



Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

30 September 2018

Cash: \$1.774 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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ASX Announcement

22 October 2018

Poochera Project Bulk Sample Operation at Carey's Well Completed

Highlights

- Well over 200 tonnes of halloysite-kaolin has been extracted from the Carey's Well deposit, located on the Poochera Halloysite-Kaolin Project, South Australia.
- The material has been bagged ready for transportation to Port Adelaide for shipment.
- 140 tonnes will be used for commercial scale processing trials in China and another 40 tonnes in Australia, with results anticipated later this quarter, leading to offtake negotiations during the next quarter.
- The remaining material will be used to supply other potential customers who have already requested samples of the mineralisation.
- This bulk sample program is a key step forward in the development of the Carey's Well deposit and greater Poochera Kaolin-Halloysite Project, with the processing and costing results to be used in feasibility studies.
- Geotechnical data was also collected during the exercise for use in the mine design.
- Advancing the halloysite-kaolin potential is a crucial step in Andromeda Metals' strategy of fast tracking an early Direct Shipping Ore (DSO) business, whilst continuing to work on value-added processed halloysite-kaolin product and testing to prove up a superior 5N (99.999% Al_2O_3) High Purity Alumina (HPA) feedstock.

Discussion

Andromeda Metals Limited (ASX: ADN) is pleased to announce the bulk sampling operation has been successfully completed at the Carey's Well deposit, on the Poochera Kaolin-Halloysite Project, South Australia. The target was to remove 200 tonnes of halloysite-kaolin material using a large piling drill rig, with over 215 tonnes of sample ultimately extracted and bagged. The bagged samples are now being transported to commercial kaolin processing operations in China and Western Australia.

Project Location

The Company's Kaolin-Halloysite Projects cover two main geographic areas of interest, all situated in western South Australia (Figure 2).

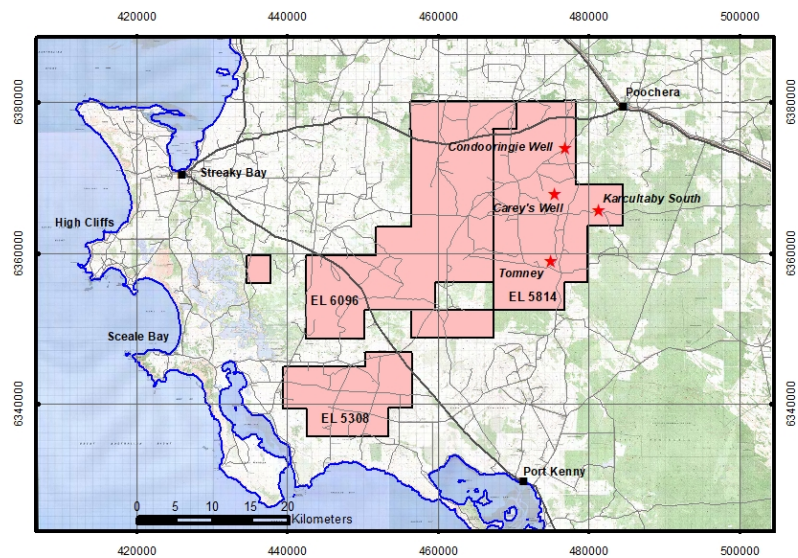


Figure 2 - Location Plan Kaolin-Halloysite Projects **Figure 3 - Poochera Key Kaolin-Halloysite Tenements**

The main area of focus, the Poochera Kaolin-Halloysite Project on the Eyre Peninsula comprises three tenements (Figure 3) and is located approximately 635kms west by road from Adelaide and 130 kms east from Ceduna.

Bulk Sample Location

The sample area (Figure 4) was selected following geological modelling and extensive analysis of exploration drill samples by CSIRO and Newcastle University's Global Innovative Centre for Advanced Nanomaterials. This was crucial to ensure that representative, high-quality material of sufficient halloysite content was obtained for approval testing.

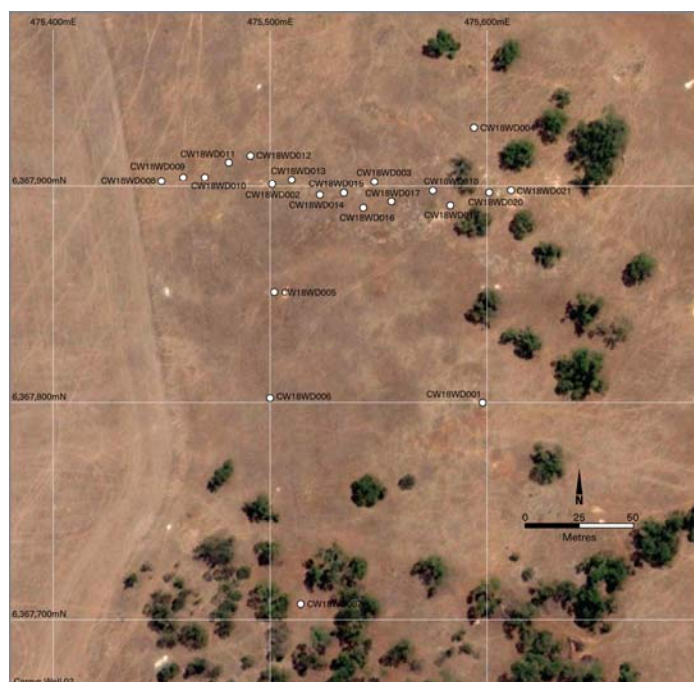


Figure 4 – Bulk Sample Location Area

Drilling Program

Seventeen vertical, 900mm wide diameter holes (Figure 5) were drilled to a maximum depth of 33 metres into the bright white kaolin Mineral Resource envelope where the deposit was modelled to include in excess of 10% halloysite. All drillholes were geologically logged and the bright white kaolin-halloysite mineralised intervals sampled, with approximately 1 tonne of material collected in bulka bags for each vertical metre sampled.

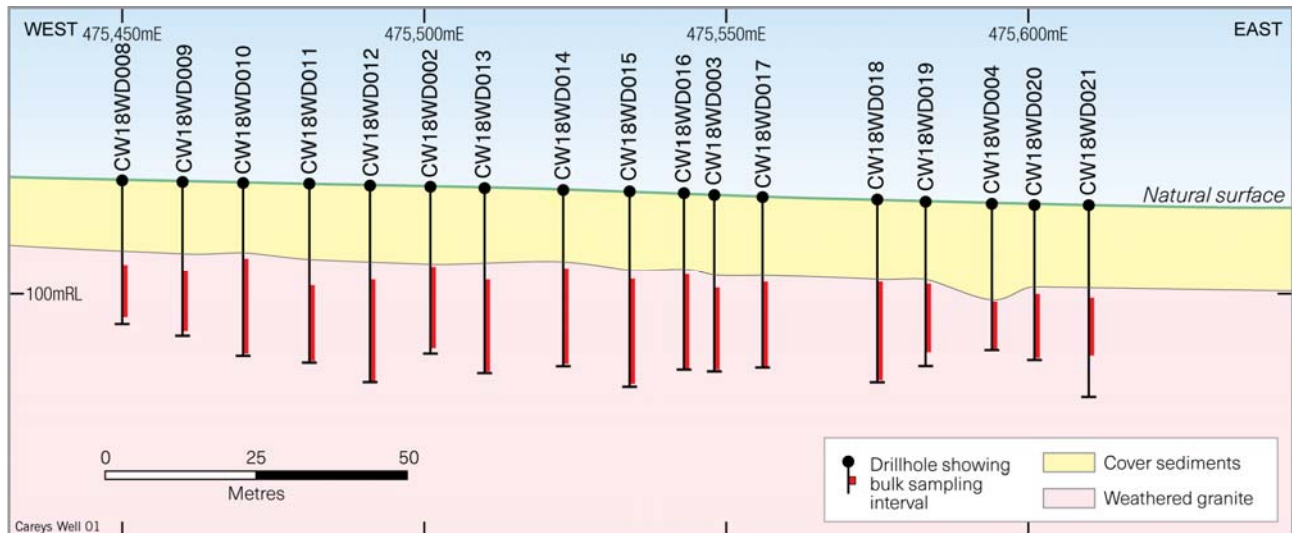


Figure 5 – Cross Section of Bulk Sample Drillholes

In addition to the geological logging, a geotechnical engineer logged a number of representative holes and collected samples to assist in gathering information to inform the open pit mine design. Samples were also collected for bulk rock density and moisture content measurements and additional analysis as required.

Bulk Sample Drill Method

A Soilmec SR-30 Auger Piling Rig, ideally suited to drilling soft unconsolidated strata, was used to collect the bulk samples. This sampling method was chosen as it represents the most timely and cost-efficient method of collecting a large bulk sample.

All holes were drilled vertically with a 900mm diameter auger. The sample was returned to the surface and “spun” off the auger (Figure 6). Sampled hole depths ranged from 24m to 33m deep whilst sampled kaolin-halloysite intervals ranged from 7.5m to 17m.



Figure 6 – Drill Rig used for Bulk Sampling Program



Figure 7 – Bulka Bags of Kaolin-Halloysite Sample

Geology

The depth to the top of the kaolin-halloysite zone in the sampled area ranged from 11.8m to 14.1m below surface. Surficial calcrete, including powdery, nodular and massive types, is present. Below the calcrete horizon, soft sandy clay cover persists to the top of the kaolin-halloysite zone. A silcrete horizon occurs around the contact between the cover sediments and the kaolin-halloysite zone and varies from a weak induration to a hardpan. The kaolin-halloysite zone is formed from a quartz-bearing granite parent, with the mineralised zone being dominantly bright white material. A number of drillholes encountered semi-weathered granite below the bulk sampled interval.

Table 1: Carey's Well Prospect – 2018 drill collar and bulk sampling information.

Bulk sample Hole ID	Easting (MGA94)	Northing (MGA94)	Collar RL (m)	Hole Inclination	Hole Azimuth	Final Depth	Hole Diameter	Hole Status	Bulk sample Start depth	Bulk sample Top RL	Bulk sample End depth	Bulk sample Bottom RL	Bulk sample Column depth
CW18WD001	475598	6367800	115.0	-90	360	14.9	900mm	Abandoned	Hole not bulk sampled				
CW18WD002	475501	6367901	118.0	-90	360	28.0	900mm	Completed	13.5	104.5	27.0	91.0	13.5
CW18WD003	475548	6367902	116.5	-90	360	29.5	900mm	Completed	15.5	101.0	29.0	87.5	13.5
CW18WD004	475594	6367927	115.0	-90	360	24.5	900mm	Completed	16.5	98.5	24.0	91.0	7.5
CW18WD005	475502	6367851	118.0	-90	360	2.1	900mm	Abandoned	Hole not bulk sampled				
CW18WD006	475500	6367802	117.6	-90	360	1.1	900mm	Abandoned	Hole not bulk sampled				
CW18WD007	475514	6367707	117.2	-90	360	13.9	900mm	Abandoned	Hole not bulk sampled				
CW18WD008	475450	6367902	119.0	-90	360	24.0	900mm	Completed	14.2	104.8	23.0	96.0	8.8
CW18WD009	475460	6367904	118.8	-90	360	26.0	900mm	Completed	15.0	103.8	25.0	93.8	10.0
CW18WD010	475470	6367904	118.6	-90	360	29.0	900mm	Completed	12.7	105.9	28.5	90.1	15.8
CW18WD011	475481	6367911	118.4	-90	360	30.0	900mm	Completed	17.0	101.4	29.5	88.9	12.5
CW18WD012	475491	6367914	118.2	-90	360	33.0	900mm	Completed	16.0	102.2	33.0	85.2	17.0
CW18WD013	475510	6367903	117.7	-90	360	31.0	900mm	Completed	15.3	102.4	30.5	87.2	15.2
CW18WD014	475523	6367896	117.4	-90	360	29.5	900mm	Completed	13.3	104.1	29.0	88.4	15.7
CW18WD015	475534	6367897	117.1	-90	360	32.5	900mm	Completed	14.6	102.5	32.0	85.1	17.4
CW18WD016	475543	6367890	116.8	-90	360	29.5	900mm	Completed	13.6	103.2	29.5	87.3	15.9
CW18WD017	475556	6367893	116.1	-90	360	28.5	900mm	Completed	14.2	101.9	28.0	88.1	13.8
CW18WD018	475575	6367898	115.8	-90	360	30.5	900mm	Completed	13.8	102.0	30.0	85.8	16.2
CW18WD019	475583	6367891	115.4	-90	360	27.5	900mm	Completed	13.8	101.6	25.0	90.4	11.2
CW18WD020	475601	6367897	114.9	-90	360	26.0	900mm	Completed	15.0	99.9	25.5	89.4	10.5
CW18WD021	475611	6367898	114.8	-90	360	32.0	900mm	Completed	15.5	99.3	25.0	89.8	9.5

Note

Collar locations determined with GPS. Collar RLs estimated from local DTM.

Processing Trials

The planned Chinese and West Australian processing trials will be conducted using both wet and dry processing methods, with detailed technical reports to be presented to the Company after the trials are completed. Analysis of the trial results is expected to identify the processing options available, determine final product specifications allowing indicative commodity pricing, and assist in estimating operational costings. The resultant fully processed products will then be run through commercial ceramics factories for technical approvals, and samples used for global marketing initiatives. The results from the processing trials will provide a vital component of the planned Feasibility Study.

Following successful commercial processing and application testing, ADN will seek binding agreements with customers for DSO (kaolin processors) and end customers (ceramic factories).

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Competent Persons Statements

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. 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.