

KARLAWINDA GOLD PROJECT

FURTHER DEVELOPMENT MILESTONES ACHIEVED

HIGHLIGHTS

- Grade control of 4 million tonnes (+/- 1 year of mill feed) of laterite ore in the Bibra open pit complete and confirming the reserve model.
- Ball mill manufacture complete, first and major components departing China imminently and expected to land in Port Hedland 10 December 2020 allowing transport to site in December 2020.
- All steel pipe for the 40km gas lateral pipeline has arrived from Korea and is now on site awaiting commencement of installation in December 2020.
- Plant electrical installation contract awarded with cost in line with budget.
- Earthmoving contractor has commenced mobilising to site, early waste mining commenced and first blast of waste rock in stage 1 open pit fired successfully.



18 November 2020

Update

Capricorn Metals (ASX:CMM) is pleased to announce that further development milestones have been achieved at the Karlawinda Gold Project (KGP) since release of the September 2020 quarterly report.

Grade Control

In order to provide certainty to the early stages of mining and production at the KGP, Capricorn has to date completed approximately 45,000 metres of grade control drilling on mainly laterite ore in the Bibra open pit. This grade control drilling has delineated over 4 million tonnes of ore and is in-line with the Ore Reserve in the areas drilled. This drilling defines the entire laterite portion of the deposit and provides confidence in the planning of mining activities and management of mill feed for the first year of operations. This completes the pre-production phase of grade control drilling with further grade control drilling to commence once oxide mineralisation is exposed through mining activities.



Grade control drilling



Drill & blast drilling (foreground) and grade control drilled area (middle)

18 November 2020

Ball Mill Shipment

The manufacture for Capricorn of the ball mill by CITIC in Luo Yang, China has been completed. The mill components have been subjected to and passed all the required manufacture quality control inspections and tests and are now in various stages of despatch for shipping to Australia. The major (and oversize) components are due for departure on 21 November 2020 on the ship *AAL Dampier* with an estimated arrival in Port Hedland on 10 December 2020. This will allow police escorted road transport of the oversize mill components to KGP by mid-December 2020. This timing allows optimal installation of the mill and surrounding structures in the construction schedule.



Ball mill components ready for shipping

Gas Pipeline Construction

The steel pipe for the 40km of lateral gas pipeline from the Goldfields Gas Pipeline (GGP) to the KGP power station arrived in Fremantle from Korea and has been delivered to site. APA, the BOO operator of the pipeline, has (in consultation with Capricorn) awarded the pipeline construction contract to McConnell Dowell who are currently mobilising to site with a view to commencing construction in December 2020. Once operational, the lateral pipeline from the GGP to KGP will transport approximately 3Tj of gas per day for power generation at KGP. Gas via the lateral pipeline is expected to be a very cost-effective long-term power supply solution for the KGP.

18 November 2020



Steel pipe being delivered to KGP

Plant Electrical Installation Contract

After completion of a competitive pricing process Capricorn has awarded the contract for plant electrical installation to Way Electrical Pty Ltd. The cost of the contract is in the order of \$5 million and is in line with Capricorn's budget estimate. This is the final significant construction contract for the build of the processing plant. The awarding of all the major construction work packages at costs in line with budget continues to reduce costing risks as the construction advances.

Power Station

The KGP power supplier, Contract Power Australia has progressed fabrication of the power station building. The 8 Cummins HSK78G, 2MW gas generator units are in transit from USA with expected arrival into Fremantle port in December 2020 and delivery to KGP site in early February 2021.



Power station construction

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Open Pit Mining Activities Commenced

The KGP open pit earthmoving contractor, MACA Mining Pty Ltd has commenced mobilising mining equipment to site. Early preparatory works have commenced including haul road construction and limited waste mining mostly to provide materials for surface water bunds and TSF construction. The first waste rock blast of material in the Bibra stage 1 pit has been fired successfully.



Establishment of mining contractor



First blast preparation and shot

Capricorn Executive Chairman Mark Clark commented:

“The development of Karlawinda is proceeding on time and on budget. We continue to achieve important milestones on the path to an efficient completion of development and de-risking of the transition to operations. We look forward to commencing Australia’s next new gold mine at a 110,000 – 125,000 ounce per annum run rate in mid-2021.”

18 November 2020

Authorised by the Board of Directors

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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.

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