30 July 2021

ACTIVITIES REPORT
JUNE 2021 QUARTER

HIGHLIGHTS

DEVELOPMENT

- Development of the Karlawinda Gold Project (KGP) completed **on time and budget** with first gold poured during the quarter:
    - Gold bars weighing 386 ounces poured in first smelt on site on 30 June 2021; and
    - **First shipment of gold** from site to refinery in early July 2021 of 1,491 ounces
- KGP operations move from construction to ramp-up phase:
    - Construction of the processing plant complete;
    - Commissioning complete apart from minor ancillary plant;
    - Ore processing commenced; and
    - **Optimisation and ramp up underway.**
- Mining activity increased during the quarter with mobilisation of second mining fleet to site in June 2021
- During the quarter $37.7 million was spent on KGP development and commissioning activities, taking expenditure to date to $167.0 million. The final development cost of the project is expected to be within the guidance range of $165-$170 million.
- Processing plant has achieved the laterite ore component of throughput guidance on a periodic but interrupted (optimisation & fault rectification shutdowns) basis since the end of the quarter.
- Commissioning and optimisation of processing plant is continuing with a view to ramp up to achieving guidance throughput rates on a steady state basis by the end of the quarter.

CORPORATE

- Capricorn's cash position at the end of quarter was $10.3 million, debt facility was drawn to $70 million (with a further $10 million available).
- First gold sale of 1,477 ounces at A$1450 per ounce for $3.6 million achieved in early July 2021.
- Appointment of experienced metallurgist Mr Bernard De Araugo to the Board as non-executive director.

EXPLORATION

- A broad spaced near mine aircore drilling programme was completed during the quarter. A limited number of assays were received by the end of the quarter (287 samples out of 2,132) with mineralisation and Au pathfinder elements returned in a number of assays warranting follow-up drilling.
- Culmination of first pass exploration work including rock chip sampling, aeromagnetic surveys and geological mapping has identified several prospective exploration targets across the extensive Karlawinda tenement package.
- Aircore drilling programme planned across untested Mundawindi prospect to commence in September 2020 quarter.

Note: this report does not reference Capricorn's acquisition of the Mt Gibson Gold Project announced 28 July 2021 – refer ASX announcement of that date.

JUNE 2021 QUARTER ACTIVITIES SUMMARY

Capricorn Metals Ltd (Capricorn) wholly owns the, now operational, Karlawinda Gold Project (KGP) located 65 kilometres south-east of Newman in the Pilbara region of Western Australia.

Karlawinda Gold Project Development

The project development was completed in line with time and cost guidance and culminated in the start of commissioning and first gold production during the June 2021 quarter.

The KGP processing plant throughput capacity is anticipated to be:

- 4.5 - 5.0 mtpa in the oxide/fresh ore blend in the first 3 years; and
- 4.0 - 4.5 mtpa in solely fresh rock ore in years four and beyond.

These throughput capacities are expected to produce a long-term production range of 110,000 to 125,000 ounces per annum.

Processing plant

Plant Construction & Start Up

The June 2021 quarter saw Capricorn complete the construction of the processing plant, facilitating commissioning and early operations.

Construction works completed during the quarter included:

- Structural steel and equipment installation;
- Piping and electrical installation;
- Gas lateral pipeline and power station commissioning;
- ROM pad construction;
- TSF starter embankment construction and installation of tailings and water return lines; and
- Main borefield pipework installation.

Several significant operational start-up milestones were also achieved during the quarter including:

- 22 June 2021 First ore crushed;
- 23 June 2021 First ore milled; and
- 30 June 2021 First gold poured.

Operating results for the Karlawinda Gold Project for the June 2021 quarter were as follows:

	June 21Q	March 21Qr
Ore mined ('000 BCM)	301	0
Waste mined ('000 BCM)	1,365	1,215
Stripping ratio (w:o)	4.5	N/A
Ore mined ('000 t)	649	0
Ore milled ('000 t)	52	0
Head Grade (g/t)	1.41	0.00
Recovery (%)	95.4	0.0
Gold production (ozs)	2,360	0

Mining

Mining continued in the Bibra open pit with total movement of 1.7 million BCM during the quarter. Approximately 1.4 million BCM of waste material was mined and utilised for the construction of the Tailings Storage Facility and ROM pad. A second excavator and truck fleet were mobilised in accordance with the schedule and made operational before the end of the quarter.

Ore mining was accelerated prior to the commencement of processing with approximately 600,000 tonnes of ore on the ROM pad at the end of the quarter.

Bibra open pit

Construction of the site airstrip continued during the quarter with the topsoiling completed, subgrade compacted, and approximately half of the subbase layer placed and compacted. The basecourse layer material has been sourced in a nearby borrow pit and prepared for load, haul and placement once the subbase has been completed and passed testing requirements.

Construction of two additional CIL tanks to provide additional leaching time for the higher processing plant throughputs anticipated when treating predominately oxide ore commenced during the quarter. The tank plate work is approximately half complete and the fabricated top of tank steelwork and additional equipment is due for delivery and installation in the current quarter.

Processing

Ore processing commenced in the last week of June 2021 and has been relatively continuous since the rapid transition from construction to operations and ultimately to first gold production.

Gold bars weighing 386 ounces were poured in the first smelt on site on 30 June 2021 and the first shipment of 1,491 ounces of gold from site to the refinery was made in early July 2021. Gold production for the short period of processing in the quarter was 2,360 ounces.

Commissioning and optimisation activities have continued since the end of the quarter to fine tune process controls and the final ancillary parts of the plant, including the regeneration kiln and PSA oxygen generator, which are expected to be operational early September 2021 quarter.

First gold pour

The commissioning and operations team have continued optimising the processing plant since the end of the quarter. The mill has operated on an interrupted basis during the month as electrical, power generation, pump and other normal start up issues are identified and resolved. During July 2021 the mill has achieved daily throughputs at an annualized rate of 4mtpa on a 100% feed of hard laterite ore in periods between shutdowns for optimisation & fault rectification. This is an encouraging sign as the product size generated from the crushing circuit is also still being optimised with adjustments to screen sizes and crusher settings. The mining schedule is expected to commence delivering soft oxide ore to the ROM during August 2021.

Operational Outlook

Mining volumes are expected to increase to 800,000BCM per month in the current quarter with the first full quarter of availability of the second mining fleet.

Having already achieved the laterite component of throughput guidance on a periodic but interrupted basis, the commissioning and optimisation of the processing plant will continue during the current quarter. The objective is to ramp up availability and throughput to guidance rates on a steady state basis by the end of the quarter.

The construction and installation of the additional two CIL tanks and the airstrip earthworks are expected to be completed in the September 2021 quarter.

Exploration

Capricorn wholly owns a 2,052 square kilometre tenement package at Karlawinda which includes the greenstone belt hosting the 2.1 million ounce Resource and 1.2 million ounce Reserve Bibra gold deposit and other areas deemed highly prospective for gold.

Due to the location of the project in the Pilbara region of Western Australia (a region not historically explored for gold), very little modern and meaningful gold exploration has been completed outside of the immediate Bibra deposit (Figure 1).

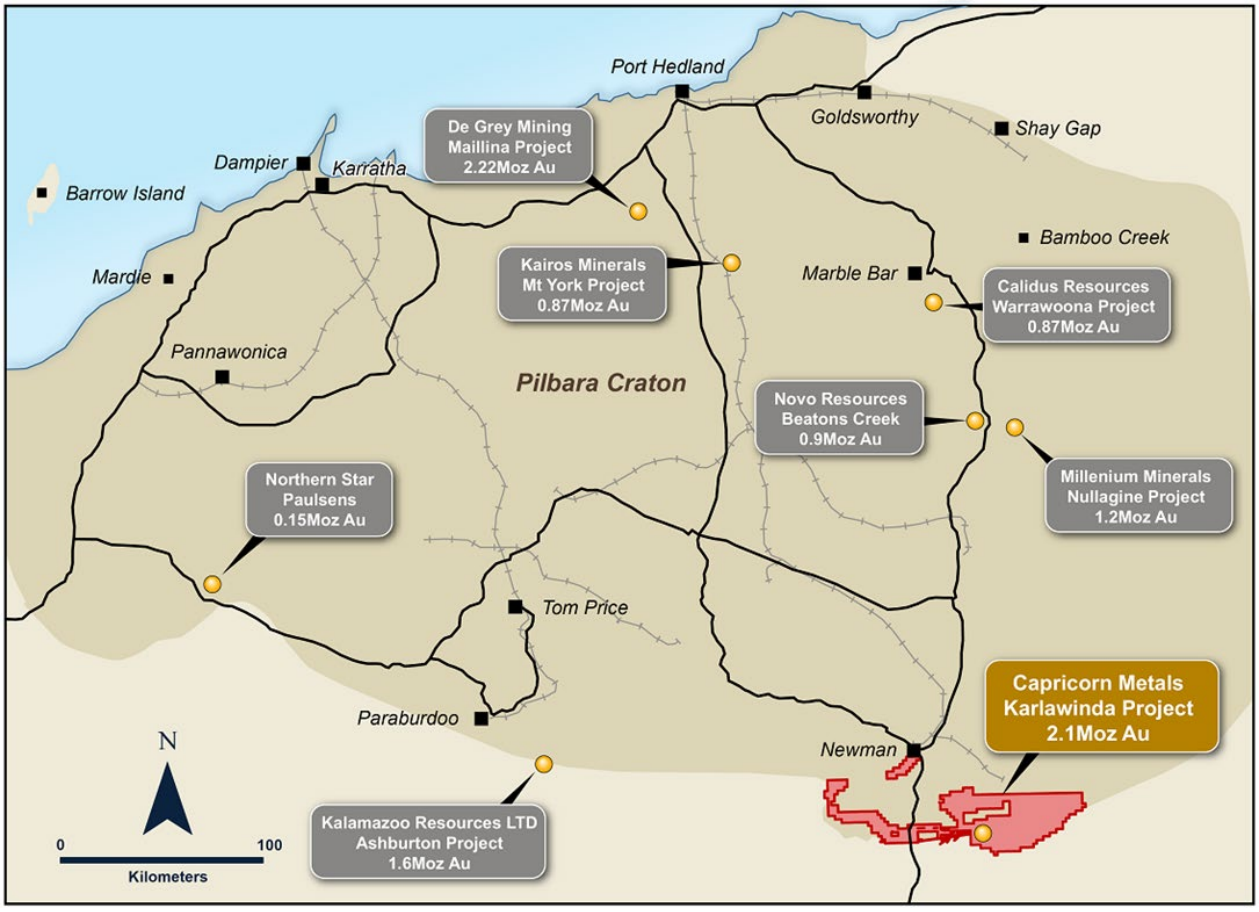

Figure 1: Location of the Karlawinda Gold Project

Near Mine AC Drilling

An Aircore drilling programme consisting of 226 holes for 9,841 metres was completed over the Karlawinda Gold Project during the quarter. Drilling was undertaken on first pass 200m x 400m spacing with an aim to intersect gold and pathfinder anomalies that warrant follow up exploration (Refer Figure 2).

The first batch of 287 assays were received during the quarter with 2,132 samples outstanding. Encouragingly, broad zones of Au + Au pathfinders (known to be associated with gold mineralisation at the Bibra deposit) have been identified with best results including:

- KBAC1443 9m @ 0.81 g/t Au from 44m – 53m (EOH); and
- KBAC1475 8m @ 0.23 g/t Au from 32m – 40m;

Appendix 2 details the significant results received to date.

Drillholes KBAC1443 and KBAC1476 (as shown in Figure 2) represent follow up targets and are situated along strike of the main Bibra deposit along a regional northwest trending structure interpreted from geophysical data. Tighter spaced 100m x 100m follow up drilling is planned for the current quarter.

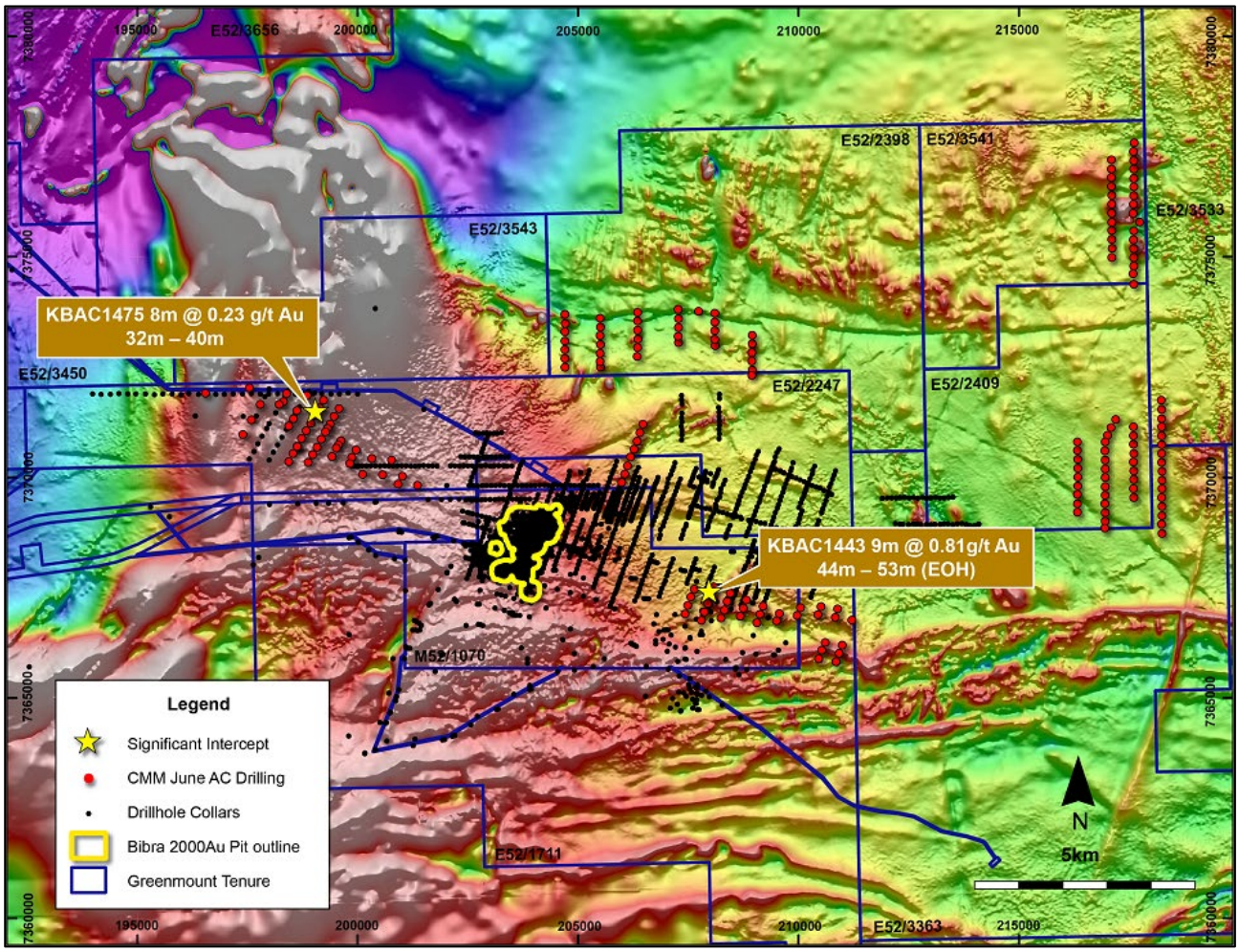

Figure 2: Location of project drilling, current AC drilling and KBAC1443 KBAC1475 locations along strike from Bibra deposit.

Mundiwindi Greenstone Drilling

During the quarter Archaeological heritage surveys were completed over the Mundiwindi greenstone belt (15km from the Bibra deposit) for upcoming Aircore drilling. Similar to the recent near mine AC drilling, first pass drilling is planned on 200m x 400m spacing. All regulatory approvals have now been received with drilling to commence early August. Drilling will aim to delineate mineralisation in a geological setting proven to play a role in gold endowment in the Sylvania Inlier and greater Pilbara Craton.

Regional geology and geophysics have confirmed multiple regional north-east trending fault zones that appear to cross-cut granite and greenstone interpreted as the host rocks lithologies at the Bibra deposit.

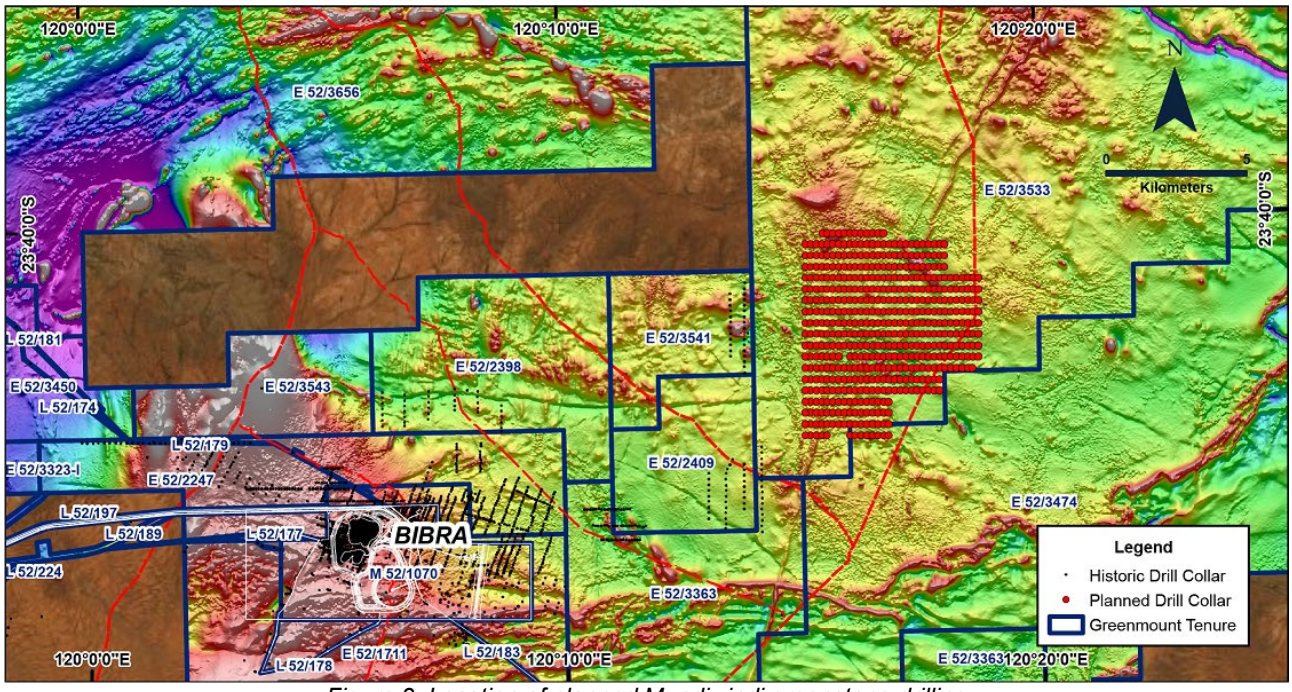

Figure 3: Location of planned Mundiwindi greenstone drilling

Geochemical Surface Sampling

During the quarter, a total of 4,423 ultrafine soil samples were collected across the regional tenement package and submitted for Ultrafine Analysis (refer Figure 4). This geochemical programme is part of the regional CSIRO soil research initiative. Spacings range from 400m x 100m to 200m x 100m and are more targeted and close-focused than previous campaigns.

Sample area targets include:

- Structural targets interpreted from recently generated aeromagnetic data;
- Gold and multi-element soil sampling targets from 2020 soil sampling program, as well as untested targets from previous campaigns;
- Re-interpretation of geological trends based on recent data generation and 2020 mapping programme; and
- Jarosite and Arsenopyrite anomalies from newly acquired remote sensing imagery (ASTER).

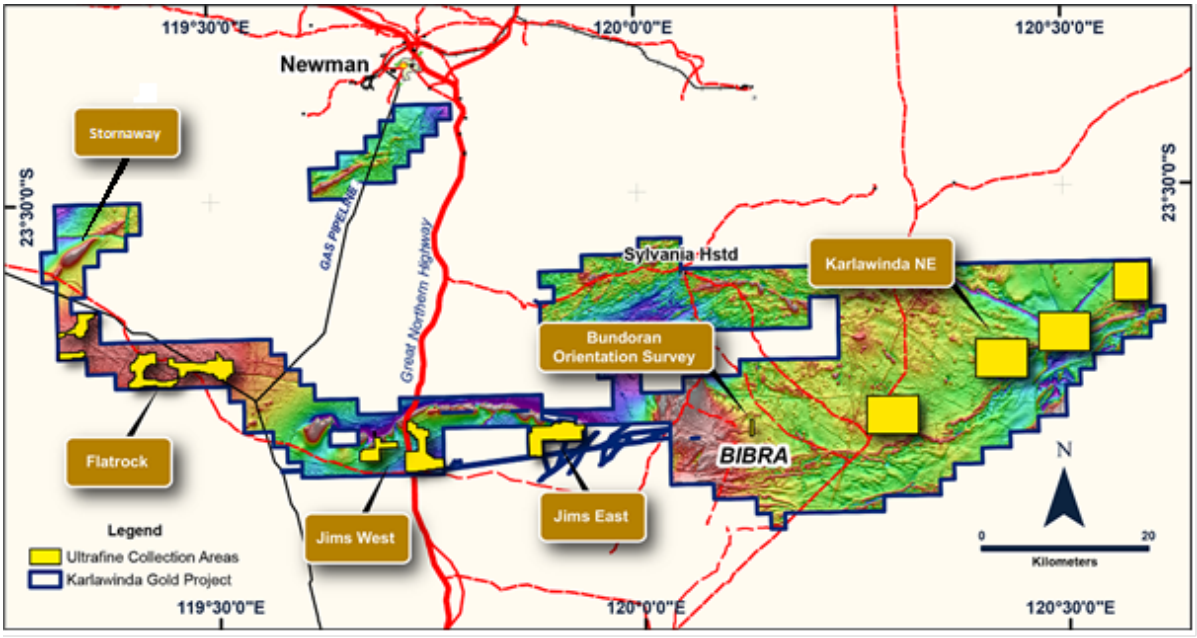

Figure 4: Project locations of UFF collection areas

Regional Mapping and Rock Chipping Targeting Prospective Geological Settings

First pass mapping and rock chipping highlighted Encouraging Au + Au pathfinder samples and geological settings at Stornoway, Jamie Well and Jims West Project Areas. All three projects were targeted due to their proximity to large crustal scale structures and recent soil sample anomalies.

The Stornoway and Jamie Well Prospects are situated proximal to the Nanjilgardy Fault, a regional scale structure that is known to have controls on Au mineralisation in the Pilbara craton, including the Paulsens (ASX: NST) and Ashburton (ASX: KZR) gold projects.

The Jims West project area is situated on the southern boundary of the Sylvania Inlier and Pilbara Craton in a similar location to the Bibra deposit. The craton margin is considered a high strain zone with high prospectivity for mineralising fluids with origins from igneous intrusions formed from partial melting of a mantle wedge or enriched fluid remobilisation through regional metamorphism.

These encouraging pathfinder results from rock chip sampling and geological mapping have generated a number of target areas for follow-up drilling (Refer Figures 5-8). AC drilling programmes are planned for FY2022 over the Stornoway, Jamie Well and Jims West prospects.

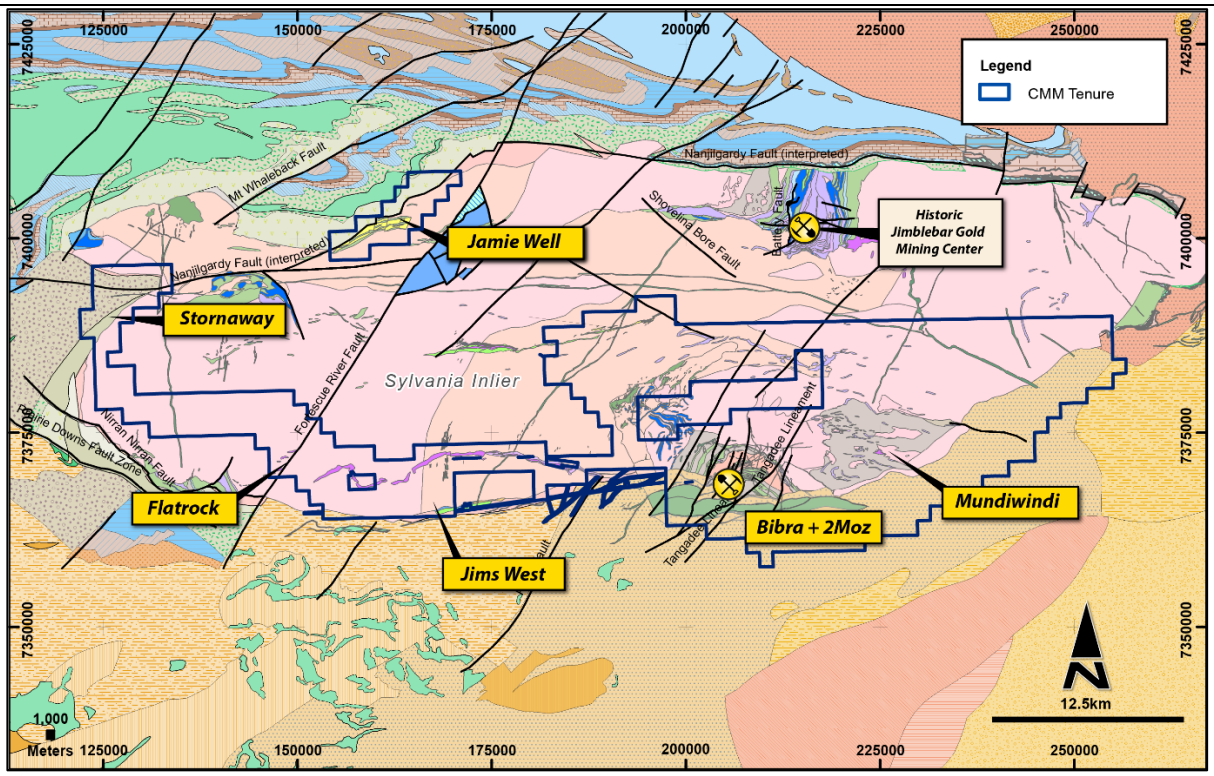

Figure 5: Current CMM exploration projects showing prospects in proximity to the highly prospective Pilbara Craton margin and regional Nanjilgardy Fault

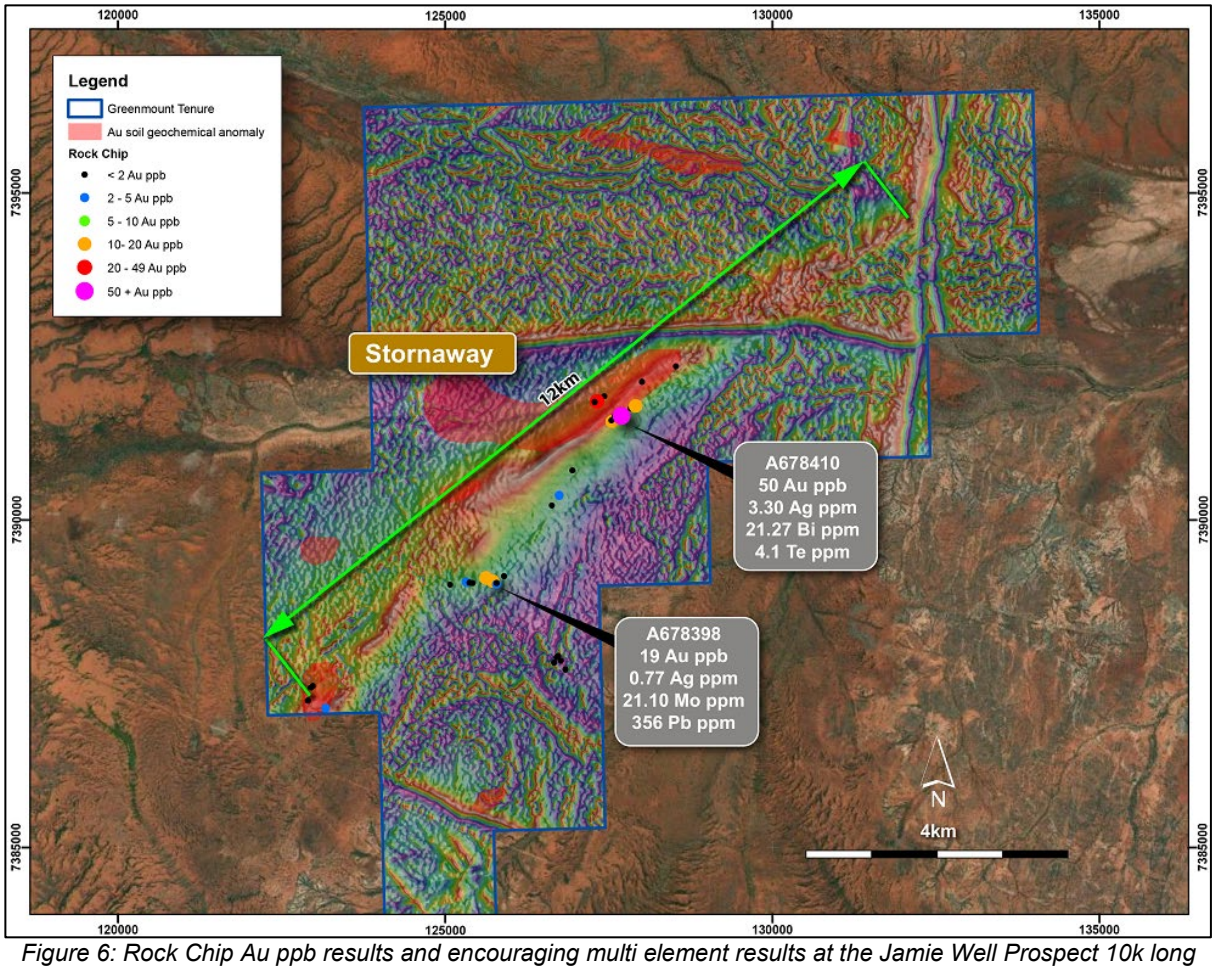

Figure 6: Rock Chip Au ppb results and encouraging multi element results at the Jamie Well Prospect 10k long prospective trend. High magnetic rocks have been confirmed as Ironstone Formations and Dolerite intrusives

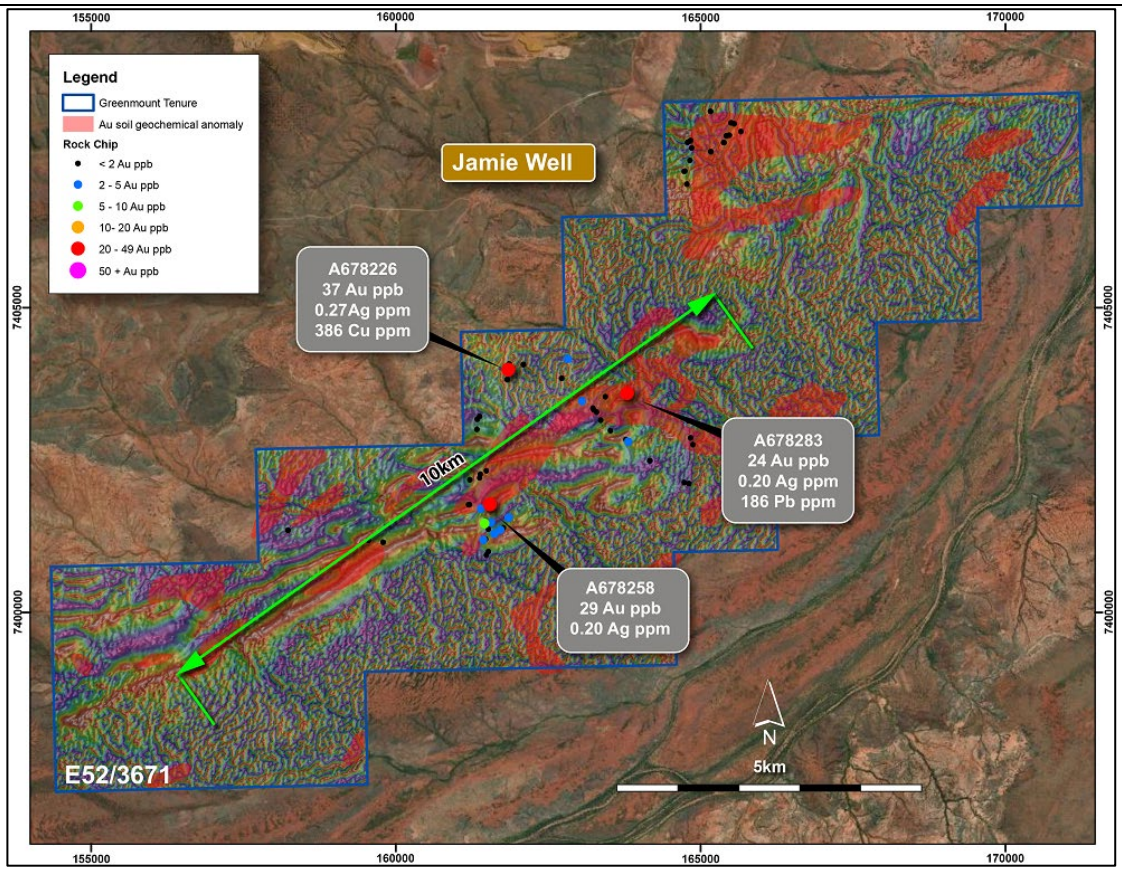

Figure 7: Rock Chip Au ppb results and encouraging multi element results at the Jamie Well Prospect 10k long prospective trend. High magnetic rocks have been confirmed as Ironstone Formations

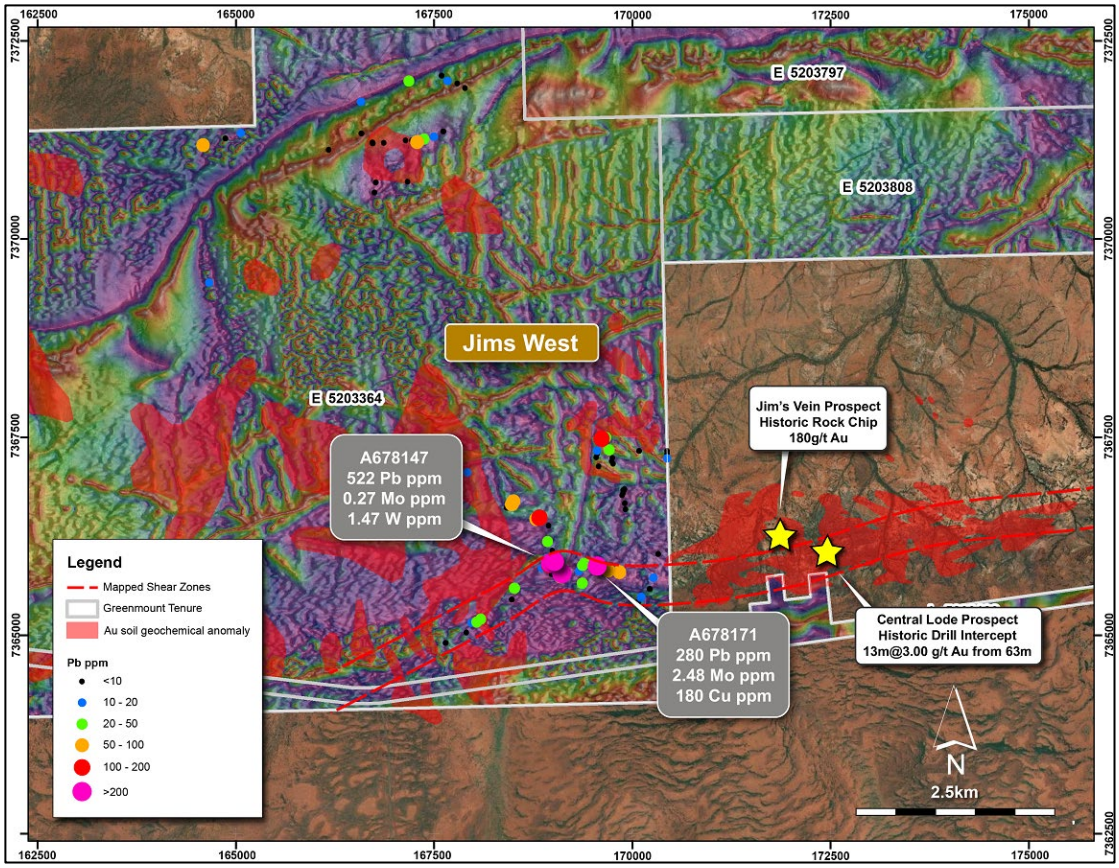

Figure 8: Jims West aeromagnetic signature with gold occurrence locations, anomalous Au soil contour, and current rock chip locations

Corporate

At the end of the June 2021 quarter, Capricorn had $10.3 million in cash and had drawn down $70.0 million of the Macquarie Bank financing facility with a further $10.0 million available for drawdown.

A total of $37.7 million was spent during the quarter on development and commissioning activities taking total expenditure on the project to $167.0 million at 30 June 2021. Substantially all construction activities have been completed on the project with final expenditure expected to be within the guidance range of $165 -$170 million.

The first gold sale was completed in the first week of July 2021 with 1,477 ounces of gold being sold at a price of $2,450 per ounce for $3.6 million.

In May 2021 Bernard De Araugo was appointed to the Board of Capricorn as a non-executive director. Bernard is a qualified metallurgist with over 30 years' experience in mining and processing, including senior management and technical roles at several gold mining operations in Australia and overseas. He has held senior leadership roles across a range of business disciplines including operations, commercial management and technical functions at Orica Mining Services and leading processing consumables supplier Donhad Pty Ltd where he was an executive director for over 12 years.

During the quarter, payments to related parties of Capricorn and their associates (being the Company's directors) totalled $161,238. The payments were remuneration for their roles, including superannuation.

This announcement has been authorised for release by the Capricorn Metals board.

For further information, please contact:
Mr Kim Massey
Chief Executive Officer
E: enquiries@capmet.com.au
T: +61 8 9212 4600

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.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr. William Higgins who is a full-time employee of the Company. Mr. Higgins 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. Higgins 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 Mineral Resources is based on information compiled by Mr. Jarrad Price who is Resource Geologist and an employee of the Company. Mr. Jarrad Price 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. Price 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 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.

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	04/08/2021
E52/2247	Karlawinda	Greenmount	16	Granted	21/07/2009	20/07/2021
E52/2398	Karlawinda	Greenmount	15	Granted	28/04/2010	27/04/2022
E52/2409	Karlawinda	Greenmount	8	Granted	15/06/2010	14/06/2022
E52/3323	Karlawinda	Greenmount	11	Granted	11/03/2016	10/03/2026
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	17/02/2025
E52/3671	Karlawinda	Greenmount	26	Granted	02/07/2019	01/072024
E52/3677	Karlawinda	Greenmount	31	Granted	16/07/2020	15/07/2025
E52/3729	Karlawinda	Greenmount	51	Granted	17/02/2020	16/02/2025
E52/3797	Karlawinda	Greenmount	9	Granted	06/08/2020	05/08/2025
E52/3808	Karlawinda	Greenmount	6	Granted	18/03/2021	17/03/2026
Total Blocks			**658**			
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	10/04/2040
L52/192	Karlawinda	Greenmount	220 ha	Granted	16/05/2018	28/09/2039
L52/197	Karlawinda	Greenmount	173ha	Granted	10/04/2019	10/04/2040
L52/223	Karlawinda	Greenmount	371.1ha	Granted	11/06/2021	10/06/2042
L52/224	Karlawinda	Greenmount	183.3ha	Granted	11/06/2021	10/06/2042
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 – SIGINIFICANT RESULTS

Karlawinda Gold Project – Significant Intercepts Table								
Hole No	Easting	Northing	RL	Dip/Azi	From	To	Width	Grade (g/t Au)
KBAC1443	208006	7367390	580	-90/0	44	53	9	0.81
KBAC1475	199033	7371464	580	-90/0	32	40	8	0.23

Karlawinda Gold Project – Rock Chip Location and Assays								
Sample ID	Easting	Northing	Au ppb	Ag ppm	Cu ppm	Mo ppm	Pb ppm	W ppm
A678147	169112.48	7365782.08	0.5	0.05	92.6	9.58	522.4	1.47
A678171	169561	7365874.28	1	0.025	108	2.4	280	0.05
A678226	161843.9	7403986.83	37	0.27	386	2.7	7.5	0.05
A678258	161545.84	7401770.11	29	0.2	29	0.8	3.7	0.05
A678283	163792.62	7403602.38	24	0.2	132	1	186.3	0.05
A678398	125726.57	7389062.82	19	0.77	740	21.1	356.8	2.5
A678410	127697.28	7391589.42	50	3.3	387	6	958	0.1

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.*	**Drilling** For aircore exploration (AC) drilling a primary sample was collected from the drill rig. The sample was collected in a bucket and then tipped in neat lines on the ground. The piles were then sampled by using a spear to collect a field composite (4m AC) 2.0kg to 3.0kg sample which was then placed in a calico bag. The last 1m interval for each AC hole (EOH) was sampled separately for multi element analysis. Field duplicates were not collected for the AC drilling. CRM were inserted at a ratio of 1:30 composites for AC. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges. AC samples were sent to the laboratory where they were pulverised to produce a 25 g charge for aqua regia 33 element multielement analysis for the field composites, ICP-OES and ICP-MS 48 element 4 acid digest analysis for the EOH samples. **Soils and rockchips** Rock chip samples were taken in the field by CMM geologists during field inspection. Rock samples were collected from surface outcrop. Outcrop samples are considered to be in situ resistant portions of the geology. Samples weighing between 0.5kg and 3kg were collected All sample locations were collected using a hand-held GPS with +/-5m accuracy using MGA zone 51 (GDA94) coordinate system.
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*	**Drilling** The AC drilling was completed using an 89mm blade bit.

	diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	
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.*	**Drilling** Visual recovery information was collected at the time of the drilling.
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.*	**Drilling** AC chips were washed and stored in chip trays in 1m intervals for the entire length of each hole. Holes of interest are retained, all others are disposed of. Chip trays of all EOH intervlas are retained. Chip trays were stored on site in a sealed container. Chips were visually inspected and logged by an on-site geologist to record lithology (including rock type, oxidation state, weathering, grain size, colour, mineralogy, and texture), alteration, mineralisation, veining, structure, sample quality (dry/wet, contamination) and approximate water flow down hole. Mineralisation, veining and water flow were quantitative or semi-quantitative in nature; the remainder of logging was qualitative. **Soils and rockchips** Soil sampling was executed by field contractors OMNI GeoX. Samples collected by a two-man team, using two four-wheel drive quad bikes and a Toyota Landcruiser Utility support vehicle. Each field sampler will carry a handheld GPS with pre-loaded sample sites as well as hard copy maps and a list of sample location sites. For the rockchips CMM Geologists recorded a short geological description of each sample location including lithology, alteration, veining, and mineralization. Comments on lithology and regolith features are made where possible. Electronic recorded logging has been captured. Logging is qualitative in nature and captured regolith environment comments.
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.*	**Drilling** AC samples were collected as 4m field composites using a spear from the individual 1m sample piles on the ground. Field duplicates were not collected for the AC drilling. CRM were inserted at a ratio of 1:30 composites for AC. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges. The CRM's were submitted to the lab using unique sample ID's. 2kg – 3kg AC samples are submitted to the laboratory. Samples are oven dried at 105°C then crushed and pulverised. AC samples were sent to the laboratory where they were pulverised to produce a 25 g charge for aqua regia 33 element multielement analysis for the field composites, ICP-OES and ICP-MS 48 element 4 acid digest analysis for the EOH samples. These sample preparation techniques are appropriate for the Karlawinda Project; and are standard industry practice for a gold deposit. **Soils and rockchips** Soil samples taken according to ultrafine sampling protocol as provided by Labwest. Field sampling for ultrafine fraction soils is relatively simple, requiring only the removal of coarse rock and organic material. Labwest advise a #10 (-2000 µm) mesh size. Approximately 200g of soil (~1 cupful) is adequate to allow for testing and follow-up analysis.

		Rock chips were prepared by Intertek SP64 preperation code, Dry, crush ~2mm, pulverise 1.2kg up to 3kg.
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** AC drilling samples were submitted to Intertek laboratory in Perth. No field duplicates were collected for the AC drilling. CRM were inserted at a ratio of 1:30 composites for the AC. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges. **Soils and rockchips** Assaying completed by Labwest using their ultrafine technique analysis code UFF-PE, Ultrafine fraction, microwave digest in Aqua Regia, Au + multi-elements. The lab has the commercial rights to conduct analysis. Sampling will be checked using CMM QAQC protocols on receival of Assays. Rock chip samples were analysed via Aqua regia digestion coupled with ICP-OES and ICP-MS with Intertek 33 Element including Gold Package using Aqua regia digestion 25g / ICP-MS, lab code AR25/MS33.
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.*	**Drilling** 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. Validated data was sent to the database administrator in Perth who then carried out independent verifications using Maxwell's Datashed. Assay results when received were plotted on section and were verified against neighbouring holes. QAQC reports were generated on a hole-by-hole basis by the database administrator as results were received. Any failure in company QAQC protocols resulted in follow-up with the laboratory and occasional repeat of assays as necessary. **Soils and rockchips** All CMM data is verified by the Competent person. All data is stored in an electronic Access Database. Capricorn Metals sampling, data collection in field is captured in an electronic logging system for geological, regolith, sample id, assay and surveying information.
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.*	**Drilling** The AC drillhole collar positions were surveyed before and after drilling using a handheld GPS. Drillhole location data was captured in the MGA94 grid system. Down hole surveys were not undertaken for the any of the drilling due to the shallow nature of the holes. Any AC intercepts will be followed up with infill RC drilling using downhole surveys and more accurate collar survey technique. **Soils and rockchips** Soil and rock chips sample location were captured using a handheld GPS. All GPS data points were later visualised using ARCGIS software to ensure they were recorded in the correct position The grid system used is UTM GDA 94 Zone 51.
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.*	**Drilling** AC samples were collected and analysed for gold and multielements by 4m field composites down the hole, with the EOH individual metre sampled separately for multi element

	• *Whether sample compositing has been applied.*	analysis. Hole spacing was 200m x 400m for AC. **Soils and rockchips** Spacing for soil samples ranges from 400 x 100m to 200 x 100m and is more targeted and close-focused than previous campaigns. Sample locations for the rockchips were selected based on availability of material to sample in areas of interest.
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.*	**Drilling** Where possible the AC exploration drilling programmes are planned to be drilled perpendicular to the orientation of the geology. Significant mineralisation intervals in the AC will be followed up with infill RC drilling to better understand the orientation of mineralisation. **Soils and rockchips** Orientation of data in relation to geological structure Sampling is preferentially across the strike or trend of mineralized outcrops.
Sample security	• *The measures taken to ensure sample security.*	**Drilling** Calico sample bags are sealed into green bags/polyweave bags and cable tied. These bags were then sealed in bulka bags by company personnel, dispatched by third party contractor, in-company reconciliation with laboratory assay returns. **Soils and rockchips** Soil and rock chip samples collected by CMM or Omni GeoX were collected and stored on site, prior to being transported to the laboratory Intertek.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	The Competent Person for Exploration Results reported here has visited the project areas where sampling has taken place and has reviewed and confirmed the sampling procedures.

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 the Pilbara region of Western Australia on tenements M52/1070, E52/1711, E52/2247, E52/2398, E52/2409, E52/3323, E52/3363, E52/3364, E52/3450, E52/3474, E52/3533, E52/3541, E52/3543, E52/3571, E52/3656, E52/3671, E52/3677, E52/3729, E52/3797, E52/3808 held by Greenmount Resources Pty Ltd, a wholly owned subsidiary of Capricorn Metals. The near mine exploration drilling was undertaken on M52/1070, E52/2247, E52/1711, E52/2398, E52/3363 and E52/2409 in the Pilbara region of Western Australia. E52/1711 was acquired from BHPB in 2008. South32 (via the spin-out from BHPB) retain a 2% NSR whilst BHPB a claw-back provision whereby BHPB 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. In February 2021 South32 sold the 2% NSR to Elemental Royalties Limited. The Nyiyaparli People hold Native Title over the area including E52/1711 and M52/1070. There is no known heritage or environmental impediments over the area being explored and heritage surveys are undertaken by the Nyiyaparli People prior to exploration work being undertaken. No other known impediments exist in the area.

Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Prior to Capricorn Metals, the tenement was held by Independence Group NL (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.*	The company is primarily exploring for structurally controlled and intrusion related gold mineralisation within the tenement package similar to other gold deposits in the Pilbara region.
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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *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.*	**Drilling** Reported intercepts include a minimum of 0.2g/t Au value over a minimum length of 1m with a maximum 3m length of consecutive internal waste. No upper cuts have been applied. **Soils and rockchips** No aggregation methods have been applied. No upper cuts have been applied.
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').*	Where possible the exploration drilling programmes are planned to be drilled perpendicular to the orientation of the geology. Significant mineralisation intervals of the AC will be followed up with infill RC drilling to better understand the orientation of mineralisation.
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.*	Refer to the diagrams in the body of this report and within previous ASX announcements.
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 substances.*	No other substantive exploration data is available to report.
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 has been designed to finish the total 15,000 planned AC drilling in a phase 2 program. This drilling will be completed with RC as the AC was unable to penetrate the Bangeamall Formation that overlies the target Archean rocks. Infill may be required upon receival of all assays from phase 1 AC. The soil sampling data will be reviewed with the aim of generating drill targets.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
Capricorn Metals Ltd	
ABN	**Quarter ended ("current quarter")**
84 121 700 105	30 June 2021

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	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(37,646)	(129,815)
	(c) production	-	-
	(d) staff costs	(839)	(3,027)
	(e) administration and corporate costs	(385)	(1,761)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	178
1.5	Interest and other costs of finance paid	(1,159)	(1,770)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	170	106
1.9	**Net cash from / (used in) operating activities**	**(39,856)**	**(136,089)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(142)	(385)
	(d) exploration & evaluation (if capitalised)	(362)	(2,750)
	(e) investments	-	(1,200)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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**	**(504)**	**(4,335)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	32,300
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	4,219	4,536
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(19)	(1,243)
3.5	Proceeds from borrowings	27,500	70,000
3.6	Repayment of borrowings	(242)	(574)
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**	**31,458**	**105,019**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	19,194	45,697
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(39,856)	(136,089)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(504)	(4,335)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	31,458	105,019

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**10,292**	**10,292**

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	10,292	10,292
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)**	**10,292**	**10,292**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	161
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	80,000	70,000
7.2	Credit standby arrangements	-	-
7.3	Other (Bank Guarantee)	20,000	18,000
7.4	**Total financing facilities**	100,000	88,000

7.5	**Unused financing facilities available at quarter end**	12,000

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

Project Loan Facility of $80 million and a Bank Guarantee Facility of $20 million at normal commercial interest rates with Macquarie Bank Ltd. Macquarie Bank Ltd have first ranking security over the assets of Greenmount Resources Pty Ltd, a wholly owned subsidiary of Capricorn Metals Ltd and corporate guarantee

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(39,856)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(362)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(40,217)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	10,292
8.5	Unused finance facilities available at quarter end (Item 7.5)	12,000
8.6	Total available funding (Item 8.4 + Item 8.5)	22,292
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	(0.6)

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. Funding of the construction of the Karlawinda Gold Project is complete. Gold production started in June 2021 and the proceeds generated from gold production is expected to cover the Company's future operating expenditure.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: In July 2021 the Company extended its Project Loan Facility with Macquarie Bank by $20 million to fund the acquisition of the Mt Gibson Gold Project as announced on 28 July 2021. The Company expects proceeds from gold sales will fund its ongoing operations.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, and on the basis set out in Answers 1 and 2 above.

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.

Date: 30 July 2021

Authorised by: The Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.