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21 March 2024

**Capital Metals PLC**

("Capital Metals" or the "Company")

**Project Development Updates**

Capital Metals (AIM: CMET), a mineral sands company approaching mine development stage at the high-grade Eastern Minerals Project in Sri Lanka (the "Project"), provides the following updates on Project development activities.

**Outstanding IML Applications**

Following a period of constructive engagement with the Geological Survey and Mines Bureau ("GSMB"), further to the reinstatement of the two granted Industrial Mining Licences ("IMLs") in December 2023, the Company has now received a formal letter confirming the GSMB's intention to process the Company's seven outstanding IML applications, which is expected to facilitate the granting of further IMLs to underpin the mine plan for the resource in the entire 47km<sup>2</sup> EL168 licence area.

**Additional CCD Mine Permit**

The Company is also in advanced discussions with the Coast Conservation Department ("CCD") to obtain a permit to mine covering all the CCD managed land in the EL168 area. The CCD has already granted a permit to mine in the two granted IML areas. The additional permit will provide flexibility to expand mining activities as soon as the GSMB grants IMLs pursuant to the outstanding IML applications.

**Board of Investment**

The GSMB has also provided a "No Objection" letter to the Company's application to have a Board of Investment ("BOI") registered company controlling its Project interests in Sri Lanka. Approval by the BOI is anticipated in the very near future and will enhance the Company's investment in Damsila Exports (Pvt) Limited, the Sri Lankan subsidiary holding the EL168 exploration licences, initial IMLs and applications, by providing protections against nationalisation under the Constitution of Sri Lanka as well as additional fiscal incentives.

**Drilling Update**

Final preparations are underway to commence both Aircore and Sonic rig drilling programmes in April 2024. Drilling will provide resource infill and confirmation in the Initial Mining Area, which was the focus of the Preliminary Economic Assessment undertaken by IHC Mining in 2022.

Drilling and subsequent assay and geo-metallurgical assessment is designed to increase resource confidence and allow the calculation of a Proven Reserve to underpin a minimum of the first 12 months of operation. Drilling will also include exploration at depth and westward to discover additional, buried shorelines where they exist and where dune mineralisation has previously been identified. Accordingly, a substantial resource increase is anticipated from this initial work programme, which is expected to subsequently motivate further resource confirmation and exploration activity.

**Garnet and Monazite Study**

The Company has mandated IHC Mining to undertake further studies on the potential value addition from garnet and monazite minerals that were largely ignored in historical valuations, but the contribution of which is expected to add significant value to the Project. Test work completed by IHC Mining has shown monazite to contribute 2.3kg/t of Heavy Mineral Concentrate ("HMC") and garnet to contribute 200kg/t of HMC.

Garnet will be separated and sized into standard saleable product mesh sizes and an XRF analysis will be completed to confirm the quality of the product for the growing media blasting and water jet cutting markets. Previous valuations for garnet were at a low, bulk price in the vicinity of US\$250-300/t, whereas sized and bagged product can achieve sale values of US\$600/t in the current market.

A monazite product will be separated and chemically analysed to determine inherent Rare Earth Oxides and allow for value and market assumptions on the final product. No value has been attributed to monazite previously.

**Commencement of Environmental Impact Assessment ("EIA") on EL199**

Work has commenced on the EIA for the EL199 tenement area ("EL199"). EL199 is a 37km<sup>2</sup> southern extension

of the Project containing approximately half of the Project resource. Completion of the EIA is a precursor to the application for IMLs for the EL199 area, which the Company is targeting to start receiving in H1 2025. The Company has received formal confirmation from the GSMB that the EL199 tenement is able to be retained by the Company for a further period of two years thereby allowing sufficient time for the conclusion of the EIA and submission of IML applications. For the avoidance of doubt, mining of the EL168 licence area is the initial priority for the Company and is not dependent on the EIA approval and subsequent issuance of IMLs on EL199.

**Greg Martyr, Executive Chairman, commented:**

*"I am pleased to provide these positive updates on licensing and pre-construction activities, which are particularly relevant now we are in advanced discussions with two industrial groups to conclude a funding transaction in the near term to support our operations into production.*

*Given the Company's healthy cash resources and advanced nature of these funding transaction discussions, we have accelerated a number of budget workstreams to prepare for commencement of construction and expedite the development process.*

*The recent positive engagement from the GSMB, CCD and the BOI regarding advancing our capacity to mine, as well as providing foreign investor protections and incentives, has also encouraged us to commit to an additional mineral study for garnet and monazite, as well as a drilling programme aimed at increasing resource certainty and resource expansion.*

*We look forward to updating stakeholders further on material initiatives to move the Project into production."*

**For further information, please contact:**

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**About Capital Metals**

Capital Metals is a UK company listed on the London Stock Exchange (AIM: CMET). We are developing the Eastern Minerals Project in Sri Lanka, approximately 220km east of Colombo, containing industrial minerals including ilmenite, rutile, zircon, and garnet. The Project is one of the highest-grade mineral sands projects globally, with potential for further grade and resource expansion. In 2022, a third-party Preliminary Economic Assessment provided a Project NPV of US\$155-235m based on existing resources, with further identified optimisation potential. We are committed to applying modern mining practices and bringing significant positive benefits to Sri Lanka and the local community. We expect over 300 direct new jobs to be created and over US\$130m in direct government royalties and taxes to be paid.

Visit our website:

[www.capitalmetals.com](http://www.capitalmetals.com)

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