ACTIVITIES REPORT
JUNE QUARTER 2019

ASX ANNOUNCMENT

31 July 2019

ASX Code: CMM

ABN: 84 121 700 105

Board of Directors:

Mr Mark Clark
Executive Chairman

Mr Mark Okeby
Non-Executive Director

Mr Doug Jendry
Non-Executive Director

Mr Tim Kestell
Non-Executive Director

Mr Stuart Pether
Non-Executive Director

Issued Capital:

Shares 1,045.2M
Options 41.39M
Share Price A$0.16
Market Cap. A$167.2M

REGISTERED OFFICE:
Level 1, 28 Ord Street
West Perth, WA 6005

T +61 8 9212 4600

F +61 8 9212 4699

E enquiries@capmet.com.au

www.capmetals.com.au

HIGHLIGHTS

- **Encouraging results returned from RC drilling of Tramore Prospect.**
- **Appointment of Mark Clark as Executive Chairman and Mark Okeby as Non-Executive Director on 8 July 2019.**
- **Capital raisings completed totaling $17.21m via an entitlement issue and tranche 1 of placement. Tranche 2 of placement to raise a further $11.19 million is subject to shareholder approval being obtained at meeting to be held on 27 August 2019.**
- **Work underway to relocate Karlawinda accommodation village and mining services infrastructure to site.**
- **Work was re-commenced on contractual and operational requirements to meet debt funding requirements and a formal Decision to Mine at Karlawinda.**
- **Detailed aeromagnetics flown over recently identified Archean greenstone region has generated gold targets.**

Drilling underway of 900m deep co-funded Exploration Incentive Scheme drillhole (EIS) at Bibra South, August 2019.

JUNE 2019 QUARTER ACTIVITIES SUMMARY

Capricorn is developing the Karlawinda Gold Project located 65 km south-east of Newman in the Pilbara region of Western Australia. Current Mineral Resources are estimated at 1.52m ounces of gold, including open pit Ore Reserve of 0.89m ounces[1].

During the June 2019 quarter, the Company continued exploration and development activities as detailed below.

Karlawinda Gold Project Development

During the quarter, access and compensation agreements with all impacted pastoral stations were finalised and executed.

Work is underway for the relocation of a 306-room accommodation village and mining services infrastructure (purchased March 2019) from Nullagine to Karlawinda, with transportation expected to commence in early August 2019.

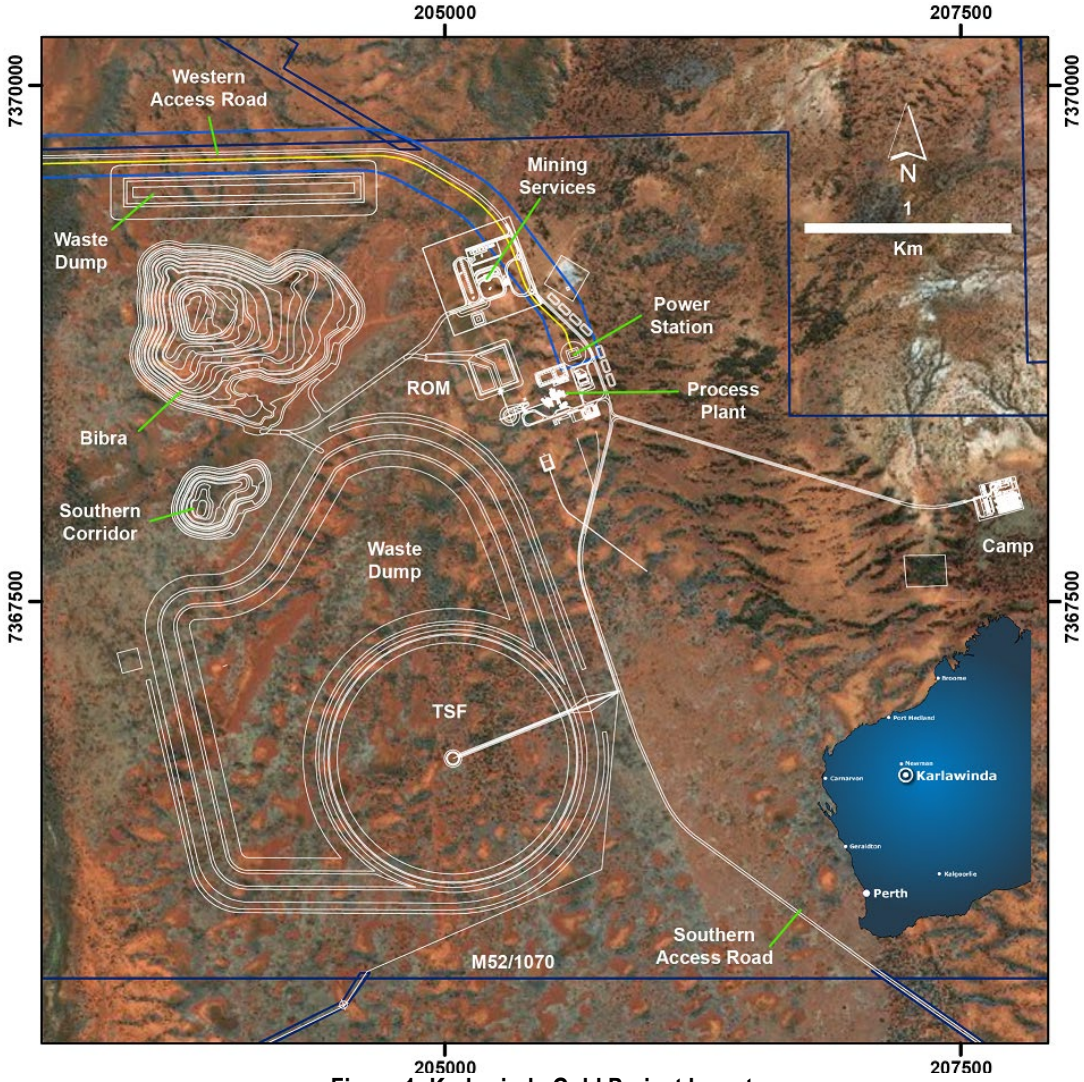

Figure 1: Karlawinda Gold Project layout

[1] Capricorn reports that it is not aware of any new information or data that materially affects the information included in the Ore Reserve and Mineral Resource announcement dated 29th May 2018 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and there have been no adverse material changes.

CAPRICORN METALS LTD

Exploration

Work during the quarter focused on the Tramore Prospect (**Tramore**) resource definition, the processing of infill soil sample sampling over 6 high priority gold-in-soils anomalies and the completion of the Mundiwindi Greenstone aeromagnetic survey.

Tramore Prospect Drilling Program

Tramore is an along strike extension of Bibra gold mineralisation to the south. Gold mineralisation at 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.

An RC drill program at Tramore commenced in May 2019, to extend the current drilling grid to 50m x 50m (Figure 2) targeting sufficient sample coverage to support an indicated resource category estimation.

Previous drill results at Tramore have provided strong encouragement 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)***

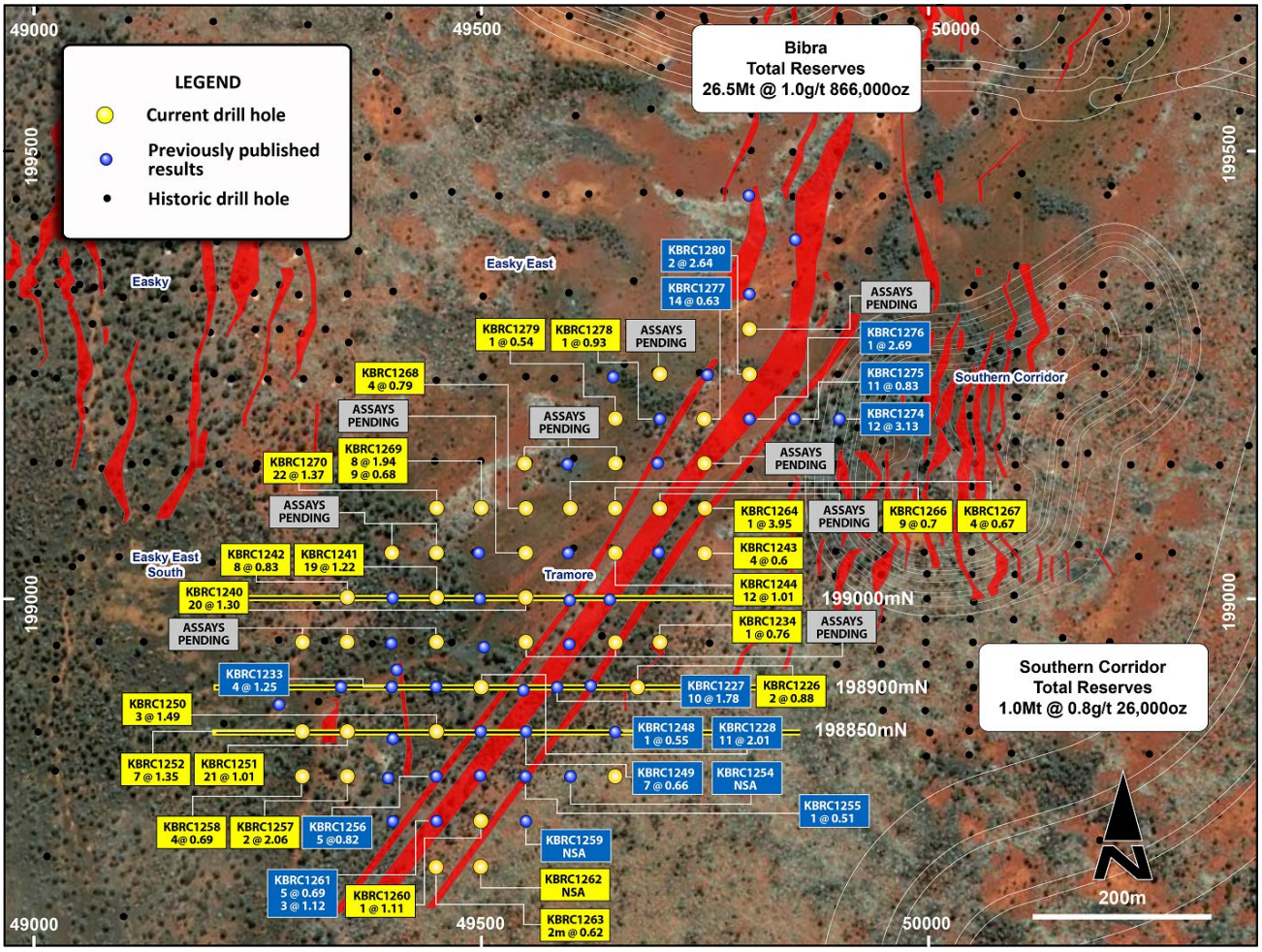

Figure 2: Tramore Prospect Plan with previously completed holes in (blue), new holes drilled (yellow) and planned holes (red).

CAPRICORN METALS LTD

At the date of this report all of the planned 58 holes and 7,900 metres of drilling has been completed at Tramore. Assay results have been received for 38 holes, with the remaining assays expected to be received by mid-August. The recent drilling has returned encouraging results confirming the continuity of the Tramore mineralisation including:

- ***20m @ 1.3g/t from 97m (KBRC1240)***
- ***21m @ 1.01g/t from 156m (KBRC1251)***
- ***22m @ 1.37g/t from 155m (KBRC1270)***
- ***19m @ 1.22g/t from 139m (KBRC1241)***
- ***12m @ 3.13g/t from 106m including 1m @ 22.35g/t (KBRC1274)***
- ***12m@ 1.01g/t from 70m(KBRC1244)***
- ***11m @ 0.83g/t from 123m (KBRC1275)***
- ***10m @ 1.78g/t from 70m (KBRC1227)***
- ***5m @ 0.69g/t from 73m (KBRC1261)***
- ***2m @ 1.88g/t from 85m (KBRC1249)***
- ***6m @ 0.97g/t from 159m (KBRC1233)***
- ***8m @ 1.94g/t from 139m (KBRC1269)***

The drill holes are shown in plan, on Figure 2 and in section, on Figures 3 to 5. Further details of the completed drilling are provided in Appendix 2.

The Tramore mineralisation is hosted in both Archaean amphibolite and garnet-rich volcanoclastic sandstone. The higher-grade assays received define two high grade plunging shoots, associated with silica, carbonate, magnetite alteration and pyrite mineralisation (up to 5% pyrite). These shoots are approximately 50m to 75m in dimension along strike, plunge west parallel with the dip direction and are believed to be located in a similar structural position as the gold mineralisation at Bibra.

The latest results compare well with the previous drilling and demonstrate the consistency of gold mineralisation at Tramore. These encouraging results will be included in a resource update for Karlawinda expected to be completed in the December 2019 quarter.

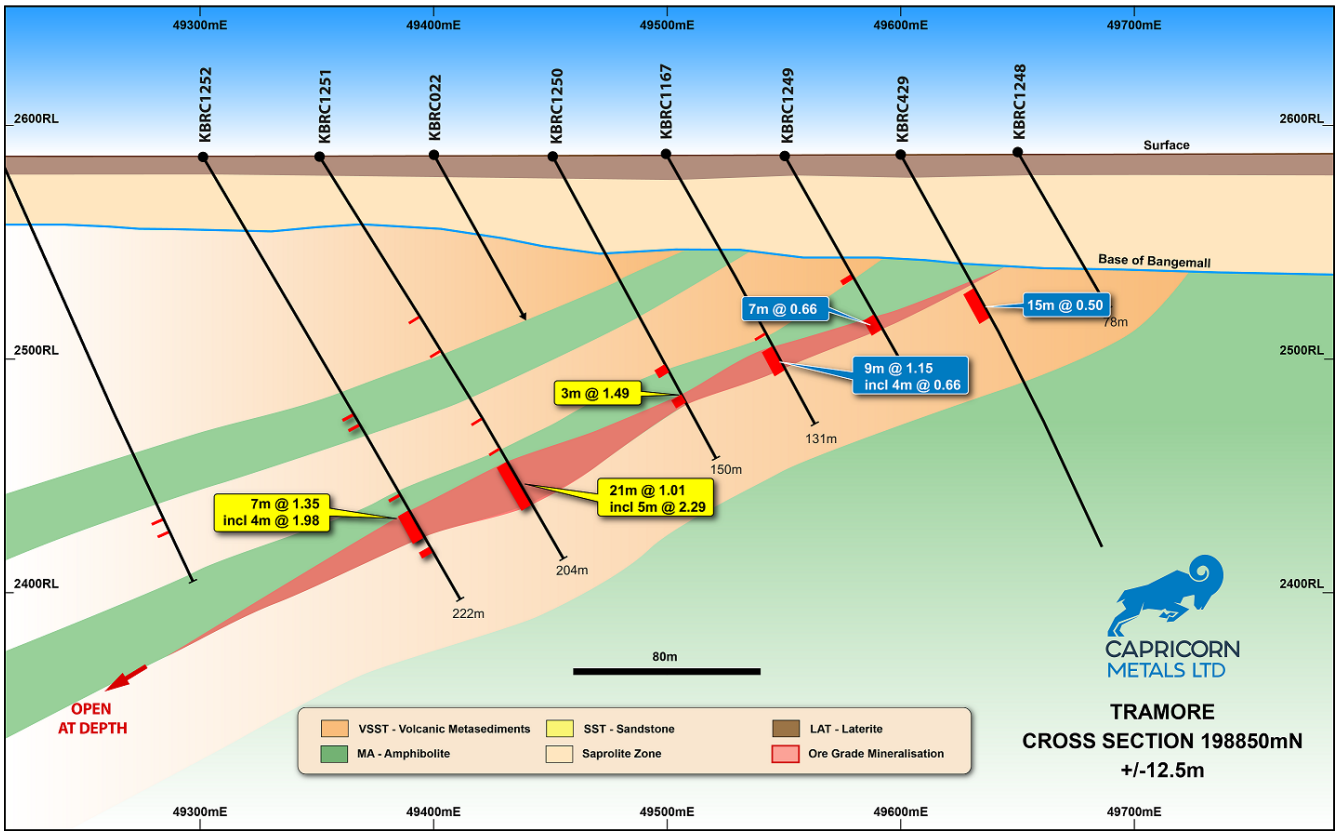

Figure 3: Tramore Prospect Cross Section 198,850mN with new intersections indicated in yellow and previous intersections in blue.

CAPRICORN
METALS LTD

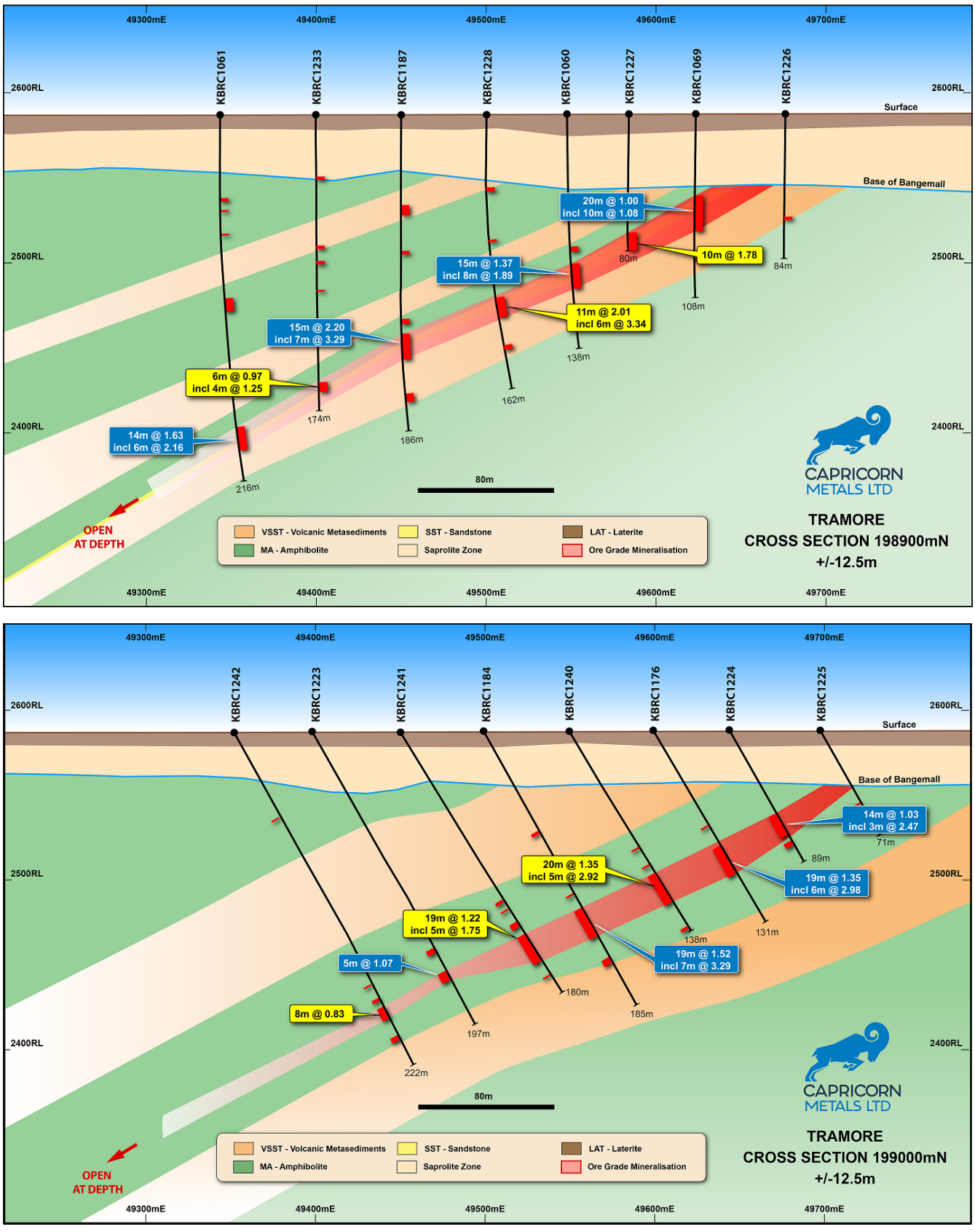

Figure 5: Tramore Prospect Cross Section 199,000mN with new intersections indicated in yellow and previous intersections in blue.

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 (Figure 6), was flown during May 2019.

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 (Figure 7), 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.

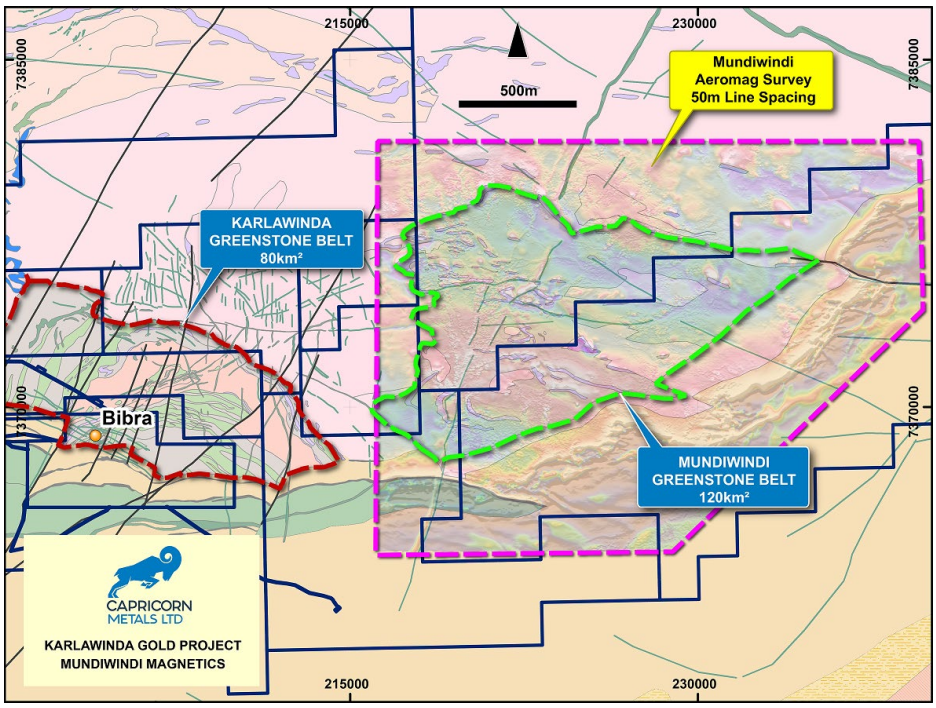

Figure 6: Location of the Mundiwindi Greenstone belt aeromagnetic survey.

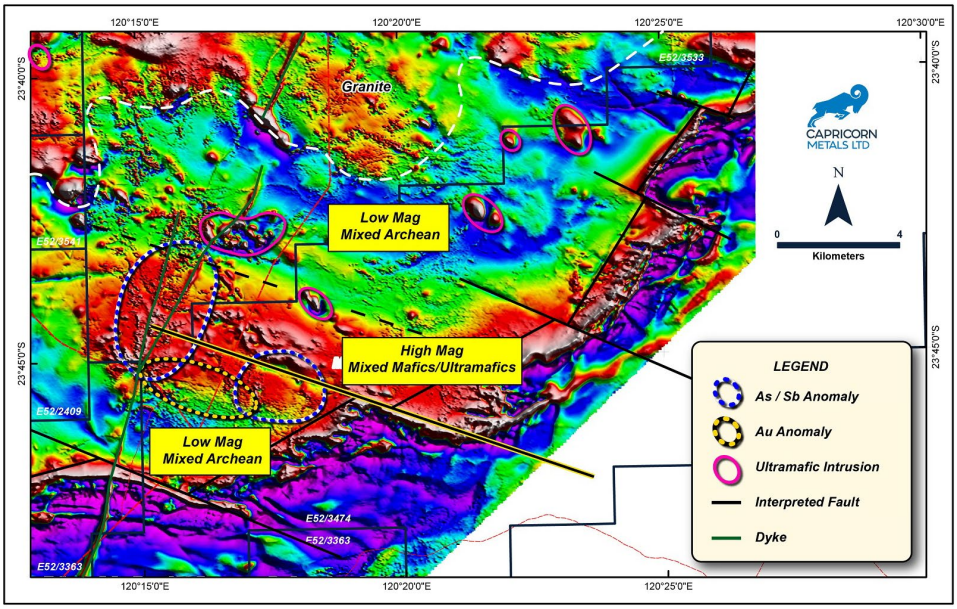

Figure 7: TMI Aeromagnetic image of Mundiwindi Greenstone belt, in the Eastern part of Karlawinda.

Geochemistry

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

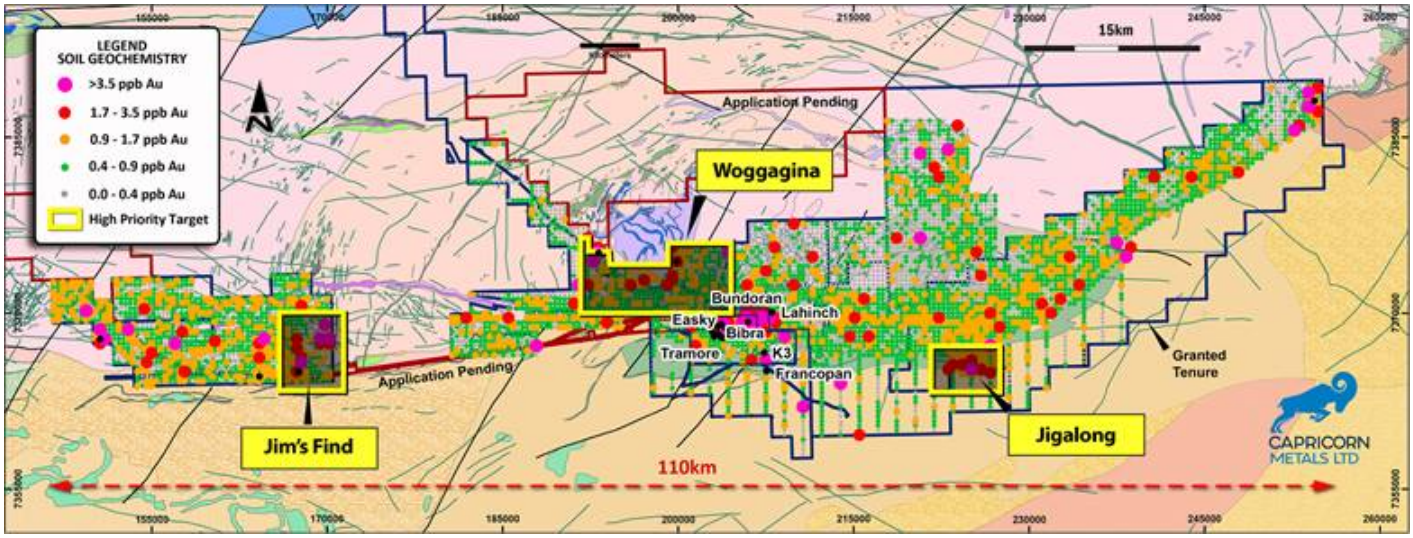

Figure 4: Areas of infill soil geochemistry at the Karlawinda Gold Project.

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 new information with current geological, geophysical and geochemical datasets.

Corporate

New Directors, Mark Clark (Executive Chairman) and Mark Okeby (Non-Executive Director) were appointed on 8 July 2019.

During the quarter, a underwritten non-renounceable entitlement issue (Entitlement Issue) completed at a price of 6.5c per share, raised $10.14m. The cash balance at the end of the quarter was $9.04 million.

Subsequent to the end of the quarter, $7.07m was raised by tranche 1 of a placement at 6.5c per share. A further $11.19m is to be raised in tranche 2 of this placement, subsequent to shareholder approval being received at a general meeting to be held 27 August 2019.

SEPTEMBER 2019 QUARTER PLANNED ACTIVITIES

Activities planned for the September Quarter include:

- Completion of resource definition drilling at Tramore;
- Completion of Frankopan and Bibra exploration drilling;
- Drilling a 900m deep co-funded Exploration Incentive Scheme drillhole (EIS) at Bibra South;
- Commencement of a resource update of the Bibra gold deposit to include the Tramore mineralisation, with an expected completion date in the December quarter; and
- Review of contractual and operational requirements to meet debt funding requirements and towards a formal decision to mine at Karlawinda.

TENEMENTS

A full listing of the Company's current tenement holdings, as at the date of this release, is included as Appendix 1.

During the Quarter, the following changes occurred:

- Miscellaneous licences L52/189 and L52/197 were granted; and
- Exploration licence E52/3562 was relinquished.

Subsequent to the end of the Quarter, the following changes have occurred:

- Exploration licence E52/3671 was granted on 2 July 2019; and
- Application for Exploration licence E52/3729 was submitted on 5 July 2019.

For and on behalf of the Board

Mark Clark
Executive Chairman

For further information, please contact:

Mark Clark (Executive Chairman)
Email: enquiries@capmet.com.au
Phone: (08) 9212 4600

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 is Chief Geologist and a full-time employee of the Company. Mr. Michael Martin is a current Member of the Australian Institute of Geoscientists and 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.

The information in this report that relates to Ore Reserves for Bibra is based on information compiled by Mr Daniel Donald. Mr Donald is an employee of Entech Pty Ltd and is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM, #210032). Mr Donald has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being 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. Donald consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Capricorn Metals confirms that it is not aware of any new information or data that materially affects the information included in the previous ASX announcements on Mineral Resources (10/4/2017), Metallurgy (19/6/2017) and Ore Reserves (7/08/2017) and, in the case of estimates of Mineral Resources, Ore Reserves, Plant operating costs and Metallurgy, all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed from previous market announcements.

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation of belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. The detailed reasons for that conclusion are outlined throughout this announcement and all Material Assumptions are disclosed.

However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements.

Such risks include, but are not limited to resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as governmental regulation and judicial outcomes.

For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any "forward looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

The Company has concluded it has a reasonable basis for providing the forward-looking statements that relate to the Karlawinda Feasibility Study that are included in this announcement and which has been prepared in accordance with the JORC code (2012) and ASX Listing Rules.

APPENDIX 1 – TENEMENT SCHEDULE

Australia:

Lease	Project	Company	Blocks [1]	Status	Date of Grant/ Application	Expiry
Tenements						
E52/1711	Karlawinda	Greenmount	33	Granted	05/08/2004	04/08/2019
E52/2247	Karlawinda	Greenmount	16	Granted	21/07/2009	20/07/2019
E52/2398	Karlawinda	Greenmount	15	Granted	28/04/2010	27/04/2020
E52/2409	Karlawinda	Greenmount	8	Granted	15/06/2010	14/06/2020
E52/3323	Karlawinda	Greenmount	11	Granted	11/03/2016	10/03/2021
E52/3363	Karlawinda	Greenmount	36	Granted	13/01/2017	12/01/2022
E52/3364	Karlawinda	Greenmount	44	Granted	07/03/2017	06/03/2022
E52/3450	Karlawinda	Greenmount	16	Granted	13/01/2017	12/01/2022
E52/3474	Karlawinda	Greenmount	128	Granted	03/07/2017	02/07/2022
E52/3533	Karlawinda	Greenmount	109	Granted	06/11/2018	05/11/2023
E52/3541	Karlawinda	Greenmount	7	Granted	28/03/2018	27/03/2023
E52/3543	Karlawinda	Greenmount	8	Granted	28/03/2018	27/03/2023
E52/3571	Karlawinda	Greenmount	10	Granted	18/09/2018	17/09/2023
E52/3656	Karlawinda	Greenmount	94	Granted	24/08/2018	-
E52/3671	Karlawinda	Greenmount	26	Granted	02/07/2019	01/072024
E52/3677	Karlawinda	Greenmount	31	Application	07/12/2018	-
E52/3729	Karlawinda	Greenmount	51	Application	05/07/2019	-
Total Blocks			**643**			
Miscellaneous Licences						
L52/174	Karlawinda	Greenmount	22.17 ha	Granted	18/04/2018	17/04/2039
L52/177	Karlawinda	Greenmount	12.20 ha	Granted	08/12/2017	07/12/2038
L52/178	Karlawinda	Greenmount	21.41 ha	Granted	08/12/2017	07/12/2038
L52/179	Karlawinda	Greenmount	127.83 ha	Granted	28/05/2018	27/05/2039
L52/181	Karlawinda	Greenmount	1.00 ha	Granted	18/04/2018	17/04/2039
L52/183	Karlawinda	Greenmount	28.46 ha	Granted	03/05/2018	2/05/2039
L52/189	Karlawinda	Greenmount	1258 ha	Granted	10/04/2019	10/04/2019-
L52/192	Karlawinda	Greenmount	220 ha	Granted	16/05/2018	28/09/2018-
L52/197	Karlawinda	Greenmount	173ha	Granted	10/04/2019	10/04/2019-
Mining Lease						
M52/1070	Karlawinda	Greenmount	2975.07 ha	Granted	23/11/2016	22/11/2037

Note:

1. The area measurement for one block can vary between 2.8 – 3.2 km^2

Madagascar:

Title Number	Permit Type	Grant Date	Expiry Date	Term (Years)	Project Name	Total Carres (New - 0.391km2)	Interest %	Note
25095	PE	18-Jan-07	17-Jan-47	**40**	Ampanihy - Maniry	48	100%	1
Total Carres						**608**		

Note:

1. Leased to SQNY – Royalty and partial tenement fees payable to subsidiary Mada-Aust SARL.

APPENDIX 2 – 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	60/90	83	92	9	2.09
					111	115	4	0.66
KBRC1098	50000	199200	2588	60/90	60	74	14	1.35
					86	98	12	0.53
KBRC1097	50050	199200	2588	60/90	41	53	12	1.47
					64	72	8	0.5
KBRC1096	50100	199200	2588	-60/090	40	54	14	0.66
KBRC1095	50150	199200	2588	-60/090	No significant result			
KBRC1223	49400	199000	2588	-60/090	161	166	5	1.07
KBRC1224	49650	199000	2588	-60/090	56	70	11	1.03
					74	77	3	0.53
KBRC1225	49700	199000	2588	-60/090	59	60	1	0.89
KBRC1226	49675	198900	2588	-90/090	60	62	2	0.88
KBRC1227	49585	198900	2588	-90/090	70	80	10	1.78
KBRC1228	49500	198900	2588	-90/090	43	45	2	1.14
					74	75	1	0.79
					99	103	4	0.64
					108	119	11	2.01
					136	139	3	0.85
KBRC1233	49400	198900	2587	-90/090	37	38	1	0.79
					77	79	2	0.7
					86	88	2	0.73
					103	104	1	0.54
					157	163	6	0.97
KBRC1234	49700	198950	2587	-60/090	58	59	1	0.76
KBRC1240	49550	199000	2587	-60/090	97	117	20	1.3
KBRC1241	49450	199000	2587	-60/090	139	158	19	1.22
KBRC1242	49350	199000	2587	-60/090	169	170	1	0.52
					177	179	2	1.03
					183	191	8	0.83
					202	205	3	0.66
KBRC1243	49750	199050	2587	-60/090	54	58	4	0.6
KBRC1244	49650	199050	2587	-60/090	63	64	1	1.32
					70	82	12	1.01
KBRC1248	49650	198850	2587	-60/090	71	72	1	0.55
KBRC1249	49550	198850	2587	-60/090	60	62	2	0.8
					80	81	1	0.75
					85	87	2	1.88
KBRC1250	49450	198850	2587	-60/090	120	123	3	1.49
BRC1251	49350	198850	2587	-60/090	156	177	21	1.01

TABLE (1): Karlawinda Gold Project - Tramore Prospect Drilling Results								
Hole No	**Easting**	**Northing**	**RL**	**Dip/Az**	**From**	**To**	**Width**	**Grade (g / t Au)**
KBRC1252	49300	198850	2587	-60/090	177	184	7	1.35
KBRC1254	49600	198800	2587	-60/090	No significant result			
KBRC1255	49550	198800	2587	-60/090	62	63	1	0.51
KBRC1256	49450	198800	2587	-60/090	75	80	5	0.82
					100	101	1	0.8
					125	126	1	0.83
KBRC1257	49350	198800	2587	-60/090	117	119	2	2.06
					139	141	2	0.82
					168	169	1	1.26
KBRC1258	49300	198800	2587	-60/090	141	145	4	0.69
					149	150	1	1.2
KBRC1259	49550	198750	2587	-60/090	No significant result			
KBRC1260	49500	198750	2587	-60/090	79	80	1	1.11
KBRC1261	49450	198750	2587	-60/090	73	78	5	0.69
					83	84	1	0.53
					92	93	1	0.6
					97	100	3	0.55
KBRC1262	49450	198700	2587	-60/090	No significant result			
KBRC1263	49500	198700	2587	-60/090	80	82	2	0.62
KBRC1264	49750	199100	2587	-60/090	39	41	2	0.6
					45	46	1	3.95
					57	59	2	0.61
KBRC1266	49650	199100	2587	-60/090	58	61	3	1.3
					66	67	1	0.63
					76	77	1	0.56
					86	88	2	0.65
					99	108	9	0.7
KBRC1267	49600	199100	2587	-60/090	78	82	4	0.64
					106	107	1	0.74
					115	119	4	0.67
					124	126	2	0.7
KBRC1268	49550	199100	2587	-60/090	96	102	6	0.64
					124	125	1	0.65
					135	139	4	0.79
KBRC1269	49500	199100	2587	-60/090	111	116	5	0.48
					139	147	8	1.94
					151	160	9	0.68
KBRC1270	49450	199100	2587	-60/090	130	133	3	0.84
					155	177	22	1.37
KBRC1274	49900	199200	2590	-60/090	39	40	1	0.55
					47	48	1	1.21
					70	71	1	0.53

TABLE (1): Karlawinda Gold Project - Tramore Prospect Drilling Results								
Hole No	**Easting**	**Northing**	**RL**	**Dip/Az**	**From**	**To**	**Width**	**Grade (g / t Au)**
					75	76	1	2.35
					106	118	12	3.13
					122	123	1	0.95
					138	143	5	1.25
					154	156	2	1.05
KBRC1275	49850	199200	2589	-60/090	66	67	1	0.51
					81	82	1	0.52
					123	134	11	0.83
					161	164	3	0.72
KBRC1276	49800	199200	2589	-60/090	41	42	1	0.55
					68	69	1	0.63
					82	83	1	2.69
KBRC1277	49750	199200	2589	-60/090	39	43	4	0.43
					50	64	14	0.63
					92	93	1	0.55
					100	101	1	0.59
					108	109	1	0.76
					115	116	1	0.65
KBRC1278	49700	199200	2589	-60/090	66	67	1	0.93
KBRC1279	49650	199200	2589	-60/090	104	105	1	0.54
KBRC1280	49800	199250	2589	-60/090	43	44	1	1.11
					73	76	3	0.48
					86	88	2	0.79
					93	95	2	2.64
KBRC1184	49500	199000	2590	-60/090	119	138	19	1.51
KBRC1164	49700	199050	2590	-60/090	41	75	34	1.07
KBRC1176	49600	199000	2590	-60/090	78	97	19	1.63
KBRC148	49400	198920	2590	-90/090	155	175	20	1.2
KBRC1166	49600	198950	2590	-60/090	59	76	17	1.27
KBRC1061	49350	198900	2590	-90/090	184	198	14	1.63

APPENDIX 3 – 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. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	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. Data on rocktype, deformation, colour, structure, alteration, veining, mineralisation and oxidation state were recorded. RQD, magnetic susceptibility and core recoveries were

Criteria	JORC Code explanation	Commentary
		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.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CAPRICORN METALS LTD

ABN	**Quarter ended ("current quarter")**
84 121 700 105	30 JUNE 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	11	69
1.2	Payments for		
	(a) exploration & evaluation	(643)	(3,890)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(354)	(1,667)
	(e) administration and corporate costs	(263)	(1,323)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	45
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Grant Income	-	15
1.8	Other: GST (Paid)/ Refunded	108	20
1.9	**Net cash from / (used in) operating activities**	**(1,124)**	**(6,731)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(11)	(1,528)
	(b) tenements (see item 10)	-	-
	(c) investments (deferred instalments)	(7)	(40)
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(18)**	**(1,568)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	10,146	12,194
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(430)	(440)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**9,716**	**11,754**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	467	5,586
4.2	Net cash used in operating activities (item 1.9 above)	(1,124)	(6,731)
4.3	Net cash from/ (used) in investing activities (item 2.6 above)	(18)	(1,568)
4.4	Net cash from financing activities (item 3.10 above)	9,716	11,754
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**9,041**	**9,041**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	9,041	467
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**9,041**	**467**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	39
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors remuneration 39

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	1,500
9.2	Development	1,900
9.3	Production	-
9.4	Staff costs	450
9.5	Administration and corporate costs	200
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**4,050**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to Covering Quarterly Activity Report attached hereto		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		Refer to Covering Quarterly Activity Report attached hereto		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 July 2019
(Company secretary)

Print name: Natasha Santi

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.