



On the starting block

Company/ASX Code	Andromeda Metals Ltd/ADN
AGM date	Thursday 25 November 2021
Time and location	The Meeting Room, Adelaide Town Hall, 128 King William St, Adelaide, South Australia, 5000 and virtually
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Des Moriarty assisted by David Wilson
Pre AGM Meeting?	Yes with Chair Roderick Grivas and NED Andrew Shearer

The individuals (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

Summary of issues for meeting

This company is an emerging producer that has taken significant steps post 30 June to restructure its board and some key management personnel. ASA commends the changes, and we note the gains in diversity and skills.

The annual report expresses a desire for the company to divest itself, in a measured way, of all non-kaolin projects, an ambition the ASA believes will simplify board focus and commitments and so assist in the ambition to become a domestic producer of a commodity we are told is in short supply globally, testified to by the company having secured two binding off-take agreements.

Opening share price for the year was circa 4.5 cents and on 30 June 2021 it was circa 16 cents. While this is a significant improvement, the share price exhibited high volatility, peaking at 45 cents followed by a downturn. The company has noted significant short selling activity which it is monitoring to establish if there has been non-compliance with the law and if so to bring such to ASIC's attention.

In assessing nature the resolutions in the notice of meeting we are mindful of the company's history. It was formerly Adelaide Resources Ltd then recently renamed Andromeda Metals Ltd and was down to its last \$100,000 with a share price of 0.005c in Sept 2017 at which stage it brought in the present chair, Rhod Grivas, and Andrew Shearer to assist fund the Company and find a project. Together they worked for half salary with options being granted to make up the other half. The granting of options thus became an incentive for share price appreciation and retention. Resolutions 8-12 evidence that history and ASA has discussed its position vis-à-vis remuneration for independent directors arguing for the granting of shares or cash.

Item 1	Adoption of the remuneration report for the year ended 30 June 2021
ASA Vote	For

Summary of ASA Position

As an explorer and developer with a mining lease application in its final stage (ministerial decision pending) the company presents in transition to mining and production.

Governance and culture

Prior to 30 June the company has a board of four men with the chair also being chair of the remuneration committee. That is no longer the case with director Andrew Shearer chairing. The board is asking shareholders to elect a truly independent female director thus moving into a governance framework commensurate with its market capitalisation. A key to this was the appointment in September of a non-executive director with ASX 200 board experience.

The board is increasing the scope of the remuneration committee to include the responsibilities of a nomination committee. This is a first for the company.

Further issues relating to board membership and culture are addressed in comments on resolutions two and three.

Financial performance

As the company is not yet producing, the usual metrics measuring financial performance do not apply. On 30 June 2021, the company had cash reserves of \$4.9m (30 June 2020, \$3m).

Key events

During the year the company achieved a 75% farm in for the Great White Kaolin project and submitted a mining lease application at the end of February. It gained the Australian regulators certification for its concrete additive product in addition to the two binding off-take agreements. It further endowed its 50% owned Natural Nanotech Pty Ltd with additional funds to support research into carbon capture, hydrogen storage, water purification to mention only a few of the applications being pursued.

Post year end, the company raised \$45m in a capital raise to institutions and share purchase plan (at the same price as the institutional offering) which was designed to allow it to have sufficient funding to meet all expected cash outflows towards a final investment decision to mine the Great White deposit.

Key Board or senior management changes

Through the year the company secretary, Nicholas Harding, was also acting as chief financial officer until early June when the company appointed its first chief financial officer, Mr Michael Zannes.

Item 2	Election of Ms Melissa Holzberger as a Director
ASA Vote	For

Summary of ASA Position

Ms. Holzberger was appointed to the board in September. Ms Holzberger is an experienced independent non-executive director and mining lawyer with over 20 years' experience in the international energy and resources sectors. Melissa is currently a director of Paladin Energy Ltd where she is a member of the audit and risk committee and formerly on the board of Silex Systems Limited. We believe she adds significantly to the independence and skill set of the board. We endorse her candidature.

Item 3	Re-election of Mr Rhoderick Grivas as a director
ASA Vote	For

Summary of ASA Position

Mr Rhod Grivas, first appointed in September 2017 is a geologist with over 30 years' resource industry experience. He is currently non-executive chairman of ASX listed Golden Mile Resources Limited and non-executive director with AIM listed Lexington Gold Limited and was previously managing director of Dioro Exploration NL. We note the characterisations in the annual report of Mr Grivas as non-executive director and independent. While it is up to a board to characterise directors as 'non-executive' and independent, the employment by the company of Mr Grivas as a consultant gives rise to tensions where he is described as independent.

Key figures in the company and resources community inform us that Mr Grivas is essential to board and company management.

Item 4	Increase in non-executive directors' remuneration pool
ASA Vote	For

Summary of ASA Position

ASA accepts the wisdom of raising the ceiling from \$350,000 to \$500,000 to allow the company to attract and retain directors of calibre. We look forward to a majority of the board being independent, meaning additional appointments. Underlying our endorsement is the knowledge the company has allocated only \$260,000 of the present remuneration pool.

Item 5	Ratification of the issue of placement shares
ASA Vote	For

Summary of ASA Position

The announcement on 30 June to place 200 million shares with sophisticated shareholders and institutions, with other measures, has allowed the company to cover out-goings to the point of a final investment decision in the Great White project and as such shareholders have security in the knowledge the company has the means to meet that objective. It seems wise, should opportunities arise that the board, has the capacity to make further placement.

Item 6	Issue of performance rights to a related party – Mr James Marsh
ASA Vote	For

Summary of ASA Position

1,410,000 performance rights to be granted Mr Marsh comes at the recommendation of an independent study of Mr Marsh's remuneration by BDO Pty Ltd. The hurdles and gateways set out in Annexure 1 for the granting of these rights require the company to be safely mining and exporting its product and so ensuring shareholder gains.

We will be voting any open proxies we receive in favour of the resolution.

Item 7	Issue of performance rights to a related party – Mr Joseph Ranford
ASA Vote	For

Summary of ASA Position

This item allows Mr Ranford 1,350,000 rights on the same terms and conditions as those for Mr Marsh. We will be voting any open proxies we receive in favour of the resolution.

Item 8	Issue of options to a related party – Mr James Marsh
ASA Vote	For

Summary of ASA Position

The issuance of options in here is in our view a short term incentive for Mr Marsh and seems a prudent use of funds allowing the company to retain his services. These options may be converted before 2025 at 143% before 2025 of the volume weighted average price in the days prior to the AGM.

Item 9	Issue of options to a related party – Mr Joseph Ranford
ASA Vote	For

Summary of ASA Position

As for Mr Marsh above.

Item 10	Issue of options to a related party – Mr Rhoderick Grivas
ASA Vote	For

Summary of ASA Position

As for Mr Marsh and we understand the BDO report would suggest Mr Grivas' remuneration is some 10% below the medium for professionals carrying out his duties.

Item 11	Issue of options to a related party – Mr Andrew Shearer
ASA Vote	For

Summary of ASA Position

This item allows the company to issue 820,000 zero exercise price options to Mr Shearer which vest in three tranches to 30 June 2024. ASA has a policy that non-executive directors should not receive options or performance rights but can be paid board fees in the form of shares, preferably purchased on market, in lieu of cash. Accepting the company is in a transition period prior to generating revenue, ASA will vote for the motion in this instance but has reservations if the company presents a similar resolution in future years. We understand his remuneration is some 10% below the medium for professionals carrying out his duties.

Item 12	Issue of options to a related party – Ms Melissa Holzberger
ASA Vote	For

Summary of ASA Position

We commend the appointment of Ms Holzberger as an additional director as for item 11, the issuance of options at no cost in three tranches, means she is, in effect, being granted shares and so skin in the game for continued service.

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