

March 2023

Quarterly Report

29Metals Limited ('29Metals' or, the 'Company') today reported results for the March 2023 quarter ('Mar-Qtr').

For reporting purposes, Capricorn Copper physicals, sales (net of realisation costs) and capital for the Mar-Qtr are to 31 March 2023, and Site Costs (comprising mining, processing and G&A costs) are to 28 February. Site Costs from 1 March 2023 are included in recovery costs.

Key results

- **Extreme weather event and recovery at Capricorn Copper** – as previously reported:
 - An extreme weather event in early March resulted in the suspension of operations at Capricorn Copper on 8 March
 - Recovery planning is well advanced, with a further update to be reported in mid-May 2023
- **Safety** – Group total recordable injury frequency rate ('TRIFR') reduced for the fifth consecutive quarter to 8.1/mwhrs (Dec-Qtr: 9.8/mwhrs), with Capricorn Copper five-months recordable injury-free to end March 2023
- **Production** – expected softer quarter (as guided) on reduced milling rates to manage for tailings capacity at both sites and planned maintenance, exacerbated by the extreme weather event at Capricorn Copper
 - **Golden Grove** – higher copper production of 3.2 kt (Dec-Qtr: 2.7 kt) offset by lower zinc production at 8.7 kt (Dec-Qtr: 22.0 kt) and precious metals
 - **Capricorn Copper** – copper production of 2.6 kt (Dec-Qtr: 5.3 kt) for the two months to end February 2023
- **Costs** – Site Costs for the quarter reflect lower activity and the suspension of operations at Capricorn Copper
 - **Golden Grove** – lower Site Costs of \$82 million (Dec-Qtr: \$93 million) on lower activity quarter-on-quarter
 - **Capricorn Copper** – lower Site Costs of \$31 million (Dec-Qtr: \$51 million) for the two months to end February 2023
- **Key performance drivers**
 - **Development rates** – total development flat quarter on quarter at Golden Grove
 - **Ventilation** – good progress on ventilation projects at both sites
 - **Regulatory approvals** – continued engagement with regulators during the quarter to finalise approvals for tailings capacity increases for both sites. Post quarter-end, key approvals for the lift of TSF3 at Golden Grove were confirmed
- **Operational de-risking and productivity** – in addition to progress on ventilation upgrades (refer above), we advanced implementation of the AutoMine® remote mining technology at the Gossan Hill mine at Golden Grove, along with completion of the first stage of cobalt deportment studies for Capricorn Copper
- **In-mine and near mine growth** – continued progress against organic growth opportunities, with resource conversion drilling at Cervantes at Golden Grove; and outstanding results from the Mammoth and Esperanza South ('ESS') drilling programs at Capricorn Copper reported during the quarter.

Commenting on the Mar-Qtr, Managing Director & CEO, Peter Albert, said:

"The impact of the extreme weather event at Capricorn Copper in early March has dominated the March quarter results, a quarter which was always expected to be softer, relative to strong production results in the December quarter.

Pleasingly, Group safety metrics continued to improve, with TRIFR decreasing for a fifth consecutive quarter and a reduction in LTIFR - a testament to our focus on safety. During and after the extreme weather event the team at Capricorn Copper did a tremendous job managing safety and protecting the environment.

The outstanding drilling results at Capricorn Copper reported earlier this month demonstrate the long-term value of the mine. We are laser-focused on the recovery plan, to return Capricorn Copper to operations and realise its potential.

At Golden Grove, we are accelerating efforts to improve performance. Work to increase ventilation to support productivity progressed well in the quarter and the new fans at Xantho Extended are expected to be in service by the end of the June quarter. The regulatory approval process for the TSF3 lift at Golden Grove has taken longer than anticipated. However, with key approvals now confirmed and the construction contractor mobilised, we are well placed to complete the works and lift the milling constraint in the current quarter.

As outlined in this report, operating efficiencies and cost reductions have been identified and we will be implementing plans to realise improved costs performance in the coming months. The team is focused on the performance improvement required and committed to deliver.

As flagged on 20 April, we expect to finalise the Capricorn Copper recovery plan shortly, and we plan to provide an update to the market in mid-May. At the same time, we plan to provide an update regarding the outlook for Golden Grove beyond 2023.”

Summary

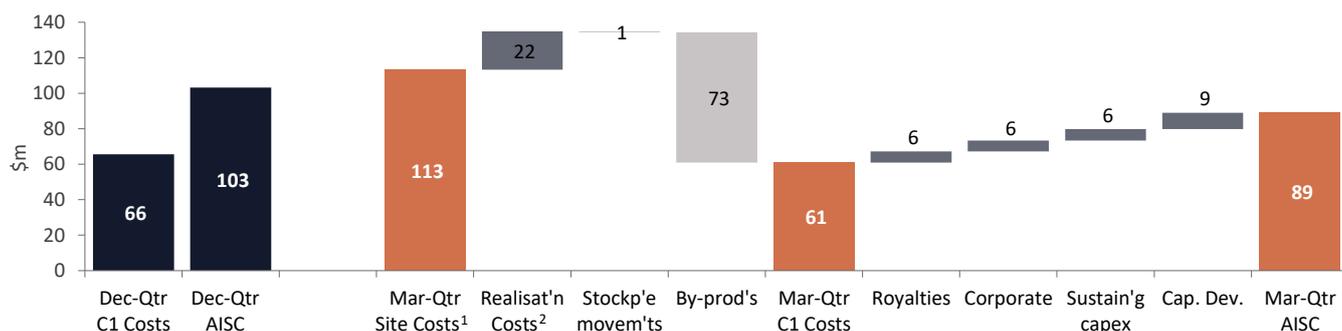
	Unit	Dec-Qtr-2022	Mar-Qtr-2023	2023 YTD
TRIFR ¹	/mwhrs	9.8	8.1	8.1
LTIFR ¹	/mwhrs	2.0	1.6	1.6
Copper produced	kt	8.0	5.8	5.8
Zinc produced	kt	22.0	8.7	8.7
Gold produced	koz	8.1	3.0	3.0
Silver produced	koz	532	191	191
Site Costs ²	\$m	144	113	113
C1 Costs	\$m	66	61	61
C1 Costs	US\$/lb Cu sold	2.76	2.83	2.83
Total capital ³	\$m	27	19	19
AISC	\$m	103	89	89
AISC	US\$/lb Cu sold	4.34	4.13	4.13
Recovery Costs ²	\$m	0.0	8.7	8.7

- TRIFR and LTIFR (lost time injury frequency rate) shown as the 12-month moving average at the end of each quarter, reported on a per million work hours ('mwhrs') basis.
- Site Costs is the sum of mining costs, processing costs, and G&A costs (refer to Appendix 2). Capricorn Copper Site Costs for the Mar-Qtr are for the period 1 Jan to 28 Feb 2023. Site Costs for the period 1 Mar to 31 Mar 2023 are shown as recovery costs (refer to Appendix 2).
- Total capital is the sum of sustaining capital, capitalised development, growth capital and exploration capital (refer to Appendix 2).

Group production (kt) and unit costs (US\$/lb payable Cu sold)



Mar-Qtr Group AISC build (\$ million)



¹ Site Costs are the aggregate of mining, processing and G&A expenses (refer to Appendix 2).

² Realisation costs are the aggregate of concentrate transport costs and treatment charges and refining charges ('TCRC') (refer to Appendix 2).

Guidance and Key performance drivers

29Metals withdrew its guidance for Capricorn Copper on 15 March 2023, pending completion of the recovery plan following the extreme weather event. 29Metals expects to update the market in mid-May regarding the recovery plan, including recovery costs and updates to guidance.

29Metals also plans to provide the market with an update regarding the outlook for Golden Grove beyond 2023 in mid-May.

Progress against the key performance drivers outlined with 29Metals' 2023 guidance in the Dec-Qtr report is set out below. The Capricorn Copper recovery has been added as a key performance driver.

Capricorn Copper recovery

As reported on 20 April 2023, 29Metals expects that the Capricorn Copper recovery will be in two phases:

- **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.

The key drivers for the safe return to mining and mineral processing operations are expected to be managing water quality to meet regulatory requirements, reducing the volume of water on-site, remediation / replacement of damaged site facilities and infrastructure (including water management infrastructure), and dewatering and progressive rehabilitation of ESS.

Development rates

Total development advance at Golden Grove of 1,872 metres was in-line with the prior quarter (Dec-Qtr: 1,932 metres).

At Xantho Extended ('XE'), decline advance increased to 129 metres (Dec-Qtr: 102 metres). Lateral development was lower than the prior quarter, resulting in lower overall XE development advance of 410 metres (Dec-Qtr: 494 metres). As previously reported, ventilation upgrades and extension are the key drivers of improved activity in XE, with development progress at XE expected to progressively improve in H2 2023.

Development activity during the Mar-Qtr included 420 metres of development in A-Copper, a shallow ore source in Gossan Hill, as 29Metals seeks to re-establish the operational flexibility of multiple ore sources depleted during 2022.

Development activity was impacted at the end of the quarter by remediation works at the Gossan Hill portal following the identification of damage in the portal on 27 March. Remediation works were completed and access to Gossan Hill resumed on 12 April. During remediation, mining and development activities at Gossan Hill (including XE) were temporarily suspended. There was no material impact on production despite the temporary suspension, as mining activity was uninterrupted at Scuddles and there was a substantial stockpile of ore stocks on surface.

Ventilation

Golden Grove – The first of the two new underground fans installed within the shallower portion of Gossan Hill that experienced mechanical issues during the Dec-Qtr was reinstated during the Mar-Qtr, and an extension of the XE ventilation circuit with an additional fresh air raise was completed down to the next sub-level. Modifications to improve the distribution of chilled air from surface into the sub level the circuit were also completed during the quarter.

Excavation of a fan chamber for new booster fans to increase volumetric flows into XE advanced during the quarter. The new booster fans are expected to be installed and commissioned late in the Jun-Qtr.

Capricorn Copper – One of the two new surface fans for ESS was successfully commissioned and returned to service during the Mar-Qtr. Repairs to the second fan are expected to be completed during the Jun-Qtr, with the fan to be held by the vendor until such time as dewatering of ESS has been completed so that the fan can be installed and commissioned.

Early in the Mar-Qtr, a rental surface chiller plant was successfully commissioned at the Mammoth orebody which will improve underground operating conditions.

Regulatory approvals

Golden Grove – the regulatory approval process for a lift of tailings storage facility 3 ('TSF3') continued during the quarter, with the Golden Grove team responding to a series of further information requests from the regulator. Post-quarter end, the key approvals for the proposed lift have been confirmed, with approval documentation expected to be formalised imminently.

Capricorn Copper – the approval process for the lift of the Esperanza tailings storage facility (the 'ETSF') continued during the quarter. 29Metals has continued to engage constructively with the Queensland Department of Environment and Science (the 'DES') regarding the approval. During the quarter, Capricorn Copper received a further information request from DES. While

the recovery plan for Capricorn Copper is the focus (with tailings capacity not a near term constraint to the recovery), work to comprehensively respond to the information request is nearing completion for submission.

During the quarter Capricorn Copper successfully obtained temporary relief from the regulator to authorise the release of water from the site (subject to specific water quality limits) during the extreme weather event.

Costs & capital management

Costs management and capital discipline remain a focus for 29Metals in 2023 as labour market pressures and an inflationary cost environment continue to challenge the sector. 29Metals has identified a number of opportunities to reduce costs and improve productivity, with a focus on Golden Grove as Capricorn Copper moves into recovery, including:

- rationalising contractor numbers and equipment on site to improve utilisation and efficiency;
- where appropriate to the role, seeking to relocate site-based roles to 29Metals' Perth office (reducing FIFO-related costs and site allowances);
- retendering scopes of work to achieve lower unit rates, with examples of this implemented during the quarter; and
- deferring non-essential capital programs.

The workforce has enthusiastically engaged in this process. Improvement opportunities are being assessed and prioritised, with the benefits expected to be realised over the course of 2023 and beyond.

Sustainability & ESG

The impact of the extreme weather event at Capricorn Copper in March overshadowed much of the quarter, including Sustainability & ESG activity. However, as previously reported, this event, and the management of the impact of this event, included significant outcomes in very challenging conditions that strongly reflect 29Metals' commitment to Sustainability & ESG:

- **Safe and inclusive workplace:** no health and safety incidents during the event;
- **Responsible environmental stewardship:** no uncontrolled release of water from on-site storage facilities, and no loss of containment of tailings, reflecting the significant investment by 29Metals in site water management and tailings storage facilities since the IPO; and
- **Partnering with stakeholders:** regular engagement with the workforce, our contractors and suppliers, regulatory stakeholders and the local community during and following this event.



Safe and inclusive workplace

Continued improvement in safety performance with a further reduction in Group TRIFR to 8.1/mwhrs (Dec-Qtr: 9.8/mwhrs). Group rolling TRIFR includes Capricorn Copper achieving five-months' recordable injury-free (Nov 2022-Mar 2023), a period which included the extreme weather event at Capricorn Copper. LTIFR also reduced from the prior quarter to 1.6/mwhrs (Dec-Qtr: 2.0/mwhrs).

Safe and inclusive workplace activity during the quarter included:

- continuing roll out of our updated Group *Critical Control Framework*, with the commencement of frontline training;
- preparation of the Golden Grove *Mine Safety Management System* for the purposes of the new regulatory requirements in Western Australia which commenced from 1 April 2023;
- finalising 29Metals' 2023 inclusion and diversity objectives, to be reported in our 2022 Annual Corporate Governance Statement and 2022 Annual Report, to be published on 28 April 2023;
- Ms Bobbie Hart, a member of the senior leadership team at Capricorn Copper, was awarded the *Regional Diversity and Inclusion Prize* at the *Women in Mining and Resources Queensland* event in Mt Isa; and
- representatives from across the Company participated in events in Victoria, Queensland and Western Australia to mark *International Women's Day 2023*.

Responsible environmental stewardship

Our *Responsible environmental stewardship* activities during the quarter focused on ongoing compliance activities, along with the key regulatory approvals (refer to *Key performance drivers*) and the management of the extreme weather event and recovery at Capricorn Copper (refer above).

To support compliance activities, 29Metals is implementing an updated HSEC data management system, with the roll out of the new system to address environmental performance and compliance requirements commencing in the Mar-Qtr.

Partnering with stakeholders

In addition to engagement related to the extreme weather event at Capricorn Copper, activity during the Mar-Qtr focused on planning community and other stakeholder engagement activities for 2023.

29Metals noted with interest announcements during the quarter regarding the CopperString 2.0 Project. Following the announcement in the Dec-Qtr that the project had secured federal government approvals, in the Mar-Qtr the Queensland government announced that it will own the project for the benefit of all Queenslanders. 29Metals is a strong supporter of the project which, once constructed, will link northwest Queensland to the east coast electricity market and, importantly, provide access to renewable energy projects proposed to be developed along the CopperString 2.0 corridor.

2023 Sustainability & ESG priorities

29Metals' 2023 Sustainability & ESG priorities will be set out in 29Metals' 2022 Sustainability & ESG Report, to be published on 28 April 2023. The 2023 priorities include:

2023 priority

Safe & inclusive workplace	<ul style="list-style-type: none"> ▪ Continued focus on eliminating serious injuries and incidents and reducing incidence of minor injuries ▪ Group wide roll-out of mental health first aid training ▪ Improve female participation as a proportion of total 29Metals' workforce ▪ Continue to identify and address inclusion and diversity barriers ▪ Improve number of women in leadership roles ▪ Improve cultural competency
Responsible environmental stewardship	<ul style="list-style-type: none"> ▪ Continued focus on improved water management: <ul style="list-style-type: none"> ○ Reduce water inventory at Capricorn Copper ○ Reduce freshwater draw and increase water efficiency at both operations ▪ Implement 2022 actions in 29Metals' roadmap for aligning with TCFD recommendations including setting credible external emission reduction targets (Scope 1 and Scope 2) ▪ Advance progress towards long term tailings storage facilities at both operations ▪ Continued focus on progressive rehabilitation and closure planning
Partnering with stakeholders	<ul style="list-style-type: none"> ▪ Develop a framework for stakeholder engagement, including community partnership arrangements, contributions to support community programs and the promotion of local business and employees ▪ Continue to identify opportunities to collaborate with subject matter experts, OEMs and peers to improve Sustainability & ESG outcomes ▪ Continue stakeholder and community engagement regarding priorities for Sustainability & ESG activities

Further information regarding the 2023 priorities, and 29Metals' performance against, and learnings from, the 2022 Sustainability & ESG priorities will be set out in the 2022 Sustainability & ESG Report. Consistent with the 2021 report, the 2022 Sustainability & ESG Report will be included in the 2022 Annual Report and a standalone version of the 2022 Sustainability & ESG Report (which includes additional *GRI* reporting tables) will be available on 29Metals' website. (Refer to *2022 full year reporting and AGM* below for further information regarding the release of 29Metals' 2022 Annual Report.)

Golden Grove operations

	Unit	Dec-Qtr-2022	Mar-Qtr-2023	2023 YTD	2023 Guidance ¹
TRIFR ²	/mwhrs	11.3	9.4	9.4	N/a
LTIFR ²	/mwhrs	1.6	1.0	1.4	N/a
Copper produced	kt	2.7	3.2	3.2	17 – 20
Zinc produced	kt	22.0	8.7	8.7	54 – 61
Gold produced	koz	8.1	3.0	3.0	20 – 23
Silver produced	koz	478	172	172	950 – 1,050
Site Costs ³	\$m	93	82	82	311 – 354
C1 Costs	\$m	6	23	23	N/a
C1 Costs	US\$/lb Cu sold	0.91	1.93	1.93	N/a
Total capital	\$m	15	13	13	85 – 98
AISC	\$m	25	37	37	N/a
AISC	US\$/lb Cu sold	3.93	3.13	3.13	N/a

¹ 2023 guidance for Golden Grove as set out in the quarterly report for the Dec-Qtr 2022 released to the ASX announcements platform on 24 January 2023 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>). Refer to important information on page 14 regarding forward looking information in this report.

² TRIFR and LTIFR shown as the 12-month moving average at the end of each quarter reported on a per million work hours (mwhrs) basis.

³ Site Costs is the sum of mining costs, processing costs, and G&A costs, as shown in C1 Costs (refer to Appendix 2).

Mining

Total ore mined of 355 kt for the quarter (Dec-Qtr: 390 kt) was split approximately 80:20 between Gossan Hill and Scuddles. Lower ore mined was driven by the planned power outage by Western Power during March, which overran by 24 hours, and higher waste movements.

As noted above (Refer to *Key performance drivers – Development*), late in the Mar-Qtr operations were temporarily suspended in Gossan Hill while remediation of the portal was completed. Normal operations in Gossan Hill resumed on 12 April.

Ore production from XE was approximately 44 kt for the quarter, with ore mined from four available XE stopes and development ore. Production from XE is expected to progressively improve over the balance of the year, particularly in the second half.

Mined copper grade was lower than plan, the result of cemented hydraulic fill ('CHF') dilution in a large remnant stope mined in Scuddles. During the Jun-Qtr another remnant copper stope will be mined, with larger pillars to be retained to mitigate the risk of repeated CHF dilution.

Hoisting in the Scuddles mine resumed during the quarter, contributing to a reduction in truck haulage (measured as truck tonne-kilometres) of approximately 20 per cent relative to the Dec-Qtr.

Processing

Total tonnes milled was lower at 315 kt (Dec-Qtr: 431 kt) and comprised 179 kt of primary copper ore and 136 kt of primary zinc ore. Lower milled tonnes reflected the constraint on milling rates (to 160 tph) to manage tailings capacity pending approvals for the next tailings capacity increase, and the Western Power system outage in March (which ran over by 24 hours).

Milling rates were not affected by the temporary suspension of activity at Gossan Hill (refer above), with mill feed maintained from mining at Scuddles and surface stockpiles.

TSF1 tailings deposition rates were managed by improved CHF utilisation and the tailings conversion rate to backfill. Planned deposition into TSF3 is due to commence in the Jun-Qtr following confirmation of approvals post quarter-end.

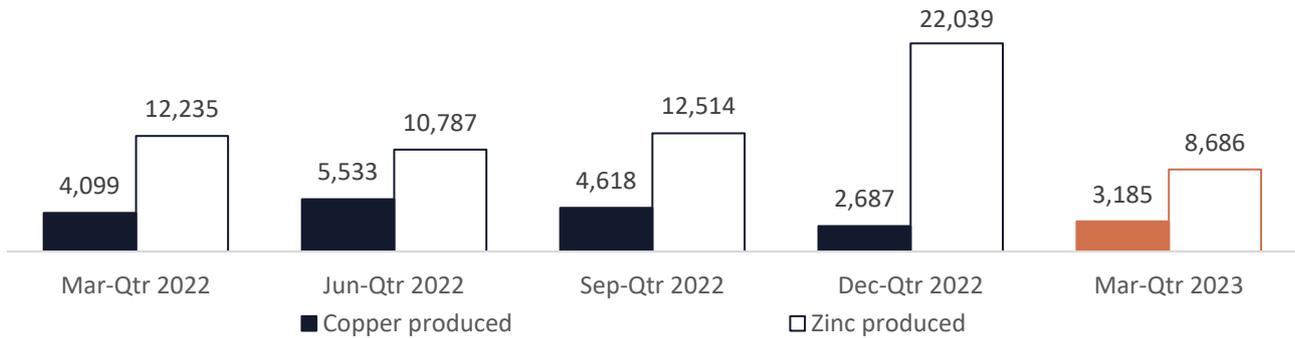
Closing ROM stocks at the end of the quarter were approximately 120 kt (Dec-Qtr: 71 kt), comprising approximately 90 kt of primary copper ore and 30 kt of primary zinc ore.

Metal recoveries for copper improved during the Mar-Qtr as a result of processing higher copper feed grades compared to the Dec-Qtr, while zinc recovery was lower due to lower zinc grades processed.

Gold and silver recoveries for the quarter were negatively affected by a higher percentage of primary copper ore in the overall mill feed relative to the Dec-Qtr, with higher pyrite content. Primary copper ore generally contains lower levels of

gravity recoverable gold (relative to primary zinc ore) and a higher proportion of fine gold locked in pyrite. Precious metal grades and recovery are expected to improve through the year as the proportion of primary zinc ore in mill feed increases.

Quarterly production (tonnes)



Operating projects

In addition to progress on ventilation projects (refer to *Key performance drivers – Ventilation*), during the Mar-Qtr the implementation and commissioning of the AutoMine® remote mining control system was largely completed at Gossan Hill, with a control room established. This is expected to improve underground productivity as the system will allow for multiple underground loaders to be operated remotely from the surface during shift change.

The contractor to execute the lift of TSF3 was mobilised during the Mar-Qtr and commenced preparatory works in anticipation of final approval. (Refer to *Key performance drivers – Regulatory approvals*) With key approvals confirmed, construction works to complete the proposed lift are expected to be completed without delay.

In parallel, work continues for a new life-of-mine TSF (to be called **TSF4**) with inputs for final design parameters progressed. Work for TSF4 is moving into the final detailed design stage ahead of preparing materials for regulatory approvals.

Costs

Lower Site Costs of \$82 million (Dec-Qtr: \$93 million) primarily reflected reduced mining activity during the Mar-Qtr.

C1 Costs of \$23 million (Dec-Qtr: \$6 million) includes a \$1 million stockpile credit (Dec-Qtr: \$4 million credit), reflecting an increase in ROM stocks due to mill throughput constraints largely offset by charges for lead concentrates sold during the Mar-Qtr. The lead concentrate sale included payable lead, gold and silver.

C1 Costs were impacted by a reduction of by-product credits to \$73 million (Dec-Qtr: \$108 million), reflecting increased copper production, lower mill throughput rates and lower zinc sales relative to the Dec-Qtr, partly offset by the lead concentrate sale described above.

Sustaining capital of \$5 million (Dec-Qtr: \$9 million) primarily relates to TSF construction activity and mining infrastructure, including ventilation.

Capitalised development of \$5 million (Dec-Qtr: \$5 million) included increased capital development undertaken at Scuddles during the Mar-Qtr and XE development costs (with approximately \$2 million of XE development included in growth capital, refer below).

Growth capital of \$3 million (Dec-Qtr: \$1 million) included a portion of XE decline development capital which will support production growth in future periods, and capital associated with the proposed life-of-mine TSF (referred to as TSF4).

Higher copper sales during the quarter of 3.6 kt (Dec-Qtr: 1.9 kt) resulted in lower AISC unit costs, with higher copper sales more than offsetting higher AISC costs in dollar million terms.

Capricorn Copper operations

	Unit	Dec-Qtr-2022	Mar-Qtr-2023	2023 YTD
TRIFR ¹	/mwhrs	7.0	5.5	5.5
LTIFR ¹	/mwhrs	1.8	1.8	1.8
Copper produced	kt	5.3	2.6	2.6
Silver produced	koz	54	20	20
Site Costs ²	\$m	51	31	31
C1 Costs	\$m	60	38	38
C1 Costs	US\$/lb Cu sold	3.44	3.88	3.88
Total Capital	\$m	10	6	6
AISC	\$m	71	46	46
AISC	US\$/lb Cu sold	4.12	4.69	4.69
Recovery costs ³	\$m	0.0	8.7	8.7

- TRIFR and LTIFR shown as the 12-month moving average at the end of each quarter reported on a per million work hours (mwhrs) basis.
- Site Costs is the sum of mining costs, processing costs and G&A costs (refer Appendix 2). Capricorn Copper reported Site Costs for the Mar-Qtr are for the period 1 January to 28 February 2023.
- Recovery costs include all Site Costs for the period 1 March to 31 Mar 2023.

Mining

Mining continued from all three orebodies (ESS, Mammoth and Greenstone) from 1 January until the suspension of operations on 8 March 2023 (due to the impact of the extreme weather event). Ore mined to 28 February of 234 kt (Dec-Qtr: 400 kt) was below plan, impacted by continuing ventilation constraints in ESS pending reinstatement of the new surface fans. As noted in *Key performance drivers – Ventilation*, one of the two new fans was successfully recommissioned during the quarter.

Overall mined grade was on target due to increased mining in Mammoth (higher grade) and Greenstone (lower grade), and a lower proportion of ESS ore in mined tonnes.

Development activities in the Mar-Qtr continued to focus on maintaining multiple production fronts across the three orebodies, along with continued development of Mammoth North. As with Greenstone, Mammoth North is a relatively shallow orebody. It is being developed to replace Greenstone as an ore source.

Processing

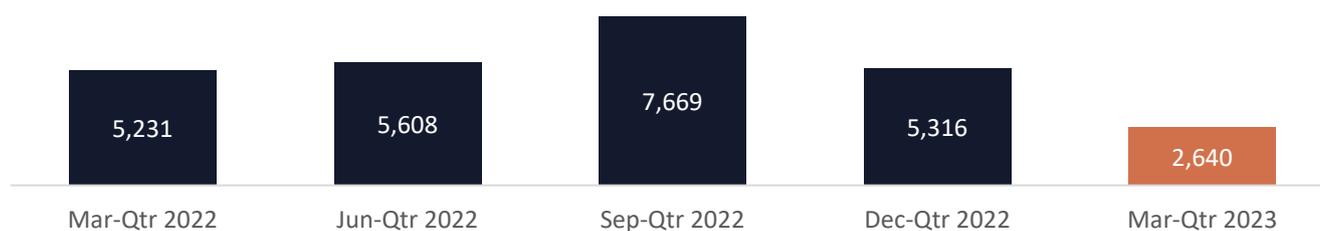
Ore tonnes milled for the for the period 1 January to 28 February 2023 was lower at 193 kt (Dec-Qtr: 409 kt).

Prior to the extreme weather event, milling was expected to be softer quarter-on-quarter with milling rates constrained to approximately 60% to manage for tailings capacity pending the approval process for the next lift of the ETSF (refer to *Key performance drivers – Regulatory approvals*), planned maintenance and general wet season interruptions.

A planned major outage was undertaken in February to reline both mills and undertake other planned maintenance.

Recoveries improved as a result of a lower proportion of ESS ore in the mill feed and a corresponding higher proportion of Mammoth and Greenstone.

Quarterly production (Cu tonnes)



Operating projects

As noted above, recommissioning of the first of the two failed new surface fans installed in H2 2022 was successfully completed during the Mar-Qtr.

In relation to the proposed lift of the ETSF, preparatory works continued pending regulatory approvals. (Refer to *Key performance drivers – Regulatory approvals*). In parallel, studies for a new life-of-mine TSF neared completion. This work is expected to be completed early in the Jun-Qtr and will inform the detailed design work, planning and regulatory approvals for the proposed facility. The proposed life-of-mine TSF is intended to provide long term tailings storage capacity, mitigating Capricorn Copper's exposure to short-term tailings capacity constraints and associated approvals processes.

Costs

Site Costs to 28 February 2023 decreased to \$31 million (Dec-Qtr: \$51 million), reflecting lower activity for the period.

C1 Costs of \$38 million (Dec-Qtr: \$60 million) are after a \$1 million stockpile movement charge (Dec-Qtr: \$1 million charge).

Sustaining capital of \$2 million (Dec-Qtr: \$4 million) related to ventilation upgrades, ETSF lift preparatory works, the life-of-mine TSF studies, and the new high-efficiency mechanical evaporators commissioned in the Dec-Qtr.

The decrease in Site Costs was more than offset by lower copper sales of 3.0 kt (Dec-Qtr: 5.3 kt), resulting in higher unit C1 Costs and AISC.

Moving forward, 29Metals will separately report recovery costs, comprising all standby costs associated with the suspension of operations, and repair and reinstatement costs associated with the recovery. Mining, processing and G&A costs for the period 1 March to 31 March 2023 are included in recovery costs. Recovery costs will be reported net of any insurance proceeds (as applicable).

Organic growth

Operational de-risking and productivity

Cobalt studies (Capricorn Copper) - A cobalt deportment study was completed during the Mar-Qtr. The study confirmed a good cobalt recovery relationship at higher pyrite grades. However, recovery was variable within finer fractions, highlighting the need for additional deportment analysis. This work is underway and is expected to be completed in the Jun-Qtr. Subject to the results of the further study, next steps are planned to include life-of-mine representative grade sampling, hydrometallurgical modelling and flow sheet design. These next steps are expected to commence in the Sep-Qtr and require approximately 6 months to complete.

Updates regarding other operational de-risking and productivity activities are set out above in *Key performance drivers* and the *Operating projects* information reported for each site.

In-mine / near-mine

*Long-sections for Golden Grove and Capricorn Copper, illustrating 29Metals' 2022 Mineral Resources and Ore Reserves estimates, identifying in-mine and near mine growth opportunities, and priority targets for exploration, are set out in Appendix 3.

Cervantes (Golden Grove) - Drilling at Cervantes continued in the Mar-Qtr and entailed a single hole to the north of the Cervantes orebody followed by resource conversion drilling. As previously reported, drilling at Cervantes in 2023 is targeted at converting material currently in the *inferred* category to *measured* and *indicated*.

XE and Tryall (Golden Grove) - Resource conversion drilling also took place at XE and Tryall. Tryall is a copper sulphide lens within the Gossan Hill project area. A table summarising drilling activity for the quarter is included in the *Exploration section* below.

Mammoth, Greenstone and ESS (Capricorn Copper) - Underground drilling was conducted across Greenstone, Mammoth and ESS during the Mar-Qtr, while surface drilling also occurred at ESS. Drilling at Mammoth was extensional in nature and focussed on G Lens and Mammoth Deeps.

Mammoth - During the Mar-Qtr assays were received for the two holes in the Mammoth drilling program. As reported on 12 April 2023, these two holes were extended well to the east of the Portal Fault due to the presence of sulphide at originally planned end of hole. Mineralisation intersected in this drilling program is within 310 metres of current development at Mammoth and includes evidence of a new mineralised trend not previously identified.

Key results include:

- UDMAM22_110: 228m @ 1.2% Cu, 3g/t Ag, 50ppm Co, from 427m:
 - Including, 36m @ 3.9% Cu, 6g/t Ag, 188ppm Co, from 427m.

Figure 1: Mammoth and Greenstone long section showing 2023 Mammoth drilling campaign holes

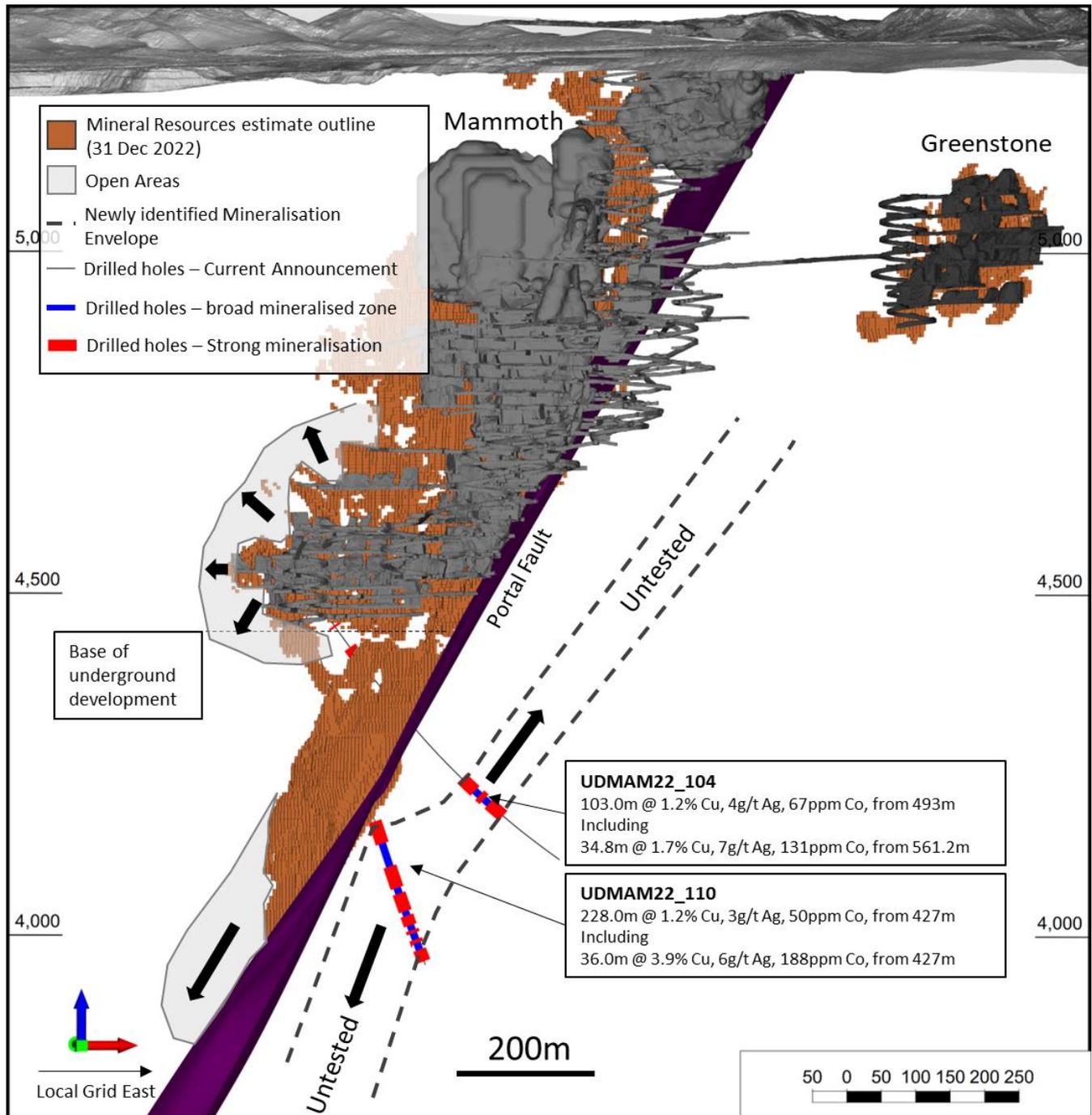


Image of Mammoth and Greenstone ore bodies showing drilling beyond the Portal Fault in relation to existing Mineral Resources estimates and mining voids. Image is oriented to look down the Portal Fault. For further information refer to "Exploration Update – Capricorn Copper", released to the ASX announcements platform on 12 April 2023

Full details of the Mammoth drilling program results, including Competent Person's statement and JORC Code Table 1 disclosures, is included in the "Exploration Update – Capricorn Copper" released to the ASX announcements platform on 12 April 2023.

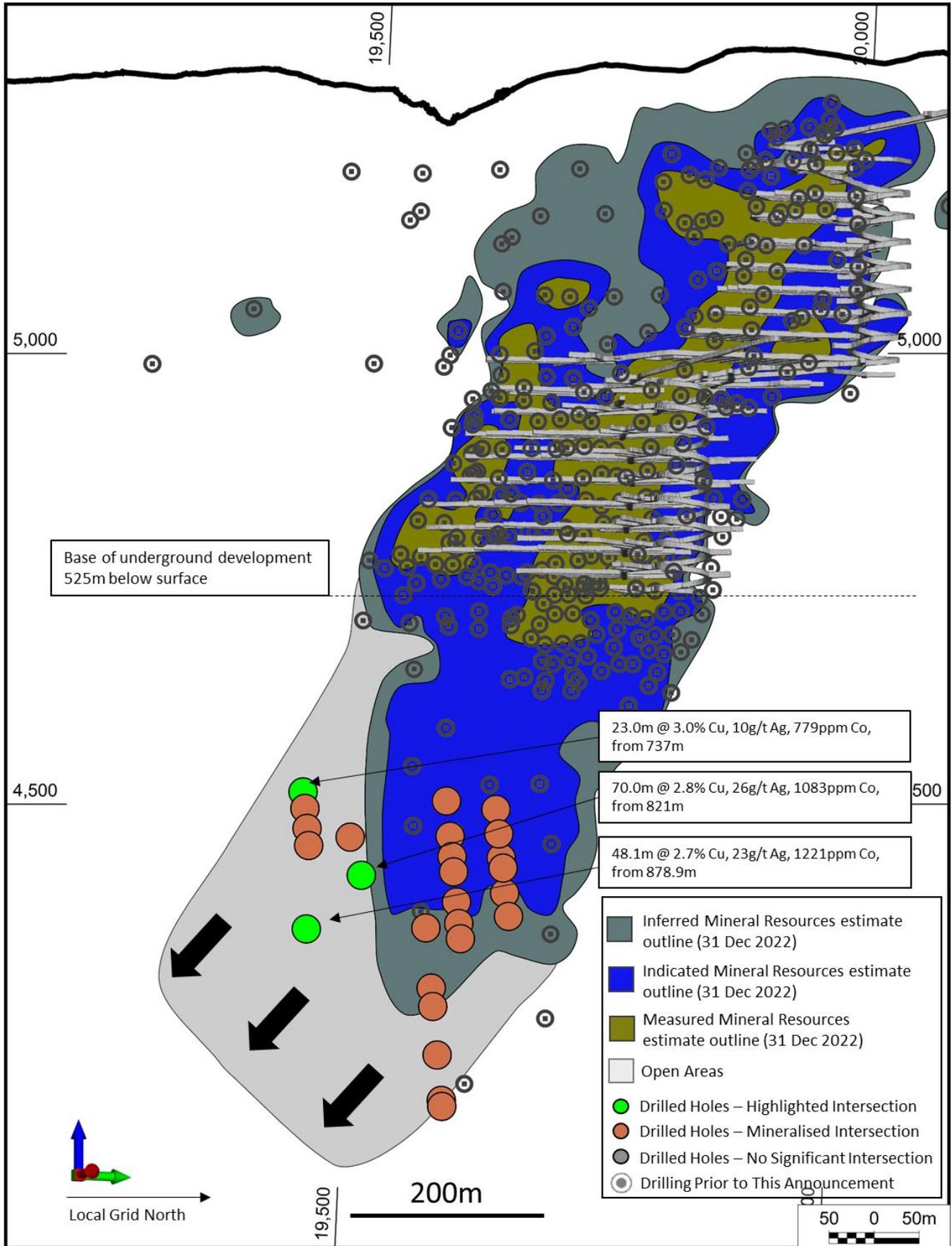
Future campaigns at Mammoth will expand the scope of the drilling in this area, seeking to identify higher grade areas which may support a new mining front.

ESS

Drilling at ESS took place from both the surface and underground, with the expanded surface program concluding in the Mar-Qtr. The surface drilling program intersected mineralisation down plunge of existing mineral resources estimates for ESS. Key results included:

- SDESS22_003_W3A: 70.0m @ 2.8% Cu, 26g/t Ag, 1083ppm Co, from 821m
- SDESS22_003_W2: 48.1m @ 2.7% Cu, 23g/t Ag, 1221ppm Co, from 878.9m
- SDESS22_003A_W1: 23.0m @ 3.0% Cu, 10g/t Ag, 779ppm Co, from 737m

Figure 2: ESS long section



Long section of ESS showing pierce points of assay results from the holes mentioned above, with select results highlighted, as well as the pierce point location of historic drilling, relative to an illustrative presentation of the current Mineral Resources estimates. For further information refer to "Exploration Update – Capricorn Copper", released to the ASX on 12 April 2023.

Exploration

Golden Grove: Regional exploration activities included localised soil sampling over several gold and base metals targets.

Capricorn Copper: As part of its *Cooperative Exploration Initiative*, the Queensland government awarded 29Metals a \$275,000 grant to complete a combined magnetotelluric, ground gravity and ambient noise tomography seismic survey over the southern extents of the Capricorn Copper mine site and the Esperanza Fault Zone, to gain a greater understanding of the structural architecture controlling mineralisation. If this method is successful, it has potential to be expanded to other areas of known and prospective mineralisation. This work will occur in the second half of 2023.

Additionally, publicly available geochemical data has been combined with 29Metals' in-house geological data set. 29Metals is using this information in conjunction with a revised regional structural model to prioritise areas for future field work.

Redhill: Additional drill targets have been generated based on the results from the 2022 field campaign. While no field work is currently planned for 2023, personnel and administrative capability are being maintained in anticipation of future field campaigns.

Drilling activity

Drilling activities for the Mar-Qtr are summarised below.

Mar-Qtr drilling	Unit	Exploration	Resource extension	Resource conversion
Golden Grove				
Tryall Underground Diamond	m			275
Cervantes Underground Diamond	m		565	1,205
XE Underground Diamond	m			992
Capricorn Copper				
ESS Surface Diamond	m		407	
ESS Underground Diamond	m			1,165
Greenstone Underground Diamond	m			365
Mammoth Underground Diamond	m		540	

Corporate

Revenue ¹

29Metals' gross revenue for the Mar-Qtr, inclusive of final invoice and realised quotational period ('QP') adjustments, but excluding hedging gains/losses, TCRC and unrealised QP adjustments, is shown in the table below.

	Unit	Dec-Qtr-2022	Mar-Qtr-2023	2023 YTD
Total gross revenue	\$m	184.1	163.4	163.4
Golden Grove	\$m	119.0	118.8	118.8
- Copper	\$m	17.6	50.8	50.8
- Zinc	\$m	81.9	24.6	24.6
- Gold	\$m	13.4	18.9	18.9
- Silver	\$m	6.1	14.8	14.8
- Lead	\$m	-	9.7	9.7
Capricorn Copper	\$m	65.1	44.6	44.6
- Copper	\$m	63.6	43.8	43.8
- Silver	\$m	1.5	0.8	0.8

Total gross revenue of \$163 million in the Mar-Qtr was \$21 million lower than the Dec-Qtr, reflecting lower sales at Capricorn Copper, including the impact of the suspension of operations following the extreme weather event in March.

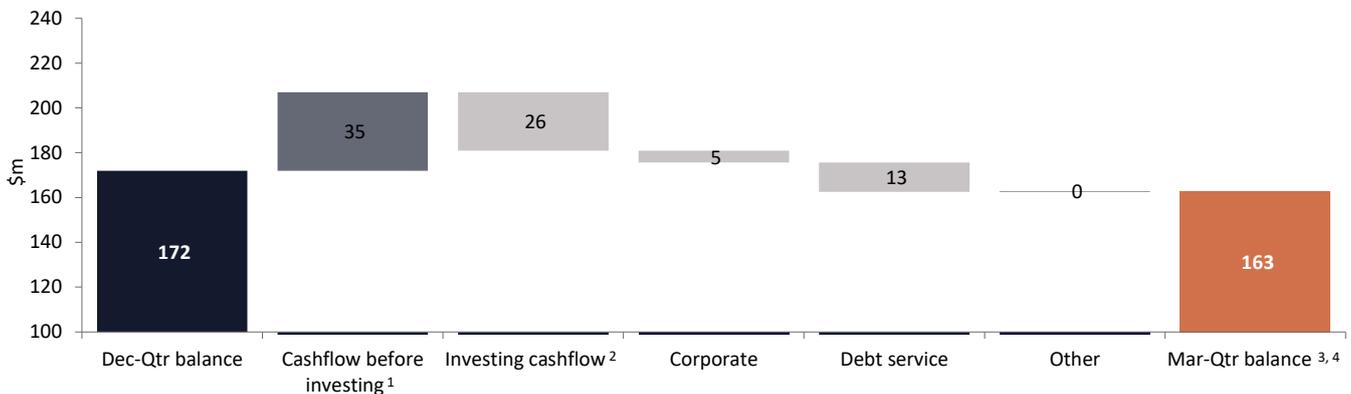
¹ Revenue cited is unaudited.

Golden Grove gross revenues were in line with the Dec-Qtr, reflecting higher copper sales and the sale of lead precious metals concentrate of approximately 8.8 kt during the Mar-Qtr. The increased lead and copper concentrate sales offset lower zinc concentrate sales during the Mar-Qtr.

At 31 March 2023, 29Metals had approximately 2.9 kt of payable copper, 8.4 kt of payable zinc and 3.0 kt of payable lead subject to quotational pricing. The QP on concentrate shipments generally ranges from one to three months from the date of shipment.

Drawn debt and cash balance

29Metals' unaudited cash balance ² at 31 March 2023 was \$163 million (31 Dec 2022: \$172 million).



- Cashflow before investing is shown prior to adjustments for AASB16 lease accounting, and after realised QP adjustments gains.
- Investing cashflow payments include payments for property, plant and equipment, capitalised mine development, and exploration.
- Mar-Qtr balances are unaudited cash and cash equivalents, excluding EMR Capital IPO proceeds retained by 29Metals under the 'Cash Backed Indemnity' arrangements (as described in section 10.6.12.3 of 29Metals' Prospectus dated 21 June 2021 released to the ASX announcements platform on 2 July 2021).
- Mar-Qtr closing cash balance based on 31 March 2023 AUD:USD exchange rate of 0.671 (Source: RBA, 31 Dec 2022: 0.6775).

Operating cashflows during the Mar-Qtr include a positive working capital movement of approximately \$31 million relating to the timing of Mar-Qtr expenses which has largely unwound since quarter end.

Unaudited drawn debt (excluding lease liabilities, and derivative financial assets and liabilities) at 31 March 2023 was US\$132 million (31 Dec 2022: US\$138 million)³ after a scheduled principal repayment of US\$6 million during the quarter. Group unaudited net debt ⁴ at 31 March 2023 was \$34 million (Dec-Qtr: \$32 million).

As at 31 March 2023, the Group's US\$40 million revolving capital facility remained fully undrawn.

As previously reported, 29Metals has notified its insurers regarding the extreme weather event. The claim process is underway.

29Metals is continuing to keep its lenders informed regarding the impacts of the extreme weather event on the Group's outlook and will continue to do so as the recovery plan is finalised.

Final settlement of stamp duty in relation to the acquisition of Golden Grove remains outstanding with the WA Office of State Revenue. 29Metals has maintained a provision of \$26 million for stamp duty.

2022 full year reporting and AGM

29Metals consolidated financial results for the year ended 31 December 2022 were released on 23 February 2023.

29Metals' 2022 Annual Report (including 2022 Sustainability & ESG Report) and 2022 Annual Corporate Statement will be released on 28 April 2023.

The 2023 Annual General Meeting ('AGM') will be held on 1 June 2023, with the notice of meeting expected to be released on 28 April 2023. As in 2022, the AGM will be held in a hybrid format, providing shareholders with the opportunity to participate either in person in Melbourne, or via an online portal.

² Cash and cash equivalents (unaudited).

³ Drawn debt excludes bank guarantees issued under the Group's environmental bonding facility (\$57 million).

⁴ Unaudited net debt is the amount drawn under the Group's term loan facility, net of cash balances and excluding EMR Capital IPO proceeds retained by 29Metals under the "Cash Backed Indemnity" arrangements (as described in section 10.6.12.3 of the 29Metals Prospectus dated 21 June 2021 released to the ASX announcements platform on 2 July 2021 and available on the 29Metals website at <https://www.29metals.com/investors/asx-announcements>). Cash and debt balances are converted to AUD at the exchange rate prevailing at period end, as applicable.

Board and Governance

During the Mar-Qtr, 29Metals completed the periodic review of its Board and Committee Charters, and key corporate governance policies, resulting in minor updates. Copies of the updated charters and policies are available on 29Metals' website at <https://www.29metals.com/about/corporate-governance>.

Subsequent to the end of the quarter, on 17 April 2023 29Metals' Board appointed two additional directors – Ms Tamara Brown and Mr Creagh O'Connor. Ms Brown and Mr O'Connor will present for election at the 2023 AGM.

This quarterly report is authorised for release by Peter Albert, Managing Director & CEO.

Important information

Forward-looking statements

This document contains forward-looking statements and comments about future events, including in relation to 29Metals' businesses, plans and strategies. Forward-looking statements can generally be identified by the use of words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and similar expressions. Indications of, and guidance or outlook regarding, future performance are also forward-looking statements.

Forward-looking statements involve inherent risks, assumptions and uncertainties, both general and specific, and there is a risk that predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause 29Metals' actual results to differ materially from the plans, objectives, expectations, estimates, targets and intentions expressed in such forward-looking statements, and many of these factors are beyond 29Metals' control. Relevant statements may prove to be incorrect, and circumstances may change, and the contents of this document may become outdated as a result.

Forward-looking statements are based on 29Metals' good faith assumptions as to the financial, market, regulatory and other relevant environments that will exist and affect 29Metals' business and operations in the future. 29Metals does not give any assurance that the assumptions will prove to be correct. There may be other factors that could cause actual results or events not to be as anticipated, many of which are beyond 29Metals' reasonable control.

Readers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable laws, 29Metals does not undertake any obligation to publicly update or revise any forward-looking statements, to advise of any change in assumptions on which any such statement is based, or to publish prospective information in the future.

Non-IFRS financial information

This document includes certain metrics, such as *C1 Costs*, *AISC*, *Cu-*eq**, *net drawn debt* and *Total Site Costs*, that are not recognised under Australian Accounting Standards and are classified as "non-IFRS financial information" under ASIC Regulatory Guide 230 *Disclosing non-IFRS financial information*. 29Metals uses these non-IFRS financial information metrics to assess business performance and provide additional insights into the underlying performance of its assets.

Non-IFRS financial information metrics are unaudited. Non-IFRS financial information metrics in this report do not have standardised meaning under the Australian Accounting Standards and, as a result, may not be comparable to the corresponding metrics reported by other entities.

Non-IFRS financial information should be considered in addition to, and not as a substitute for, financial information prepared in accordance with Australian Accounting Standards. Readers are cautioned not to place undue reliance on non-IFRS financial information cited in this report.

Corporate information

29Metals Limited (ABN 95 650 096 094)

Board of Directors

Owen Hegarty OAM	Non-executive Director, Chair
Peter Albert	Managing Director & CEO
Fiona Robertson	Independent Non-executive Director
Jacqueline McGill AO	Independent Non-executive Director
Martin Alciaturi	Independent Non-executive Director
Tamara Brown	Independent Non-executive Director
Creagh O'Connor	Non-executive Director

Company Secretary

Clifford Tuck

Registered office

Level 2, 150 Collins St
Melbourne, Victoria 3000
Australia

Telephone: +61 3 7037 5300
Email: contactus@29metals.com
Website: www.29metals.com

Stock exchange listing

Australian Securities Exchange (Ticker: 29M)

Investor relations

Michael Slifirski
Group Manager Investor Relations
Telephone: +61 3 7037 5300
Email: Michael.Slifirski@29metals.com

Registry

Link Market Services
Telephone: +61 1300 554 474
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Issued share capital

29Metals' issued capital is 482,052,092 ordinary shares (at 31 March 2023).

Appendix 1: Production and sales

	Unit	Dec-Qtr-2022	Mar-Qtr-2023	2023 YTD	2023 Guidance ¹
Golden Grove					
Ore mined	kt	390	355	355	1,450 – 1,600
Ore milled	kt	431	315	315	1,450 – 1,600
Milled grade	Copper (%)	0.8%	1.2%	1.2%	N/a
	Zinc (%)	5.8%	3.4%	3.4%	N/a
	Gold (g/t)	0.9	0.5	0.5	N/a
	Silver (g/t)	47.1	26.4	26.4	N/a
Recovery	Copper (%)	77.2%	84.7%	84.7%	N/a
	Zinc (%)	88.3%	81.8%	81.8%	N/a
	Gold (%)	68.9%	60.7%	60.7%	N/a
	Silver (%)	73.3%	64.2%	64.2%	N/a
Cu concentrate prod.	dmt	12,979	16,275	16,275	N/a
	Cu grade (%)	19.4%	19.1%	19.1%	N/a
	Copper (t)	2,524	3,110	3,110	N/a
	Gold (oz)	6,607	2,519	2,519	N/a
	Silver (oz)	281,153	85,671	85,671	N/a
Zn concentrate prod.	dmt	44,635	16,880	16,880	N/a
	Zn grade (%)	49.4%	51.5%	51.5%	N/a
	Zinc (t)	22,039	8,686	8,686	N/a
	Gold (oz)	924	320	320	N/a
	Silver (oz)	109,727	45,303	45,303	N/a
HPM concentrate prod.	dmt	3,422	1,398	1,398	N/a
	Gold (oz)	586	202	202	N/a
	Silver (oz)	87,149	40,856	40,856	N/a
	Copper (t)	164	74	74	N/a
	Lead (t)	1,073	527	527	N/a
Metal produced	Copper (t)	2,687	3,185	3,185	17,000 – 20,000
	Zinc (t)	22,039	8,686	8,686	54,000 – 61,000
	Gold (oz)	8,116	3,041	3,041	20,000 – 23,000
	Silver (oz)	478,028	171,830	171,830	950,000 – 1,050,000
	Lead (t)	1,073	527	527	N/a
Payable metal sold	Copper (t)	1,915	3,645	3,645	N/a
	Zinc (t)	19,054	5,014	5,014	N/a
	Gold (oz)	5,503	6,275	6,275	N/a
	Silver (oz)	201,326	424,772	424,772	N/a
	Lead (t)	-	3,033	3,033	N/a
Capricorn Copper					
Ore mined	kt	400	234	234	N/a
Ore milled	kt	409	193	193	N/a
Milled grade	Copper (%)	1.6%	1.6%	1.6%	N/a
Recovery	Copper (%)	82.3%	86.9%	86.9%	N/a
Cu concentrate prod.	dmt	23,358	12,637	12,637	N/a
	Cu grade (%)	22.8%	20.9%	20.9%	N/a
	Copper (t)	5,316	2,640	2,640	N/a
	Silver (oz)	54,086	19,557	19,557	N/a
Payable metal sold	Copper (t)	5,167	3,037	3,037	N/a
	Silver (oz)	44,701	21,449	21,449	N/a

¹2023 guidance for Capricorn Copper withdrawn on 15 March 2023. 2023 guidance for Golden Grove as set out in the quarterly report for the Dec-Qtr 2022 released to the ASX announcements platform on 24 January 2023 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>). Refer to important information on page 14 regarding forward looking information in this report. Operating and financial information presented in this report is unaudited.

Appendix 2: C1 Costs and AISC

	Unit	Dec-Qtr-2022	Mar-Qtr-2023	2023 YTD	2023 Guidance ¹
29Metals Group					
C1 Costs	\$m	65.6	60.9	60.9	N/a
Payable copper sold	Mlbs	15.6	14.7	14.7	N/a
C1 Costs	\$/lb	4.20	4.14	4.14	N/a
C1 Costs	US\$/lb	2.76	2.83	2.83	N/a
Royalties	\$m	7.2	6.4	6.4	N/a
Corporate	\$m	6.2	6.1	6.1	25 – 28
Sustaining capex	\$m	13.0	6.4	6.4	N/a
Capitalised development	\$m	11.1	9.3	9.3	N/a
AISC	\$m	103.1	89.0	89.0	N/a
AISC	\$/lb	6.60	6.04	6.04	N/a
AISC	US\$/lb	4.34	4.13	4.13	N/a
Growth capital	\$m	0.9	3.1	3.1	20 – 25
Group exploration	\$m	2.2	0.2	0.2	9 – 14
FX rate	AUD:USD	0.658	0.684	0.684	N/a
Golden Grove					
Mining (excl. CapDev)	\$m	64.0	57.1	57.1	205 – 235
Processing	\$m	21.4	18.7	18.7	78 – 86
G&A	\$m	7.8	6.5	6.5	28 – 33
Concentrate transport	\$m	7.3	4.7	4.7	22 – 26
TCRC	\$m	17.0	9.6	9.6	63 – 72
Stockpile movements	\$m	(3.6)	(1.2)	(1.2)	N/a
By-products ²	\$m	(108.0)	(72.7)	(72.7)	N/a
C1 Costs	\$m	5.9	22.7	22.7	N/a
Payable copper sold	Mlbs	4.2	8.0	8.0	N/a
C1 Costs	\$/lb	1.39	2.83	2.83	N/a
C1 Costs	US\$/lb	0.91	1.93	1.93	N/a
Royalties	\$m	4.9	4.2	4.2	N/a
Sustaining capex	\$m	9.2	4.7	4.7	24 – 28
Capitalised development	\$m	5.3	5.1	5.1	24 – 30
AISC	\$m	25.3	36.7	36.7	N/a
AISC	\$/lb	5.98	4.57	4.57	N/a
AISC	US\$/lb	3.93	3.13	3.13	N/a
Growth capital	\$m	0.9	3.1	3.1	20 – 24
Capricorn Copper					
Mining (excl. CapDev) ³	\$m	26.1	15.4	15.4	N/a
Processing ³	\$m	16.2	11.2	11.2	N/a
G&A ³	\$m	8.4	4.1	4.1	N/a
Concentrate transport	\$m	5.1	3.6	3.6	N/a
TCRC	\$m	4.1	3.8	3.8	N/a
Stockpile movements	\$m	1.1	0.7	0.7	N/a
By-products ²	\$m	(1.5)	(0.8)	(0.8)	N/a
C1 Costs	\$m	59.5	38.0	38.0	N/a
Payable copper sold	Mlbs	11.4	6.7	6.7	N/a
C1 Costs	\$/lb	5.23	5.67	5.67	N/a
C1 Costs	US\$/lb	3.44	3.88	3.88	N/a
Royalties	\$m	2.3	2.1	2.1	N/a
Sustaining capex	\$m	3.9	1.7	1.7	N/a
Capitalised development	\$m	5.8	4.2	4.2	N/a
AISC	\$m	71.4	45.9	45.9	N/a
AISC	\$/lb	6.27	6.86	6.86	N/a
AISC	US\$/lb	4.12	4.69	4.69	N/a
Growth capital	\$m	0.0	0.0	0.0	N/a
Recovery costs⁴	\$m	0.0	8.7	8.7	N/a

1. 2023 guidance for Capricorn Copper withdrawn on 15 March 2023. 2023 guidance for Golden Grove provided in the quarterly report for the Dec-Qtr 2022 released to the ASX announcements platform on 24 January 2023 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>). Refer to important information on page 14 regarding forward looking information in this report. Operating and financial information presented in this report is unaudited.
2. By-products include gold, zinc, silver and lead revenue, net of unrealised QP adjustments.
3. Mining, processing and G&A costs for the Mar-Qtr-2023 are for the period 1 January to 28 February 2023.
4. Recovery costs include Capricorn Copper mining, processing and G&A costs for the period 1 March to 31 Mar 2023.

Appendix 3: Long sections

Figure 3: Golden Grove long section

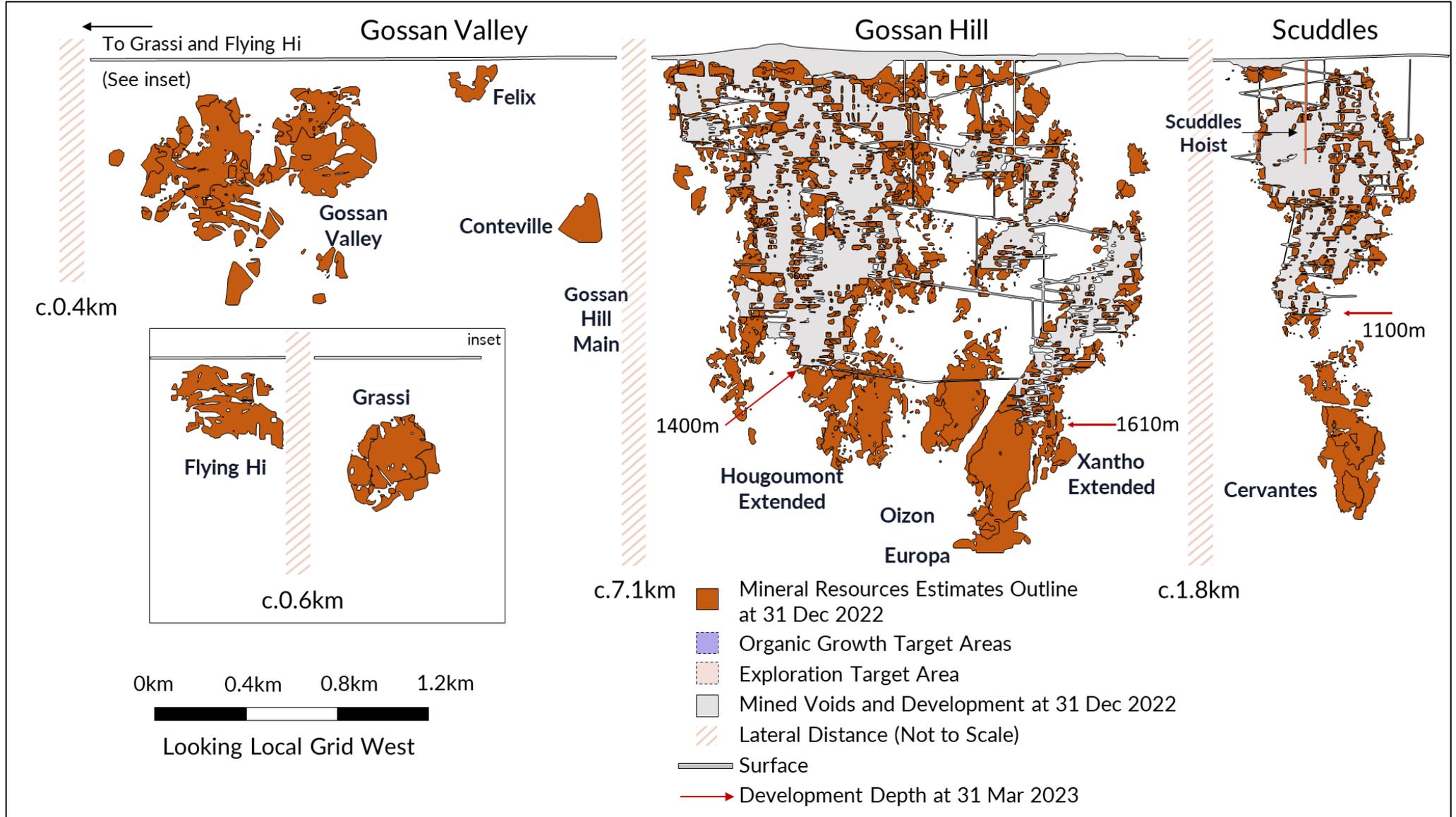


Figure 4: Capricorn Copper long section

