

**ASX ANNOUNCEMENT**

Tuesday, 26 March 2024

## Capricorn Copper – Suspension of Operations

29Metals Limited ('29Metals' or, the 'Company') today announced the suspension of operations at Capricorn Copper.

29Metals will hold a conference call and webcast to discuss today's announcement, commencing from 9.00am (Melbourne time) on Tuesday, 26 March 2024. Details for the conference call and webcast are set out at the end of this release.

The decision to suspend operations follows an extended period of rainfall between late January and mid-March 2024, as a result of the weather in the region following consecutive tropical cyclones, resulting in a steady accumulation of water in regulated structures on site to levels now similar to the levels following the March 2023 extreme weather event.

With water at these levels, dewatering of Esperanza South underground mine ('ESS') cannot continue which, in turn, delays the restart of mining at ESS as part of the Capricorn Copper Recovery Plan.<sup>1</sup>

Having regard to the impact of the delay to the restart of mining at ESS, current water levels on site and the operational performance since August 2023, the suspension of operations is the prudent path – 29Metals' priorities are to protect our people, manage our environmental responsibilities, conserve cash and retain value.

Commenting on today's announcement, Managing Director & CEO, Peter Albert, said:

*"The decision to suspend operations has not been taken lightly, particularly because of the impact it will have on our team at Capricorn Copper who have worked tirelessly following the extreme weather event in March 2023, as well as the local community, our contractors, and the businesses across the region and the state of Queensland that support the site.*

*"Unfortunately, the combination of elevated water levels at the beginning of the wet season (as a result of the event a year ago) and the sustained rainfall since late January this year has more than offset our successes reducing water levels through mechanical evaporation and authorised releases of treated water within prescribed limits.*

*"The duration of the suspension will be dependent on a number of factors, including reducing the water levels held on site and securing the regulatory approvals required to set Capricorn Copper on a sustainable footing. 29Metals' objective will be to ensure the period of suspension is as short as possible. Planning for the restart will start almost immediately and we will use this pause in operations to build back stronger and set Capricorn Copper up for the future.*

*"During the suspension, 29Metals will continue to progress the growth potential at Capricorn Copper, including the targeted exploration activity currently underway to test the new mineralised zone identified last year east of the Mammoth orebody<sup>2</sup>, and evaluation of the potential to produce a cobalt product. "*

There will be a significant reduction in headcount and activity at site as we ramp down mining and milling activity over the next approximately six weeks. Activities during the suspension will focus on managing the water inventory (and related compliance activities) and preparing the asset for a future restart.

<sup>1</sup> Details of the *Capricorn Copper Recovery Plan* were outlined in the investor presentation released to the ASX announcements platform on 23 May 2023.

<sup>2</sup> Refer to 29Metals' ASX release entitled '*Exploration Update – Capricorn Copper*' released to the ASX announcements platform on 12 April 2023.

29Metals is committed to restarting operations as soon as practicable to realise the potential of Capricorn Copper, with its substantial mineral endowment of nearly 65 Mt in Mineral Resources, 19 Mt of Ore Reserves at 1.7% copper<sup>3</sup> supporting an estimated mine life of at least ten years, established infrastructure and organic growth opportunities.

The key drivers for a successful and sustainable restart will be:

- reducing water inventory held on site, including completing the dewatering of ESS and implementing further measures to enhance the resilience of the site to future weather events;
- establishing long term tailings storage capacity;
- completing the design, procurement and installation of the new water treatment plant, providing a reliable and sustainable source of water suitable for mining and milling operations; and
- identifying and implementing opportunities to enhance productivity and reduce costs.

The continuing support of the Queensland government will also be critically important, building upon the *Prescribed Project* and *Critical Infrastructure Project* status conferred late last year<sup>4</sup> to secure the regulatory approvals required to support the restart and the enablers outlined above.

From a balance sheet perspective, the suspension of operations will reduce cash outflows in the nearer term (after initial one-off termination and redundancy costs). 29Metals will continue to focus on productivity and sustainable cost reduction initiatives, progressing the Capricorn Copper insurance claim, and offtake finance arrangements to provide additional liquidity.

Updates regarding restart planning and ongoing activities will be provided in the quarterly report for the March quarter (expected to be released on 23 April 2024).

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*Authorised for release by the Managing Director & CEO, Peter Albert*

#### **Conference call and webcast details:**

**Webcast link:** <https://webcast.openbriefing.com/29m-update-2024/>

Participants are encouraged to access the link five minutes before the start of the webcast.

Participants who wish to participate in Q&A should join the conference call via:

#### **Dial in Details:**

Participant toll: +61 2 9007 3187

Participant toll free: 1800 809 971

Conference ID: 10038002

Participants may pre-register for the conference call via:

<https://s1.c-conf.com/diamondpass/10038002-16hzif.html>

A recording of the conference call will be accessible via the 29Metals website later that day at

<https://www.29metals.com/investors/presentations>.

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#### **Investor Enquiries**

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<sup>3</sup> Mineral Resources and Ore Reserves estimates at 31 December 2023 cited. 29Metals' Mineral Resources and Ore Reserves estimates for Capricorn Copper at 31 December 2023, including Competent Persons' statements and JORC Code Table 1 disclosures, was released to the ASX announcements platform on 23 February 2024.

<sup>4</sup> Refer to 29Metals' ASX release entitled '*Capricorn Copper Conferred Prescribed Project Status*' released to the ASX announcements platform on 16 November 2023.