



## Andromeda Metals Limited ASX: ADN ASX Announcement

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### Binding Offtake Agreement signed with Traxys

- **Great White CRM™ purchases for up to 50% of total production, for sale into ceramics applications**
- **Great White HRM™ purchases of 5,000-10,000 wmt p.a. for sale into concrete applications**
- **Binding offtakes now secured to support stage 1A+ production capacity**

Andromeda Metals Limited (ASX: **ADN**) (**Andromeda**, the **Company**) is pleased to announce that it has entered into a binding Offtake Agreement (**Agreement**) with Traxys Europe S.A. (**Traxys**) for the sale and purchase of Andromeda's kaolin products for the first 5 years of production.

The Agreement supersedes the Heads of Agreement signed previously<sup>1</sup> and secures the binding offtake commitments required to support its expanded Stage 1A+ production and further progress towards a final investment decision.

The Agreement is for a 5 year term, with automatic yearly extensions (unless terminated earlier), and includes:

- **Direct sales of Great White CRM™**
  - 25,000 wet metric tonnes (**wmt**) during the first year of production, 40,000 wmt p.a. for year two and 50,000 wmt p.a. for year three onwards (+/-10% at Traxys' option);
  - as processing capacity increases, contracted volumes of Great White CRM™ to increase proportionately, to 50% of the available processing capacity (capped at 130,000 wmt p.a.);
  - Exclusive marketing and distribution in the Middle East (excluding Egypt and Morocco), Turkey, Sweden, Denmark, Norway, Finland, Iceland, Poland, Brazil, India<sup>2</sup>, Vietnam and Bangladesh;
  - Favourable payment terms with 90% of amounts provisionally invoiced payable upon receipt of commercial documents and bills of lading, with the remaining 10% paid on final invoice;
  - Prices for year 1 and 2 are consistent with pricing assumptions in the 2023 Definitive Feasibility Study<sup>3</sup>, with prices for year 3 onwards subject to annual negotiation;<sup>4</sup>
  - For each year, the parties share equally in pricing upside on on-sales by Traxys (other than sales of product for use in ceramic tile bodies) and in risk for on-sales of Great White CRM™ at less than the contract price<sup>5</sup>.

<sup>1</sup> Refer ADN ASX dated 21 November 2023 titled *Non-binding Heads of Agreement signed with Traxys*.

<sup>2</sup> Note sales by Andromeda under the Opaque HOA announced on 9 November 2023 will no longer be pursued directly, with any sales of Great White CRM™ in India and Middle East jurisdictions to be managed by Traxys

<sup>3</sup> Refer ADN ASX dated 24 August 2023 titled *The 2023 DFS delivers significantly improved economics*

<sup>4</sup> If agreement cannot be reached in 6 months, the audited volume weighted average sale price of the product for the Company and Traxys for the relevant contract year will apply.

<sup>5</sup> To ensure a steady revenue line, Andromeda's share of any negative price difference from the fixed contract price will be financed by a secured finance facility provided by Traxys, accruing interest at 15% per annum and limited to US\$5M (A\$7.5M), to be subordinate to any project financing facility. The Facility may be repaid at any time and must be repaid

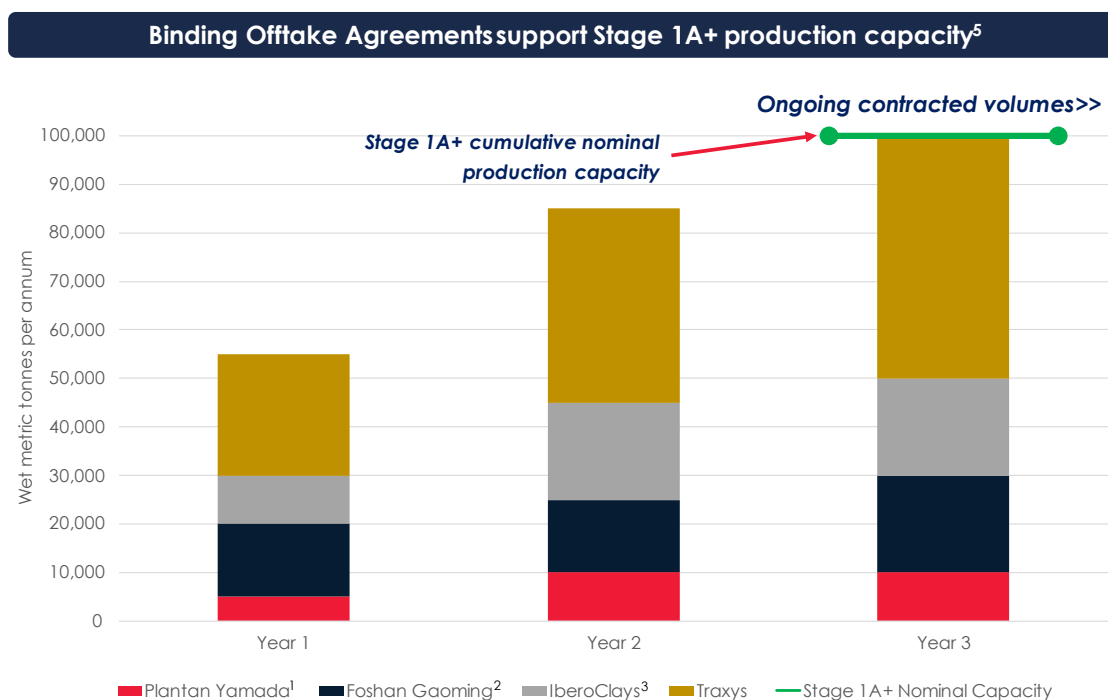


- **Direct sales Great White HRM™** as an additive for concrete applications, as follows:
  - 5,000 wmt p.a. (+/-5% at Andromeda's option) for year 1;
  - 10,000 wmt p.a. (+/-5% at Andromeda's option) for year 2 onwards;
  - Exclusive marketing and distribution in Turkey, India, France and the Middle-East;
  - Estimated prices (subject to further confirmation) that are almost double the conservative product pricing assumptions in the 2023 DFS<sup>2</sup> for year 1 and 2, with prices for year 3 onwards subject to annual negotiation<sup>4</sup>
  - For each year, the parties share equally in pricing upside on on-sales by Traxys; and,
  - Subject to conditions precedent in Traxys' favour relating to market acceptance of the product.

The Agreement is subject to conditions precedent in favour of the Company relating to a final investment decision on The Great White Project and the Company achieving commercial production.

➤ **Binding Offtakes secured to support Stage 1A+ production capacity**

Importantly, with this Agreement the Company now has secured binding offtake agreements for Great White CRM™ for most of its Stage 1A+ production capacity, reaching 100% of fully ramped cumulative Stage 1A+ capacity of 100,000 wmt pa nominal kaolin production, in the third year of production <sup>6</sup>.



1. Refer ADN ASX dated 8 June 2023 titled *Binding Offtake Agreement signed for Japanese market*.  
 2. Refer ADN ASX dated 18 October 2023 titled *Binding Offtake Agreement signed for Chinese market* adjusted per Seller's volume option for Year 3.  
 3. Refer ADN ASX dated 19 January 2024 titled *Binding Sales and Distribution Agreement Signed with IberoClays*.  
 4. Volumes exclude contracted volumes for Great White HRM™

With contracted offtake volumes supporting Stage 1A+ capacity, Andromeda will now focus on moving the Project forward including seeking to secure the required funding to support a final investment decision.

within 5 years of the first date of delivery of Great White CRM™ or on earlier termination of the Agreement, unless Traxys elects to convert the Facility into ordinary shares (subject to any necessary approvals).

<sup>6</sup> Assumes maximum volumes under the IberoClays offtake agreement (refer ADN ASX announcement dated 19 January 2024 titled *Binding Sales and Distribution Agreement Signed with IberoClays*) and the Agreement and takes into account optionality in favour of the Company under the Foshan Gaoming offtake agreement.



**Bob Katsioularis, Andromeda's CEO and Managing Director said:** "We are excited to seal our comprehensive strategic partnership with Traxys. Traxys is an ideal strategic partner for Andromeda, one in whom we can trust, and one that shares our commitment to meeting the increasing global need for superior industrial minerals.

"The agreement with Traxys is a significant step towards Andromeda's long-term success. Traxys' binding commitment for significant volumes during the initial stages of production, and its support of future expansions, acknowledges both the high-quality of kaolin products from The Great White Project and the certainty provided through securing an offtake from this new, large source of kaolin supply.

"This positive demand-supply environment is further supported by Andromeda's growing resource base of high-quality kaolin deposits which provide an opportunity to significantly extend the initial 28-year life of mine of The Great White Project."

**Mark Kristoff, CEO of Traxys, welcomed the development:** "The immense market opportunity of our strategic partnership with Andromeda has been confirmed in our recent market discussions with numerous kaolin customers across global markets.

"The established market for kaolin, currently valued at over US\$4 billion of sales per annum, continues to consistently grow in excess of GDP growth, due to growing use driven by supportive customer trends and increasing novel uses for kaolin in new and high-value applications.

"Importantly, Andromeda's emergence as a near-term supplier of high-quality kaolin is coming at a time of constrained supply driven by long-term global depletion of high-quality sources of supply, which is exacerbated by geopolitical issues, such as the war in Ukraine. This has seen acute shortages of high-quality kaolin occur in European and other global markets.

"The positive demand/supply characteristics, together with Andromeda's high-quality products and extensive kaolin resources, provide us confidence in the long-term nature of our strategic relationship."

This announcement has been approved for release by the Board of Directors of Andromeda Metals Limited.

For more information about the Company and its projects, please visit our website, [www.andromet.com.au](http://www.andromet.com.au) or contact:

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## **ABOUT TRAXYS**

Traxys is a leading global physical trader and merchant in metals and natural resources, with a turnover exceeding US\$10 billion annually.

Traxys sources, trades, markets, and distributes non-ferrous metals, ferro-alloys, minerals, industrial raw materials, and energy, with operations covering the Americas, Europe, Australia and Asia.

In July 2024, Traxys announced an extension and increase of its flagship multi-currency syndicated revolving credit facility, to US\$1.6 billion approved by its existing syndicate of 24 banks.

For more information, visit [www.traxys.com](http://www.traxys.com)



## **FORWARD-LOOKING STATEMENTS**

This document contains or may contain certain forward-looking statements and comments about future events, that are based on Andromeda's beliefs, assumptions and expectations and on information currently available to management as at the date of this document. Often, but not always, forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "plan", "believes", "estimate", "anticipate", "outlook", and "guidance", or similar expressions. Such statements are only expectations or beliefs and are subject to inherent risks and uncertainties which could cause actual values, results or performance achievements to differ materially from those expressed or implied in this presentation.

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