

**ASX ANNOUNCEMENT**

Thursday, 20 April 2023

## Operations Update – Capricorn Copper

29Metals Limited ('29Metals' or, the 'Company') today provides an update regarding the impact of the March 2023 extreme weather event and progress of recovery planning.

**Key takeaways:**

- **Significant increase in water held on site, including ~500 ML in Esperanza South underground mine ('ESS')**
- **Physical damage limited; key infrastructure impacted includes water treatment plant ('WTP'), site workshop and warehouse**
- **Processing plant materially undamaged**
- **Multiple recovery scenarios evaluated – expected to involve phased recovery:**
  - **initial restart with Mammoth/Greenstone (mid Sep-Qtr 2023)**
  - **ESS restart (mid-H1 2024)**
- **Water quality management, reduction of site water inventory, and dewatering and rehabilitating ESS are key drivers of recovery timetable**
- **Opportunities to improve recovery timetable and Capricorn Copper's operating and financial profile post recovery**
- **Substantial liquidity (before any insurance proceeds) to support recovery**
- **Further update, including impact of recovery on guidance, expected by mid-May**

---

**Update regarding impact of extreme weather event**

Since the 15 March 2023 update to the market, 29Metals has undertaken detailed inspections of site facilities, where possible, and continued the assessment of damage and the volume of water held on-site.

Key updates are set out below:

- **water levels on site have stabilised – event has added approximately 1.5 GL of water relative to pre-event water levels; including an estimated 500 ML of water in ESS as a result of the water ingress from surface;**
- **inspections confirm that there has been limited water ingress to Mammoth and Greenstone and they will not require significant dewatering to re-commence mining;**
- **material damage to site infrastructure as a result of this event limited to:**
  - **damage (assumed)<sup>1</sup> to ground support and infrastructure in ESS as a result of inundation;**

---

<sup>1</sup> ESS is yet to be finally inspected as it remains inundated.

- damage (assumed)<sup>2</sup> to the WTP used to treat water for use in mineral processing and mining activities. Previously damage was thought to be limited to electrical components, however, limited further inspections indicate WTP may be a total loss;
  - probable<sup>2</sup> total loss of the workshop and warehouse, including tools, parts, and other inventory located in these facilities; and
  - damage to coarse ore reclaim feeders, water management infrastructure (e.g., pumps, pipework and sumps), and site civil works; and
- balance of processing plant and site facilities, including the village and site electrical infrastructure, not materially impacted.

## Recovery planning update

Recovery planning for the safe return to mining and mineral processing operations at Capricorn Copper is nearing completion.

Previous estimates for the return to operations were based on the reinstatement of the WTP electrical components with an expected lead time of three-to-four months. With the results of further inspections, the key drivers for a safe return to operations are now considered to be:

- managing water quality to meet regulatory requirements;
- reducing the volume of water on-site, commencing with the additional water as a result of this event, then restoring the water levels achieved before the commencement of the current wet season (in preparation for the next wet season);
- remediation / replacement of damaged site facilities and infrastructure, including water management infrastructure; and
- dewatering and progressive rehabilitation of ESS.

29Metals has evaluated multiple recovery scenarios. While the recovery plan is not yet final, it is now clear that the safe return to operations will likely involve a phased approach. It is expected that the recovery will comprise:

- **Phase 1 (mid Sep-Qtr 2023)** - initial reinstatement of operations, with combination of ore mined from the Mammoth and Greenstone ore sources, and stockpiles; and
- **Phase 2 (mid-H1 2024)** - complete reinstatement, with recommencement of mining in ESS and ramping up milling rates.

29Metals will be working closely with external stakeholders, including the Queensland Department of Environment and Science (the 'DES'), regarding the recovery plan. Engagement with the DES during and following the extreme weather event has been consistently positive.

In this recovery planning period, 29Metals is closely monitoring and managing costs. As previously reported, 29Metals has issued force majeure notices under major contracts and is working closely with its key contractors to mitigate costs. 29Metals' contractors and suppliers have been supportive throughout the event, and in the assessment and recovery planning phase that has followed.

As part of the recovery planning, 29Metals is closely examining opportunities to improve Capricorn Copper's operating and financial profile, including improvements to operational efficiency and productivity. 29Metals will also continue to investigate opportunities to accelerate phase 2 of the recovery.

As previously reported, 29Metals has notified its insurers regarding this event and the claim process is underway. 29Metals has substantial liquidity (before any insurance proceeds) to support the recovery, including cash and the Group's US\$40 million revolving capital facility which remains undrawn.

29Metals expects to finalise its recovery plan by mid-May and will update the market, including updates to guidance following the withdrawal of Capricorn Copper guidance (on 15 March 2023).

The Company will publish its quarterly report for the March quarter on 27 April 2023.

---

<sup>2</sup> The area on surface where the WTP and workshop are located are yet to be finally inspected as the areas remain inundated.

**Commenting on the Capricorn Copper update,** Managing Director & CEO, Peter Albert, said:

*“Substantial effort has gone into ensuring that we properly understand the full impact of this unprecedented weather event and implement a responsible plan for the safe return to operations. With water levels on site now stabilised, the recovery task has become clearer. Water quality and reducing the additional water brought onto site by this event are the key enablers to recovery.*

*We have closely considered a number of scenarios, and a staged return to operations is expected to deliver the best outcome, overall, for our shareholders and other stakeholders.*

*I again want to acknowledge the efforts of the 29Metals team. The extraordinary work from our team on site to manage the impact during this extreme event – with no health or safety incidents, no uncontrolled releases of water from on-site water storage facilities and no loss of containment of tailings – is being matched by Group-wide efforts to develop and evaluate recovery scenarios, confirming again that we have the team in place to safely return Capricorn Copper to operations.”*

---

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

---

**Enquiries**

Michael Slifirski

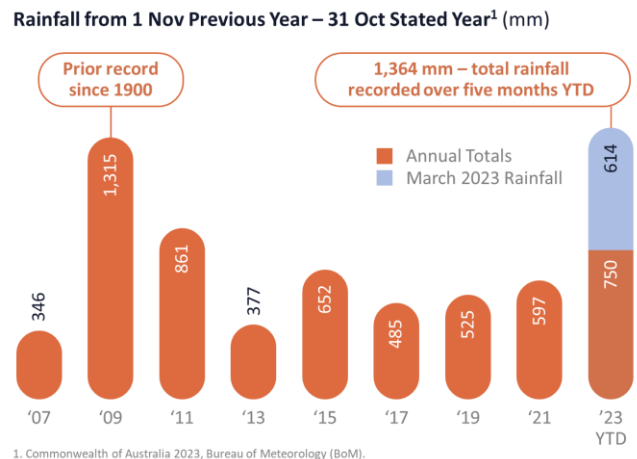
Group Manager Investor Relations

e: [Michael.Slifirski@29metals.com](mailto:Michael.Slifirski@29metals.com)

t: +61 459 967 977

## Fact Sheet | March 2023 Extreme Weather Event at Capricorn Copper

- More than 500 mm aggregate rainfall over the five-day period 6-10 March 2023
  - Highest aggregate rainfall ever recorded for a five-day period
  - Two consecutive days (8 and 9 March 2023) both recording approximately 200 mm rainfall
- Aggregate rainfall for the period 1 November 2022 to 12 March 2023 of 1,364 mm already exceeds highest rainfall ever recorded for the Mount Isa region for a 12-month period (1 November to 31 October)
- Mount Isa region declared a natural disaster zone
- Estimated increase in volume of water held on site at Capricorn Copper as a result of this extreme weather event, is approximately 1.5 GL
  - Includes approximately 500 ML in the Esperanza South underground mine
  - 1.5 GL is equivalent to the volume of water in 600 Olympics size swimming pools
- Restricted access by road to-and-from Capricorn Copper mine for approximately eight days
- Operations suspended on 9 March 2023
- No health and safety incidents during the event
- No uncontrolled release of mine-affected water from on-site water storage facilities
- No loss of containment of tailings from tailings storage facilities
- Market updates provided on 9 March, 15 March and 20 April 2023



*Photo taken from road to site administration offices during the extreme weather event. Arrow shows the approximate position of Gunpowder Creek which runs adjacent to the site before the extreme weather event.*