



Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$1.774 million
(as at 30 September 2018)

Issued Capital:

1,084,422,288 ordinary shares
486,280,451 ADNOB options
22,476,507 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

13 December 2018

Successful Dry Processing Trials of Halloysite-Kaolin from Carey's Well

Summary

- **Forty tonnes of halloysite-kaolin ore sourced from recent bulk sample drilling at the Carey's Well deposit located at the Poochera Project in South Australia have been processed by WA Kaolin at their operation in Kwinana, Western Australia with several tonnes of refined halloysite-kaolin produced using dry sorting methods.**
- **The product will now be thoroughly tested and sampled by end users for commercial evaluation.**
- **In addition, approximately 140 tonnes of halloysite-kaolin ore is currently at Port Adelaide and is soon to be shipped to China for commercial trials with a large Chinese kaolin processor.**
- **The bulk sample program along with feedback from Australian and Chinese testing is a key step forward in the development of the Poochera Halloysite-Kaolin Project.**
- **Advancing the halloysite-kaolin potential from Carey's Well is a crucial step in Andromeda Metals' strategy, whilst continuing to prove the material up as a premium High Purity Alumina (HPA) feedstock.**

Discussion

During October 2018 Andromeda Metals conducted a very successful bulk sampling exercise at the Poochera Halloysite-Kaolin Project and extracted over 200 tonnes of halloysite-kaolin ore as detailed in ASX release dated 22 October 2018. The approach was to use this material in commercial scale processing trials to fully evaluate both dry and wet conventional kaolin refining plants so that the optimum operational strategy could be determined.

WA Kaolin Holding Pty Ltd ("WA Kaolin"), based in Perth Western Australia, is a producer of high-quality kaolin products with state-of-the-art process technology and is well positioned to provide a professional evaluation of potential products that could be obtained by using both their wet and dry refining processes on the Carey's Well mineralisation. The dry processing

option was utilised first as a lower cost, quicker turnaround option. The main goals of this work were to determine how the plant would respond to a halloysite-kaolin, what level of purity could be achieved and collect data on recoveries and throughput.

Approximately 40 tonnes of the halloysite kaolin was processed through the plant over a two day period. Although the WA Kaolin plant is not optimised for Poochera halloysite-kaolin feedstock, the process produced a considerable quantity of refined product, confirming the successful application of dry processing as a method of refining the halloysite-kaolin ore. The Carey's Well ore contains approximately 50% of sand as a natural impurity and the halloysite-kaolin has around 20% moisture which is also removed during processing.



Figure 1 – Stockpile of Carey's Well material prior to processing

The refined product was bagged off into bulka bags weighing approximately 500kgs each and sampled for testing purposes.

Andromeda Metals' Managing Director James Marsh commented "I was present throughout the dry processing of the Carey's Well ore by WA Kaolin and see this as an exciting step for the Company in producing a semi-processed product to compare to the Chinese processing that is planned to occur in the new year, and to supply this material to interested end users."



Figure 2 – Processed halloysite-kaolin being bagged off



Figures 3 and 4 – 500kg bulk bags of refined product

Chemical, mineralogical and physical testing will be conducted on all samples to fully characterise the product in terms of suitability for market. WA Kaolin will also provide a comprehensive technical report including details on recovery and throughput.

Next Steps

Once testing of the product is completed, samples of refined product will be sent to targeted customers for application testing, including laboratory, pilot and commercial scale trials. Additional dry process testing is planned in China early next year along with wet process testing in both China and Australia. The Company has 140 tonnes of halloysite-kaolin ore packed in containers at Port Adelaide which is scheduled for delivery to a large Chinese kaolin processing facility early in the new year.

Analysis of all of the trial results is expected to identify the optimum processing options, determine final product specifications and allow indicative commodity pricing along with operational costings. The resultant fully processed products will be run through commercial ceramics factories for technical approvals, and samples used for global marketing initiatives. Andromeda Metals will seek binding agreements with customers for DSO (kaolin processors), and fully processed product with end customers in the ceramic market and other selected applications.

The outcomes from these processing trials phase will provide critical information for use in the planned feasibility studies to commence in 2019.

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Competent Person's Statement

Information in this announcement 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 and 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 undertaking 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.