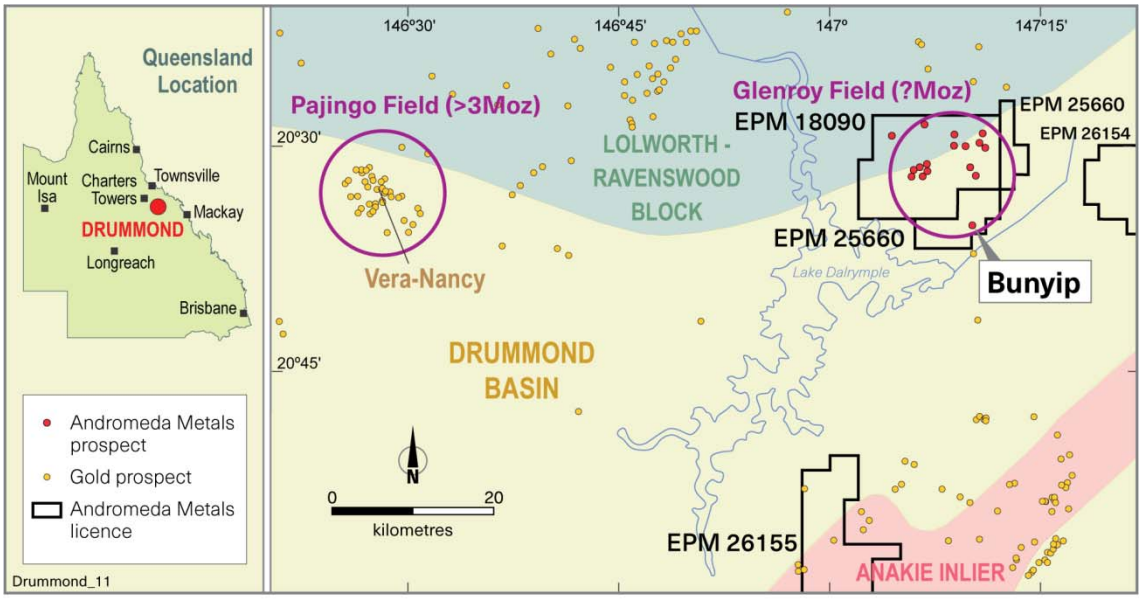

Figure 1: Plan of Drummond Epithermal Gold tenements and Bunyip Prospect.

Bunyip drilling program

The Bunyip Prospect is effectively a large hill (Mont Bunyip) that rises about 140 metres above the surrounding plain. To 20 March 2018 a total of 16 reverse circulation holes had been completed at Bunyip for 1174 metres, with the holes sited near the summit of the hill (Figure 2). Hole depths to date range between 30 and 162 metres, with the holes inclined at angles varying between 50 and 90 degrees from the horizontal. Downhole surveys indicate the holes have maintained relatively straight paths.

Drill samples have been collected at 1-metre intervals and all holes have been geologically logged by the on-site geologist. Drilling conditions are good with little ground water encountered, allowing high quality representative sub-samples to be split and collected for assay.

Assaying for gold has been completed using standard fire assay methods on 50gm charge weights by a commercial laboratory in Townsville, with analyses for the first seven holes, BUNRC001 to BUNRC007, now finalised. Review of company and laboratory introduced QAQC samples (blanks, duplicates and standards) confirm the analyses are of high accuracy and precision.

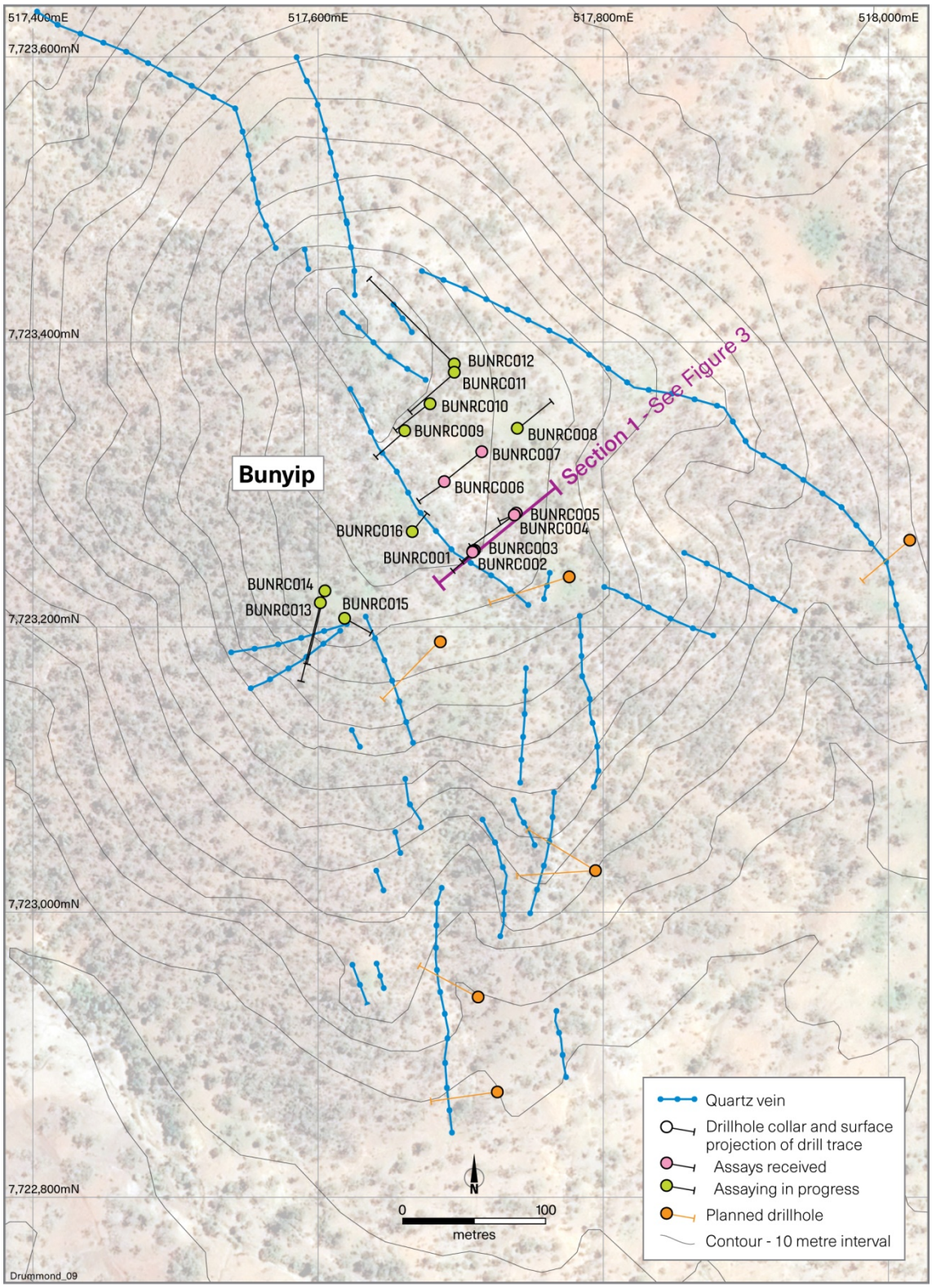

Figure 2: Plan of Bunyip recent drilling.

Assay results and prospect geology

Intervals of gold mineralisation have been recorded in all seven holes assayed so far, with potentially significant intersections achieved in four holes. These four holes fall on a single traverse the location of which is shown on Figure 2. A cross section of the traverse is shown as Figure 3 and a listing of intersections is included as Table 1.

Narrow zones of higher grade gold include:

- **2 metres at 4.36g/t gold from 8 metres in BUNRC001,**
- **2 metres at 1.66g/t gold from 13 metres in BUNRC002,**
- **1 metre at 2.32g/t gold from 61 metres in BUNRC004, and**
- **4 metres at 5.15g/t gold from 7 metres in BUNRC005**

Broader, lower grade mineralised zones, often incorporating the higher grade intersections, are also present with intersections including:

- **14 metres at 0.86g/t gold from 3 metres in BUNRC001,**
- **20 metres at 0.41g/t gold from 10 metres in BUNRC002,**
- **18 metres at 0.31g/t gold from 6 metres in BUNRC004, and**
- **14 metres at 1.57g/t gold from 7 metres in BUNRC005**

Every one of the 16 holes drilled to date have encountered one or more intervals of quartz veining, with downhole dimensions of individual veins reaching a maximum of around six metres. Elsewhere, samples comprising mixed quartz vein and host rock chips are interpreted to be zones where swarms of multiple narrower quartz veins are present.

The quartz veins, host rock alteration styles and common presence of sulphides are considered typical of epithermal style mineralisation and give further confidence that the system is of the targeted style.

At this early stage of exploration the abundance of quartz veining in outcrop and the sub-surface is encouraging, however the nature of the veining at depth is yet to be fully determined.

The vein host rocks are often very strongly altered with intense silicification common, particularly in areas of quartz veining. Unweathered chips are interpreted to include silica-sericite/illite (Phyllic) and chlorite-epidote (Propylitic) alteration styles.

Pyrite or its weathered products are rarely absent in any sample, with contents ranging up to about 5% of the rock. It is commonly present as very fine disseminated grains and rarer coarser grains that reach up to about 0.5mm in size, while thin pyritic veins have also been observed.

Some pyrite grains are observed to have a non-cubic symmetry, a feature likely indicative of the presence of significant arsenic in the mineral lattice. Rare fine grained other sulphides of unknown composition are also observed.

The strong alteration and variably weathered nature of the host rocks together with fine grainsize of the host makes assessment of the parent lithologies difficult, however lavas and volcanoclastics (sediments comprised of volcanic detritus) of possible andesitic to rhyolitic composition are suspected.

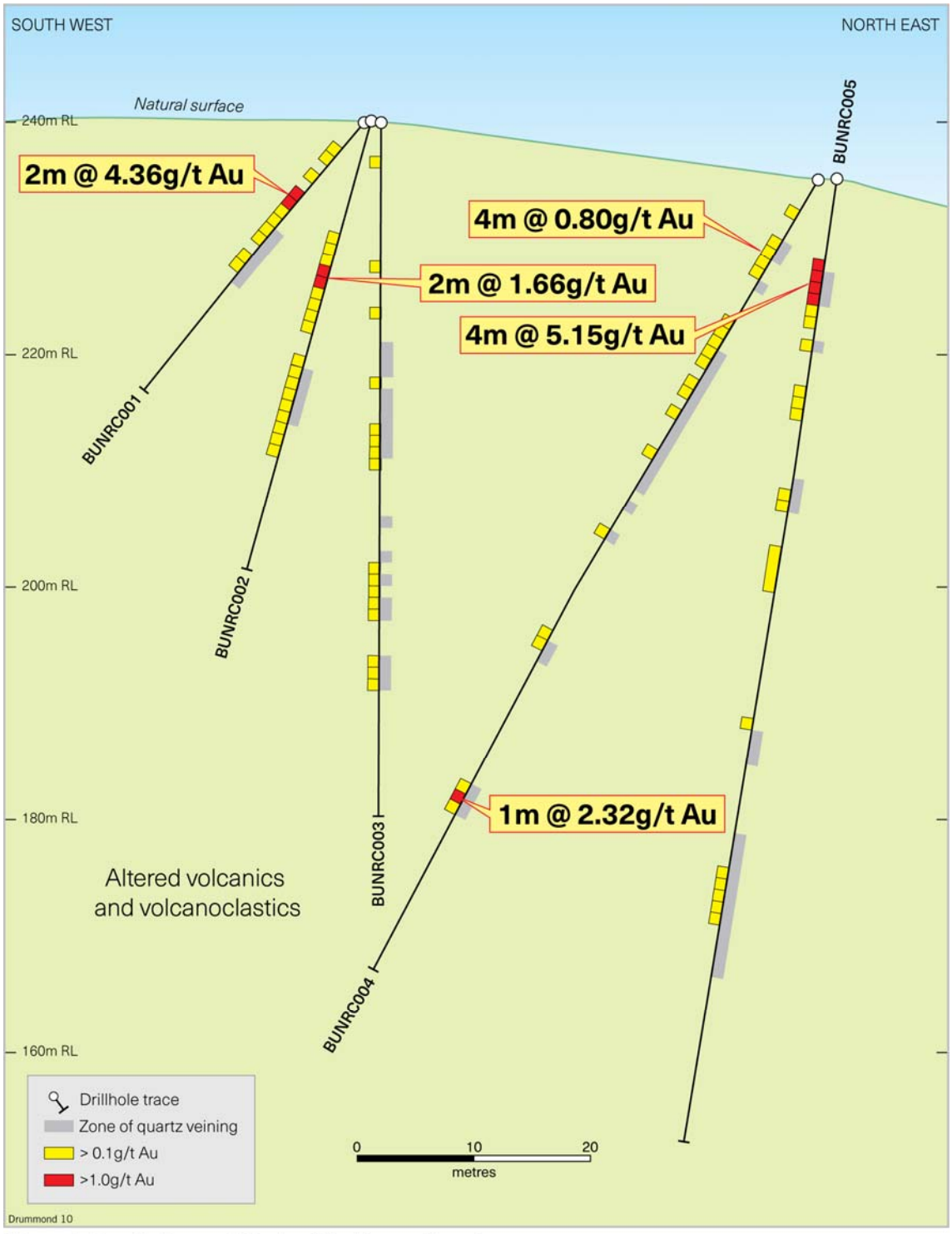

Figure 3: Bunyip Prospect Section 1 looking northwest.

Next steps

The drilling program is continuing at Bunyip, with additional holes designed to test other targets around the prospect. Assaying of drill samples is on-going with further results anticipated to be available into April.

Table 1: Bunyip Prospect – 2018 RC hole collar information and gold intersections (as at 20 March 2018).

Hole Name	Easting (MGA94Z55)	Northing (MGA94Z55)	RL (m)	Hole Dip	Hole Azimuth	Final Depth	From (m)	To (m)	Interval (m)	Gold (g/t)
BUNRC001	517709	7723253	240	-50	231	30	8	10	2	4.36
BUNRC002	517710	7723253	240	-75	231	40	13	15	2	1.66
BUNRC003	517710	7723254	240	-90	231	60	no significant intersection			
BUNRC004	517738	7723279	235	-60	231	78	6 61	10 62	4 1	0.80 2.32
BUNRC005	517739	7723280	235	-82	231	84 including	7 7	11 8	4 1	5.15 13.6
BUNRC006	517689	7723302	245	-60	231	48	no significant intersection			
BUNRC007	517715	7723323	241	-60	231	72	no significant intersection			
BUNRC008	517740	7723339	237	-77	051	138	assaying in progress			
BUNRC009	517661	7723338	249	-50	231	42	assaying in progress			
BUNRC010	517679	7723357	249	-60	231	60	assaying in progress			
BUNRC011	517696	7723379	246	-60	229	90	assaying in progress			
BUNRC012	517696	7723385	246	-55	313	162	assaying in progress			
BUNRC013	517602	7723217	234	-50	188	90	assaying in progress			
BUNRC014	517605	7723226	235	-50	191	90	assaying in progress			
BUNRC015	517619	7723206	234	-60	110	60	assaying in progress			
BUNRC016	517666	7723267	243	-60	038	30	assaying in progress			

Notes

Intersections calculated by averaging gold grade of 1 metre samples collected by riffle splitter under sample cyclone.
Gold determined by fire assay with AAS finish on 50gm charge. Company and laboratory introduced QAQC samples confirm acceptable analytical quality.
Intersections are down hole lengths – true widths are unknown. Collar surveys are by GPS (+/- 5m).

Managing Director

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Drown is employed by Drown Geological Services Pty Ltd and consults to the Company on a full time basis. Mr Drown 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 Drown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

1 JORC CODE, 2012 EDITION – TABLE 1

1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or hand held XRF instruments, etc) These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Reverse circulation drilling was used to obtain 1 metre samples from which 3 kg was pulverised to produce a 50 gram charge for fire assay. • Company QAQC samples including duplicates, blanks and standards were introduced into the sample stream at a rate of 3 QAQC samples to 22 drill samples. • Laboratory checks and QAQC measures were also completed.
Drilling Techniques	• *Drill type (air core, reverse circulation, open-hole hammer, rotary air blast , auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is orientated and if so, by what method, etc).*	• Holes were drilled using reverse circulation methods with face sampling bits.
Drill Sample Recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the sample.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of coarse/fine material.*	• A qualitative assessment of drill sample recovery and sample quality was made for each metre drilled. With few exceptions samples recoveries were excellent, samples were dry, and identified contamination issues were minimal. • Assay samples were split using a riffle splitter to reduce sample weights to standard laboratory submission size (<3.2kg). • It remains unknown whether any relationship exists between recovery and grade however none is anticipated.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and*	• All drill samples have been logged by an on-site geologist. • Observations on lithology,

	metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	degree of weathering, mineralisation, alteration and veining are qualitative to semi-quantitative. Magnetic susceptibility has been measured for all samples and is quantitative. • 100% of the samples contributing the mineral intersections have been logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Samples were collected by riffle splitter with all samples reported herein being dry when split. • Sample preparation entailed drying then grinding the samples to a target of P85 at 75 microns. • The sample sizes and preparation methods are considered appropriate for epithermal gold which is present as very fine (micron sized) grains. • Company duplicate sampling and laboratory repeat assays indicate good repeatability of results.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and mode, reading times, calibration factors applied and their derivation, etc.* • *Nature and quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Drill chips were assayed in a commercial lab using standard methods. • Gold was determined by fire assay with AAS finish utilising a 50gm charge weight. • Company QA/QC samples were introduced into the drill chip assay stream at a ratio of 3 QAQC samples (1 x duplicate, 1 x blank, 1 x standard) for each 22 original samples. • 40 lab repeats were completed for a total of 339 samples submitted.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical or electronic) protocols.* • *Discuss any adjustment to assay data.*	• The intersections reported have not been verified by any other personnel. • No twin holes have been completed at this stage in the exploration process. • Field data is collected during drilling and backed up onto remote storage devices at night for eventual import into the Company's database. • No assay results have been

		adjusted.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill collars were collected using a GPS with an easting-northing accuracy of +/- 5 metres. DGPS collar surveys are planned at the completion of the drill program to achieve better location accuracy. • Downhole surveys presenting both inclination and azimuth readings have been made routinely for each hole drilled. • GDA94 (Zone 55) • GPS RLs of the collars have been measured but show poor accuracy so in the absence of DGPS surveys estimates of RL have been determined from published 10 metre topographic contours.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classification applied.* • *Whether sample compositing has been applied.*	• The drill hole collars are not at any specific spacing but are designed to give specific tests of targets defined by past surface mapping. The hilly topography also limits the locations from which holes can be drilled. • The data spacing is currently not of sufficient distribution to establish geological continuity. • No sample compositing has been applied to the reported intersections. Composite samples have been collected and assayed and if they indicate the presence of gold, the retained original 1-metre splits will be assayed
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• It remains uncertain if the orientation of the drilling achieves unbiased sampling.
Sample security	• *The measures taken to ensure sample security.*	• The drill chip samples were collected by Company personnel then delivered to the laboratory by an exploration contractor employee.
Audits or	• *The results of any audits or reviews of sampling*	• No audits or reviews of

reviews	*techniques and data*	sampling techniques have been completed.

1.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section may apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements of material issues with third parties such as joint ventures, overriding royalties, native titles interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• The area the subject of this report falls within EPM 25660, which is 100% owned by Adelaide Exploration Pty Ltd, a wholly owned subsidiary of Andromeda Metals Limited. • There are no third party agreements, non govt royalties, or historical sites known. Underlying land title is Pastoral leasehold. The tenement area is covered by a Native Title claim and an Exploration Agreement has been executed with the Native Title Claimants. • An Aboriginal Heritage Clearance was completed in 2015 over the prospect, while NT claimant personnel monitored construction of drill access tracks and drill pads prior to commencement of drilling activities. • EPM 25660 is in good standing.
Exploration done by other parties	• *Acknowledgement and appraisal of exploration by other parties.*	• The general area the subject of this report has been explored in the past by ACM Minerals, and Ravenswood Resources Pty Ltd and its various joint venture partners. The Company has reviewed all past exploration data submitted to the QLD mines department generated by previous explorers.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Deposits in the general region are considered to be of low sulphidation epithermal vein style.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *Easting and northing of the drill collar* o *Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill collar.*	• The report includes a drill hole location plan, a section, and a tabulation of drillhole collar set-up information sufficient to allow an understanding of the results reported herein.

	○ *Dip and azimuth of the hole.* ○ *Down hole length and interception depth.* ○ *Hole length.* • *If the exclusion of this information is justified on the axis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/ or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in some detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Intersections were calculated by averaging of 1-metre assay results. • No cutting of high grades has been undertaken. • Cut-off grades for most intersection reported is 1g/t gold.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The geometry of mineralisation with respect drill hole angles remains unclear. Hole were targeted perpendicular to an outcropping mineralised vein, however detailed structure remains unknown.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate maps and tables are included as Figures 1, 2 and 3 and Table 1 in the report.
Balanced Reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All intersections are reported and if no significant intersection was achieved this is noted in Table 1 of the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, ground water, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Material data including observations on host rock, mineralisation styles and alteration is described in the report.
Further work	• *The nature and scale of planned further work (eg tests of lateral extensions or depth extensions or large scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The report advises that the drill program is currently on-going.