

26 June 2023

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Andrada Mining Limited

("Andrada" or the "Company")

First quarter operational update for the period ended 31 May 2023

42% increase in contained tin volume year-on-year as costs remain below guidance.

Andrada Mining Limited (AIM: ATM, OTCQB: ATMTF), the African technology metals mining company with a portfolio of mining and exploration assets in Namibia hereby provides the unaudited operational update for the Company for its first quarter for the period ended 31 May 2023 ("Q1 2024").

HIGHLIGHTS

OPERATIONS

- Improved safety performance to 0.95 LTIFR for 881 808 Lost Time Injury (LTI) free hours.
- Fifty percent (50%) year-on-year ("YoY") increase in tin concentrate to 359 tonnes (Q1 2023: 239).
- Forty-two percent (42%) YoY increase in contained tin metal to 216 tonnes (Q1 2023: 152).

LITHIUM DEVELOPMENT

Testing programme

- First saleable bulk lithium concentrate produced from Bond Equipment (mineral processing specialists), South Africa through dense medium separation ("DMS"), consisting of 85% pure petalite at a grade of 4.16 % Li₂O.
- The petalite concentrate is being tested by potential industrial offtakers and for conversion to lithium carbonate and lithium hydroxide.
- Construction of the on-site bulk-sampling pilot plant on budget and on time for completion at the end of June 2023, with commissioning anticipated in July 2023.
- Andrada is exploring early lithium revenues during the second half of the 2023 calendar year ("CY 2023") through petalite production from the pilot plant at Uis.

Exploration programme

- Confirmatory drilling in the Uis Southern Cluster pegmatites to upgrade historic resources on proximal pegmatites is ongoing.
- Drilling of seventeen holes on ML129 ("Spodumene Hill") licence area completed in April 2023 with all holes intersecting mineralised pegmatite. The assay results are being finalised and will be released as soon as they are available.
- Infill mapping and channel sampling along strike of drill targets on the ML133 licence area ("Lithium Ridge") completed in May 2023, and the initial assay results expected in July 2023.

FINANCIAL

- Average C1¹ operating cash costs below management guidance for the year of between USD17,000 and USD20,000 per tonne of contained tin at, USD15,741 (see announcement dated 20 March 2023).
- Average C2² operating costs below management guidance for the year of between USD20,000 and USD25,000 per tonne of contained tin at, USD18,235 (see announcement dated 20 March 2023).
- All-in sustaining cost³ ("AISC") below management guidance for the year of between USD25,000 and USD30,000 per tonne of contained tin at, USD21,377 (see announcement dated 20 March 2023).
- As announced on 5 June 2023, Andrada has executed the documentation for the Development Bank of Namibia ("DBN") USD5.5 million finance facility. Completion is subject to satisfaction of certain conditions which together with the associated drawdown is expected in July 2023. Further updates will be provided at that time.

CORPORATE

- Strategic partner process ongoing (see announcement 11 May 2023).
- OTCQB® trading commenced on 5 June 2023, providing access to a wider North American investor base.

Anthony Viljoen, Chief Executive Officer, commented:

"The milestones achieved during the quarter have laid the necessary foundation for the accelerated growth we expect for the balance of the financial year. We have demonstrated the ability to produce saleable lithium concentrate. The completion of our on-site bulk-sampling plant remains on track for completion this month and will expedite the metallurgical testwork required to bring lithium revenues onstream."

The on-going strategic process to identify a partner for the lithium development is going well and will transform Andrada from being a fledgling developer to a fully-fledged miner of technology metals. We have been encouraged by the level of interest from potential lithium partners globally and are confident of being able to conclude an attractive transaction for shareholders."

from potential lithium partners globally and are confident of being able to conclude an attractive transaction for shareholders and broader stakeholders this year.

We are pleased with the significant efficiencies achieved with the increased production of tin concentrate and the lower-than-expected cash cost increases QoQ. We are committed to keeping costs within the lower range of our guidance. The completion of the tantalum circuit will introduce the initial by-product and enable Andrada to fully harness the additional revenue.

Finally, in securing the funding from DBN, we are confident that we have made significant strides in completing the requisite steps to drawdown the funds in July. The combination of the DBN funding, operational cashflows and the outcome of the strategic process will enable us to expedite the development of the lithium revenue stream.

OPERATIONAL SUMMARY

Table 1: Uis Mine quarterly production and cost performance (unaudited)

| Description | Unit | Q1 FY 2023 | Q4 FY 2023 | Q1 FY 2024 | YoY % Δ | QoQ % Δ |
|---|----------------------|------------|------------|----------------|---------|---------|
| Feed grade | % Sn | 0.149 | 0.154 | 0.151 | +1% | -2% |
| Plant processing rate | tph | 99 | 125 | 135 | +36% | +8% |
| Ore processed | t | 152 243 | 196 982 | 214 467 | +41% | +9% |
| Tin concentrate | t | 239 | 361 | 359 | +50% | - 1% |
| Contained tin | t | 152 | 214 | 216 | +42% | +1% |
| Tin recovery | % | 67 | 71 | 67 | 0 | - 6% |
| Plant availability | % | 89 | 90.4 | 91.3 | +3% | 1% |
| Plant utilisation | % | 78 | 81.1 | 79.3 | +2% | - 2% |
| Uis mine C1 operating cost ¹ | US\$/t contained tin | 17 624 | 14 761 | 15 741 | -11% | + 7% |
| Uis mine C2 operating cost ² | US\$/t contained tin | 20 989 | 17 303 | 18 235 | -13% | + 5% |
| Uis mine AISC ³ | US\$/t contained tin | 23 526 | 18 236 | 21 377 | -9% | +17% |
| Tin price achieved | US\$/t contained tin | 34 367 | 25 265 | 25 149 | -27% | -1% |

¹C1 refers to operating cash costs per unit of production plus selling expenses.

²C2 operating cash cost is the C1 including selling expenses (logistics, smelting and royalties), it excludes sustaining capital expenditure associated with Uis Mine.

³All-in sustaining cost incorporates all costs related to sustaining production as well as the capital expenditure associated with developing and maintaining the Uis operation, including pre-stripping waste mining costs.

Improved safety performance

There were no recorded LTI incidents during the quarter. The operations safety record continued to improve over the quarter from LTIFR of 1.98 for 500 000 LTI free hours in March to a LTIFR of 0.95 for 881 808 LTI free hours in May 2023. The significant improvement in safety has been through a concerted effort to implement training and regular drills to ensure that all employees observe the safety rules.

Higher volumes, lower costs YoY

First quarter ("Q1 2024") tin concentrate production increased by 50% to 359 tonnes resulting in a 42% increase in contained tin to 216 tonnes YoY. The plant processing rate increased by 8% QoQ to 135 tph and by 36% YoY as the plant achieved steady state production following the modular expansion during Q4 2023. The significantly higher YoY tonnage output resulted in comparatively lower cash costs and AISC as illustrated in **Table 1**.

However, Q-o-Q compared to Q4 2023, the costs increased due to the marginal increase in the contained tin volume. The increase reflects the higher average stripping ratio of 2.3 (Q4 2023: 1.4) due to the requisite pushback as announced in the Q4 2023 operational update released on 20 March 2023. Despite the QoQ increases, the cash costs and AISC were all below the management guidance provided on 20 March 2023 due to the absence of the Orion royalty and improved efficiencies. The royalty is related to the proposed financing and is not included due to delays in its execution as in the update below. Management will focus on commissioning the pilot plant, tantalum circuit and on improving the overall plant utilisation rate in the next quarter.





Photo of the tantalum circuit on the right, adjacent to the processing plant: 20 June 2023

LITHIUM DEVELOPMENT & METALLURGY UPDATE

Initial saleable lithium concentrate produced through DMS.

As announced on 22 May 2023, Andrada produced its initial saleable lithium concentrate through DMS processing of bulk samples from the Company's Lithium Ridge licence (ML 133). The bulk sample for this pilot test had a head grade of 1.50% Li_2O resulting in an 85% pure petalite at a grade of 4.16% Li_2O . The petalite concentrate test work with potential offtakers has commenced with provisional completion of an offtake agreement targeted for the third quarter of CY 2023. Further updates will be provided in due course.

Flotation testwork

Testing of the Uis bulk sample is progressing at Nagrom, a mineral processor based in Australia, with process optimisation and mineralogical analysis underway. The flotation test work at Anzaplan, a metals specialist in Germany, on pre-concentrated samples has consistently achieved technical grade, and the testing of alternative reagent regimes is ongoing. As indicated in the announcement released on 22 May 2023, flotation of petalite may be necessary in sections of the ore body that indicate a lithium grade of less than 1.0% Li_2O , as well as for areas where milling is required for optimal petalite liberation.

Sensor-based ore sorting

Test work with Tomra and Steinert has confirmed the potential of NIR for pre-concentration of petalite which provides Andrada with additional processing options for consideration for its planned lithium expansion.

Bulk sampling pilot plant construction update

Construction of the on-site (lithium) bulk-sampling pilot plant is on schedule and on budget for completion at the end of June 2023. Management have internally estimated that this facility could generate annual early revenues of between USD5 million to USD20 million at the upper levels of production assuming an average grade of 4.0% Li_2O and an average petalite price of USD2,000 per tonne.



Photo of the bulk-sampling plant adjacent to the tantalum circuit and processing plant: 20 June 2023

EXPLORATION PROGRESS UPDATE

Mining licence 134: Uis Southern Cluster

Confirmatory drilling over the Uis Southern Cluster commenced in February 2023 with the aim of validating the historical drill holes and increasing the Mineral Resource Estimation classification for tin. The drilling campaign will also provide initial information on the lithium and tantalum mineralisation within these pegmatites. The programme is progressing steadily with additional contractors being mobilised to increase the rate of drilling. The results of this drilling will be released as soon as the associated assays are returned from the laboratory.

Mining licence 129: Spodumene Hill

All 17 diamond drill holes within this programme (see announcement dated 20 March 2023) appear to have intersected mineralised pegmatite with visual confirmation of spodumene crystals and appreciable quantities of tin and tantalum oxides. The results of this drilling programme will be released as soon as the associated assays are returned from the laboratory.

Mining licence 133: Lithium Ridge

The first-pass Reverse Circulation ("RC") drilling programme on Lithium Ridge to investigate the subsurface continuation of lithium, tin and tantalum mineralisation along the pegmatites which are enriched in lithium at surface commenced in April 2023. Approximately 1 000 RC drill samples have been shipped for preparation and analysis at UIS Analytical, an accredited laboratory in South Africa. The infill channel sampling and high-resolution geological mapping to enhance data resolution and to confirm the continuity of lithium mineralisation along an identified strike length of 6km was completed in May 2023. The results of this drilling programme will be released as soon as the associated assays are returned from the laboratory.

FINANCE

Development Bank of Namibia ("DBN") funding

As per the announcement on 5 June 2023, Andrada executed the contractual documentation for the N\$100 million (US\$5.5 million) senior secured debt facility with the DBN ("the Facility"), as anticipated. Completion of the Facility remains subject to a series of final conditions including the execution of an inter-creditor agreement between the DBN and Standard Bank (which has been agreed in principle) and finalisation of the associated security package.

Management expects the completion, and associated drawdown during July 2023, as informed by the significant progress in concluding the inter-creditor agreement in June 2023. Further updates will be provided in due course.

Orion Resource Partners ("Orion") US\$25 million financing

The conclusion of the US\$25m funding facility with Orion, detailed in the announcement dated 15 September 2022 remains subject to the finalisation of an intercreditor agreement between Orion and the senior lenders DBN and Standard Bank. Although the conclusion of the financing cannot be guaranteed, there has been progress in the negotiations between all parties and further updates will be provided in due course.

Cash balance

The combined cash and cash equivalent balance on 31 May 2023 was USD 3.1 million (GBP2.5 million). During the quarter the available funds were mainly utilised for the completion of bulk-sampling pilot plant and tantalum circuit.

CORPORATE

Strategic process update

The strategic process to identify the appropriate partner to participate in the lithium development is progressing as planned with site visits to Uis mine by interested parties completed. The entire strategic process is targeted to conclude at the end of September 2023.

OTCQB® upgrade completed.

Andrada qualified to trade on the OTCQB® Market (an American financial market) from 5 June 2023. The trading of the Company's ordinary shares on AIM, a market of the London Stock Exchange, and on the Namibian Stock Exchange, remain unaffected by this additional listing. The access to a wider North American investor market is expected to improve the liquidity of the shares.

Glossary of abbreviations

| | |
|--------------|--|
| AISC | All in sustaining cost |
| FY | Financial year for the period March to April |
| GBP | British pound sterling |
| LTI | Lost time injury |
| LTIFR | Lost time injury frequency rate |
| NIR | Near-infra-red (ore sorting) |
| Sn | Symbol for tin |
| t | Tonnes |
| tph | Tonnes per hour |

Glossary of terms

| | |
|---------------|---|
| AISC | Incorporates all costs related to sustaining production. Includes the sustaining capital expenditure associated with developing and maintaining the Uis operation such as unaudited stripping waste mining costs. |
| OTCQB® | The OTC Market is an Established Public Market by the U.S Securities and Exchange Commission, operated by OTC Markets Group. The OTCQB® Market particularly aims to support entrepreneurial and development stage companies such as Andrada to efficiently build investor awareness and provide U.S investors with a seamless trading facility, enabling investors to trade through the broker of their choice more easily. |

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About Andrada Mining Limited

Andrada Mining Limited, formerly Afritin Mining Limited, is a London-listed technology metals mining company with a vision to create a portfolio of globally significant, conflict-free, production and exploration assets. The Company's flagship asset is the Uis Mine in Namibia, formerly the world's largest hard-rock open cast tin mine.

Lithium laboratory test work completed during the 2022 calendar year indicated a high-grade, ultra-low iron lithium petalite concentrate. The test work to convert lithium petalite concentrate to battery-grade lithium hydroxide was initiated with Nagrom, a leading Australian processing company, and commercial engagements with lithium petalite concentrate off-takers are on-going. An exploration drilling programme is currently underway with the aim of expanding the tin resource over the fourteen additional, historically mined pegmatites, all of which occur within a 5 km radius of the current processing plant. The Company has set a mineral resource target of 200 Mt to be delineated within the next 5 years. The substantial mineral resource potential allows the Company to consider economies of scale.

Andrada is managed by a board of directors with extensive industry knowledge and a management team with deep commercial and technical skills. Furthermore, the Company is committed to the sustainable development of its operations and the growth of its business. This is demonstrated by how the leadership team places significant emphasis on creating value for the wider community, investors, and other key stakeholders. Andrada has established an environmental, social and governance system which has been implemented at all levels of the Company and aligns with international standards. [END]

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