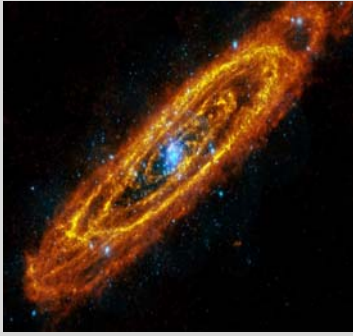




Andromeda Metals Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$0.268 million
(at 30 June 2017)

Issued Capital:
453,161,203 ordinary shares
23,612,610 listed options
56,238 unlisted options

Directors:

Colin Jackson
Non-Executive Chairman

Chris Drown
Managing Director

Nick Harding
Executive Director and
Company Secretary

Jonathan Buckley
Non-Executive Director

Contact details:

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ASX announcement

27 October 2017

Pilbara gold project acquisition, \$2 million capital raising and board restructure

In summary

- The Company has signed a binding term sheet that, subject to the completion of satisfactory due diligence, would lead to the acquisition of 100% equity in up to eleven Exploration Licence Applications in the Pilbara region of Western Australia. In aggregate they represent a prospective 756km² gold project
- The Company has completed an over-subscribed share placement. It is to be followed by a fully underwritten Rights Issue offered to Shareholders on the same pricing terms, which in aggregate brings the raise to \$1.98 million before costs. The capital raise will secure the Company's financial position and allow the recommencement of a material exploration programme.
- Andromeda Metals' Board has been restructured. Mr Rhod Grivas will be appointed Chairman, replacing Mr Colin Jackson who relinquishes his directorship, while Mr Andrew Shearer will join as a Non-Executive Director replacing Mr Jonathan Buckley.

Managing Director

Enquiries: Chris Drown (08) 8271 0600 or 0427 770 653

Pilbara Gold Project Acquisition

The Pilbara region has attracted significant attention following the discovery by Novo Resources (TSX-V:NVO) of gold mineralisation hosted in conglomerates occurring near the base of the Fortescue Group, a sequence of Archaean volcanic and sedimentary rocks that out crop over extensive areas in the Pilbara.

This style of mineralisation is potentially analogous to the conglomerate hosted gold deposits of the Witwatersrand which have produced in excess of 1 billion ounces of gold, and so represent highly attractive exploration targets.

Andromeda Metals has signed a binding term sheet that, subject to the satisfactory completion of due diligence investigations, would allow the Company to acquire 100% equity in a Pilbara gold project comprising eleven Exploration Licence Applications (ELAs) pegged by Mylo Gold Pty Ltd and Frontier Exploration Pty Ltd, (together the “Mylo-Frontier Pilbara Gold Project”) covering a total area of approximately 756 km² (238 blocks).

Ten of the eleven ELAs are held by Mylo Gold Pty Ltd (Figure 1). These include geological units interpreted by government geologists to be Fortescue Group rocks, with some of the sequences described as having conglomerates in the stratigraphy. Other Mylo Gold ELA’s are located near areas of known gold and base metal mineralisation, including ground near the Paulson’s gold deposit and tenure near the Panorama copper zinc deposit.

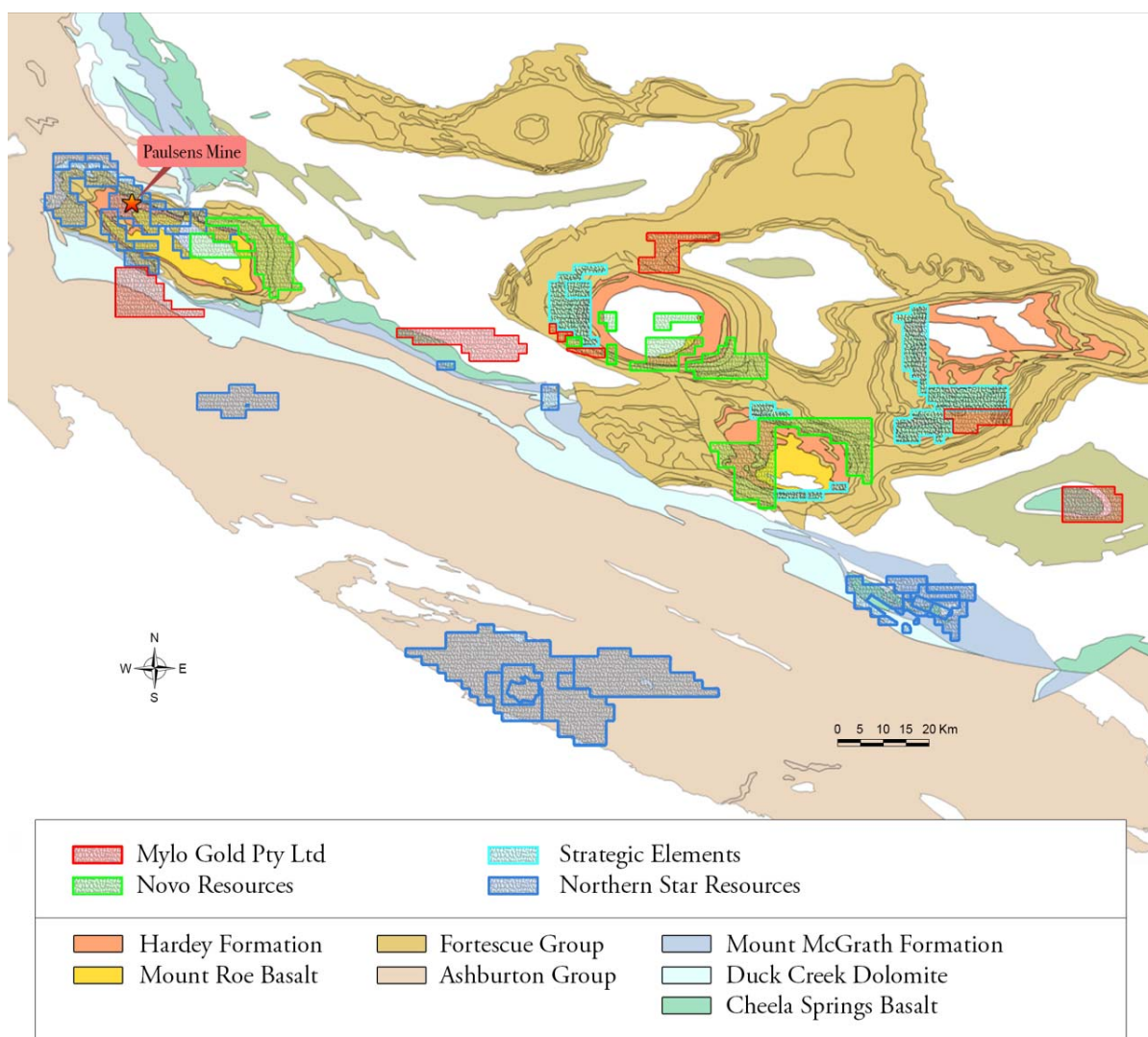


Figure 1: Plan showing Mylo Gold ELAs, government mapped geology, and other company holdings (plan supplied by Milo Gold Pty Ltd).

A single ELA held by Frontier Exploration Pty Ltd, ELA 48/1196, is adjacent to ground held by Novo Resources that includes a number of recorded gold occurrences in areas where the Mount Roe Basalt and overlying Hardey Formation are mapped (Figure 2). Elsewhere in the Pilbara these units are considered important host units in the conglomerate gold models being applied by explorers.

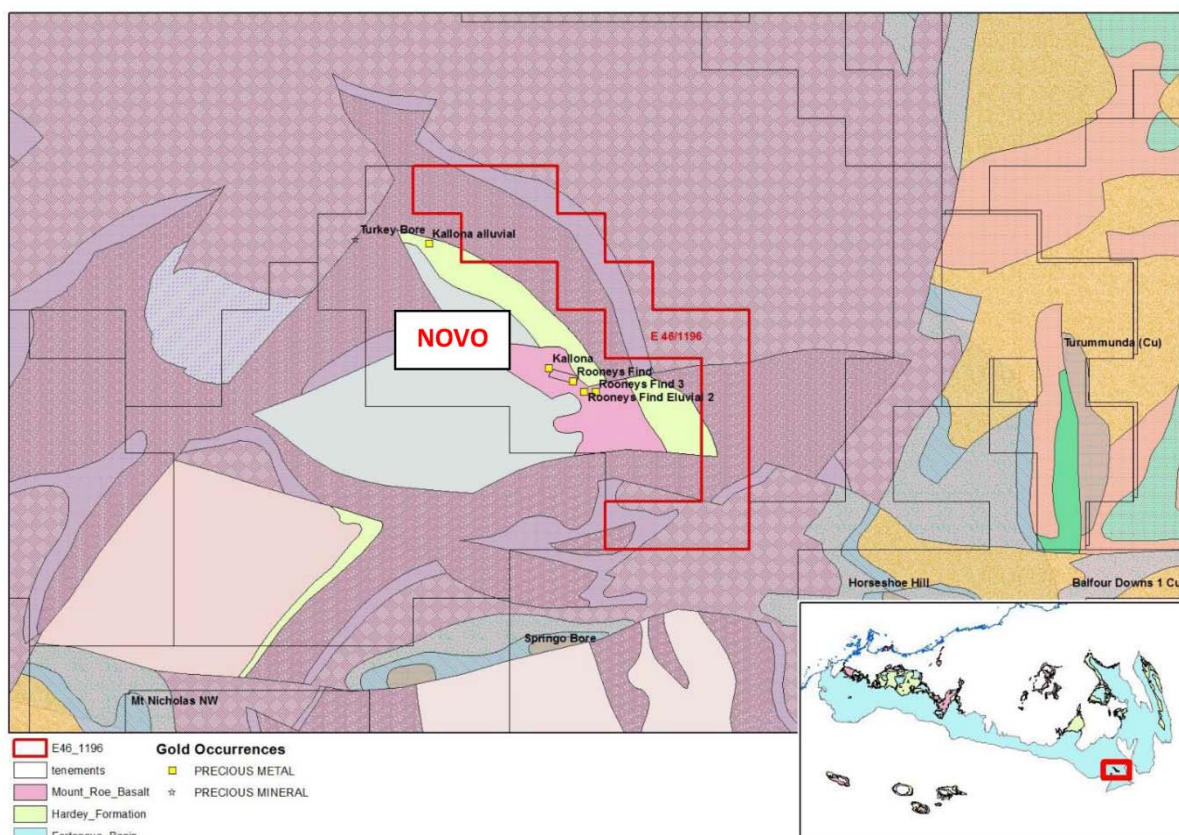


Figure 2: Government mapped geology around ELA 48/1196 (red border). Yellow dots are recorded gold occurrences. Mount Roe Basalt pink, Hardey Fm light green, Kylene Fm dk purple. – plan supplied by Frontier Exploration Pty Ltd).

Limited surface exposures of the Hardey Formation are mapped within ELA 48/1196, and more extensive volumes of Hardey Formation and possibly Mount Roe Basalt are likely to be present below mapped Kylene Formation, which lies stratigraphically above the Hardey Formation.

Under the terms of the agreement, Andromeda will make a non-refundable payment of \$25,000 for the exclusive right to complete a one month due diligence investigation on the Mylo-Frontier Pilbara Gold Project.

Subject to satisfactory due diligence, the Company can then acquire 100% of Mylo Gold Pty Ltd and Frontier Exploration Pty Ltd for a consideration of \$50,000 in cash and up to 85,000,000 fully paid ordinary Andromeda shares issued at a deemed issue price of \$0.005 (0.5 cents) per share. Upon completion of the transaction and after the capital raise discussed herein, the vend shares would represent approximately 9% of the issued capital of Andromeda Metals. Table 1 (over page) lists the ELAs subject to the agreement.

Table 1: Schedule of Mylo-Frontier ELAs

Tenement	Applicant	Blocks	Area km²
E 08/2954	Mylo Gold Pty Ltd	39	123.5
E 08/2955	Mylo Gold Pty Ltd	39	123.4
E 45/5025	Mylo Gold Pty Ltd	1	3.2
E 45/5026	Mylo Gold Pty Ltd	1	3.2
E 47/3841	Mylo Gold Pty Ltd	4	12.7
E 47/3842	Mylo Gold Pty Ltd	5	15.8
E 47/3847	Mylo Gold Pty Ltd	18	56.9
E 47/3848	Mylo Gold Pty Ltd	25	79.2
E 47/3850	Mylo Gold Pty Ltd	27	85.2
E 52/3582	Mylo Gold Pty Ltd	63	198.5
E 48/1196	Frontier Resources Pty Ltd	16	54.0
Total		238	755.7

Capital Raising

The Company has completed an over-subscribed share placement to professional and sophisticated investors to raise \$566,452 before costs, through the issue of 113,290,300 shares at a price of \$0.005 per share. The shares issued under the placement fall within the Company's existing capacity under ASX Listing Rules 7.1 and 7.1A and their issue does not require shareholder approval.

Subject to Shareholder approval, to be sought at the Company's up-coming Annual General Meeting, the placement participants will also be issued one free option for each placement share acquired, with the options having an exercise price of \$0.012 cents and a term of three years from issue.

To enable existing Andromeda Metals' Shareholders to acquire additional securities on identical terms as the placement participants, the Company will invite eligible shareholders to subscribe for a total of 283,225,751 fully paid ordinary shares in the capital of the Company via a 1 for 2 non-renounceable rights issue at an issue price of \$0.005 per share to raise approximately \$1,416,117 before costs.

For each offer share issued, a free attaching option will also be issued with the options having an exercise price of 1.2 cents and a term of three years from issue.

Full details of the offer, including the record date upon which Andromeda Metals shares must be held to qualify for participation in the offer, will be announced shortly. The placement participants will be able to participate in the shareholder offer.

The placement was made to sophisticated investors with PAC Partners Pty Ltd acting as Lead Manager to the placement. PAC Partners has also agreed to fully underwrite the shareholder offer.

The combined placement and rights issue will raise a total of \$1.98 million before costs, securing the Company's financial position and allowing recommencement of a material exploration effort.

Forward Focus

In the Drummond Basin in Queensland the Company has identified a number of outcropping gold-bearing vein systems confirmed to be of epithermal style, the same geological style as the high grade lodes mined in the plus 3 million ounce Pajingo Field.

Funds will be allocated to allow the first ever drill tests of the Bunyip prospect which comprises 2,000 metres of outcropping quartz veins containing anomalous gold and high

level pathfinder metals. Anomalous arsenic, shallow level quartz vein textures, and the presence of nearby sinters indicate that the Bunyip system is only eroded to shallow levels, with any gold zone potentially preserved at depth. Rock chip samples record a maximum of 19.65g/t gold confirming the veins have high grade potential.

Funds will also be directed to completion of the Mylo-Frontier Pilbara Gold Project due diligence and the associated up-front non-refundable payment.

The Company will consider allocating funds to the Eyre Peninsula Gold Project dependent on the outcome of negotiations which are currently underway with a third party interested in dealing into that ground.

Restructure of Board of Directors

Non-Executive Chairman Mr Colin G Jackson, and Non-Executive Director Mr Jonathan Buckley will relinquish their directorships of the Company. Mr Rhoderick Grivas will be appointed Non-Executive Chairman, and Mr Andrew Shearer will be appointed as a Non-Executive Director. These Board changes will take effect today.

Colin Jackson, appointed February 2015, and Jonathan Buckley, appointed April 2014, have made valuable contributions to Andromeda Metals. Their fellow directors, and the staff and shareholders of Andromeda Metals extend their appreciation to Colin and Jonathan for their service to the Company and they depart with our best wishes.

Andromeda Metals' new Chairman, Mr Rhod Grivas, has over 25 years' experience in all facets of the mineral industry from board representation, executive management, government partnerships, marketing, financing, operational management, feasibility studies, project due diligence to grass roots exploration. Rhod holds a BSc from Sydney University and is a member of the AusIMM and AICD. Rhod is non-executive chairman of Golden Mile Resources (ASX: G88) which listed on the ASX earlier this year.

As exploration manager for Gilt Edged Mining NL, Rhod planned and executed the exploration programmes that discovered the 2.5 million ounce Hornet, Rubicon and Pegasus gold deposits in Western Australia (now operated by Northern Star Resources), and was managing director of ASX/TSX listed mining company Dioro Exploration NL, building that company from explorer to producer before achieving a 300% premium in a takeover from Avoca Resources.

Andrew Shearer has been involved in the resources and finance industries for 23 years. He holds a BSc (Hons) degree from Adelaide University and an MBA from the University of South Australia, and is a non-executive director of Northern Cobalt (ASX: N27). He spent over a decade working in the minerals exploration industry with groups including the South Australian Government, Mount Isa Mines Limited and Glengarry Resources Limited, in technical and senior management roles from exploration through to mine development.

As a Resources Analyst, Mr Shearer has covered small to mid-cap resource stocks across a broad suite of commodities. His experience includes roles with PAC Partners Pty Ltd, PhillipCapital, and Austock. He is currently Senior Resource Analyst at PAC Partners Pty Ltd. Mr Shearer brings strong professional skills and experiences in equity research, investor relations, valuations, supply and demand analysis and capital markets.

Rhod Grivas and Andrew Shearer, together with incumbent Executive Directors Chris Drown and Nick Harding, complete a Board team with strong technical credentials, broad corporate experience, extensive financial and broker networks, and a strong focus on shareholder wealth generation at a time of rejuvenation for Andromeda Metals.

Competent Person Statement

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 on a full time basis. 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.

JORC 2012 Note

The information relating to Andromeda Metals' exploration on the Drummond Project has been reported in compliance with the JORC Code 2012. See ADN's ASX release dated 13 October 2015 titled "High grade gold improves Bunyip target credentials". There are no material exploration results in this release relating to the Mylo-Frontier Pilbara Gold Project and there is also no requirement for a JORC Code, 2012 Edition table.