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Company Announcements Office
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

ASX:CMM

MT GIBSON GOLD PROJECT PATHWAY TO DEVELOPMENT DECISION

ASX Announcement

Highlights

- An 81,000 metre resource infill and extensional drill programme with a budget of \$10 million has commenced at the Mt Gibson Gold Project (MGGP).
- This drill programme will underpin an updated Mineral Resource Estimate and maiden Ore Reserve Estimate, both targeted for completion in the September 2022 quarter.
- Completion of a feasibility study and a development decision for the MGGP targeted for the December 2022 quarter.

Resource Development Drilling

Capricorn Metals Ltd (**Capricorn** or the **Company**) is pleased to advise that the 81,000 metre drill programme across the 8 kilometres strike of the current 2.08 million ounce resource has commenced. The objectives of this programme include:

- Infill drilling of resource to broadly bring the drill density to 25 x 25 metres;
- Test gaps between resource pit optimisation shells along the 8 kilometres of strike of current resources; and
- Test for extensions of gold mineralisation below the current resource shells.

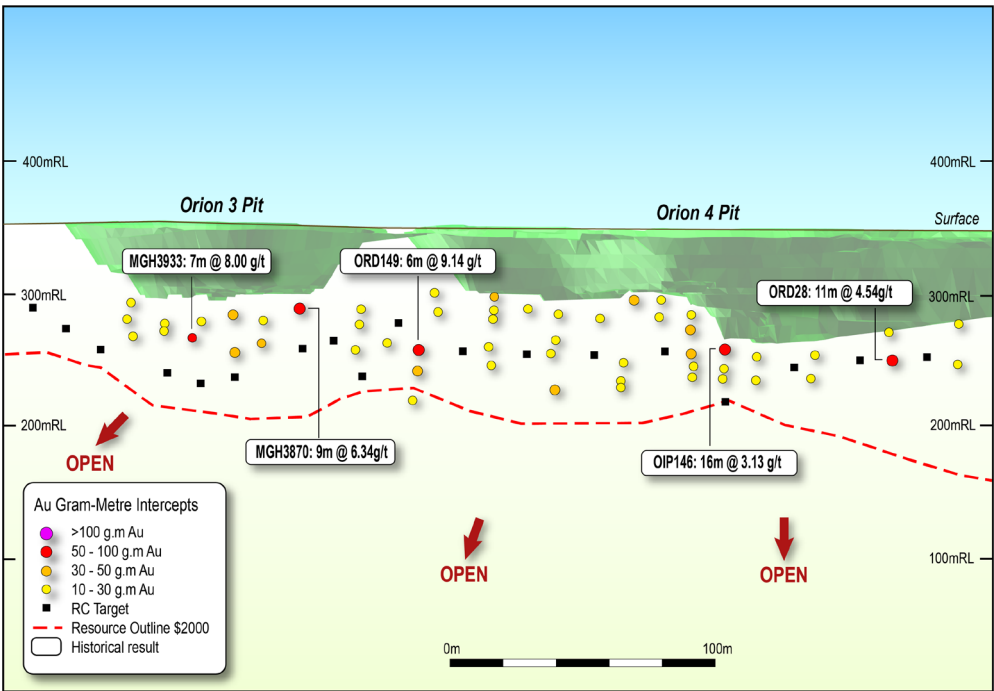
Drilling has commenced with one RC drill rig and is expected to ramp up to three rigs over the next two months. The programme is expected to take in the order of 4 – 6 months to complete at a cost of approximately \$10 million. Results of this programme (and any extensions to it) will be used as the basis for a resource update and a maiden Ore Reserve Estimate in 2022.



Drilling has commenced in the area of the historical Orion 3 and 4 pits.



Resource shells, historical pits and current drilling location



Orion 3 & 4 Long Section with planned RC drilling

Outlook

The current extensive resource drilling programme will underpin an update to the MRE targeted for the September 2022 quarter. Other technical studies will be advanced in parallel with the drilling with a view to having completed sufficient technical work to allow the estimation of a maiden Ore Reserve Estimate, also in the September 2022 quarter.

It is expected that the Ore Reserve and technical studies will facilitate completion of a Feasibility Study and a decision on the development of the project in the December 2022 quarter.

Capricorn Executive Chairman Mark Clark commented:

“The commencement of the major drill programme in and around the current 2 million ounce Mt Gibson gold resource is the first step towards Capricorn’s goal of developing a gold mining operation at the project. We look forward to estimating a maiden Ore Reserve and completing a feasibility study to underpin a development decision in the second half of 2022. With Karlawinda now fully operational, we have a clear focus on expediting development of Capricorn’s second Western Australian mining operation.”

Background on the MGGP Opportunity

The combined area of the granted tenure at MGGP covers approximately 213 square kilometres and in excess of 15 kilometres of strike on the gold bearing Retaliation Greenstone Belt, in the SW portion of the Yalgoo-Singleton Greenstone Belt.

The MGGP has been the subject of approximately 660,000 metres of exploration and operations drilling, of which less than 5% is deeper than 150 metres below surface. The deepest open pit at the MGGP finished only approximately 100 metres below surface while the average depth of mining is between 60 – 80 metres below surface. The gold price in 1999 when the mining operations ceased was in the order of A\$450 per ounce (compared to current price of circa A\$2,500/oz).

Capricorn has completed a JORC 2012 compliant Mineral Resource Estimate for the MGGP:

	Cut-Off (g/t)	Classification	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)
Open Pit	0.4	Inferred	79.7	0.8	2,083

Notes: 1.Mineral Resources are estimated using a gold price of A\$2000/ounce.

2.The above data has been rounded to the nearest 100,000 tonnes, 0.1 g/t gold grade and 1,000 ounces. Errors of summation may occur due to rounding.

In addition to the resource expansion potential at the project there is also a significant broader exploration opportunity on the tenure package. The parallel (immediately west) structure to the Mt Gibson Mine Trend and the Highway/McDonalds area located 5km north of the current resources have been identified as significant immediate exploration targets.

Significant opportunities for Capricorn at MGGP include:

1. The resource estimate extends over a length of 8 kilometres to an average depth of 140 metres and maximum depth of 220 metres below surface. There are significant drillhole data gaps between areas of the resource optimisation shells along the length of the resource strike. There are also numerous targets (derived from both deeper historical drill results and from geological interpretations) below the depth limits of the current resource;
2. Although the density of drilling in the resource is very good, (ranging from 25m x 25m to 50m x 25m) the resource is currently all classified in the Inferred category until database validation drilling is completed in the planned programme;
3. The deposit is open along strike both to the north and south of current resource shells; and
4. Known gold occurrences have also been identified elsewhere on the granted tenure outside the immediate current resource areas.

Capricorn has planned extensive drill programmes for both resource development and first pass exploration.

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

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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.

Competent Persons Statement

The information in this report that relates to the Mineral Resource is extracted from the ASX announcement released on 28 July 2021 entitled “Acquisition of Mt Gibson Gold Project”. Competent Person’s consents were obtained for the announcement.

The reports are available to view on the ASX website and on the Company’s website at www.capmetals.com.au. The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcement, and, in the case of estimates of Mineral Resources, that all market assumptions and technical assumptions underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Competent Person’s consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by subsequent report and accompanying consent
