



28 September 2020

Mr Alex Sutton
Adviser, Geology, Listings Compliance
Australian Securities Exchange Limited
PO Box H224, Australia Square
Sydney, NSW 1215

Response to ASX Price Query

Dear Alex,

We refer to your letter dated 28 September 2020 in relation Andromeda Metals Limited's (ADN, the Company) change in share price which has increased from a low of \$0.115 to a high of \$0.18 over the past few days and a corresponding significant increase in the volume of ADN securities traded from 24 September 2020 to 28 September 2020 and provide the following responses to each of your questions as follows:

1. *Is ADN aware of any information concerning it that has not been announced to the market, which, if known by some in the market, could explain the recent trading in its securities?*

Yes. The Company has been completing an initial Mineral Resource for the Hammerhead kaolin prospect with the intention to release this to the market tomorrow. Final XRD assays relating to earlier drilling undertaken at Hammerhead were only received on Friday 25 September allowing the Company's Chief Geologist to undertake a Mineral Resource estimation. This is currently being finalised which will be reviewed by directors for approval and subsequent release to the market.

The market has been kept informed by the Company of drill results and initial assays received for the Hammerhead Prospect in an ASX announcement made on 11 September 2020 titled "*Hammerhead Drill Results and Potential Construction Product Application*". The announcement confirmed that drilling has defined an extensive area of Bright White kaolin (>75 ISO Brightness) with a minimum thickness of 10 metres extending over an area of 2.4 kms by 0.5 kms. It also disclosed that XRD test results received to date have confirmed zones of high-grade (+20%) halloysite-kaolin within the Bright White domain and that a Mineral Resource Estimate for Hammerhead would be prepared on receipt of final XRD analyses.

In addition, a release was made by our Eyre Peninsula Gold Project Joint Venture partner Cobra Resources PLC after market close on 28 September that drilling has now commenced at the Project, details of which were outlined in the last Quarterly Activities Report issued on 30 July 2020.

2. *If the answer to question 1 is "yes".*

- a) *Is ADN relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in ADN's securities would suggest to ASX that such information may have ceased to be confidential and therefore ADN may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.***

As the Mineral Resource has only just been quantified and is currently under final review before being released to the market, the answer is yes.

- b) Can an announcement be made immediately? Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt.**

Yes. The Company intends to release the results of the Hammerhead Mineral Resource on coming out of the trading halt that has been requested today. This is planned to occur on Tuesday 29 September once directors are in a position to ratify the release.

- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?**

Refer (b) above.

- 3. If the answer to question 1 is “no”, is there any other explanation that ADN may have for the recent trading in its securities?**

The Company is of the view that there has been a significant increase in market awareness of the potential opportunities presented by the Great White Kaolin Project over recent weeks which has resulted in the increase in volumes traded in the Company’s securities and subsequent share price appreciation. The announcement referred to in point 1 on 11 September 2020 titled “*Hammerhead Drill Results and Potential Construction Product Application*” also made reference to encouraging test results in concrete application testing using material sourced from a high grade halloysite zone at Hammerhead, which has the potential to provide a significant new market opportunity in concrete mix applications. Directors consider that this potential new global market opportunity, in addition to the ceramic market applications that have been the primary focus for Project evaluations to date, has now drawn increased market attention to Andromeda, which has translated into the recent increase in demand for ADN shares.

- 4. Please confirm that ADN is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

The Company confirms that it is in compliance with the Listing Rules, including Listing Rule 3.1.

- 5. Please confirm that ADN’s responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ADN with delegated authority from the board to respond to ASX on disclosure matters.**

The Company’s responses to the above questions have been authorised and approved by the Board.

Yours sincerely,



Nick Harding
Executive Director and Company Secretary



28 September 2020

Mr Nick Harding
Company Secretary
Andromeda Metals Limited
69 King William Road
Unley, SA 5061

By email:

Dear Mr Harding

Andromeda Metals Limited ('ADN'): Price - Query

ASX refers to the following:

- A. The change in the price of ADN's securities from a low of \$0.115 to a high of \$0.18 in the last few days.
- B. The significant increase in the volume of ADN's securities traded from 24 September 2020 to 28 September 2020.

Request for information

In light of this, ASX asks ADN to respond separately to each of the following questions and requests for information:

- 1. Is ADN aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
- 2. If the answer to question 1 is "yes".
 - (a) Is ADN relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in ADN's securities would suggest to ASX that such information may have ceased to be confidential and therefore ADN may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
- 3. If the answer to question 1 is "no", is there any other explanation that ADN may have for the recent trading in its securities?
- 4. Please confirm that ADN is complying with the Listing Rules and, in particular, Listing Rule 3.1.
- 5. Please confirm that ADN's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ADN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **09:30 AM AEST Tuesday, 29 September 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it

does not fall within the exceptions mentioned in Listing Rule 3.1A, ADN's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ADN to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in ADN's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in ADN's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ADN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that ADN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards



Alex Sutton

Compliance Adviser, Geology, Listings Compliance (Sydney)