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Capital Metals PLC
17 December 2024

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17 December 2024

Capital Metals plc

("Capital Metals" or the "Company")

Unaudited Interim Results for the Six Month Period Ended 30 September 2024

Capital Metals (AIM: CMET), a mineral sands company approaching mine development stage at the high-grade Eastern Minerals Project in Sri Lanka (the "Project"), announces its unaudited results for the six month period ended 30 September 2024 (the "Half Year").

Highlights:

- Company focus on reducing Stage 1 capex whilst expediting cashflow has resulted in estimated capex falling by one-third to 20.9 million, with further optimisation opportunities identified for potential cost reductions
    - New approach fast-tracks production and enables Project to become self-funding as quickly as practicable
    - Initial production of Heavy Mineral Concentrate, based on projected throughput rate of 550,000tpa, is forecast to be 125,000tpa, with upside from expected higher grades in the initial mining area
    - Targeting Final Investment Decision ("FID") in Q2 2025 in order to commence construction, with an expected 9-12-month construction period until first production
- Company in active dialogue with offtakers, vendor financiers, and potential Sri Lankan project partners to finance the Project in a way that minimises or eliminates the requirement for market equity
- Continued planning for a drilling programme expected to start later this month focussing on resource growth and supporting design, engineering and mine planning, while obtaining greater geological confidence in the proposed mining areas
- Sheffield Resources Limited (ASX: SFX) Executive Chair, Bruce Griffin, joined the Board as a Non-Executive Director in April 2024 following the £1.25m strategic investment by Sheffield in March 2024
- Stuart Forrester, an experienced engineering professional with an extensive background in mineral sands projects, was appointed as Chief Operating Officer (non-Board position) in July 2024
- Deepened community engagement programme led by dedicated personnel aimed at increasing understanding of the Project and undertaking support initiatives

Greg Martyr, Executive Chairman, commented:

"The Company now has an approach that fast-tracks production, significantly reduces initial capex, and enables the Project to become self-funding as quickly as practicable. Based on the costs in the PEA, which we believe are conservative, we are confident of achieving significant operating margins over the life of the Project. Accordingly, we are targeting FID in Q2 2025 in order to commence construction, with an expected 9-12-month construction period until first 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.

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www.capitalmetals.com

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CHAIRMAN'S STATEMENT

Introduction

I am pleased to present the half year report for the six month period ended 30 September 2024.

During the period, Sri Lankans peacefully went to the polls to elect a new president from the National People's Power party, triggering a parliamentary election two months later giving the NPP a clear mandate to govern, with the capacity to take positive decisions to assist the economy, with new investment in projects creating jobs and strong foreign currency inflows.

For Capital Metals, our major focus was on working diligently with consultants across all aspects of Project delivery to arrive at a materially reduced capex estimate for the first stage of production without compromising on throughput to produce a high grade, very clean Heavy Mineral Concentrate ("HMC") which we know will be well received by offtakers.

We have strengthened the team with key hires in Australia and Sri Lanka, planned for a drilling programme to commence later this month, and deepened our community engagement as we approach mine development.

Review of Activity

Project Advancement

During the Half Year, as Project funding talks ended with Sheffield Resources Limited (ASX: SFX) ("Sheffield") and LB Group, the Company began establishing a development plan which significantly reduces the circa 30 million Stage 1 capex from the May 2022 Preliminary Economic Assessment ("PEA"), whilst expediting cashflow. Simply, our plan became to go it alone, retaining more equity in the Project (which should also grow in terms of resource) and getting to cash flow as fast as practicable. Leveraging updated knowledge and implementing numerous process improvements since the PEA, the outcome of this work was announced earlier this month when the Company was pleased to report that the estimated capex has reduced to 20.9 million, with further optimisation opportunities identified for potential cost reductions.

The process rationalisation studies initiated during the Half Year included: eliminating the need to wash the concentrate (following numerous discussions with potential offtakers) and reducing associated infrastructure at the port; transitioning to truck and shovel mining to avoid costly in-pit mining units; and utilising an off-the-shelf predesigned wet concentrator plant from Mineral Technologies.

As a result, the initial production rate of HMC in Stage 1, based on the same projected throughput rate in the PEA of 550,000 tonnes per annum ("tpa"), is forecast to be 125,000 tpa, with upside based on expected higher grades in the chosen initial mining area.

This strategy also supports incremental expansions of production capacity and product quality through various plant value additions over time. Subsequent phases incorporate incremental mining rates of up to 1.65 million tpa, and potentially beyond, subject to expected increases in the resource; a magnetic separation plant to produce final ilmenite and garnet products and zircon and rutile in concentrate; and a non-magnetic separation plant in the final stage to produce final zircon and rutile products in addition to the ilmenite and garnet.

The Company has also been in active dialogue with offtakers, vendor financiers, and potential Sri Lankan project partners to finance the Project in a way that minimises or eliminates the requirement for the Company to raise market equity for the funding task. This approach is also significantly less time consuming than traditional project debt.

After the Half Year, we entered into service agreements with Mineral Technologies, a leading mineral process solutions, services and equipment specialist headquartered in Queensland, Australia, and Access Group, a Sri Lanka-based engineering and construction firm. Both partners will support different aspects of the engineering and design of the Project necessary to reach a Final Investment Decision ("FID").

Mineral Technologies will focus on key technical aspects, with both companies leveraging their expertise to develop capex requirements to support FID. It is envisaged Mineral Technologies will become the supplier of a pre-designed Flex Series plant for Stage 1. We will work with Access Group to build our in-country capacity and capabilities, incorporating local skills and creating jobs. In line with this approach, the teams are exploring options to fabricate key equipment, including the structural framework for the spiral plant, in Sri Lanka.

Drill Planning

During the Half Year we continued planning for a drill programme aimed at increasing the resource, as well as helping with design, engineering and mine planning, whilst obtaining greater geological confidence in the proposed mining areas. The programme was delayed during the elections. We are now mobilising the drilling rig and team to recommence drilling activities later this month.

Board & Management Developments

In April 2024, we announced the appointment of Bruce Griffin as a Non-Executive Director. Bruce is Executive Chair of Sheffield, a 10% shareholder in Capital Metals since March 2024. He is well respected throughout the global mineral sands industry and recently played a key role in bringing Thunderbird in Western Australia, one of the largest and highest-grade mineral sands discoveries in the last 30 years, into production. This, coupled with his decades of experience within mineral sands and the wider resources industries, will be valuable to Capital Metals as we advance through FID into mine construction and introduce modern mining practices to Sri Lanka's developing mineral sands sector.

In July 2024, Stuart Forrester, an experienced engineering professional with an extensive background in mining, processing and project management, was appointed as Chief Operating Officer (non-Board position). Stuart's experience at every stage of the life cycle of mineral sands mines with the likes of Illuka Resources and Chemours is already proving hugely valuable. Stuart is well connected with the relevant service and equipment providers that we will be working with to develop, and vendor finance, our staged approach to the Project. He is a passionate team builder. He has spent considerable time with us in Sri Lanka already, building out and getting to know the local team and supporting community engagement. We are delighted to have him on board, and Stuart is particularly excited about our 17.6% Total Heavy Mineral grade which sets our project apart from typical 2-5% mineral sands projects, driving increased value and efficiency.

Other new colleagues include Harsha Udawatta, Operations Manager, and Jegatheeswary Gunasingam, Community Relations Manager who joined in Sri Lanka, adding further skills to our growing in-country team to support the pathway to production.

Outlook

The Company now has an approach that fast-tracks production, significantly reduces initial capex, and enables the Project to become self-funding as quickly as practicable. Based on the costs in the PEA, which we believe are conservative, we are confident of achieving significant operating margins over the life of the Project. Accordingly, we are targeting FID in Q2 2025 in order to commence construction, with an expected 9-12-month construction period until first production.

Greg Martyr
Executive Chairman
17 December 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	6 months to 30 September 2024 Unaudited	6 months to 30 September 2023 Unaudited
Continuing operations			
Revenue		-	-
Administration expenses		(454,492)	(384,470)
Share based payments		(4,631)	(19,149)
Foreign exchange		(871)	(4,571)
Operating loss		**(459,994)**	**(408,190)**
Finance income		13,213	558
Loss before income tax		**(446,781)**	**(407,632)**
Income tax		-	-
Loss for the period		**(446,781)**	**(407,632)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences		216,927	79,989
Total comprehensive loss for the period		**(229,854)**	**(327,643)**
Basic loss per share	5	**(0.064)p**	**(0.069)p**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 September 2024 Unaudited	As at 31 March 2024 Audited	As at 30 September 2023 Unaudited
Non-Current Assets				
Property, plant and equipment		20,561	21,589	22,569
Other loans		144,141	142,145	131,730
Intangible assets	6	5,708,492	5,332,471	4,707,101
		5,873,194	**5,496,205**	**4,861,400**
Current Assets				
Trade and other receivables		44,625	44,637	109,035
Cash and cash equivalents		2,427,569	3,087,329	501,225
		2,472,194	**3,131,966**	**610,260**
Total Assets		**8,345,388**	**8,628,171**	**5,471,660**
Non-Current Liabilities				
Trade and other payables		600,000	600,000	600,000
		600,000	**600,000**	**600,000**
Current Liabilities				
Trade and other payables		790,077	847,637	731,180
		790,077	**847,637**	**731,180**
Total Liabilities		**1,390,077**	**1,447,637**	**1,331,180**
Net Assets		**6,955,311**	**7,180,534**	**4,140,480**
Capital and Reserves Attributable to Equity Holders of the Company				
Share capital		6,455,344	6,455,344	6,278,412

Share premium	54,923,341	54,923,341	49,767,108
Capital contribution and contingent shares	3,218,750	3,218,750	3,218,750
Other reserves	(42,022,458)	(42,290,269)	(40,046,992)
Retained losses	(15,499,523)	(15,052,742)	(14,968,789)
Non-controlling interest	(120,143)	(73,890)	(108,009)
Total Equity	**6,955,311**	**7,180,534**	**4,140,480**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to owners of the Parent								
	Note	Share capital	Share premium	Capital contribution and contingent shares	Other reserves	Retained losses	Total equity	Non-controlling interest	Total equity
Balance as at 1 April 2023		**6,062,403**	**48,946,676**	**3,218,750**	**(39,136,359)**	**(15,570,928)**	**3,520,542**	**(103,430)**	**3,417,112**
Loss for the period		-	-	-	-	(407,632)	(407,632)	-	(407,632)
Other comprehensive income for the period		-	-	-	79,989	-	79,989	-	79,989
Total comprehensive loss for the period		**-**	**-**	**-**	**79,989**	**(407,632)**	**(327,643)**	**-**	**(327,643)**
Shares issued		216,009	864,036	-	-	-	1,080,045	-	1,080,045
Cost of capital		-	(43,604)	-	-	-	(43,604)	-	(43,604)
Grant of options & warrants		-	-	-	19,149	-	19,149	-	19,149
Cancelled options		-	-	-	(1,009,771)	1,009,771	-	-	-
Foreign exchange movements on NCI		-	-	-	-	-	-	(4,579)	(4,579)
Total transactions with owners, recognised in equity		**216,009**	**820,432**	**-**	**(990,622)**	**1,009,771**	**1,055,590**	**(4,579)**	**1,051,011**
Balance as at 30 September 2023		**6,278,412**	**49,767,108**	**3,218,750**	**(40,046,992)**	**(14,968,789)**	**4,248,489**	**(108,009)**	**4,140,480**
Balance as at 1 April 2024		**6,455,344**	**54,923,341**	**3,218,750**	**(42,290,269)**	**(15,052,742)**	**7,254,424**	**(73,890)**	**7,180,534**
Loss for the period		-	-	-	-	(446,781)	(446,781)	-	(446,781)
Other comprehensive loss for the period		-	-	-	216,927	-	216,927	-	216,927
Total comprehensive loss for the period		**-**	**-**	**-**	**216,927**	**(446,781)**	**(229,854)**	**-**	**(229,854)**
Grant of options		-	-	-	4,631	-	4,631	-	4,631
Foreign exchange movements on NCI		-	-	-	46,253	-	46,253	(46,253)	-
Total transactions with owners, recognised in equity		**-**	**-**	**-**	**50,884**	**-**	**50,884**	**(46,253)**	**4,631**
Balance as at 30 September 2024		**6,455,344**	**54,923,341**	**3,218,750**	**(42,022,458)**	**(15,499,523)**	**7,075,454**	**(120,143)**	**6,955,311**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	6 months to 30 September 2024 Unaudited	6 months to 30 September 2023 Unaudited
Cash flows from operating activities			
Loss before taxation		(446,781)	(407,632)
Adjustments for:			
Share based payments		4,631	19,149
Depreciation		3,564	3,782
Interest income		(13,157)	(470)
(Increase)/decrease in trade and other receivables		7,585	(73,063)
(Decrease) in trade and other payables		(65,186)	(110,713)

(Decrease) in trade and other payables		(65,186)	(110,713)
Foreign exchange		(8,842)	3,221
Net cash used in operations		**(518,186)**	**(565,726)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,336)	(262)
Disposal of property, plant and equipment		-	423
Exploration and evaluation activities	6	(340,449)	(183,438)
Interest received		13,157	470
Net cash used in investing activities		**(329,628)**	**(182,807)**
Cash flows from financing activities			
Proceeds from share issues		-	1,080,045
Cost of share issues		-	(43,604)
Net cash generated from financing activities		**-**	**1,036,441**
Net increase/(decrease) in cash and cash equivalents		**(847,814)**	**287,908**
Exchange differences on cash		**188,054**	**(2,896)**
Cash and cash equivalents at beginning of period		**3,087,329**	**216,213**
Cash and cash equivalents at end of period		**2,427,569**	**501,225**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General Information

Capital Metals plc is a mineral exploration company with its shares admitted to trading on the AIM Market of the London Stock Exchange.

The Company is domiciled in the United Kingdom and incorporated and registered in England and Wales, with registration number 05555087. The Company's registered office is 6 Heddon Street, London, W1B 4BT.

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2024, which have been prepared in accordance with UK adopted international accounting standards.

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of UK adopted international accounting standards.

Statutory financial statements for the year ended 31 March 2024 were approved by the Board of Directors on 4 September 2024 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified in relation to the Company's ability to continue as a going concern. The condensed interim financial statements are unaudited and have not been reviewed by the Company's auditor.

Going concern

These financial statements have been prepared on the going concern basis. Given the Group's current cash position and its demonstrated ability to raise capital, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting preparing the condensed interim financial statements for the period ended 30 September 2024.

The factors that were extant at 31 March 2024 are still relevant to this report and as such reference should be made to the going concern note and disclosures in the 2024 Annual Report and Financial Statements ("2024 Annual Report").

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Company's medium term performance and the factors that mitigate those risks have not substantially changed from those set out in the 2024 Annual Report, a copy of which is available on the Company's website: www.capitalmetals.com. The key financial risks are foreign currency risk, liquidity risk, credit risk, market risk and fair value estimation.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in Note 2 the 2024 Annual Report. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Accounting Policies

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Company's annual financial statements for the year ended 31 March 2024.

3.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group and Company

A number of new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) have become effective for the first time for financial periods beginning on (or after) 1 April 2024 and have been applied by the Company and Group in these interim financial statements. None of these new and amended standards and interpretations had a significant effect on the Company or Group because they are either not relevant to the Company or Group's activities or require accounting which is consistent with the Company or Group's current accounting policies.

(b) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods, and which have not been adopted early.

4. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

5. Earnings per Share

The calculation of earnings per share is based on a retained loss of 446,781 for the six months ended 30 September 2024 (six months ended 30 September 2023: loss 407,632) and the weighted average number of shares in issue in the period ended 30 September 2024 of 701,083,711 (six months ended 30 September 2023: 587,667,812).

No diluted earnings per share is presented for the six months ended 30 September 2024 or six months ended 30 September 2023 as the effect on the exercise of share options would be to decrease the loss per share.

6. Intangible fixed assets

The movement in capitalised exploration and evaluation costs during the period was as follows:

Exploration & Evaluation at Cost and Net Book Value	
Balance as at 1 April 2024	5,332,471
Additions	340,449
Foreign exchange	35,572
As at 30 September 2024	**5,708,492**

7. Events after the balance sheet date

There have been no significant events after the balance sheet date.

8. Approval of interim financial statements

The Condensed interim financial statements were approved by the Board of Directors on 17 December 2024.

9. Availability of interim financial statements

Copies of these interim financial statements are available from the Capital Metals website at www.capitalmetals.com.

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