

ASX Announcement

12 September 2019

**Andromeda Metals Limited**

ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$1.669 million
(as at 30 June 2019)

Issued Capital:

1,355,680,461 ordinary shares
704,406,913 ADNOB options
20,000,000 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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Evolution Mining commits to Stage 2 of Drummond Gold Project Joint Venture

Summary

- **Drummond Gold Project Joint Venture partner Evolution Mining Limited has advised ADN that it will proceed to Stage 2 under the terms of the Earn-in and Exploration Joint Venture Agreement.**
- **EVN has met the Stage 1 expenditure of \$2.0 million within the first year of a scheduled 2 year period.**
- **Having elected to now proceed to Stage 2, upon spending an additional \$4.0 million over the next 2 years EVN will acquire an 80% interest in the Project.**
- **Under the terms of the Agreement, ADN is to receive a \$200,000 cash payment from EVN within 10 business days of it notifying the Company of the Stage 2 election.**
- **The Company considers the pace at which EVN has met the Stage 1 commitment and the subsequent election by EVN to proceed to Stage 2 underlines the prospectivity of the Drummond Gold Project to host high-grade epithermal gold deposits.**

Discussion

Andromeda Metals Limited (ASX: ADN, Andromeda, the Company) is pleased to announce that Evolution Mining (ASX: EVN, Evolution) has provided formal notification to the Company that, having met the initial \$2.0 million expenditure commitment within 2 years of execution of the Earn-In and Exploration Joint Venture Agreement dated 31 August 2018, it has elected to proceed to Stage 2.

The Drummond Project comprises four tenements located in the Drummond Basin 90 kms south-east of Charters Towers in northern Queensland (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 Evolution until it was sold to Minjar Gold Pty Ltd in 2016 ⁽¹⁾.

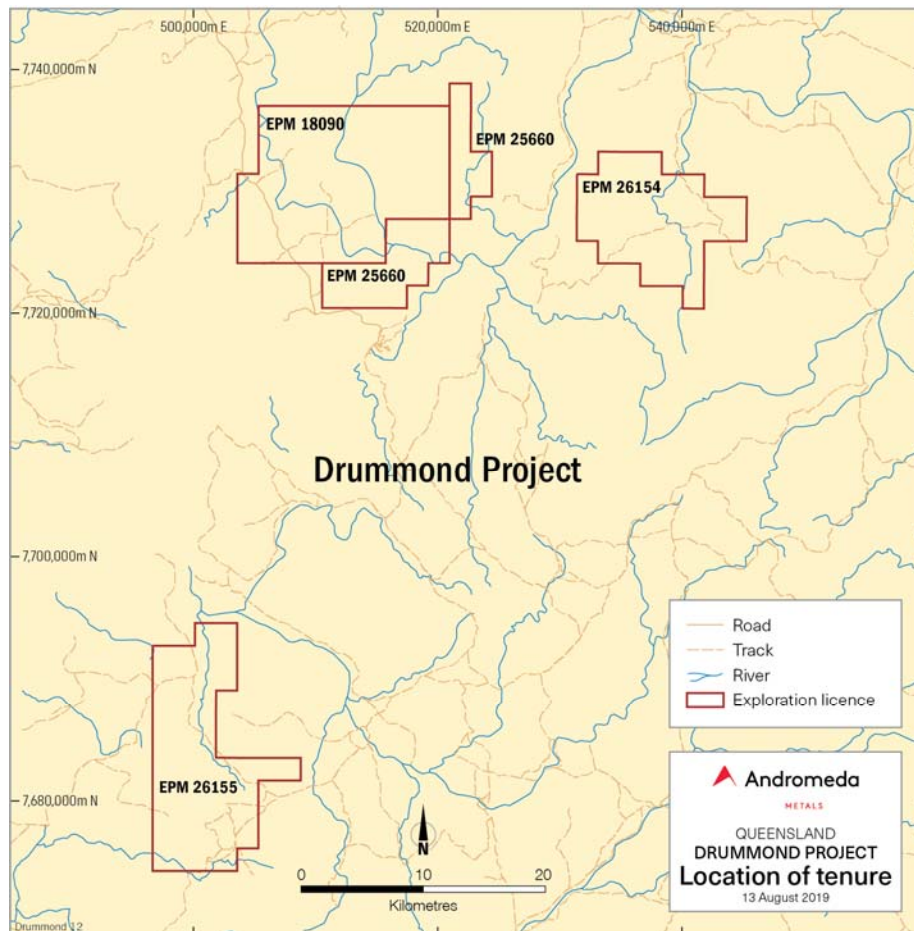


Figure 1 – Drummond Gold Project Joint Venture tenements

Under Stage 1, Evolution has undertaken an extensive diamond drilling program to test both the Bunyip and South West Limey Dam prospects with the best intercept provided to the Company to date at Bunyip being 3 metres at 3.42g/t Au and 6.7g/t Ag from 7 metres of which included 1 metre at 9.16g/t Au and 18.1g/t Ag from 9 metres. Final assay results from the drilling conducted at Bunyip and South West Limey Dam are yet to be received by Andromeda. Evolution has also conducted significant exploration work which included completion of IP and magnetic surveys and further soil geochemistry sampling at both Bunyip and South West Limey Dam in addition to regional soil geochemistry and desktop review of a number of other targets across the Drummond Project tenement package.

The Stage 2 earn-in requires Evolution to spend a further \$4.0 million over the next 2 years to earn a total equity interest of 80% of the Drummond Project. On making the election, Evolution is required to make a further \$200,000 cash payment to Andromeda within 10 business days of notification. The proceeds will be put towards continuing to advance the Company's Poochera Halloysite-Kaolin Project with the Scoping Study to be released before the end of the month.

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