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10 July 2024

Capital Metals PLC

("Capital Metals" or the "Company")

Drilling Update: Approval Granted

Work programme targeting substantial near-term resource tonnage and grade upside

Capital Metals (AIM: CMET), a mineral sands company approaching mine development stage at the high-grade Eastern Minerals Project in Sri Lanka (the "Project"), is pleased to announce it has now received all necessary consents to commence the drilling programme, focusing on increasing the resource as well as obtaining greater certainty in the proposed initial mining area. The drilling programme will commence shortly.

Key objectives

- Resource extension through deeper aircore drilling down to the alluvial basement and laterally to the west, outside the current Mineral Resource Estimate ("MRE"), targeting the identified palaeo-beach and dune formations on the coastal plain
- Resource/reserve confirmation for final mine design and production scheduling - initially targeting the first 12 months of production
- The minimum objective of the Company is to progressively increase the resource to twice its current volume. The prospects of material increases are likely to be evident in the short-term through visual and laboratory analysis of samples

The current Project MRE of 17.2Mt at 17.6% Total Heavy Minerals ("THM") already places the Project's deposit among the highest grades globally. The MRE was estimated on pre-2016, hand auger drilling of 1,643 holes for 2,621 metres. Drilling was limited to the beach and foredune formations and, due to the hand auger drilling method, terminated at the groundwater table at an average depth of 1.6 metres. Mineralisation remains open below the groundwater table and potential for additional resources also exists west of the foredune formation across the Project.

Hand auger drilling is ineffective below the groundwater table and, as such, drilling to date has not penetrated to the basement which is anticipated at approximately an average of 10 metres depth. The resource drilling also excluded marine sands in the coastal plain behind the foredune formation.

Deep sonic drilling in 2018 in the back-beach and foredunes at Komari, some of which was west (outside) of the existing resource, returned results including 14 metres at 26.3% THM and 8 metres at 26.6% THM. This, together with contemporary analysis of other trailing continental margins, suggests that a substantial additional resource has been excluded at depth and laterally in parallel palaeo-beach formations on the immediate coastal plain. Accordingly, a substantial resource increase is anticipated from this drilling programme.

Drilling will include a comprehensive Quality Assurance sampling programme. To expedite the analysis stage, all routine and Quality Assurance samples will be delivered in batches to laboratories in Johannesburg for heavy liquid separation and mineralogical assessment using a mix of XRF, XRD and QEMScan. The Company expects to be able to report initial results starting next quarter, although visual results are expected to be reportable in the current quarter.

The Company has also commenced work on a detailed submission on the feasibility of mining below the groundwater table, which is permissible in most beach mineral sands projects globally and has already taken place elsewhere in Sri Lanka. Discussions are advancing with the relevant authorities in Sri Lanka in this

place elsewhere in Sri Lanka. Discussions are advancing with the relevant authorities in Sri Lanka in this regard.

Greg Martyr, Executive Chairman of Capital Metals, commented:

"We've glimpsed the upside potential from 2018 and 2021 drilling which produced grades above our current MRE. Multiples of the current MRE are possible when drilling to the alluvial basement with an average anticipated depth of 10 metres compared to the current average of 1.6 metres for the MRE. Material resource extension is also likely from drilling the whole marine sand package, inland of the beach and foredunes.

The Project economics estimated in the 2022 Preliminary Economic Assessment have already demonstrated a high margin operation. We are very excited to finally be in a position to test the upside with a view to expanding the Project's current 10-year mine life and throughput, with the subsequent result of materially enhancing the NPV of the Project.

I look forward to updating the market on these drill results and a subsequent resource upgrade."

For further information, please visit www.capitalmetals.com or contact:

Capital Metals plc

Greg Martyr (Executive Chairman)

Via Vigo Consulting

Vigo Consulting (Investor Relations)

Ben Simons / Peter Jacob

+44 (0)20 7390 0234

capitalmetals@vigoconsulting.com

SPARK Advisory Partners (Nominated Adviser)

Neil Baldwin / James Keeshan / Adam Dawes

+44 (0)20 3368 3550

Tavira Financial

Jonathan Evans / Oliver Stansfield

+44 (0)20 7100 5100

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

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X (formerly Twitter): [@MetalsCapital](https://twitter.com/MetalsCapital)

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Glossary

QEMScan	Quantitative Evaluation of Minerals by Scanning Electron Microscopy - a fully automated micro-analysis system that enables quantitative chemical analysis of materials and generation of high-resolution mineral maps and images as well as porosity structure.
XRD	X-ray diffraction, or x-ray powder diffraction - utilises x-ray radiation on crystalline organic and inorganic samples. The rays are diffracted in a pattern determined by the position, arrangement, and size of the constituents of the crystal.
XRF	X-ray fluorescence - involves using x-rays to excite matter at the atomic level for determining approximate chemical compositions.

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