



**Andromeda Metals Limited**  
ABN: 75 061 503 375

**Corporate details:**

ASX Code: ADN

Cash: \$1.667 million

Issued Capital:

1,079,361,560 ordinary shares  
486,280,451 ADNOB options  
2,476,507 unlisted options

**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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METALS

## ASX announcement

3 September 2018

### \$6.5 million Joint Venture over the Drummond Gold Project with Evolution Mining

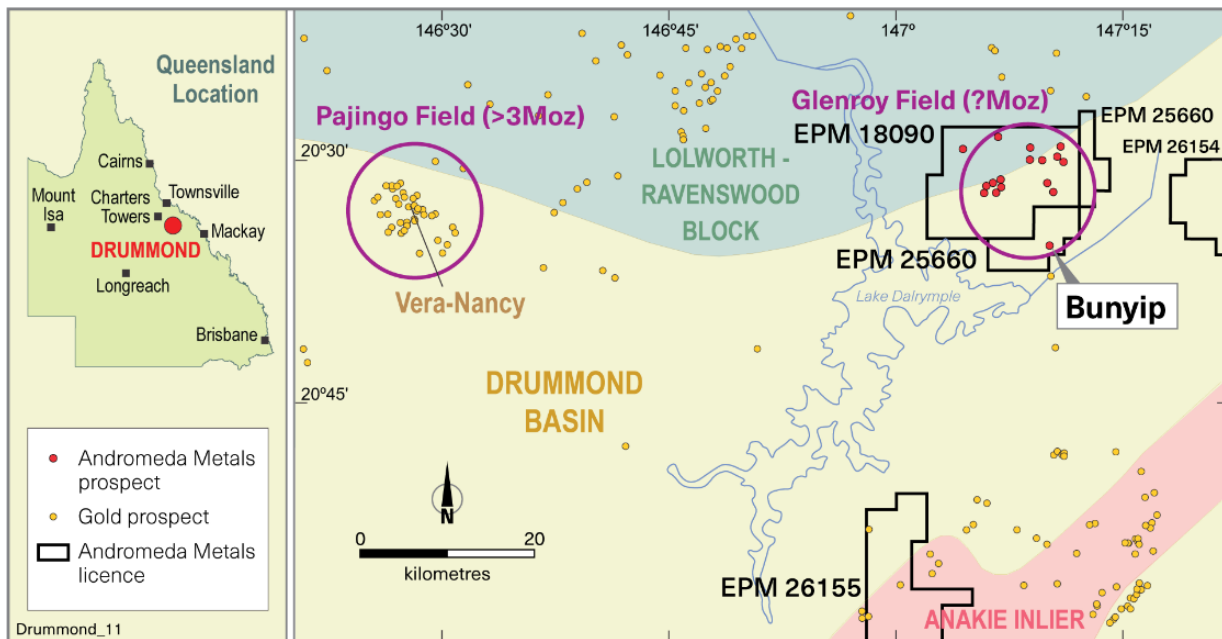
#### Summary

- A binding Earn-In and Exploration Joint Venture Agreement has been entered into with Evolution Mining Limited (ASX: EVN) to form the Drummond Gold Project Joint Venture over the Company's 100% owned Drummond tenements located in north Queensland.
- Under the terms of the Agreement, EVN will sole fund \$2.0 million within two years of execution to earn a 51% equity interest in the Drummond Project.
- ADN will also receive \$300,000 cash consideration from EVN within 10 business days of signing the Agreement.
- EVN can elect to sole fund a further \$4.0 million over an additional two years to increase its equity to 80%, with a requirement to pay ADN a further \$200,000 in cash at the time of the election.
- EVN will act as manager and operator of the Joint Venture.
- The transaction will result in considerable exploration effort directed towards the Drummond Gold Project by a successful Australian Gold Miner experienced in the region while allowing ADN to focus efforts towards progressing the Poochera Halloysite-Kaolin Project.

#### Discussion

Andromeda Metals Limited (ASX Code: ADN) is pleased to announce that it has executed a binding Earn-In and Exploration Joint Venture Agreement with Evolution Mining Limited to form the Drummond Gold Project Joint Venture covering the Company's 100% owned Drummond Epithermal Gold Project.

The Drummond Project comprises four tenements located in the northern Drummond Basin (figure 1), an area considered to be prospective in hosting high grade epithermal gold deposits such as Pajingo. The Pajingo gold mine has produced approximately 3 million ounces of gold and was previously owned and operated by EVN until it was sold to Minjar Gold Pty Ltd in 2016 <sup>(1)</sup>.



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

Earlier this year, ADN completed an initial RC drilling program at the Bunyip prospect in which promising gold intersections were achieved that were open at depth and which confirmed the epithermal style of mineralisation to be the same as that encountered at Pajingo.

### Drummond Joint Venture terms

The principal terms of the Drummond Joint Venture are:

- EVN to pay to ADN a non-refundable cash consideration of \$300,000 within 10 business days of signing the Joint Venture Agreement;
- EVN can earn an initial 51% interest in the project tenements by sole funding \$2.0 million on exploration activities across the Project tenements within two years of execution of the Joint Venture Agreement (Stage 1 Commitment);
- On completion of Stage 1 Commitment, 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;
- EVN will manage and operate the joint venture whilst it is sole contributing and thereafter while ever it holds a majority equity.

## **Significance of the Drummond Joint Venture to Andromeda Metals**

In executing the Joint Venture with EVN, the directors consider that the transaction will enable the Drummond Project to be appropriately funded in order to explore a number of promising prospects identified across the tenements to date, including the Bunyip prospect, using the skilled exploration resources of an experienced gold miner in the district.

ADN's current focus is to progress the evaluation and potential development of the Poochera Halloysite-Kaolin Project in South Australia and this transaction will see the Company receive some immediate cash funds while at the same time ensuring that the potential of the Drummond Gold Project is fulfilled while retaining an equity interest in the project.

## **About Evolution Mining Limited**

Evolution Mining is a leading growth focused Australian gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales; Mt Carlton, Mt Rawdon and Cracow in Queensland, and Mungana in Western Australia. Evolution holds an economic interest in the Ernest Henry copper-gold mine equivalent to 100% of gold production and 30% of copper and silver production from an agreed life of mine area.



James Marsh  
Managing Director

(1) Refer Evolution Mining Limited ASX announcement dated 16 August 2016