KARLAWINDA GOLD PROJECT UPDATE

Capricorn Metals Ltd (ASX: CMM) ("**Capricorn**") is pleased to provide the following update in relation to recent activities.

HIGHLIGHTS

- **Tramore reverse circulation (RC) drilling program progressing to schedule with first results received and confirming initial quality of mineralisation.**
- **Previously acquired accommodation village and mining infrastructure facilities relocation to Karlawinda, on schedule for July and August.**
- **Expanded Works Approval Permit received, allowing for increase in mine life and tailings capacity from 6.5 to 8.5 years.**
- **An aeromagnetic survey over the recently identified Mundiwindi greenstone region has been completed.**

Karlawinda Gold Project – Exploration camp, core yard.

ASX ANNOUNCEMENT

1 July 2019

ASX Code: CMM

ABN: 84 121 700 105

Board of Directors:

Mr Douglas Jendry
Non-Executive Chair

Mr Stuart Pether
Non-Executive Director

Mr Timothy Kestell
Non-Executive Director

Issued Capital:

Shares 936.53M
Options 41.39M
Share Price A$0.089
Market Cap. A$83.35M

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Tramore Prospect Drilling Program

Gold mineralisation at the Tramore Prospect (**Tramore**) is defined over a strike length of approximately 450m, ranges in thickness between 10m and 20m, dips at approximately 25° and is open at depth.

Tramore is the most advanced prospect not currently in the Karlawinda Gold Project resource inventory and is interpreted to be the along-strike continuation of the main Bibra mineralisation.

An RC drill program at Tramore, commenced during May, to extend the current drilling grid to 50m x 50m (Figure 1) targeting sufficient sample coverage to support an indicated resource category estimation.

Previous drill results at Tramore have provided strong support for increasing the resource inventory at the Karlawinda Gold Project, including (*ASX Announcement 20 August 2018*):

- ***19m @ 1.51g/t from 119m (KBRC1184)***
- ***34m @ 1.07 g/t from 41m (KBRC1164)***
- ***19m @ 1.63 g/t from 78m (KBRC1176)***
- ***20m @ 1.20g/t Au from 155m (KBRC148)***
- ***17m @ 1.27 g/t from 59m (KBRC1166)***
- ***14m @ 1.63g/t Au from 184m (KBRC1061)***

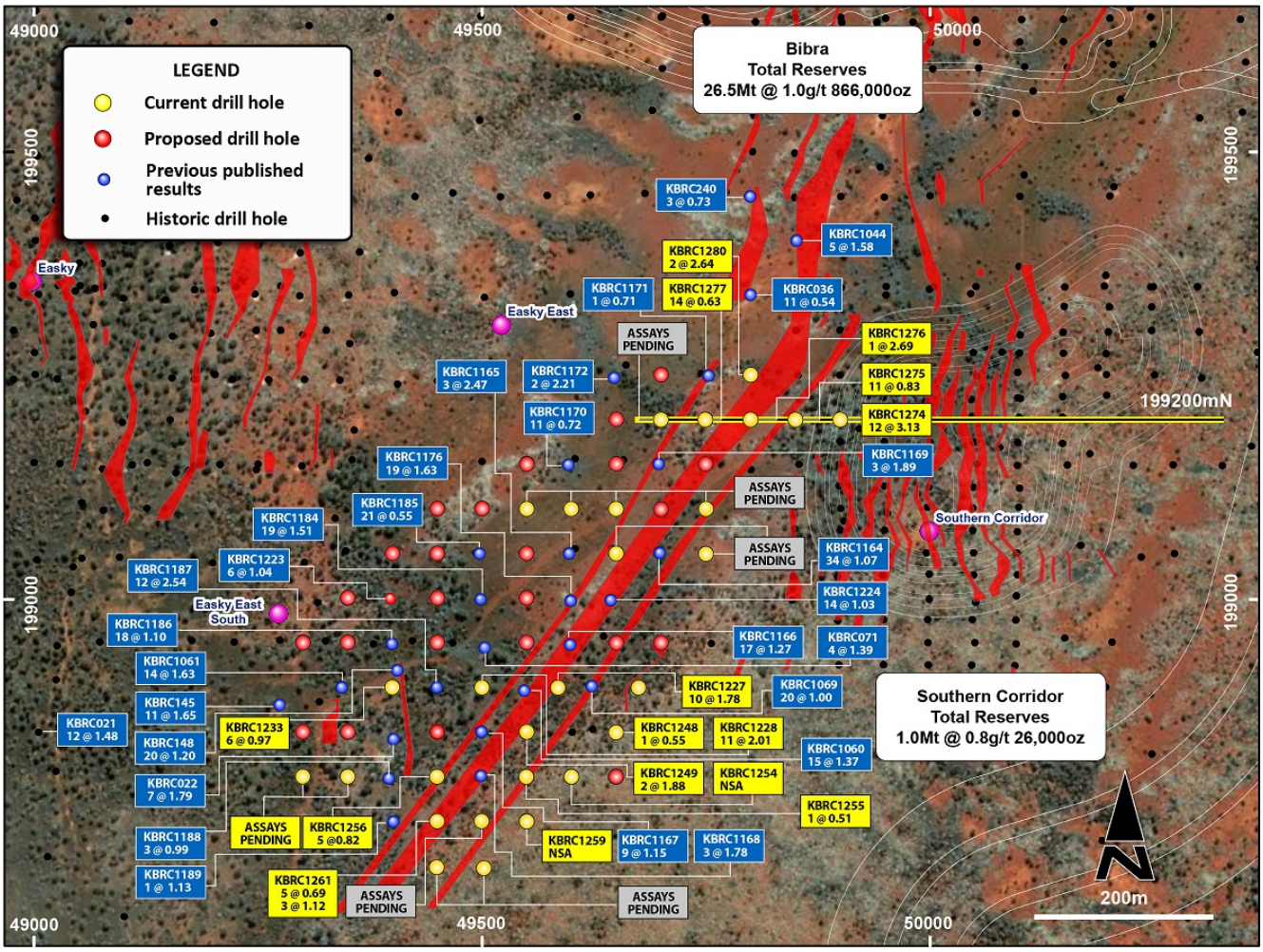

Figure 1: Tramore Prospect Plan with previously completed holes in (blue), new holes drilled (yellow) and planned holes (red).

Approximately 4,000 metres of drilling has been completed out of the planned 7,500 metres. Drilling to date has been completed in the lower grade northern and southern areas of the prospect and the rig is now progressing into the higher-grade central area (Figure 1). Assay results have been received for 17 holes to date and include:

- ***12m @ 3.13g/t from 106m including 1m @ 22.35g/t (KBRC1274)***
- ***10m @ 1.78g/t from 70m (KBRC1227)***
- ***5m @ 0.69g/t from 73m (KBRC1261)***
- ***2m @ 1.88g/t from 85m (KBRC1249)***
- ***11m @ 0.83g/t from 123m (KBRC1275)***
- ***6m @ 0.97g/t from 159m (KBRC1233)***

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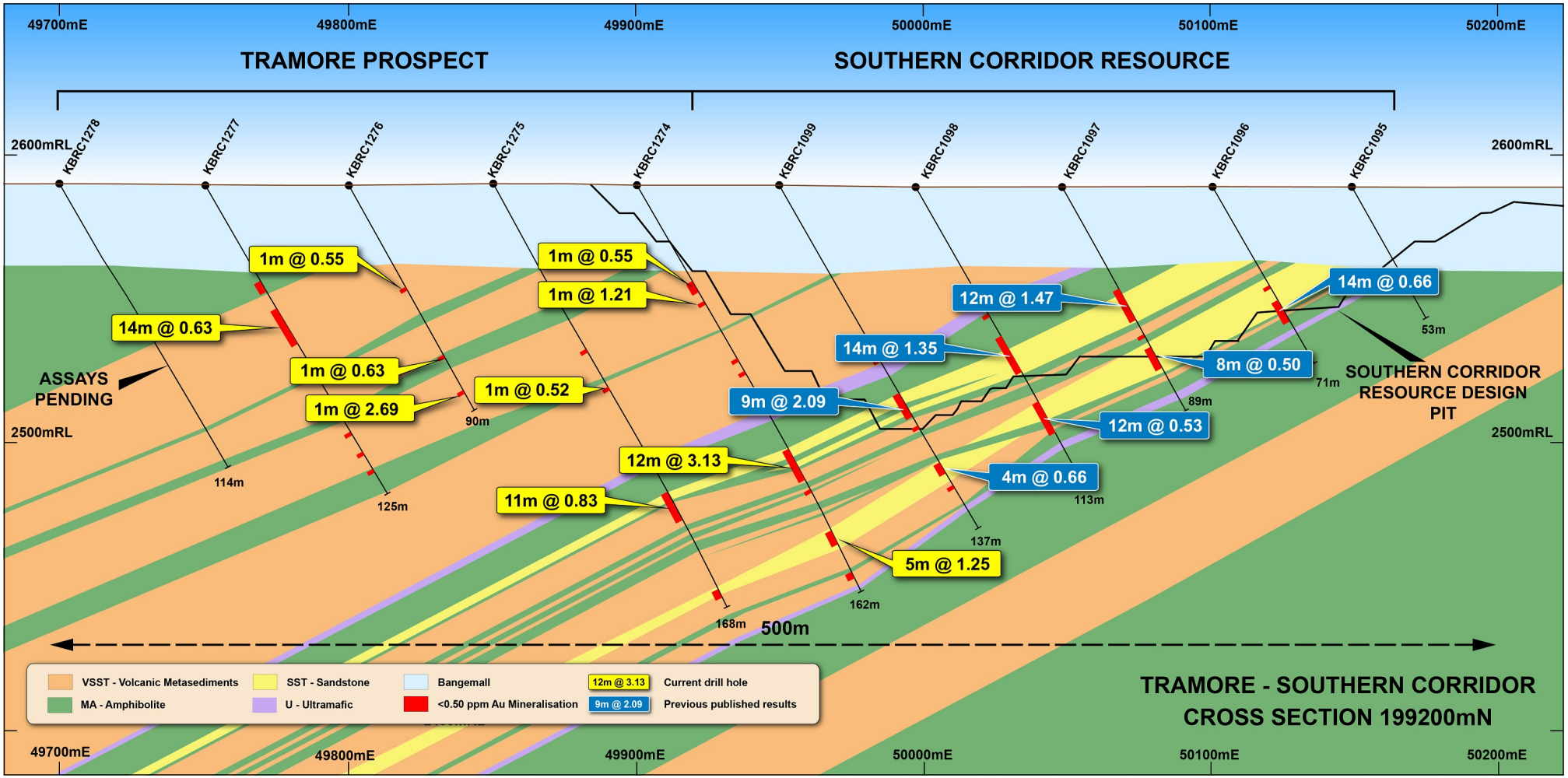

Figure 2: Tramore Prospect Cross Section with new intersections indicated in yellow.
This cross-section at 199200 North is approximately 400m north of the highest-grade mineralisation at Tramore.

Karlawinda Village Relocation Update

As previously announced, Capricorn has acquired a 306-room camp and associated mining-related infrastructure from FMG's Nullagine site. A contract for the relocation of those facilities to Karlawinda has been awarded to McNally Contracting, which is scheduled to occur over July and August.

Availability of village accommodation is a determining factor in the ramp-up of Karlawinda Gold Project construction; and having this camp on site will further de-risk the construction schedule.

Expanded Works Approval Permit Received

While all project permits have been received, during June, a further Works Approval permit was received, to accommodate the expanded Karlawinda Ore Reserves and tailings dam capacity requirements.

This updated Works Approval permit allows for the mining, treatment and tailings dam storage for up to 30Mt of ore, increased from 21Mt, and represents full permitting for the expanded, 8.5-year mine life based on the current Ore Reserve.

Aeromagnetic Survey, Mundiwindi Greenstone Belt

A detailed aeromagnetic survey of the newly identified Mundiwindi greenstone region, located 10km to the east of the previously interpreted extent of the Karlawinda Greenstone belt, was flown during May.

The purpose of the survey was to identify regions with similar geological and structural features consistent with the known Bibra gold deposit and Francopan gold prospect to aid in focusing surface exploration. 7,843-line kilometres were flown on 50 metre line spacing at a height of 30 metres, covering an area of 350km^2.

This survey has been successful in determining prospective areas of the Mundiwindi greenstone region, in association with geochemical soil sampling. Processing and interpretation of the new magnetic data is ongoing and is expected to generate new drilling targets in this area.

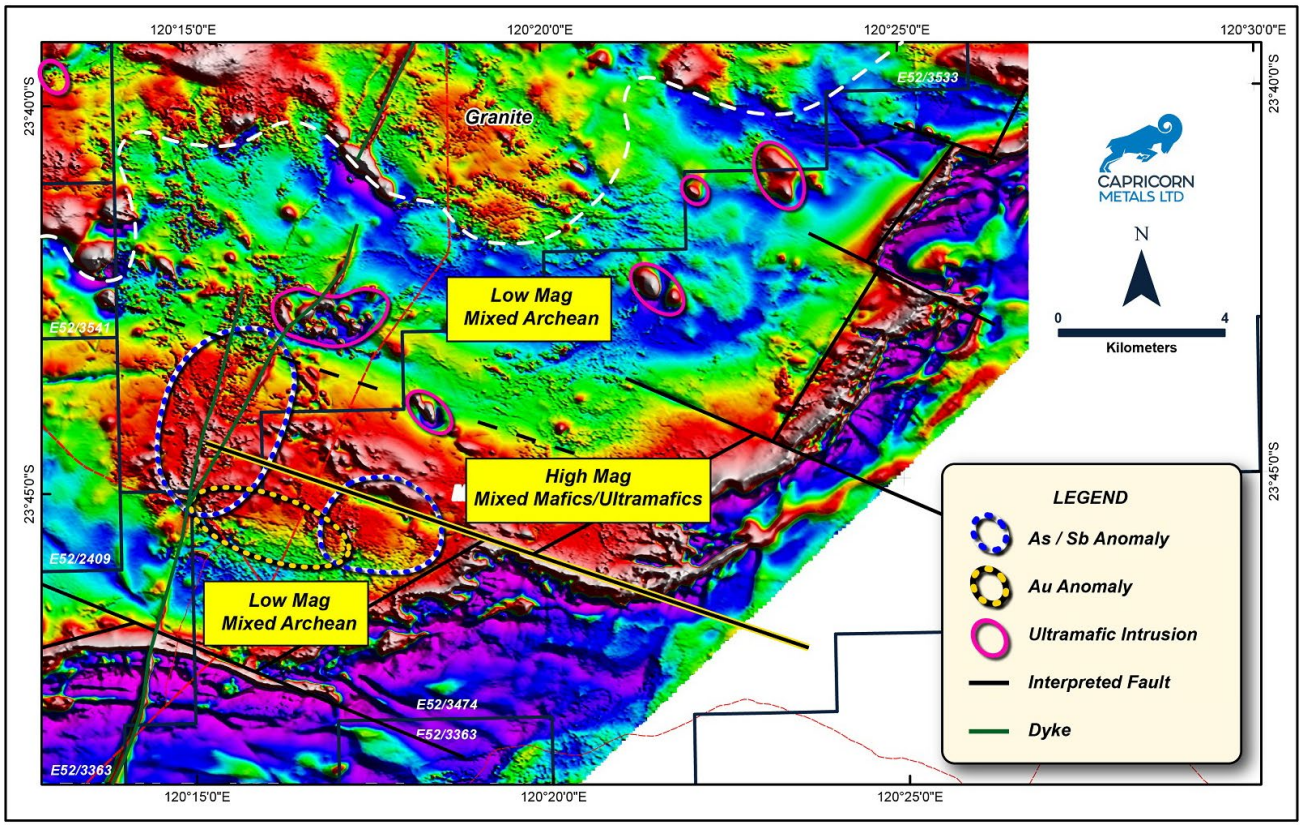

Figure 3: TMI Aeromagnetic image of Mundiwindi Greenstone belt, in the Eastern part of Karlawinda.

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Geochemistry

During March and April 2019, 1,900 infill soil samples were collected, on grid spacings of either 100m x 100m or 200m x 100m, over the previously identified Jim's Find, Woggagina and Jigalong gold-in-soil anomalies.

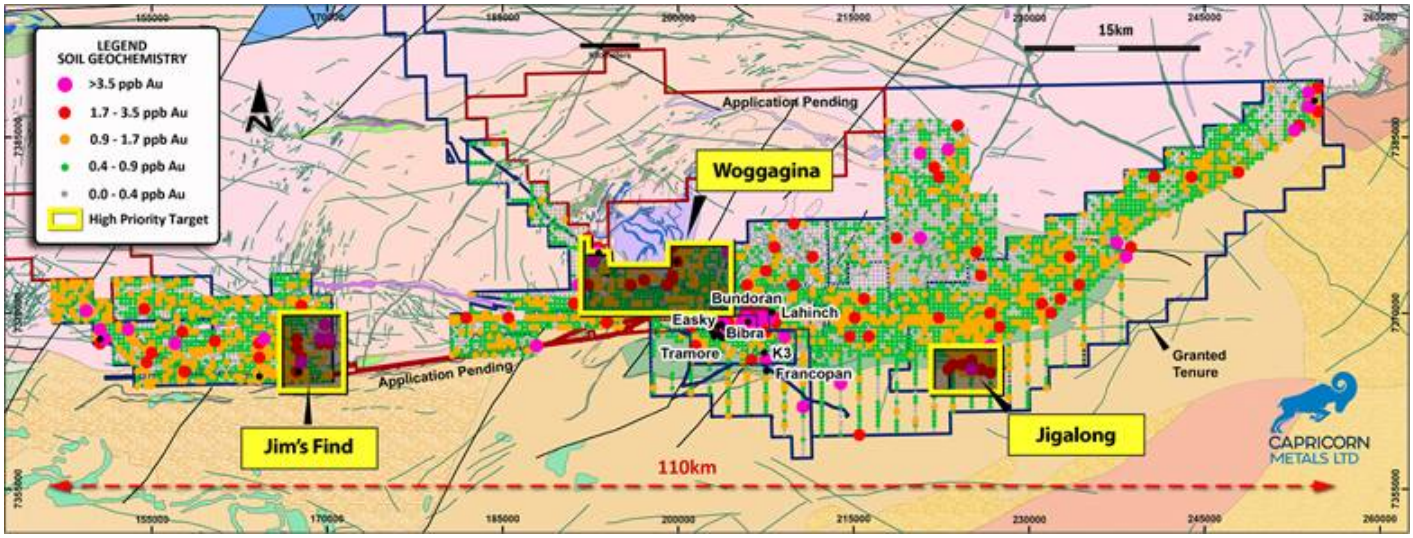

Figure 4: Areas of infill soil geochemistry at the Karlawinda Gold Project.

The gold-in-soil anomalism at Karlawinda is typically very low level (>1.5ppb), due to the regolith characteristics. In this latest program over 50 soil samples have returned assay values over this threshold with the highest peak gold-in-soil value received measured at 312ppb. These samples make up a mixture of discrete and broad anomalies and work is currently underway to further prioritise and advance the prospects by fully integrating the new information with current geological, geophysical and geochemical datasets.

For and on behalf of the Board

Mr Doug Jendry
Chair

For further information, please contact:
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Non-Executive Chair
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Competent Persons Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Michael Martin who a full-time employee of Capricorn Metals Ltd in the role of Chief Geologist and is a current Member of the Australian Institute of Geoscientists. Mr. Michael Martin has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Martin consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

APPENDIX 1 –SIGNIFICANT RESULTS

TABLE (1): Karlawinda Gold Project - Tramore Prospect Drilling Results								
Hole No	Easting	Northing	RL	Dip/Az	From	To	Width	Grade (g / t Au)
KBRC1099	49950	199200	2588	-60/090	83	92	9	9m@2.09
					111	115	4	4m@0.66
KBRC1098	50000	199200	2588	-60/090	60	74	14	14m@1.35
					86	98	12	12m@0.53
KBRC1097	50050	199200	2588	-60/090	41	53	12	12m@1.47
					64	72	8	8m@0.50
KBRC1096	50100	199200	2588	-60/090	40	54	14	14m@0.66
KBRC1095	50150	199200	2588	-60/090	No significant result			
KBRC1226	49675	198900	2588	-90/090	60	62	2	2m @ 0.88
KBRC1227	49585	198900	2588	-90/090	70	80	10	10m @ 1.78
KBRC1228	49500	198900	2588	-90/090	43	45	2	2m @ 1.14
					74	75	1	1m @ 0.79
					99	103	4	4m @ 0.64
					108	119	11	11m @ 2.01
					136	139	3	3m @ 0.85
KBRC1233	49400	198900	2587	-90/090	37	38	1	1m @ 0.79
					77	79	2	2m @ 0.70
					86	88	2	2m @ 0.73
					103	104	1	1m @ 0.54
					157	163	6	6m @ 0.97
KBRC1248	49650	198850	2587	-60/090	71	72	1	1m @ 0.55
KBRC1249	49550	198850	2587	-60/090	60	62	2	2m @ 0.80
					80	81	1	1m @ 0.75
					85	87	2	2m @ 1.88
KBRC1254	49600	198800	2587	-60/090	No significant result			
KBRC1255	49550	198800	2587	-60/090	62	63	1	1m @ 0.51
KBRC1256	49450	198800	2587	-60/090	75	80	5	5m @ 0.82
					100	101	1	1m @ 0.80
					125	126	1	1m @ 0.83
KBRC1259	49550	198750	2587	-60/090				NSA
KBRC1261	49450	198750	2587	-60/090	73	78	5	5m @ 0.69
					83	84	1	1m @ 0.53
					92	93	1	1m @ 0.60
					97	100	3	3m @ 0.55
KBRC1274	49900	199200	2590	-60/090	39	40	1	1m @ 0.55
					47	48	1	1m @ 1.21
					70	71	1	1m @ 0.53
					75	76	1	1m @ 2.35
					106	118	12	12m @ 3.13
					122	123	1	1m @ 0.95
					138	143	5	5m @ 1.25
					154	156	2	2m @ 1.05
KBRC1275	49850	199200	2589	-60/090	66	67	1	1m @ 0.51
					81	82	1	1m @ 0.52
					123	134	11	11m @ 0.83

TABLE (1): Karlawinda Gold Project - Tramore Prospect Drilling Results								
Hole No	**Easting**	**Northing**	**RL**	**Dip/Az**	**From**	**To**	**Width**	**Grade (g / t Au)**
					161	164	3	3m @ 0.72
KBRC1276	49800	199200	2589	-60/090	41	42	1	1m @ 0.55
					68	69	1	1m @ 0.63
					82	83	1	1m @ 2.69
KBRC1277	49750	199200	2589	-60/090	39	43	4	4m @ 0.43
					50	64	14	14m @ 0.63
					92	93	1	1m @ 0.55
					100	101	1	1m @ 0.59
					108	109	1	1m @ 0.76
					115	116	1	1m @ 0.65
KBRC1280	49800	199250	2589	-60/090	43	44	1	1m @ 1.11
					73	76	3	3m @ 0.48
					86	88	2	2m @ 0.79
					93	95	2	2m @ 2.64
KBRC1184	49500	199000	2590	-60/90	119	138	19	1.51
KBRC1164	49700	199050	2590	-60/90	41	75	34	1.07
KBRC1176	49600	199000	2590	-60/90	78	97	19	1.63
KBRC148	49400	198920	2590	-90/90	155	175	20	1.2
KBRC1166	49600	198950	2590	-60/90	59	76	17	1.27
KBRC1061	49350	198900	2590	-90/90	184	198	14	1.63

APPENDIX 2

JORC Code, 2012 Edition
Table 1

Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	For RC drilling 2kg - 3kg samples were split from dry 1m bulk samples. The sample was initially collected from the cyclone in an inline collection box with independent upper and lower shutters. Once the metre was completed, the drill bit was lifted off the bottom of the hole, to create a gap between sample, when the gap of air came into the collection box the top shutter was closed off. Once the top shutter was closed, the bottom shutter was opened, and the sample was dropped under gravity thorough a Metzke cone splitter. Once drilling reached fresh rock a fine spray of water was used to suppress dust and limit the loss of fines thorough the cyclone chimney. A second 2kg-3kg sample was collected at the same time the original sample. This sample has been stored on site. These duplicate samples have been retained for follow up analysis and testwork. The bulk sample of the main ore zone was discharged from the cyclone directly into green bags. The bulk sample from the waste was collected in wheelbarrows and dumped into neat piles on the ground. During the sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones. Field duplicates were collected at a ratio of 1:20 through the mineralised zones and collected at the same time as the original sample through the B chute of the cone splitter. OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	Swick Drilling drill rig was used to drill the RC drilling holes. The rig consisted of a Schramm 685 truck mounted RC rig with two truck-mounted compressors
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	During the RC sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones. From this process showed that the majority of ore grade samples had recoveries greater than 80% The majority of samples were of good quality with ground water having minimal effect on sample quality or recovery. From the collection of recovery data, no identifiable bias exists.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature.*	Reverse circulation chip were washed and stored in chip trays in 1m intervals for the entire length of each hole. Chips were visually inspected and logged to record lithology, weathering, alteration, mineralisation, veining and structure.

Criteria	JORC Code explanation	Commentary
	Core (or costean, channel, etc.) photography. • *The total length and percentage of the relevant intersections logged.*	Data on rocktype, deformation, colour, structure, alteration, veining, mineralisation and oxidation state were recorded. RQD, magnetic susceptibility and core recoveries were recorded. RC chips sample quality and weights were also recorded, including whether wet or dry Logging is both qualitative and quantitative or semi-quantitative in nature.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	For holes RC Samples were split from dry, 1m bulk sample via a cone splitter directly from the cyclone. The quality control procedure adopted through the process includes: Weighing of both Calico samples and reject sample to determine sample recovery compared to theoretical sample recovery and to check sample bias through the splitter. Field duplicates were collected at a ratio of 1:20 through the mineralised zones and collected at the same time as the original sample through the B chute of the cone splitter. OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges The duplicate and CRM's were submitted to the lab using unique sample ID's. A 2kg – 3kg sample were submitted to Intertek laboratory in Maddington in WA. Samples were oven dried at 105°C were then pulverised in LM5 mills to 85% passing 75µm under sample preparation code EX03_05 which consists of a 5 minute extended preparation for RC/Soil/RAB. The extended time for the pulverisation is to improve the pulverisation of samples due to the presence of garnets in the samples. All the RC samples were analysed for Au using the FA50/MS technique which is a 50g lead collection fire assay. RC samples the sample preparation technique is appropriate and is standard industry practice for a gold deposit. Quality control for maximising representivity of samples included sample weights, insertion of field duplicates and laboratory duplicates.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Drilling samples were submitted to Intertek laboratory in Perth. RC samples were assayed by a 50gm fire assay which is a total assay. Field duplicates were collected at a ratio of 1:50 and OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Logging and sampling were recorded directly into a Micromine field marshal template, which utilises lookup tables and in file validation on a Toughbook by the geologist on the rig. Assay results when received were plotted on section and were verified against neighbouring holes. From time to time assays will be repeated if they fail company QAQC protocols.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	Drillhole collar positions were surveyed Garmin 62s handheld GPS.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Please See Table 1 for Results RC Samples were collected and analysed for each metre down the hole.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Drill lines are oriented across strike on a local grid. Tramore orebody dips at 30 degrees to the North West. Holes in the drill programs have being drilled at inclination of -60 and -90 degrees. The orientation of the drilling is suitable for the mineralisation style and orientation of the Bibra mineralisation.
Sample security	• *The measures taken to ensure sample security.*	Calico sample bags are sealed into green bags/polyweave bags and cable tied. These bags were then sealed in bulka bags by company personnel, dispatch by third party contractor, in-company reconciliation with laboratory assay returns.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Program reviewed by company senior personnel.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Karlawinda Project is located in tenements M52/1070, E52/1711, E52/2247, E52/2398, E52/2409, E52/3323, E52/3363, E52/3364, E52/3450 and held by Greenmount Resources Pty Ltd, a wholly owned subsidiary of Capricorn Metals. E52/1711 exploration tenement in the Pilbara region of Western Australia. E52/1711 was acquired from South32 in 2008. South32 retain a 2% NSR and a claw-back provision whereby South32 can elect to acquire a 70% equity in the project only if JORC compliant reported resources of 5,000,000 ounces of gold and/or 120,000 tonnes of contained nickel have been delineated. The Nyiyaparli group are Native Title claimants covering an area including E52/1711. There is no known heritage or environmental impediments over the lease. No other known impediments exist to operate in the area.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Prior to Capricorn Metals, the tenement was held by the Independence group (IGO) who undertook exploration between 2008 & 2014. Prior to Independence group, WMC (BHP) explored the area from 2004 to 2008
Geology	• *Deposit type, geological setting and style of mineralisation.*	Bibra is part of a large-scale Archaean aged gold mineralized system. The resource is hosted within a package of deformed meta-sediments which has developed on at least two parallel, shallow dipping structures; supergene oxide mineralization has developed over the structures close to surface. The primary mineralization is strata-bound with lineation's identified as controlling higher-grade shoots. The deposit is oxidized to average depths of 50-70m.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		Please See Table 1 for Results

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	In the 2017 drilling single fire assays were completed for each RC 1m sample, since significant work has been undertaken on assay variability though the Bibra deposit, whereby the single fire assay is deemed to be suitable For the aircore drilling a mixture of 3 composite samples and 1m samples were analysed.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	At Karlawinda, the geometry of the mineralisation has already been defined from previous drilling programs. The intersection angle between drill angle and the perpendicular angle to the ore zone is less than 10 degrees.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	The diagrams in the report provide sufficient information to understand the context of the drilling results.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The accompanying document is a balanced report with a suitable cautionary note.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating*	Systematic metallurgical testwork programs over 2012 to 2017 on master and variability composites from diamond core identifies mineralisation as free milling and amenable to cyanidation

Criteria	JORC Code explanation	Commentary
	substances.	
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further Drilling program have been designed to follow up the current drilling to further define the mineralised zone.