

December 2022

# Quarterly Report

29Metals Limited ('29Metals' or, the 'Company') today reported results for the December 2022 quarter.

## Highlights

- **Safety** – continuing improvement in total recordable injury frequency rate ('TRIFR') for the Group, reducing for the fourth consecutive quarter to a 12-month rolling average of 9.8/mwhrs (Sep-Qtr: 10.2/mwhrs)
- **Production:**
  - **Dec-Qtr** – excellent zinc production and solid production performance overall, with 22 kt of zinc and 8 kt of copper
  - **Full Year** – guidance met or exceeded for all metals, with precious metals at or above the top end of guidance
- **Costs:**
  - **Dec-Qtr** – higher site costs on increased activity and continuing sector-wide inflation offset by higher by-product credits. Unit cost outcomes reflect significantly lower copper sales overall during the period
  - **Full Year** – total site costs (mining, processing and G&A costs) at the higher end of guidance, with selling costs (TCRC and concentrate transport costs) in the middle of the guidance range. Overall, costs within guidance
- **Capital:**
  - **Dec-Qtr** – lower total capital expenditure quarter-on-quarter, reflecting completion of establishment activities associated with the Golden Grove paste plant during the quarter
  - **Full Year** – total capital delivered to the middle of guidance
- **Continuing progress on operational projects and organic growth:**
  - Golden Grove paste plant performed well with target paste parameters achieved
  - Ventilation upgrades at both sites were completed, although performance of ventilation fans has been challenging with commissioning and breakdown issues being managed with the supplier at both sites
  - Study outcomes reported for Gossan Valley studies and the Cervantes PFS at Golden Grove during the quarter
- **Unaudited net debt of \$32 million** at year-end (Sep-Qtr \$33 million), after QP adjustments, scheduled debt repayments, the interim dividend, and final cash settlements to close out copper hedges.

## Summary

	Unit	Mar-Qtr	Jun-Qtr	Sep-Qtr	Dec-Qtr	2022 Full Year	2022 Guidance <sup>1</sup>
TRIFR <sup>2</sup>	/mwhrs	13.3	12.1	10.2	9.8	9.8	N/a
LTIFR <sup>2</sup>	/mwhrs	1.0	1.0	1.0	2.0	2.0	N/a
<b>Copper produced</b>	<b>kt</b>	<b>9.3</b>	<b>11.1</b>	<b>12.3</b>	<b>8.0</b>	<b>40.8</b>	<b>39 – 46</b>
Zinc produced	kt	12.2	10.8	12.5	22.0	57.6	55 – 65
Gold produced	koz	5.1	8.2	5.2	8.1	26.6	23 – 27
Silver produced	koz	339	340	343	532	1,555	1,250 – 1,500
<b>Cu-eq production<sup>3</sup></b>	<b>kt</b>	<b>15.8</b>	<b>18.1</b>	<b>19.8</b>	<b>19.7</b>	<b>73.4</b>	<b>N/a</b>
C1 Costs	\$m	67	74	93	66	299	N/a
<b>C1 Costs</b>	<b>US\$/lb Cu sold</b>	<b>2.26</b>	<b>2.51</b>	<b>2.40</b>	<b>2.76</b>	<b>2.46</b>	<b>N/a</b>
Capital – Cap. Dev & Sust.	\$m	23	19	25	24	91	79 – 99
AISC	\$m	104	106	130	103	444	N/a
<b>AISC</b>	<b>US\$/lb Cu sold</b>	<b>3.53</b>	<b>3.57</b>	<b>3.36</b>	<b>4.34</b>	<b>3.64</b>	<b>N/a</b>
Capital – Growth & Expl.	\$m	6	7	5	3	21	20 – 32
Average copper price <sup>4</sup>	US\$/lb	4.55	4.26	3.56	3.65	4.00	N/a
Average exchange rate <sup>5</sup>	AUD:USD	0.725	0.714	0.683	0.658	0.695	N/a

1. Guidance first published with 29Metals' 2021 Dec-Qtr report (released to the ASX announcements platform on 24 January 2022), subsequently updated in the 2022 Mar-Qtr and Jun-Qtr reports (released to the ASX announcements platform on 27 April and 20 July 2022 (respectively)). Copies of 29Metals' quarterly reports are available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>. Refer to important information on page 16 regarding forward looking information in this report.

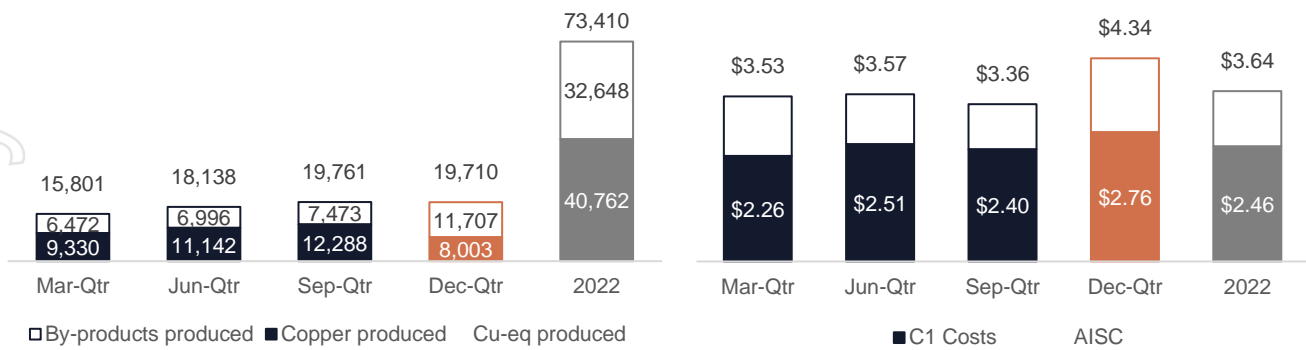
2. TRIFR shown as the 12-month moving average at the end of each Qtr, reported on a per million work hours ('mwhrs') basis. LTIFR (lost time injury frequency rate) shown as the 12-month moving average at the end of each Qtr, reported on a per million mwhrs basis.

3. Production in copper equivalent terms ('Cu-eq') for the Dec-Qtr is calculated applying average LME metal prices (Cu US\$8,006/t, Zn US\$3,002/t, Au US\$1,729/oz, Ag US\$21/oz, Pb \$2,101/t (Source: FactSet)) and actual recoveries (refer to Appendix 1). Cu-eq production for the Mar-Qtr 2022, Jun-Qtr 2022 and the Sep-Qtr 2022 calculation assumptions are set out in the corresponding quarterly reports. Full Year Cu-eq is the simple aggregate of reported Cu-eq for the Mar-Qtr 2022, Jun-Qtr 2022, Sep-Qtr 2022 and Dec-Qtr 2022.

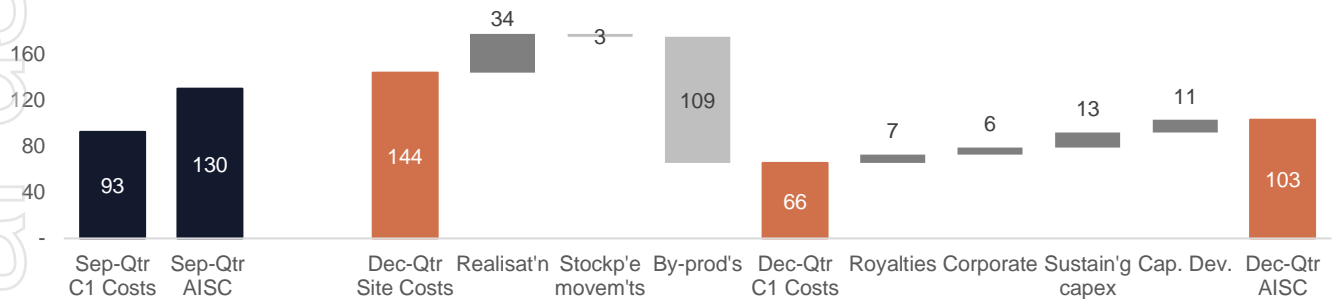
4. Average copper price excludes final invoice, unrealised quotational period ('QP') adjustments and hedging (Source: FactSet).

5. Average closing exchange rate for the period (Source: FactSet).

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



## Dec-Qtr Group AISC build (A\$ million)



<sup>1</sup> Site costs are the aggregate of mining, processing and G&A expenses. Realisation costs are the aggregate of concentrate transport costs and TCRC (refer to Appendix 2).

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

*A strong finish to a year which provided a challenging backdrop across the sector, especially in the first half. Despite challenges, we met or did better than our guidance for production, costs and capital for the year.*

*Our focus on safety has seen a continuing improvement in TRIFR, despite the challenges of sickness related absenteeism and turnover rates (reflecting labour market tightness). LTIFR increased slightly following three LTIs in the Dec-Qtr.*

*We were saddened by the non-work-related passing of one of our colleagues on site at Capricorn Copper during the Dec-Qtr. We worked closely with our contractor providing support to the team on site and extend our deepest condolences to our colleague's family and workmates.*

*2022 production ended strongly as expected. Zinc production was a particular highlight, with Golden Grove producing 22kt of zinc for the quarter on the back of the higher-grade material coming through.*

*Costs management generally remained positive, with the increase in site costs in line with activity, combined with the impact of continuing inflationary pressures being felt across the sector. C1 Costs benefitted from strong by-product production and sales in the quarter, with reported unit costs adversely affected by lower copper sales for the period.*

*We continued to invest in our operations, with ongoing ventilation upgrades, successfully placing paste into stopes at increasing depths after commissioning of the new paste fill plant at Golden Grove, and ongoing tailings storage facility works.*

*From an organic growth perspective, important milestones during the quarter included release of the results of the Gossan Valley studies and the Cervantes PFS. The outcomes of these studies provide further confidence regarding the long-term outlook for Golden Grove. In addition, we continued our evaluation of the exciting cobalt opportunity at Capricorn Copper.*

*Looking ahead to 2023, we are encouraged by the recent uplift in metal prices. The mid-to-long term outlook for copper and zinc is incredibly positive. 29Metals is in the right space at the right time. Our guidance for 2023 is included in the report released today and includes an outline of the key drivers for our performance in 2023 and beyond.*

## 2023 Guidance <sup>1</sup>

29Metals provides the following Group guidance for 2023. Guidance at the asset level is set out in Appendix 5.

Additional guidance in relation to depreciation and amortisation, tax, and AASB16 lease accounting will be provided with the Company's 2022 full year financial results.

GROUP		2022 ACTUAL <sup>1</sup>	2023 GUIDANCE	COMMENTARY
<b>Production <sup>2</sup></b>				
Copper	kt	40	36 – 43	<ul style="list-style-type: none"> <li>Copper expected to be broadly flat, year-on-year, primarily reflecting milling rate constraints in the Mar-Qtr</li> <li>Zinc weighted to H2, with the contribution of Xantho Extended ('XE') increasing during 2023. Zinc range reflects the strong finish to 2022</li> </ul>
Zinc	kt	58	54 – 61	
Gold	koz	27	20 – 23	
Silver	koz	1,555	1,130 – 1,310	<ul style="list-style-type: none"> <li>Precious metals expected to be lower year-on-year, reflecting the grade profile of planned ore sources and milling rate constraints in Mar-Qtr</li> </ul>
<b>Costs <sup>3</sup></b>				
Mining <sup>4</sup>	A\$m	308	305 – 355	<ul style="list-style-type: none"> <li>Mining and processing costs in-line with planned activity and the continuing impact of sector-wide inflationary pressure</li> <li>Lower concentrate transport costs expected, reflecting improvements in shipping rates</li> <li>TCRC reflects changes to the benchmark and zinc TC escalators linked to zinc prices (refer below under <i>Costs Management</i>)</li> <li>Increase in corporate costs, largely reflecting the non-cash impact of employee equity incentive arrangements and re-allocation of all Group insurance costs to corporate</li> <li>Sustaining capital expected to be weighted to H1, reflecting investment in tailings capacity increases and ventilation upgrades at both sites</li> <li>Increase in capitalised development, reflecting activity and carryover of costs inflation</li> <li>Growth capital principally related to long-term investment in the business, including expanding production capacity at XE and planning for new long term tailings capacity at both sites</li> <li>Exploration includes resource conversion drilling (previously reported in sustaining capital) and resource extension expenditure at operating sites, and regional exploration (including Redhill) reported at the Group level</li> </ul>
Processing	A\$m	135	138 – 154	
G&A	A\$m	67	60 – 70	
Concentrate transport <sup>5</sup>	A\$m	49	35 – 41	
TCRC	A\$m	78	80 – 92	
Corporate	A\$m	22	25 – 28	
<b>Capital</b>				
Sustaining capital	A\$m	46	39 – 49	
Capitalised development	A\$m	44	45 – 55	
Growth capital	A\$m	10	20 – 25	
Exploration <sup>6</sup>	A\$m	11	9 – 14	

<sup>1</sup> 2022 Actual data is unaudited. Differences between the data cited above and the aggregate of Golden Grove and Capricorn Copper actuals in Appendix 1 is the result of rounding and the inclusion of Redhill costs.

<sup>2</sup> Production shown on a contained metal in-concentrate basis.

<sup>3</sup> Mining costs, processing costs and G&A shown before adjustments for AASB16 lease accounting.

<sup>4</sup> Mining costs excludes capitalised development.

<sup>5</sup> Concentrate transport costs include freight realisation charges payable on domestic concentrate sales at Capricorn Copper.

<sup>6</sup> Upper end of exploration expenditure guidance is subject to exploration results, and market and operating conditions.

29Metals' performance in 2023 and beyond will be influenced by a number of key drivers – development rates (particularly at Golden Grove), continued investment in ventilation capacity, successfully navigating regulatory approval processes, costs management and capital discipline.

29Metals' 2023 guidance assumes that the direct and indirect impacts of COVID-19 in prior periods (alone, or in combination with other factors) have largely abated and do not return or escalate in 2023.

### Development rates

29Metals expects to sustain the improvement in development rates shown in the Dec-Qtr, particularly at Golden Grove, following the development deficit from the past two years (largely the result of labour availability and absenteeism in the context of COVID-19 related impacts and labour market conditions, as previously reported).

At Golden Grove, the improvement in development rates will support an increasing contribution of ore from XE, particularly in the second half of 2023. Development activity will also seek to progressively restore the operational flexibility of multiple ore sources – flexibility which was utilised by 29Metals at Golden Grove to prioritise production in prior periods.

<sup>1</sup> Guidance is subject to market and operating conditions. Refer to important information on page 16 of this report. Group guidance may differ from the aggregate of asset-specific guidance in Appendix 5 as a result of rounding.

## Ventilation

Along with development advance, maintaining and extending ventilation is a key driver for development and mining activity at depth. Priorities in 2023 include increasing and extending ventilation to support development and mining at XE at depth in second half.

29Metals is engaging closely with vendors to manage supply delays for critical ventilation activities. Continued investment in ventilation infrastructure, including rectifying the mechanical issues affecting recently installed ventilation infrastructure at both sites (refer to *Operations*), is required to support increased mining activities at depth.

## Regulatory approvals

There are a number of regulatory approval processes to be managed in 2023 to support operating performance.

As noted in the *Operations Update* on 21 December 2022, an approval process is underway for tailings capacity increases at Capricorn Copper.<sup>2</sup> To manage for tailings capacity pending approvals and completion of TSF lift works, milling rates at Capricorn Copper are being constrained during the Mar-Qtr.

The regulatory approval process for the next planned TSF lift at Golden Grove is also ongoing.

29Metals expects relevant approval processes for both sites to be completed during the Mar-Qtr, with tailings deposition and the lifting of milling rate constraints to commence early in the Jun-Qtr. The expected impact of the milling rate constraints to manage tailings capacity is reflected in 2023 guidance.

With mining rates overall higher than milling rates during this period, there is an opportunity to build surface ore stockpiles and prioritise higher-grade material, where practicable.

At Capricorn Copper, the milling rate constraints also provide an opportunity to bring forward some planned plant maintenance activities.

In parallel, 29Metals is advancing plans for new long term / life of mine TSFs at each operating site. A move to longer-term TSFs will reduce 29Metals' exposure to associated regulatory approvals in the future and align with the long mine-life ahead for both operating sites.

## Cost management

Costs management will remain a focus in 2023. While the economy-wide impacts of pressures related directly or indirectly to COVID-19 appear to have largely abated, labour market pressures and an inflationary cost environment continue across the sector.

29Metals' costs guidance for 2023 reflects activity levels and the continuation of costs inflation which emerged in 2022.

TCRC guidance for 2023 incorporates changes and expected changes to TCRC benchmarks for copper and zinc. Guidance also incorporates the zinc TC escalator under 29Metals' existing long-term zinc offtake arrangements.<sup>3</sup> In 2023, the zinc TC escalator under these existing long-term arrangements is equal to 12.5% of the realised zinc price above US\$2,900/t and applies to up to 80 kt (DMT, concentrate).

## Capital discipline

Capital guidance for 2023 generally reflects planned activity levels and the hangover of inflationary cost pressures that emerged in 2022.

Sustaining capital to support operations and growth capital for ventilation will be prioritised.

29Metals will continue to invest in *in-mine* and *near mine* resource conversion and extension drilling. However, regional exploration drilling will be more limited in 2023, with scope to increase activity dependent on operating performance and market conditions.

29Metals will advance its pipeline of organic growth opportunities during 2023. As previously reported, at Golden Grove the approvals process for Gossan Valley will commence in the Sep-Qtr, and ongoing resource conversion drilling at Cervantes seeking to improve geological confidence in the mineral inventory is planned. As previously reported, no material capital commitment is required to advance either project before the end of 2023.

At Capricorn Copper, work evaluating the potential to successfully recover cobalt will continue, as we look at the potential to commercialise our cobalt potential which has been enhanced by the successful drilling program at Esperanza South ('ESS') reported during the Sep-Qtr.<sup>4</sup>

<sup>2</sup> 29Metals' 21 December 2022 '*Operations Update*' was released to the ASX announcements platform and is available on 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>.

<sup>3</sup> Further information regarding the TC escalator under 29Metals' existing long-term offtake arrangements was reported in 29Metals' quarterly report for the March 2022 quarter, as released to the ASX announcements platform on 27 April 2022 (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>).

<sup>4</sup> Refer to 29Metals' '*Exploration Update*' released to the ASX announcements platform on 1 August 2022, a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>.



## Sustainability & ESG

### Safe and inclusive workplace

Group TRIFR improved for the fourth consecutive quarter, with Group TRIFR on a 12-month rolling basis moving to 9.8/mwhrs (Sep-Qtr: 10.2/mwhrs). Group LTIFR increased to 2/mwhrs (Sep-Qtr: 1/mwhrs) following three lost time injuries in the quarter.

The importance of a continuous focus on safety remains.

29Metals was saddened during the Dec-Qtr by the non-work-related passing of a contractor employee at Capricorn Copper. 29Metals worked closely with the deceased's employer to ensure that support was provided for the entire workforce at site.

Health and safety activities in the Dec-Qtr included:

- continued roll-out of new Group health, safety, environment and community management systems standards, including completion of a gap analysis at Golden Grove relative to the new Group standards (gap analysis for Capricorn Copper was completed in the Jun-Qtr 2022);
- the roll-out of the Group critical controls framework continued, with testing at both sites of new verification procedures – reflecting our focus on leading indicators to improve safety outcomes;
- continuing focus on mental health awareness and skills training;
- at Golden Grove, progressing work to update the mine safety management system to align with the updated regulatory requirements in Western Australia which commence from the end of the Mar-Qtr 2023; and
- first aid training rolled out at our corporate offices.

Progress against 29Metals' 2022 inclusion and diversity objectives continued during the Dec-Qtr, including via 29Metals' workforce-led working group, *InDiVisible*.

### Responsible environmental stewardship

During the quarter, 29Metals' continued to focus on regulatory approvals, particularly in relation to TSF capacity increases, and water and waste management. Activities in the Dec-Qtr included:

#### Capricorn Copper

- installation and commissioning of new high-efficiency mechanical evaporators at the Esperanza Pit (the 'EPit'), significantly improving the evaporative efficiency at the site which will enhance the capacity to reduce water levels in the EPit;
- submission of an application to amend the design storage allowance for the EPit, following the updated water balance modelling work completed in the Sep-Qtr; and
- continued preparations for the wet season (November-April).

#### Golden Grove

- ongoing commissioning and ramp-up of the new paste plant at Golden Grove, utilising reclaimed dry tailings and reducing the volume of tailings solids stored on surface. As outlined further in *Key Projects*, in 2023 studies are planned to evaluate conversion of the paste plant to take wet tailings directly from the process plant; and
- evaluation of the repurposing of an historic borrow pit for water storage. Subject to regulatory approvals, if implemented, the additional storage capacity will decrease reliance on environmental water sources and enhance water security.

At both operating sites, engagement with regulatory stakeholders in relation to environmental approvals is a key focus.

In the context of a forecast heavy wet season in Northwest Queensland and the elevated water levels at Capricorn Copper, post quarter-end the Queensland Department of Environment & Science issued an environmental protection order ('EPO') at Capricorn Copper. The new EPO covers the remainder of the current wet season (ending 1 May) and requires Capricorn Copper to take certain steps to manage water levels in the EPit and a second water storage structure on site, the Mill Creek Dam, including a requirement to release treated water (as permitted by the environmental permit at Capricorn Copper, subject to water quality requirements) currently held on site.



There is currently substantial capacity remaining in the two water storage structures, following the significant reduction in water levels achieved by Capricorn Copper over the past two years. However, if there were to be a significant increase in water volumes on site, Capricorn Copper would also be required to cease drawing water from local water sources for mining and mineral processing operations (until water levels returned to appropriate levels).

## Partnering with stakeholders

Engagement with key stakeholders regarding 29Metals' *Our Approach to Sustainability & ESG* continued during the Dec-Qtr. Overwhelmingly, feedback regarding 29Metals' approach has been positive and has provided 29Metals with insights regarding expectations for future priorities.

29Metals also completed its second workforce engagement survey (following the first survey in 2021). Participation in the survey (which was voluntary) increased relative to 2021. The results of the survey will be used by 29Metals to enhance positive engagement with its workforce.

Other activities during the quarter included:

- roll-out of cultural awareness training. Introductory cultural awareness training was completed for all corporate office roles and superintendents and above at Golden Grove. Roll-out to superintendents and above at Capricorn Copper will continue in the Mar-Qtr; and
- commencing a review of the Bayalgu pre-employment program at Golden Grove to assess its effectiveness and identify potential opportunities to enhance the program.

## Progress of 29Metals' 2022 Sustainability & ESG Priorities

Appendix 3 provides a snapshot of 29Metals' progress against its 2022 Sustainability & ESG priorities.

Highlights during the quarter included:

- progress against 29Metals' roadmap for reporting aligned to the *Taskforce for Climate-related Financial Disclosures* ('TCFD') recommendations, with the analysis of 29Metals carbon emissions profile which will assist 29Metals to understand the drivers of carbon emissions in our business and inform future target setting;<sup>5</sup>
- the roll out of cultural awareness training (referred to above); and
- reflecting 29Metals' commitment to inclusion and diversity, Managing Director & CEO, Peter Albert, will represent 29Metals on the *CEO's for Gender Equity*, an industry collaboration forum in Western Australia.



Work has commenced on 29Metals' 2022 Sustainability & ESG Report – as in 2021, the Sustainability & ESG Report will be included in 29Metals 2022 Annual Report. The 2022 report will provide more detail on 29Metals' Sustainability & ESG performance in 2022, including performance against 29Metals' 2022 Sustainability & ESG priorities, and 29Metals' priorities for 2023.

<sup>5</sup> 29Metals TCFD roadmap was outlined in 29Metals' 2021 Annual Report (Sustainability & ESG disclosures), as released to the ASX announcements platform on 21 April 2022, and is available on 29Metals' website at <https://www.29metals.com/investors/reports-presentations>.

## Golden Grove Operations

	Unit	Mar-Qtr	Jun-Qtr	Sep-Qtr	Dec-Qtr	2022 Full Year	2022 Guidance <sup>1</sup>
TRIFR <sup>2</sup>	/mwhrs	14.0	14.0	10.4	11.3	11.3	N/a
LTIFR <sup>2</sup>	/mwhrs	0.6	0.6	0.5	1.6	1.6	N/a
Copper produced	tonnes	4,099	5,533	4,618	2,687	16,938	15,000 – 19,000
Zinc produced	tonnes	12,235	10,787	12,513	22,039	57,575	55,000 – 65,000
Gold produced	ounces	5,055	8,167	5,235	8,117	26,574	23,000 – 27,000
Silver produced	koz	288	286	268	478	1,321	1,050 – 1,250
Lead produced	tonnes	467	593	631	1,073	2,764	2,000 – 3,000
Cu-eq production <sup>3</sup>	tonnes	10,448	12,400	11,907	14,251	49,006	N/a
C1 Costs	\$m	11	29	33	6	79	N/a
<b>C1 Costs</b>	<b>US\$/lb Cu sold</b>	<b>0.93</b>	<b>1.90</b>	<b>2.19</b>	<b>0.91</b>	<b>1.62</b>	<b>N/a</b>
Capital – Cap. Dev & Sust.	\$m	11	10	14	14	50	40 – 48
AISC	\$m	27	44	52	25	148	N/a
<b>AISC</b>	<b>US\$/lb Cu sold</b>	<b>2.37</b>	<b>2.87</b>	<b>3.44</b>	<b>3.93</b>	<b>3.05</b>	<b>N/a</b>

<sup>1</sup> Guidance first published with 29Metals' 2021 Dec-Qtr (as released to the ASX announcements platform on 24 January 2022), as subsequently updated by 29Metals in its 2022 Mar-Qtr and Jun-Qtr reports (as released to the ASX announcements platform on 27 April and 20 July 2022 (respectively)). Copies of 29Metals' past quarterly reports are available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>. Refer to important information on page 16 regarding forward looking information in this report.

<sup>2</sup> TRIFR and LTIFR shown is the 12-month moving average at the end of each quarter, reported on mwhrs basis.

<sup>3</sup> Production in Cu-eq for the Dec-Qtr is calculated applying average LME metal prices (Cu US\$8,006/t, Zn US\$3,002/t, Au US\$1,729/oz, Ag US\$21/oz, Pb \$2,101/t (Source: FactSet)) and actual recoveries (refer to Appendix 1). Cu-eq production for the Mar-Qtr 2022, Jun-Qtr 2022 and the Sep-Qtr 2022 calculation assumptions are set out in the corresponding quarterly reports. Full Year Cu-eq is the simple aggregate of Cu-eq reported for the Mar-Qtr, Jun-Qtr, Sep-Qtr and Dec-Qtr.

## Mining

Mine production was split approximately 80:20 between Gossan Hill and Scuddles during the Dec-Qtr, with 390 kt ore mined (Sep-Qtr: 372 kt).

Improved development performance continued in the Dec-Qtr, with total development advance of 1,933 m (Sep-Qtr: 1,904 m), including the highest lateral orebody development metres achieved at XE for the year. Development advance in the Sep-Qtr and Dec-Qtr has demonstrated clear improvement from the development rate deficit reported in prior quarters (principally as a result of the COVID-19 related absenteeism and labour market pressures).

Total capital development at XE was 289m (Sep-Qtr: 287m). A further fresh air raise was extended to the current lowest operating level. As part of 29Metals focus on development performance, a development improvement project is underway to improve operating efficiencies, with a standardised development drill fleet now in place.

Higher activity levels in the Dec-Qtr overall included rehabilitation development, additional truck haulage volumes, and high backfill rates. Rehabilitation activity of 631 m was a significant increase on the Sep-Qtr (347 m), reflecting establishment of new development headings in remnant mining areas, access for waste placement into stope voids underground to reduce truck tonne-kilometers ('tkms') to surface, and setup of underground diamond drilling platforms.

Overall, mining activity (as measured by tkms) increased 15% relative to the Sep-Qtr, driven by higher ore movements, unplanned downtime on the Scuddles hoist, and generally deeper ore sources extracted during the period.

Cemented hydraulic fill ('CHF') placement increased approximately 10% on the Sep-Qtr, assisting efforts to maximise and optimise tailings storage capacity.

Two new primary ventilation fans were installed underground to enhance the ventilation circuit within some of the shallower orebodies, with one of the fans requiring repair under vendor warranty. Procurement delays on the two booster fans for XE have been advised by the supplier (refer *Key Projects*).

Other project activities progressed during the Dec-Qtr include extension of the paste fill reticulation back-bone to XE and extension of the fibre optic network underground to enable adoption of enhanced remote control and data capture applications during 2023.

Progress of production at XE has now seen a second full height stope (applying the new 45 m sublevel interval) completed in the Dec-Qtr with a third currently in production. The 45 m high stopes are performing well to date.

## Processing

Total tonnes milled was materially higher for the quarter at 431kt (Sep-Qtr: 336 kt) and comprised 42 kt of primary copper ore and 389 kt of primary zinc ore, consistent with the planned ore profile for the year (with zinc production weighted to the second half). Higher throughput reflected a combination of:

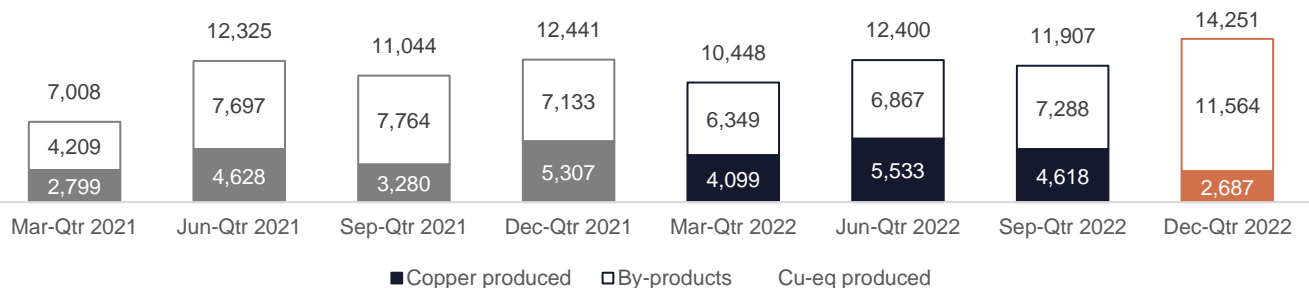
- increased mill run-time;
- the higher proportion of primary zinc ore in mill feed which generally achieves a higher throughput rate than the harder primary copper ore; and
- unconstrained mill throughput with TSF1 fully constructed.

Closing ROM stocks at the end of the quarter were approximately 71 kt, comprising predominantly primary copper ore.

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

Gold and silver recoveries also improved reflecting the higher contribution of primary zinc ore in total mill feed relative to the Sep-Qtr, with overall lower pyrite content.

## Quarterly production (tonnes) <sup>1</sup>



<sup>1</sup> Cu-eq production is calculated by applying average LME metal prices for metals produced for the relevant period (source: FactSet) and actual recoveries (refer to Appendix 1).

## Costs

Site Costs of \$93 million (Sep-Qtr: \$82 million) reflected higher mining activity (outlined above) and the continuation of inflationary cost pressures for some inputs.

C1 Costs of \$6 million (Sep-Qtr: \$33 million) include a \$4 million stockpile credit (Sep Qtr: \$10 million credit), reflecting movements in metal inventory and timing differences between production and sales, and benefitted from a significant increase of by-product credits to \$108 million (Sep-Qtr: \$57 million) as a result of higher zinc, gold and silver sales, partly offset by lower zinc prices during the quarter.

Sustaining capital of \$9 million (Sep-Qtr: \$8 million) primarily relates to TSF construction activity and mining infrastructure, including ventilation (refer *Key Projects*). Capitalised development of \$5 million (Sep-Qtr: \$7 million) reduced due to a higher proportion of lateral ore development undertaken in the Dec-Qtr, with lateral ore development being expensed.

Growth capital of \$0.9 million (Sep-Qtr: \$2.5 million) related to the paste plant, with completion of establishment activities achieved during the Dec-Qtr.

Unit costs during the Dec-Qtr (lower unit C1 Costs and higher unit AISC costs) reflect the material increase in by-product credits offset by higher costs and significantly lower copper sales in the quarter of 1.9 kt (Sep-Qtr: 4.7 kt).



## Capricorn Copper Operations

	Unit	Mar-Qtr	Jun-Qtr	Sep-Qtr	Dec-Qtr	2022 Full Year	2022 Guidance <sup>1</sup>
TRIFR <sup>2</sup>	/mwhrs	12.5	8.7	9.6	7.0	7.0	N/a
LTIFR <sup>2</sup>	/mwhrs	1.8	0.9	0.9	1.8	1.8	N/a
Copper produced	tonnes	5,231	5,608	7,669	5,316	23,824	23,000 – 27,000
Silver produced	koz	51	54	74	54	234	200 – 250
Cu-eq production <sup>3</sup>	tonnes	5,353	5,737	7,854	5,459	24,404	N/a
C1 Costs	\$m	56	45	59	60	220	N/a
C1 Costs	US\$/lb Cu sold	3.07	3.13	2.52	3.44	3.00	N/a
Capital – Cap. Dev & Sust.	\$m	12	9	10	10	41	39 – 51
AISC	\$m	72	56	73	71	272	N/a
AISC	US\$/lb Cu sold	3.94	3.93	3.08	4.12	3.71	N/a

<sup>1</sup> Guidance first published with 29Metals' 2021 Dec-Qtr (as released to the ASX announcements platform on 24 January 2022), as subsequently updated by 29Metals in its 2022 Mar-Qtr and Jun-Qtr reports (as released to the ASX announcements platform on 27 April and 20 July 2022 (respectively)). Copies of 29Metals' past quarterly reports are available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>. Refer to important information on page 16 regarding forward looking information in this report.

<sup>2</sup> TRIFR and LTIFR shown is the 12-month moving average at the end of each quarter.

<sup>3</sup> Production in Cu-eq for the Dec-Qtr is calculated applying average LME metal prices (Cu US\$8,006/t and Ag US\$21/oz (Source: FactSet)) and actual recoveries (refer to Appendix 1). Cu-eq production for the Mar-Qtr 2022, the Jun-Qtr 2022 and Sep-Qtr-2022 calculation assumptions are set out in the corresponding quarterly reports. Full Year Cu-eq is the simple aggregate of reported Cu-eq for the Mar-Qtr 2022, Jun-Qtr 2022, Sep-Qtr 2022 and Dec-Qtr 2022.

## Mining

Mining continued from all three orebodies (ESS, Mammoth and Greenstone) during the Dec-Qtr. Ore mined for the Dec-Qtr of 400 kt (Sep-Qtr: 429 kt) was impacted by low truck availability and ventilation constraints in ESS, driven by ongoing commissioning issues of new surface fans (refer *Key Projects*).

Mined grade overall reduced due to a higher proportion of lower grade Greenstone ore and a lower proportion of high-grade ESS ore in mined tonnes.

Development activities in the Dec-Qtr continued to focus on maintaining multiple production fronts across the three orebodies, along with commencement of development of Mammoth North. Similar to Greenstone, Mammoth North is a relatively shallow orebody and is being developed to replace Greenstone as an ore source with Greenstone anticipated to reach its end of life over H1 2023. Mammoth North is anticipated to come into production during the Jun-Qtr 2023.

Further progress was made on operational de-risking and productivity projects during the Dec-Qtr, including ventilation upgrades in Mammoth and G-Lens, and the drilling of a new secondary paste fill hole from surface.

A rental surface chiller plant was successfully commissioned at both the Mammoth and ESS orebodies post quarter end.

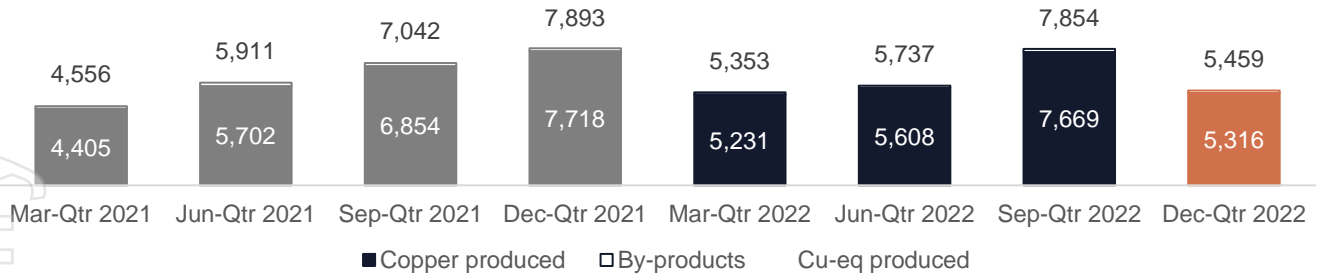
## Processing

Ore tonnes milled for the Dec-Qtr was lower at 409 kt (Sep-Qtr: 493 kt) and included the impact of a planned major shutdown in October which was completed under budget, reflecting continuing work to improve shutdown planning and execution. Mill availability was also impacted by unplanned maintenance to replace a trunnion bearing on the SAG mill in December.

Post quarter end, processing operations and other site activities at surface were impacted by heavy rainfall in northwest Queensland, including intermittent site access issues causing delays to site deliveries and concentrate haulage. The Capricorn Copper site team implemented wet season contingencies and will continue to closely monitor weather and manage impacts for the remainder of the wet season (which runs from November to April).

During interruptions to processing operations, post quarter-end the site team took the opportunity to release treated water, as authorised under the site environmental permitting (and subject to regulated water quality requirements), to manage site water levels (refer to *Sustainability & ESG*).

## Quarterly production (tonnes) <sup>1</sup>



<sup>1</sup> Cu-eq production is calculated by applying average LME metal prices for metals produced for the relevant period (source: FactSet) and actual recoveries (refer to Appendix 1).

## Costs

Site Costs increased to \$51 million (Sep-Qtr: \$47 million), with higher mining costs driven by unit rate adjustments under contractual Rise & Fall mechanisms and increases in processing costs driven by maintenance costs and grinding media.

C1 Costs of \$60 million (Sep-Qtr: \$59 million) are after a \$1 million stockpile movement charge (Sep-Qtr: \$4 million charge).

Sustaining capital of \$4 million (Sep-Qtr: \$4 million) related to water management, ventilation upgrades and the new high-efficiency mechanical evaporators which were installed during the quarter (refer to *Key Projects*), as well as upgrades to camp facilities and IT infrastructure.

Higher unit C1 Costs and AISC reflect the increase in costs and lower copper sales of 5.2 kt (Sep-Qtr: 7.3 kt).

## Key Projects

### Operations

#### Golden Grove

- Ventilation upgrades:** The surface cooling plant upgrade at the Far Northern Downcast Fan was completed in December and is working as expected, delivering additional chilled air underground. Ongoing delays have been encountered with procurement of the two 1MW underground booster fans for XE. Resolution of the issue is being worked through with the supplier to mitigate impacts to the production schedule.

In addition, as noted in *Operations*, two new primary ventilation fans were installed to enhance ventilation within some of the shallower ore bodies. One of the new fans has experienced mechanical issues and it being attended to by the vendor (under warranty).

- Paste Plant:** The commissioning process advanced, with three stopes now successfully paste filled higher up in the mine. A fourth stope is now being filled in Hougoumont orebody at greater depth. In parallel, further extensions of the underground reticulation were progressed to enable paste fill at XE and other orebodies.

As previously reported, the plant utilises dry reclaim of tailings from previous tailings storage facilities (TSF2). Studies are planned for 2023 to convert this plant to utilise wet tailings from the process plant, which would be expected to reduce direct operating costs and reduce for the volume of tailings required to be stored on surface.

- Tailings capacity expansion:** TSF1 (lift 5B) construction was completed in the Dec-Qtr and is now receiving tailings. The application for the next raise on TSF3 was submitted during the Dec-Qtr with approval expected in the Mar-Qtr 2023, and construction to commence immediately upon receipt of approval. Planning and preparatory works in anticipation of receiving approval are well advanced. The TSF3 lift approval will support an additional two years' tailings capacity with design work also well advanced on a new long-term/life of mine TSF for Golden Grove.

#### Capricorn Copper

- ESS ventilation upgrade:** Commissioning of the two surface fans installed in H2 2022 remains ongoing, with equipment failure on both fans delaying successful commissioning during the Dec-Qtr. As an interim measure, underground primary ventilation fans are in the process of being re-instated while rectification to the two surface fans is being undertaken by the supplier. The impact on ventilation at ESS while the fan failures are being rectified will limit tonnes from ESS in the Mar-Qtr and increase reliance on other ore sources at Capricorn Copper.
- TSF activities:** Approval processes are underway for the next lift of the Esperanza TSF (the 'ETSF'), with construction planned to commence immediately upon completion of the approval process which is expected to occur during the Mar-Qtr 2023. Early works not requiring regulatory approval will be undertaken during the Mar-Qtr. As previously reported, milling rates will be constrained in the Mar-Qtr as the approval process continues.

In parallel, plans are advancing for a new long-term/life of mine TSFs.

- **New evaporators:** New high-efficiency mechanical evaporators were commissioned in early December, following delivery delays by the vendor. The three new evaporators have delivered additional and improved performance, with an approximate 290% flow increase relative to the previously installed mechanical evaporators. Coupled with improved evaporation efficiency, the total evaporation potential of the system has increased substantially and is expected to significantly enhance continuing efforts to reduce the volume of water stored on site. (Image below.)



*New high-efficiency mechanical evaporators in operation at the EPit at Capricorn Copper during the Dec-Qtr.*

## Organic Growth

- **Gossan Valley and Cervantes (Golden Grove):** During the Dec-Qtr 29Metals released the results of the Gossan Valley studies (the 'GV Studies') and the prefeasibility study for Cervantes (the 'Cervantes PFS'), confirming the viability of each project and extending Golden Grove's history of organic growth potential. <sup>6</sup> As previously reported, 29Metals plans to submit applications for regulatory approvals for Gossan Valley early in the Sept Qtr 2023. At Cervantes, further conversion drilling is planned for 2023.
- **Cobalt studies (Capricorn Copper):** As previously reported, 29Metals has commenced evaluation of the cobalt opportunity at Capricorn Copper. Cobalt studies continued during the quarter, including flotation test work being undertaken in parallel to a department study. The study is expected to be completed in the Mar-Qtr and will inform future steps.

<sup>6</sup> Refer to 'Golden Grove Studies' released to the ASX announcements platform on 11 November 2022 for further details of the GV Studies and Cervantes PFS (a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>).

## Exploration

During the quarter, drill testing, resource extension and resource conversion drilling continued at both Capricorn Copper and Golden Grove. Activity at Capricorn Copper during the quarter also included regional drilling at Merlot and ground-based geophysical surveys across multiple prospects on the Capricorn Copper exploration leases.

Drilling activities for the Dec-Qtr are summarised below.

Dec-Qtr Drilling	Unit	Exploration	Resource extension	Resource conversion
<b>Golden Grove</b>				
Amity Underground Diamond	m	-	604	-
Cervantes Underground Diamond	m	-	1,088	661
XE Underground Diamond	m	-	111	764
<b>Capricorn Copper</b>				
Merlot Reverse Circulation (RC)	m	580	-	-
ESS Surface Diamond Drilling	m	-	2,412	-
ESS Underground Diamond	m	-	-	182
Greenstone Underground Diamond	m	-	773	-
Mammoth Underground Diamond	m	-	1,483	1,318

Long-sections for Golden Grove and Capricorn Copper, identifying in-mine and near mine growth opportunities and priority targets for exploration, are set out in Appendix 4.

### Golden Grove

Drilling at Cervantes continued in the Dec-Qtr with a focus on upgrading the mineral resource category within the central portion of the orebody, as well as testing for potential mineralisation to the north of the interpreted feeder position. Drilling is proceeding well and will continue into the Mar-Qtr 2023. The results of the bulk of the drilling conducted in the Dec-Qtr is expected to be included in 29Metals' updated Mineral Resources & Ore Reserves estimates (December 2022) which is expected to be reported in the Mar-Qtr 2023.

XE resource conversion and extension drilling targeting the deepest parts of the known XE resource was concluded in the Dec-Qtr. The orebody remains open down-plunge with drilling activities planned to resume early in the Jun-Qtr 2023.

Initial testing down plunge at South Amity in the Dec-Qtr did not intersect any significant sulphides.

Other areas of planned exploration activity at Golden Grove in 2023 include:

- resource extension drilling at Tryall; and
- resource conversion drilling at Hougomont.

### Capricorn Copper

Surface drilling at ESS continued in the Dec-Qtr, targeting ~100 m down-plunge of the mineralised intercepts from the drilling reported in the Sep-Qtr.<sup>7</sup> This drilling will conclude early in the Mar-Qtr.

Underground drilling was conducted across Greenstone, Mammoth, and ESS in the Dec-Qtr.

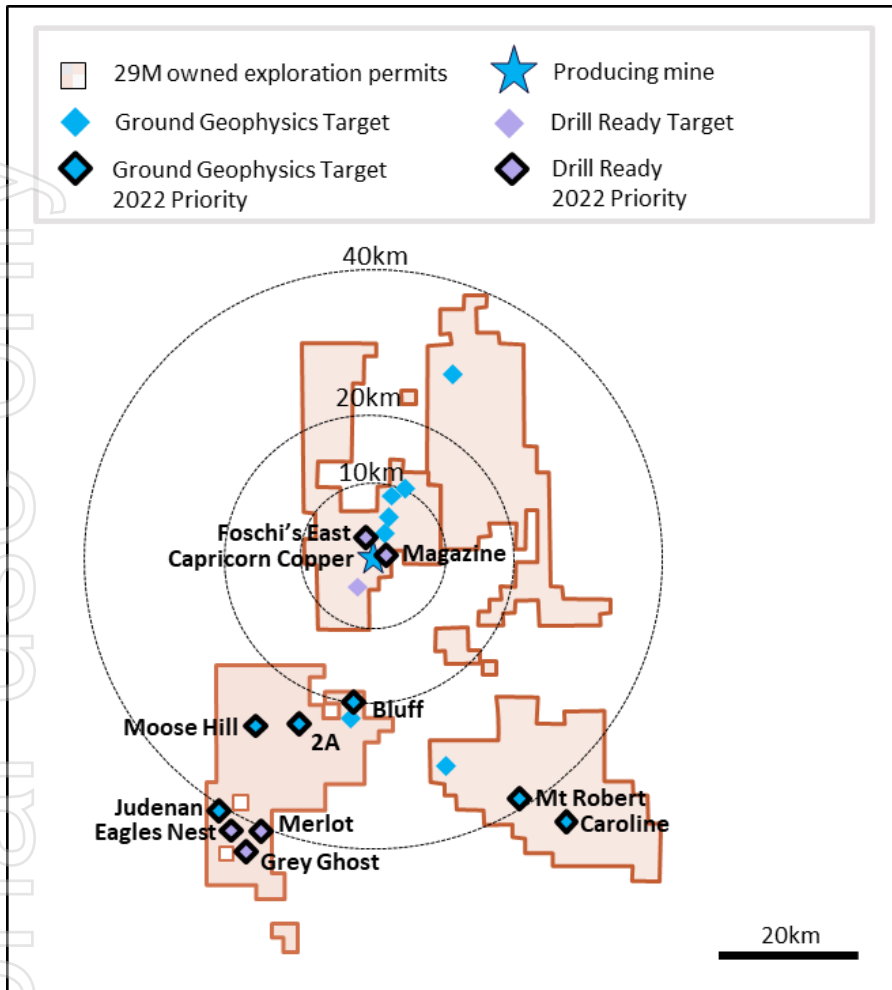
Mammoth drilling focussed on the G Lens, and Mammoth Deeps. Drilling at G Lens intercepted discrete high-grade zones as expected. Drilling at Mammoth Deeps was targeting mineralisation hosted within a structure known as the Portal fault. This drilling intersected broad zones of weak copper mineralisation within a previously undrilled area. Assay results are pending.

Other areas of planned exploration activity at Capricorn Copper in 2023 include:

- resource conversion drilling at ESS; and
- resource conversion and extension drilling at Mammoth.

<sup>7</sup> Refer to 'Exploration Update' released to the ASX announcements platform on 1 August 2022, a copy of which is available on 29Metals' website at: <https://www.29metals.com/investors/asx-announcements>.

Figure 1: Capricorn Copper tenements and regional targets



Regionally, during the Dec-Qtr initial testing occurred at Merlot with two RC holes targeting a 1.2km portion of the Judenan fault that hosts surface hematite and quartz fill locally up to 6m in width at surface.

Merlot is located approximately 45km southwest of the Capricorn Copper mine. Neither hole intersected significant sulphides. Further targeting work is required to justify any additional follow up work at Merlot.

Also during the Dec-Qtr, ground geophysics in the form of induced polarisation ('IP') surveys took place across 2A, Judenan, Moose Hill, and Mt Osprey. These surveys are intended to inform future drilling targets in these areas.

In the Mar-Qtr 2023, regional work is planned to include the generation of a belt scale structural model, to be combined with our regional geochemical dataset for the purposes of prospectivity evaluation. This will lead into field mapping and soil sampling planned for the Jun-Qtr 2023.

29Metals has applied for a grant from the Queensland Government under its *Collaborative Exploration Initiative* to undertake a combined magnetotelluric, ground gravity, and ambient noise tomography survey at ESS, as well as select exploration prospects to the south, in order to assess the system's ability to support copper mineralisation at depth. If this method is successful, it has potential to be expanded to other areas of known and prospective mineralisation.

## Redhill

At Redhill, there was limited activity in the Dec-Qtr reflecting the seasonal nature of the exploration work in the southern part of Chile.

Additional drill targets have been generated based of the results from the 2022 field campaign.

The 2022 field campaign extended known mineralisation and indicated potential for additional discoveries, this data continues to be evaluated in the context of future programmes at Redhill.

No field work is currently planned for 2023. Personnel and administrative capability are being maintained in anticipation of future field campaigns.



## Corporate

### Revenue <sup>8</sup>

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

	Unit	Mar-Qtr	Jun-Qtr	Sep-Qtr	Dec-Qtr	2022 Full Year
<b>Total Gross Revenue</b>	<b>\$m</b>	<b>232.0</b>	<b>165.2</b>	<b>192.8</b>	<b>208.9</b>	<b>798.9</b>
<b>Golden Grove</b>	<b>\$m</b>	<b>138.6</b>	<b>118.9</b>	<b>109.5</b>	<b>130.5</b>	<b>497.5</b>
- Copper	\$m	50.9	64.0	49.5	17.6	182.0
- Zinc	\$m	60.4	56.4	41.4	81.9	240.1
- Gold	\$m	13.9	16.1	10.2	13.4	53.6
- Silver	\$m	7.6	5.5	3.5	6.1	22.6
- Lead	\$m	(0.2)	-	-	-	(0.2)
- QP adjustments	\$m	6.2	(23.0)	4.8	11.5	(0.5)
<b>Capricorn Copper</b>	<b>\$m</b>	<b>93.4</b>	<b>46.2</b>	<b>83.3</b>	<b>78.4</b>	<b>301.3</b>
- Copper	\$m	85.7	65.5	74.3	63.6	289.1
- Silver	\$m	1.4	1.5	1.9	1.5	6.2
- QP adjustments	\$m	6.3	(20.8)	7.1	13.3	6.0

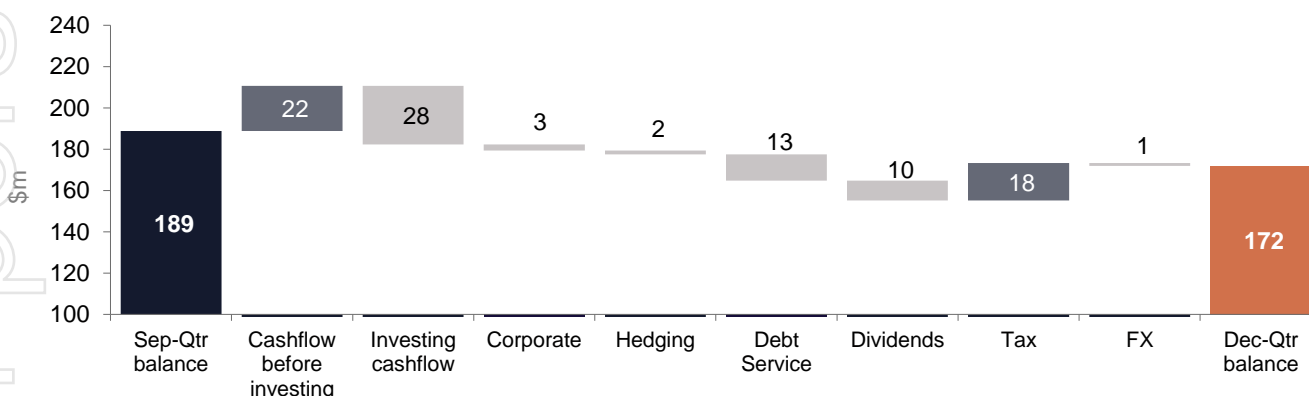
QP adjustments in the Dec-Qtr reflect a combination of:

- realised QP adjustments for prior period sales; and
- unrealised QP adjustments from sales during the Dec-Qtr with open QPs re-valued at 31 December 2022 using the relevant commodity price forward curves.

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 <sup>9</sup> at 31 December 2022 was \$172 million (30 Sep 2022: \$189 million).



1. Cashflow before investing is shown prior to adjustments for AASB16 lease accounting, and after realised QP adjustments gains for copper of \$4m and realised QP adjustments losses for Zinc of \$3m for the Dec-Qtr.
2. Investing cashflow payments include payments for property, plant, and equipment, capitalised mine development, and exploration.
3. Dec-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 the 29Metals Prospectus dated 21 June 2021 released to the ASX announcements platform on 2 July 2021).
4. Dec-Qtr closing cash balance based on 31 Dec 2022 AUD:USD exchange rate of 0.6775 (Source: RBA, 30 Sep 2022: 0.650).

Unaudited closing cash of \$172 million is after settlement of all pre-IPO copper hedges, gold hedges for delivery in the quarter, debt service and payment of the H1-22 interim dividend (refer below).

Debt service included a principal repayment of US\$6 million against 29Metals' term loan facility during the Dec-Qtr. Unaudited drawn debt (excluding lease liabilities, and derivative financial assets and liabilities) at 31 December 2022 was US\$138 million (30 Sep 2022: US\$144m). <sup>10</sup>

<sup>8</sup> Revenue cited is unaudited.

<sup>9</sup> Cash and cash equivalents (unaudited).

<sup>10</sup> Drawn debt excludes bank guarantees issued under the Group's environmental bonding facility (\$57 million).

Group unaudited net debt <sup>11</sup> of \$32 million (Sep-Qtr: \$33 million) was in line with unaudited net debt at the end of the prior quarter.

Tax inflows relate to a refund of income tax instalment payments during the year.

Unaudited closing cash includes the impact from the appreciation in the AUD:USD foreign exchange rate during the period, which adversely impacted the Australian dollar value of 29Metals' US dollar deposits.

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.

## Hedging

During the Dec-Qtr, 29Metals cash settled 3,498 ounces of Golden Grove gold hedges in relation to Sep-2022, Oct-2022 and Nov-2022 hedge volumes.

Cash settlement of the final pre-IPO copper hedges occurred during the quarter, <sup>12</sup> providing 29Metals with full exposure to the copper price going forward.

29Metals has the following hedges outstanding at 31 December 2022.

	Volume	Average Price	Maturity
Copper	Nil	N/A	N/A
Gold	31,190 ounces	\$2,620/ounce	Jan-23 – Sep-25

## Interim dividend

During the Dec-Qtr, 29Metals paid an interim dividend for H1-22. The dividend, the Company's first following listing on the ASX in July 2022, of \$0.02 per share (fully franked), resulted in an aggregate cash return to investors of \$9.7 million and was paid on 14 October 2022.

## 2022 full year financial results

29Metals will release its consolidated financial results for the 12 months ended 31 December 2022 on Thursday, 23 February 2023.

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*This quarterly report is authorised for release by Peter Albert, Managing Director & Chief Executive Officer.*

<sup>11</sup> 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 29Metals' website at <https://www.29metals.com/investors/asx-announcements>). Cash and debt balances converted to AUD at the exchange rate prevailing at period end, as applicable.

<sup>12</sup> Cash settlement relates to 802 tonnes of copper for September 2022 delivery at a hedged price of \$9,007/t.

## **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, particularly in the current economic climate with the significant volatility, uncertainty and disruption caused directly or indirectly by the COVID-19 pandemic. 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 report includes certain metrics, such as *C1 Costs*, *AISC*, *Cu-*eq** and *Net Drawn Debt*, 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  
Peter Albert  
Fiona Robertson  
Jacqueline McGill AO  
Martin Alciaturi

Non-Executive Director, Chair  
Managing Director & CEO  
Independent Non-executive Director  
Independent Non-executive Director  
Independent Non-executive Director

### Company Secretary

Clifford Tuck

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### Issued Share Capital

29Metals' issued capital is 481,356,099 ordinary shares (at 31 December 2022).

## Appendix 1: Production and sales

	Unit	Mar-Qtr	Jun-Qtr	Sep-Qtr	Dec-Qtr	2022 Full Year	2022 Guidance <sup>1</sup>
<b>Golden Grove</b>							
Ore Mined	kt	399	361	372	390	1,522	1,450 – 1,650
Ore Milled	kt	394	387	336	431	1,547	1,450 – 1,650
Milled Grade	Cu-eq (%)	3.4%	4.1%	4.3%	4.1%	4.0%	N/a
	Copper (%)	1.2%	1.7%	1.5%	0.8%	1.3%	N/a
	Zinc (%)	3.8%	3.4%	4.3%	5.8%	4.3%	N/a
	Gold (g/t)	0.7	1.1	0.7	0.9	0.8	N/a
	Silver (g/t)	33.4	33.1	34.3	47.1	37.3	N/a
Recovery	Copper (%)	83.5%	86.3%	88.9%	77.2%	84.7%	N/a
	Zinc (%)	82.8%	82.5%	87.1%	88.3%	85.7%	N/a
	Gold (%)	54.5%	61.2%	67.0%	68.9%	62.9%	N/a
	Silver (%)	68.1%	69.4%	72.5%	73.3%	71.1%	N/a
Cu Concentrate Prod. <sup>2</sup>	dmt	20,851	28,219	22,674	12,979	84,723	N/a
	Cu grade (%)	19.4%	19.5%	20.0%	19.4%	19.6%	N/a
	Copper (t)	4,036	5,505	4,542	2,524	16,607	N/a
	Gold (oz)	4,132	7,772	4,589	6,607	23,100	N/a
	Silver (oz)	187,917	191,930	154,813	281,153	815,813	N/a
Zn Concentrate Prod. <sup>2</sup>	dmt	25,324	22,329	24,085	44,635	116,373	N/a
	Zn grade (%)	48.3%	48.3%	52.0%	49.4%	49.5%	N/a
	Zinc (t)	12,235	10,787	12,514	22,039	57,576	N/a
	Gold (oz)	705	288	374	924	2,290	N/a
	Silver (oz)	63,014	54,266	58,497	109,727	285,504	N/a
HPM Concentrate Prod. <sup>2</sup>	dmt	1,211	1,313	1,806	3,422	7,752	N/a
	Gold (oz)	218	107	272	586	1,183	N/a
	Silver (oz)	37,404	39,625	55,110	87,149	219,287	N/a
	Copper (t)	63	28	76	164	331	N/a
	Lead (t)	467	593	632	1,073	2,765	N/a
Metal Produced	Copper (t)	4,099	5,533	4,618	2,687	16,938	15,000 – 19,000
	Zinc (t)	12,235	10,787	12,514	22,039	57,576	55,000 – 65,000
	Gold (oz)	5,055	8,167	5,234	8,116	26,573	23,000 – 27,000
	Silver (oz)	288,335	285,820	268,420	478,028	1,320,603	1,050,000 – 1,250,000
	Lead (t)	467	593	632	1,073	2,765	2,000 – 3,000
Payable Metal Sold	Copper (t)	3,722	4,966	4,678	1,915	15,280	N/a
	Zinc (t)	11,215	9,422	9,976	19,054	49,667	N/a
	Gold (oz)	5,310	6,063	3,832	5,503	20,708	N/a
	Silver (oz)	236,163	180,647	142,679	201,326	760,814	N/a
	Lead (t)	(9)	-	-	-	(9)	N/a
<b>Capricorn Copper</b>							
Ore Mined	kt	419	465	429	400	1,714	1,600 – 1,850
Ore Milled	kt	417	412	493	409	1,731	1,600 – 1,850
Milled Grade	Copper (%)	1.5%	1.6%	1.8%	1.6%	1.6%	N/a
Recovery	Copper (%)	85.2%	85.9%	88.1%	83.6%	85.9%	N/a
Cu Concentrate Prod.	dmt	22,512	24,235	31,039	23,358	101,144	N/a
	Cu grade (%)	23.2%	23.1%	24.7%	22.8%	23.6%	N/a
	Copper (t)	5,231	5,608	7,669	5,316	23,824	23,000 – 27,000
	Silver (oz)	51,139	54,354	74,492	54,086	234,070	220,000 – 290,000
Payable Metal Sold	Copper (t)	5,997	4,643	7,309	5,167	23,116	N/a
	Silver (koz)	42,372	43,485	68,518	44,701	199,076	N/a

<sup>1</sup> Original 2022 guidance for operating sites shown, as published in 29Metals' quarterly report for the Dec-Qtr 2021 (as released to the ASX announcements platform on 24 January 2022). A copy of 29Metals' Dec-Qtr 2021 report is available on 29Metals' website at: <https://www.29metals.com/investors/reports-presentations>.

<sup>2</sup> Metal volumes cited for Cu, Zn and HPM Concentrate production includes only those metals that are payable under the relevant concentrate offtake arrangements.



## Appendix 2: C1 Costs and AISC

	Unit	Mar-Qtr	Jun-Qtr	Sep-Qtr	Dec-Qtr	2022 Full Year <sup>1</sup>	2022 Guidance
<b>29Metals Group</b>							
<b>C1 Costs</b>	\$m	<b>66.8</b>	<b>74.3</b>	<b>92.7</b>	<b>65.6</b>	<b>299.4</b>	<b>N/a</b>
Payable copper sold	Mlbs	21.4	21.2	26.4	15.6	84.6	N/a
<b>C1 Costs</b>	\$/lb	<b>3.12</b>	<b>3.51</b>	<b>3.51</b>	<b>4.20</b>	<b>3.54</b>	<b>N/a</b>
<b>C1 Costs</b>	US\$/lb	<b>2.26</b>	<b>2.51</b>	<b>2.40</b>	<b>2.76</b>	<b>2.46</b>	<b>N/a</b>
Royalties	\$m	9.4	7.4	7.6	7.2	31.5	N/a
Corporate	\$m	5.3	5.4	5.2	6.2	22.1	23 – 26
Sustaining capex	\$m	10.9	9.2	13.0	13.0	46.2	44 – 55
Capitalised development	\$m	12.1	9.7	11.6	11.1	44.4	35 – 44
<b>AISC</b>	<b>\$m</b>	<b>104.4</b>	<b>106.0</b>	<b>130.1</b>	<b>103.1</b>	<b>443.6</b>	<b>N/a</b>
<b>AISC</b>	<b>\$/lb</b>	<b>4.87</b>	<b>5.01</b>	<b>4.92</b>	<b>6.60</b>	<b>5.24</b>	<b>N/a</b>
<b>AISC</b>	<b>US\$/lb</b>	<b>3.53</b>	<b>3.57</b>	<b>3.36</b>	<b>4.34</b>	<b>3.64</b>	<b>N/a</b>
Growth Capital	\$m	3.3	3.4	2.5	0.9	10.1	10 – 12
Group Exploration	\$m	2.7	3.1	2.9	2.2	10.8	10 – 20
FX rate	AUD:USD	0.725	0.714	0.683	0.658	0.695	N/a
<b>Golden Grove</b>							
Mining (excl. CapDev)	\$m	47.0	48.1	54.6	64.0	213.6	195 – 225
Processing	\$m	17.4	17.1	19.8	21.4	75.7	65 – 75
G&A	\$m	7.6	8.8	7.4	7.8	31.7	26 – 32
Concentrate transport	\$m	6.9	6.7	6.9	7.3	27.7	32 – 36
TCRC	\$m	17.6	17.4	11.8	17.0	63.8	53 – 70
Stockpile movements	\$m	(2.4)	(3.4)	(10.4)	(3.6)	(19.7)	N/a
By-products <sup>2</sup>	\$m	(83.6)	(65.5)	(57.2)	(108.0)	(314.3)	N/a
<b>C1 Costs</b>	<b>\$m</b>	<b>10.5</b>	<b>29.2</b>	<b>33.0</b>	<b>5.9</b>	<b>78.5</b>	<b>N/a</b>
Payable copper sold	Mlbs	8.2	10.9	10.3	4.2	33.7	N/a
<b>C1 Costs</b>	<b>\$/lb</b>	<b>1.28</b>	<b>2.66</b>	<b>3.20</b>	<b>1.39</b>	<b>2.33</b>	<b>N/a</b>
<b>C1 Costs</b>	<b>US\$/lb</b>	<b>0.93</b>	<b>1.90</b>	<b>2.19</b>	<b>0.91</b>	<b>1.62</b>	<b>N/a</b>
Royalties	\$m	5.7	4.6	4.7	4.9	19.9	N/a
Sustaining capex	\$m	2.8	4.0	7.6	9.2	23.5	19 – 23
Capitalised development	\$m	7.8	6.3	6.7	5.3	26.1	21 – 25
<b>AISC</b>	<b>\$m</b>	<b>26.8</b>	<b>44.0</b>	<b>51.9</b>	<b>25.3</b>	<b>148.0</b>	<b>N/a</b>
<b>AISC</b>	<b>\$/lb</b>	<b>3.27</b>	<b>4.02</b>	<b>5.04</b>	<b>5.98</b>	<b>4.39</b>	<b>N/a</b>
<b>AISC</b>	<b>US\$/lb</b>	<b>2.37</b>	<b>2.87</b>	<b>3.44</b>	<b>3.93</b>	<b>3.05</b>	<b>N/a</b>
Growth Capital	\$m	3.3	3.4	2.5	0.9	10.1	10 – 12
<b>Capricorn Copper</b>							
Mining (excl. CapDev)	\$m	21.8	23.0	23.6	26.1	94.5	89 – 102
Processing	\$m	13.5	15.0	14.9	16.2	59.7	51 – 56
G&A	\$m	8.5	9.2	8.4	8.4	34.5	28 – 34
Concentrate transport	\$m	5.0	4.8	6.0	5.1	20.9	19 – 22
TCRC	\$m	3.1	2.7	4.4	4.1	14.4	13 – 16
Stockpile movements	\$m	5.4	(8.3)	4.0	1.1	2.2	N/a
By-products <sup>2</sup>	\$m	(1.4)	(1.5)	(1.9)	(1.5)	(6.2)	N/a
<b>C1 Costs</b>	<b>\$m</b>	<b>55.9</b>	<b>44.9</b>	<b>59.5</b>	<b>59.5</b>	<b>219.8</b>	<b>N/a</b>
Payable copper sold	Mlbs	13.2	10.2	16.1	11.4	51.0	N/a
<b>C1 Costs</b>	<b>\$/lb</b>	<b>4.23</b>	<b>4.38</b>	<b>3.69</b>	<b>5.23</b>	<b>4.31</b>	<b>N/a</b>
<b>C1 Costs</b>	<b>US\$/lb</b>	<b>3.07</b>	<b>3.13</b>	<b>2.52</b>	<b>3.44</b>	<b>3.00</b>	<b>N/a</b>
Royalties	\$m	3.6	2.8	2.9	2.3	11.6	N/a
Sustaining capex	\$m	8.2	5.3	5.3	3.9	22.6	25 – 32
Capitalised development	\$m	4.2	3.4	5.0	5.8	18.3	14 – 19
<b>AISC</b>	<b>\$m</b>	<b>71.9</b>	<b>56.3</b>	<b>72.7</b>	<b>71.4</b>	<b>272.4</b>	<b>N/a</b>
<b>AISC</b>	<b>\$/lb</b>	<b>5.44</b>	<b>5.50</b>	<b>4.51</b>	<b>6.27</b>	<b>5.34</b>	<b>N/a</b>
<b>AISC</b>	<b>US\$/lb</b>	<b>3.94</b>	<b>3.93</b>	<b>3.08</b>	<b>4.12</b>	<b>3.71</b>	<b>N/a</b>
Growth Capital	\$m	0.0	0.0	0.0	0.0	0.0	0

<sup>1</sup> Operating and financial information presented in this report is unaudited.

<sup>2</sup> By-products include gold, zinc, silver and lead revenue, net of unrealised QP adjustments.

**Appendix 3: Progress against 2022 Sustainability & ESG Priorities<sup>13</sup>**

	Progress
<b>Safe &amp; inclusive workplace</b>	
Continuing focus on eliminating serious injuries through updated critical control framework and verification	●
Investigation of barriers to attracting and retaining a diverse workforce, and developing an action plan	○
Renewed focus on reducing incidence of minor injuries	●
Continued workforce engagement and feedback loops, building on the successful 2021 workplace health survey	●
2022 Annual Inclusion and diversity objectives:	
Maintain no less than 30% representation of each gender on the Board	●
Year-on-year increase in the percentage of female employees as a proportion of total employees	○
Commence Workplace Gender Equality Agency reporting, including completion of gender pay-gap analysis	●
Establish a Diversity Working Group with representation from across the workforce, to provide advice and recommendations regarding workplace inclusion and diversity improvement opportunities and strategies	●
Conduct a whole of workforce survey to identify issues and opportunities for inclusion and diversity improvement; Develop a gap analysis and action plan based on the results	○
Establish a clear baseline understanding of the Company's workforce (employees and contractors) diversity to inform future actions and objectives	○
Refresh and roll out cultural awareness training, in consultation with local First Nations stakeholders - training to be successfully completed by all employees and contractors at superintendent level or above across 29Metals	○
<b>Responsible environmental stewardship (including action on climate change)</b>	
Develop and launch 29Metals' roadmap for aligning with TCFD recommendations	●
Implement 2022 actions in 29Metals' roadmap for aligning with TCFD recommendations:	
Continue to build and enhance Board and Management climate competency through climate education sessions	○
Formally integrate climate change risks and opportunities into risk management framework	○
Complete assessment of emissions profile (Scope 1 and 2) for existing operations to inform the development of absolute emissions or emissions intensity reduction plan, to underpin the setting of credible targets	●
Reduce water levels in Capricorn Copper regulated facilities and improve operating water balance	○
Industry collaboration – advance existing collaboration activities (ICAA and CopperString 2.0), and identify collaboration opportunities with business partners and customers	●
Complete gap analysis for application of ICMM Global Tailings Management Standard at 29Metals operating sites	●
Implementation of paste fill operations at Golden Grove, reducing the volume of tailings stored in surface tailings management facilities	●
Improve data collection and analytics for environmental stewardship metrics to inform future actions and priorities	○
Reduce volume of water withdrawn from the environment for mining operations	○
Commence transition to Progressive Rehabilitation and Closure Plan at Capricorn Copper	●
<b>Partnering with stakeholders</b>	
Re-initiate sponsored traineeship program for First Nations people at Golden Grove (following COVID-19 related pause in the program)	●
Develop and roll-out sponsored traineeship programs for First Nations people at Capricorn Copper	○
Launch 29Metals' Our Approach to Sustainability & ESG with stakeholders, including local communities	○
Re-fresh stakeholder and community engagement to confirm stakeholder priorities for Sustainability & ESG activities	●
Improve data collection and analytics regarding direct and indirect economic contributions, and the community impact, to inform future activities and priorities	○
Review and update contract management processes, with a focus on identifying opportunities to improve local and regional business participation	○
<b>Responsible and ethical business practices / Continuous improvement</b>	
Continuing engagement with our workforce, highlighting workplace behaviour	●
Fostering an environment where workplace participants have the confidence to raise concerns	●
Leverage experience at Golden Grove to design and implement effective community programs, particularly with First Nations stakeholders	●
Promoting opportunities for local residents and business in our host communities	●
<span style="display: inline-block; width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-right: 5px;"></span> Completed <span style="display: inline-block; width: 15px; height: 15px; border: 1px solid black; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Commenced and in-progress / underway <span style="display: inline-block; width: 15px; height: 15px; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> Not started / no progress	

<sup>13</sup> As published in 29Metals' 2021 Sustainability & ESG Report released to the ASX announcements platform on 21 April 2022 in 29Metals' 2021 Annual Report, and available on 29Metals' website at: <https://www.29metals.com/sustainability>.

## Appendix 4: Long sections

Figure 3: Golden Grove long section

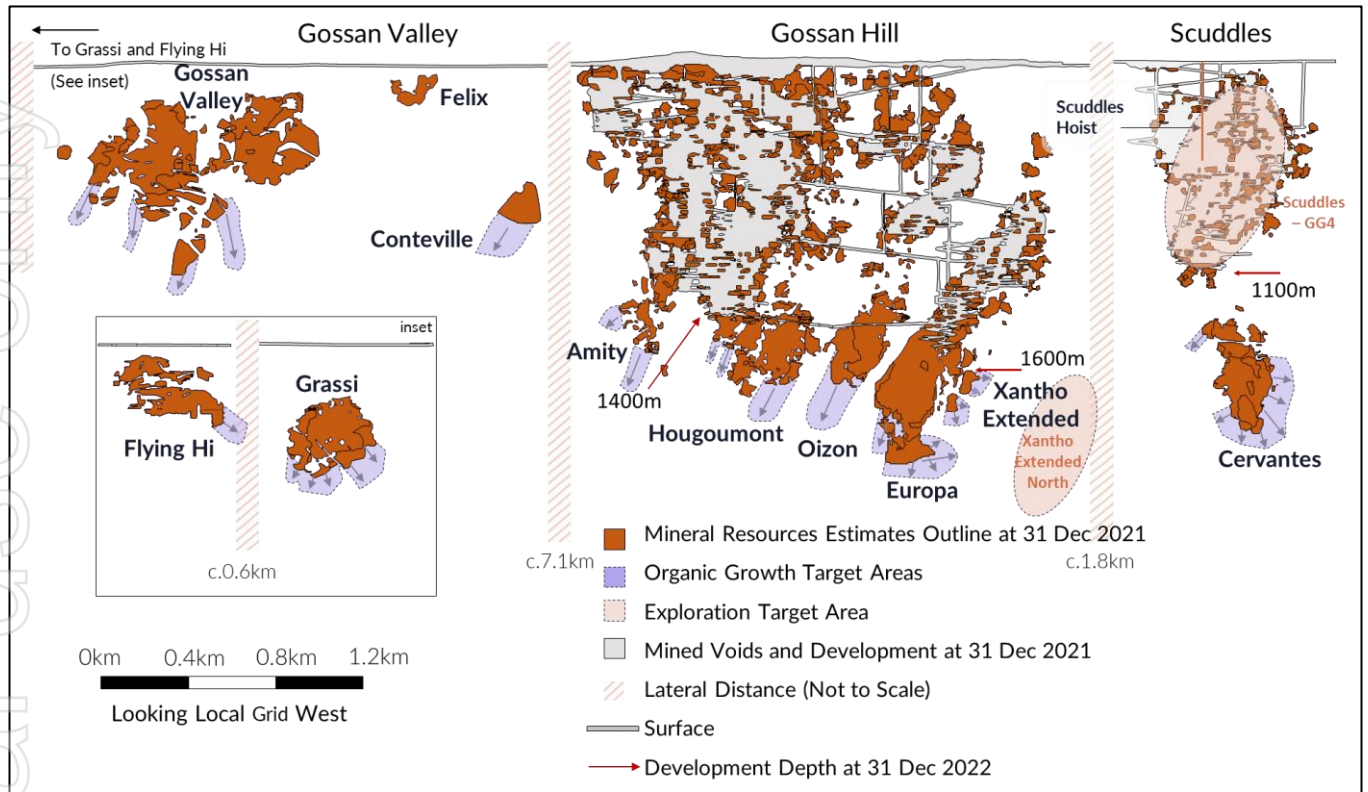
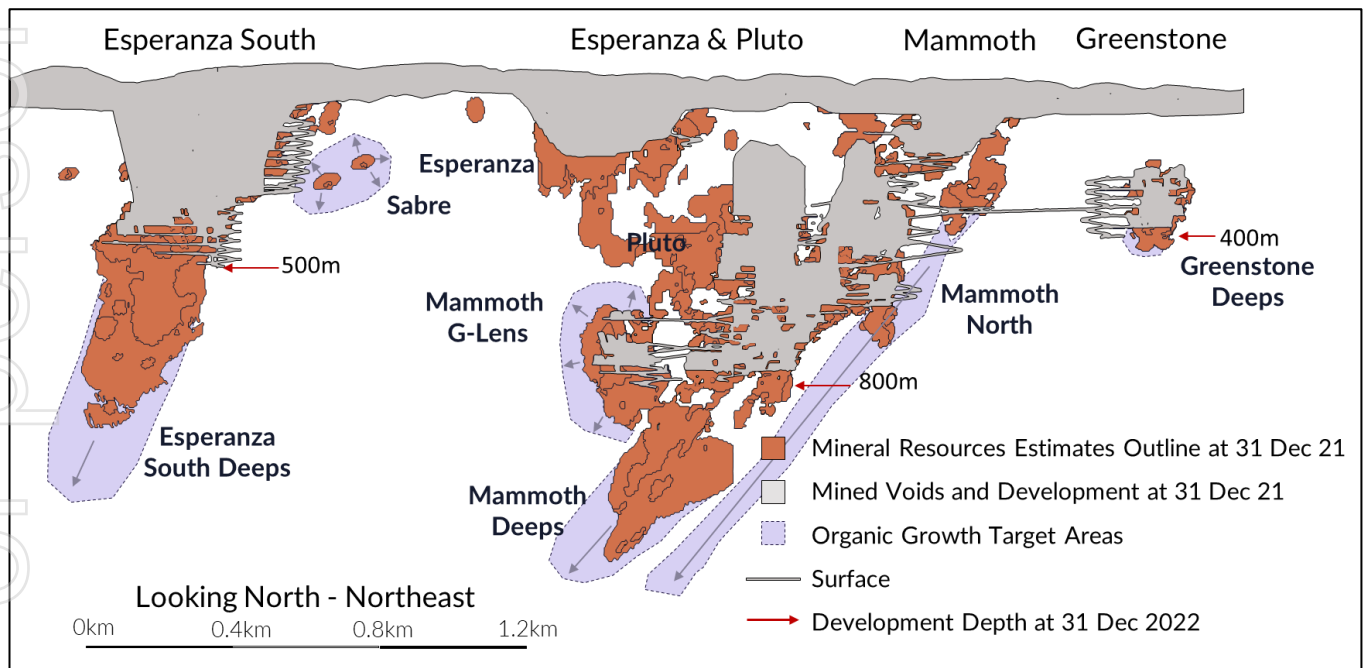


Figure 4: Capricorn Copper long section



**Appendix 5: Asset Guidance** <sup>14</sup>

		2022 Actual	2023 Guidance
<b>Golden Grove</b>			
<b>Production</b>			
Ore Mined	kt	1,522	1,450 – 1,600
Ore Milled	kt	1,547	1,450 – 1,600
Copper produced <sup>1</sup>	kt	17	17 – 20
Zinc produced <sup>1</sup>	kt	58	54 – 61
Gold produced <sup>1</sup>	koz	27	20 – 23
Silver produced <sup>1</sup>	koz	1,321	950 – 1,050
<b>Costs</b> <sup>2</sup>			
Mining <sup>3</sup>	A\$m	214	205 – 235
Processing	A\$m	76	78 – 86
G&A costs	A\$m	32	28 – 33
Concentrate transport	A\$m	28	22 – 26
TCRC	A\$m	64	63 – 72
<b>Capital</b> <sup>4</sup>			
Sustaining capital	A\$m	24	24 – 28
Capitalised development	A\$m	26	24 – 30
Growth capital	A\$m	10	20 – 24
<b>Capricorn Copper</b>			
<b>Production</b>			
Ore Mined	kt	1,714	1,500 – 1,800
Ore Milled	kt	1,731	1,450 – 1,650
Copper produced <sup>1</sup>	kt	23	19 – 23
Silver produced <sup>1</sup>	koz	234	180 – 260
<b>Costs</b> <sup>2</sup>			
Mining <sup>3</sup>	A\$m	94	100 – 120
Processing	A\$m	60	60 – 68
G&A	A\$m	34	32 – 37
Concentrate transport <sup>4</sup>	A\$m	21	13 – 15
TCRC	A\$m	14	17 – 20
<b>Capital</b>			
Sustaining capital	A\$m	23	15 – 21
Capitalised development	A\$m	18	21 – 25
Growth capital	A\$m	0	0 – 1

1. Production shown on a contained metal in concentrate basis.

2. Mining costs, processing costs and G&A shown before adjustments for AASB16 lease accounting.

3. Mining costs excludes capitalised development.

4. Capricorn Copper concentrate transport costs include freight realisation charges payable on domestic concentrate sales with majority of freight sales expected to be delivered domestically in 2022. Guidance provided accounts for freight parity impacts.

<sup>14</sup> Guidance provided is subject to market and operating conditions. Refer to important information on page 16 of this report regarding forward looking statements.