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5 August 2024

**Capital Metals PLC**

("Capital Metals" or the "Company")

**Project 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"), is pleased to provide the following Project updates.

**Highlights**

- Project holding company approved to benefit from Board of Investment ("BOI") status
- Mining permit approved by Coast Conservation and Coastal Resource Management Department ("CCD") - other government department approvals progressing positively
- Drilling scheduled to commence in or around the week commencing 12 August 2024 following the release of the rig from its prior commitments
- Initial mine plan preparations underway to underpin equipment and vendor finance discussions
- Engagement recommencing with several potential offtakers to support Project funding

**Sri Lanka Board of Investment Approval**

Capital Metals is pleased to announce it has received approval from the BOI pursuant to Section 17 of BOI Law No. 4 (1978) for the Project holding company, Damsila Exports (Pvt) Limited, to benefit from BOI status.

Benefits include:

- Customs-free imports and 100% accelerated depreciation for key plant and equipment items
- Enhanced capital allowances
- Protections from nationalisation enshrined in the constitution
- Increased allowance for foreign ownership from 40% to 60% (but no change in economic interest which is already retained by the Company, as announced on 20 February 2023)

Capital Metals will now commence negotiation of the investment agreement with a view to finalising the terms of the BOI approval.

**Initial Mining Area Approvals**

The Company is working positively with the various regulatory authorities for the approvals required to commence construction in the first half of 2025. This includes the CCD, which has recently approved an expanded mining permit for the larger proposed Initial Mining Area, as well as the relevant government departments, which are the underlying landowners of the first parcel of the Initial Mining Area, to grant land access for mining. This will enable the grant of additional mining licences from the Geological Survey and Mines Bureau ("GSMB"). As evidence of the positive working relationship, the government of Sri Lanka recently gave the Company permission to drill this Initial Mining Area in the upcoming drilling programme.

Following confirmation earlier this year that the GSMB intends to process the Company's outstanding Industrial Mining Licence ("IML") applications, the GSMB recently granted an extension for the Company to satisfy the conditions of the outstanding applications. Capital Metals is working closely with the GSMB to have the applications approved to grant additional IMLs over the resources contained in the entire 47km<sup>2</sup> EL168 northern area of the Project.

**Drilling and Mine Planning**

Site preparations for drilling are largely complete. Drilling is scheduled to commence in or around the week beginning 12 August 2024 upon the arrival of the aircore rig (following its release from its prior commitments)

and the senior drilling manager. Drilling will commence in the middle of EL168 initially in a 6km<sup>2</sup> area largely comprising the government land, and is proposed to continue heading southwards towards the EL199 southern part of the Project as additional land access is granted.

Capital Metals' recently appointed Chief Operating Officer ("COO") Stuart Forrester has been in Colombo and at the Project site over the last few weeks, meeting the team, regulatory authorities and the Project community. Stuart is leading the preparation of the Initial Mine Plan which will be used to underpin equipment and vendor finance discussions on his return to Australia in late August. The Company is also re-engaging with several potential offtakers to support any financing, including previous and new contacts, particularly those introduced by the new COO. The Company's products are expected to be readily saleable with few impurities and a highly marketable initial blend of Heavy Mineral Concentrate.

**Greg Martyr, Executive Chairman of Capital Metals, commented:**

*"The receipt of BOI status is the result of extensive collaboration over many months between the Company, the BOI, and multiple government ministries. It is further evidence of strong in-country support for both the Company and our Project. While it does not alter the Company's ultimate economic value in the Project, which remains practically 100%, there are a whole raft of fiscal and other advantages that will benefit the Company in due course."*

*Preparations both for the imminent drilling programme and Initial Mine Plan are advancing well, including obtaining relevant consents from environmental departments. We are working with the GSMB on the next batch of IML grants that will underpin the entire Initial Mine Plan and getting ourselves into a position to engage in negotiations for equipment, vendor and offtake finance."*

**Stuart Forrester, COO of Capital Metals, added:**

*"Last week was my first time on site and my main thought was Grade is King! Sri Lanka is blessed with rich heavy mineral deposits and the country's growing focus on developing these critical resources is promising. Our Project has an impressive combined Heavy Mineral Grade of 17.6%, a substantial leap from the less than 2.5% grades I encountered in my previous roles."*

*I am also encouraged by the progress we are making with government and local stakeholders as we advance into the operational phase. It was evident from my recent visit that the local community supports the Project, recognising the many benefits a venture of this scale can bring."*

**For further information, please visit [www.capitalmetals.com](http://www.capitalmetals.com) or 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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