



Andromeda

CHAIR'S ADDRESS

2024 ANNUAL GENERAL MEETING OF SHAREHOLDERS OF ANDROMEDA METALS LIMITED

The past year has seen Andromeda make significant progress in advancing the Great White Project, to the point that it is development-ready and with financing discussions underway.

During the year, a number of significant milestones were achieved.

Following a comprehensive review of the commercial strategy, the Company released the results of an updated Definitive Feasibility Study for the Great White Project, demonstrating improved economics over the 28-year mine life.

Market discussions with potential customers progressed, demonstrating a heightened level of demand in an environment of constrained supply. This has seen positive pricing dynamics for our high-quality kaolin products.

This supported discussions with potential offtake partners, leading to a total of four binding offtake agreements now underpinning planned production from the project.

In addition to the previously signed offtake agreement with Plantan Yamada for sales into the Japanese ceramics market, during the year additional binding offtake agreements were signed with:

- Foshan Gaoming for sales into the Chinese market;
- IberoClays for sales across various Mediterranean markets, including Spain and Italy, and
- most recently with Traxys, with a commitment of purchasing 50% of planned production capacity of up to 130,000 wet metric tonnes annually for sale across various global markets.

This supported the company's decision to bring forward the Stage 1A+ expansion, thereby increasing initial production capacity from 55,000 wet metric tonnes per annum, to 100,000 wet metric tonnes.

This expansion in scale significantly enhances capital efficiency and initial cashflows, thereby supporting a higher level of debt that could sustainably be supported by the project.

Procurement activities for long lead items to support Stage1A+ progressed during the year, with key items fabricated and awaiting shipment, except for one which is designed with fabrication to commence following an anticipated final investment decision being made.

The Company also completed the acquisition of the freehold land undyng the Great White Project's mine site and processing plant, and erected fencing on the site.

This places the Project in the enviable position of being construction-ready, with the required approvals in place to commence construction, and a committed Project Team poised for delivery.

While progressively de-risking the Project, the Company continued evaluating potential funding options that would best suit the long-term interests of the Company and its shareholders.

The funding required for Stage 1A+ is \$90 million, which includes the \$84 million in capital expenditure required for Stage 1A+, less what is planned to have been already incurred prior to a final investment decision, and working capital expected during the planned development period.

The Company is targeting debt to equity structures of up to two thirds debt to one third equity, at either company or asset level, but will consider alternative financing structures such as royalties.

In addition to discussions with debt financiers, the Company has appointed:

- Azure Capital to seek a cornerstone investment to support the development funding, and
- Pareto Securities to seek to funding opportunities in global bond markets, or markets for other debt instruments.

These processes are competitive and are being run in parallel.

Due to the competitive nature of these processes, we cannot provide any further details at this time and will update shareholders when it is appropriate to do so.

To support the Company while these funding processes are progressed, approximately \$3.82 million was raised before costs, by way of a share placement, a 1-for-13 pro-rata non-renounceable entitlement offer, and the placement of shortfall to eligible shareholders and other investors.

In addition, to conserve cash the Company implemented a range of cost saving measures. These measures are forecast to reduce cash expenditure by over \$1.5 million through to the end of the current financial year.

Following lodgement of the Company's tax return for the 2023 financial year, the Company received a \$3.1 million tax refund from the Australian Tax Office related to research & development incentives undertaken during the 2023 financial year.

Recently, the Company was awarded an Advance Finding by AusIndustry, for certain activities related to the scaling up of product and process development under Stage 1A+.

The Advance Finding enables Andromeda to claim refundable tax offsets or cash rebates for 43.5% of eligible expenditure of up to ~\$26 million. The Advance Finding is binding for the income tax years commencing for the 2024 financial year and including the two subsequent financial years.

Given these initiatives, the Board is confident that the Company is sufficiently funded through to the end of the 2025 financial year, based on the current level of cash, the expected tax refund for the 2024 financial year and the reduced level of expenditure from cost saving initiatives.

Looking at future growth opportunities, Andromeda has significant additional resources and prospects in the region surrounding the Great White Project.

This includes the Eyre Kaolin Joint Venture where drilling enabled a maiden resource to be declared and the Company to earn a 51% intertest in the joint venture.

The Board has an active approach to its oversight responsibilities to ensure proper governance practices. This extends to regularly reviewing the composition of, and succession planning for, both the Board and Executive Management.

The Company has a well-defined Board succession and renewal planning process to identify and nominate potential new directors to the Board in a professional manner, as well as maintaining the current diverse balance of experience across different industries it currently possesses.

To that end, the company was pleased to recently announce that Miguel Galindo will be joining the Board as a Non-Executive Director. Miguel has the right mix of skills and experience in industrial minerals sales and marketing in the Company's target markets, which complement the current board skills.

Miguel has extensive experience which will be a valuable addition to the Board.

In summary, the Great White Project is well-advanced, being shovel-ready project with clear pathway towards development, having secured the required offtake agreements to support Stage 1A+.

Funding discussions with the aim of securing the finance required for Stage 1A+, are progressing.

The Board and Management remain focused and committed to delivering on the full potential of the Great White Project, which in turn will deliver long-term value for our shareholders.

The Company thanks all of you, our shareholders for your continuing loyalty and support, and we look forward to providing further updates in due course.