



15 March 2022

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

CAPRICORN RECORDS HALF YEAR PROFIT OF \$51.8 MILLION FROM FIRST SIX MONTHS OF OPERATIONS

The commencement of operations at the Karlawinda Gold Project ("KGP") in June 2021 has seen Capricorn report a profit of \$51.8 million for the half year ended 31 December 2021.

	Half Year to 31 Dec 21 \$'000	Half Year to 31 Dec 20 \$'000
Gold sales	125,703	-
Profit/(loss) before tax	51,803	(2,358)
Profit/(loss) after tax	51,803	(2,358)
Earnings per share (cents)	14.14	(0.69)
Cashflow from operating activities	64,060	(3,086)

The operating results at the KGP for the six months of operations to 31 December 2021 were as follows:

Ore mined (tonnes)	3,197,893
Ore milled (tonnes)	2,127,935
Head grade (g/t)	0.87
Recovery (%)	91.9
Gold production (ounces)	54,645

- Gold sales of 52,756 ounces at an average delivery price of \$2,383 per ounce.
- Cash balance of \$27.4 million at 31 December with gold bullion on hand of 1,020 ounces valued at \$2.6 million.
- Bank debt of \$75 million at 31 December 2021 after repayments of \$15 million during the six months.
- Gold production for the December 2021 quarter (first full quarter of steady state operations) of 30,316 ounces at all in sustaining costs of \$1,048 per ounce.

Capricorn Executive Chairman Mark Clark commented:

“The strong financial results achieved over the first six months of operations from the Karlawinda Gold Project are a great credit to Capricorn’s operations team. A profit of \$51.8 million further confirms Karlawinda’s status as a low cost, high margin project with the potential to deliver robust operating cash flows over a long mine life.”

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

For further information, please contact:

Mr Kim Massey

Chief Executive Officer

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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.



CAPRICORN METALS LTD
AND ITS CONTROLLED ENTITIES
ABN 84 121 700 105

HALF YEAR FINANCIAL REPORT
31 DECEMBER 2021

ABN

84 121 700 105

Directors

Mark Clark – Executive Chairman

Mark Okeby – Non-Executive Director

Myles Ertzen – Non-Executive Director

Bernard De Araugo – Non-Executive Director

Company Secretary

Kim Massey

Registered Office & Principal Place of Business

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Automic Pty Ltd

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PERTH WA 6000

Telephone: +61 2 9698 5414 or 1300 288 664

Auditor

KPMG Perth

235 St Georges Terrace

PERTH WA 6000

Securities Exchange Listing

Australian Securities Exchange

ASX Code

CMM

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Directors' Report (Continued)

The Directors present their financial report of the Consolidated Group ("the Group" or "Capricorn") consisting of Capricorn Metals Ltd and the entities it controlled for the half year ended 31 December 2021, and the review report thereon.

DIRECTORS

The names of Directors who held office during or since the end of the half year, for the whole period unless otherwise stated:

Mr Mark Clark	(Executive Chairman).....Appointed 8 July 2019
Mr Mark Okeby	(Non-Executive Director).....Appointed 8 July 2019
Mr Myles Ertzen	(Non-Executive Director).....Appointed 13 September 2019
Mr Bernard De Araugo	(Non-Executive Director).....Appointed 26 May 2021

REVIEW OF OPERATIONS

Financial Review

The Group recorded a profit from ordinary activities after income tax of \$51,803,000 for the half year (Restated* half year ended 31 December 2020: loss of \$2,358,000).

The Group had a cash balance of \$27,426,000 as at 31 December 2021 (30 June 2021: \$10,312,000).

* The comparative information has been restated on account of correction of errors. Refer to Note 26.

Operations Review – Karlawinda Gold Project

The Karlawinda Gold Project ("KGP") is located 65 kilometres south-east of Newman in the Pilbara region of Western Australia. Construction of the KGP commenced in December 2019 and was completed in the June 2021 quarter with the successful commissioning of the processing plant culminating in first gold poured at the end of June 2021.

During the half year, commissioning and optimisation activities were completed, including the ramp up in the processing plant availability and throughput to guidance rates on a steady state basis by the end of the September 2021 quarter.

The December 2021 quarter represented the first full quarter of operations on a steady state basis, with all in sustaining costs (AISC) and other financial metrics being reported for the first time.

The KGP produced 54,645 ounces of gold in the six months to 31 December 2021. Expected gold production for the full year ending 30 June 2022 (including Q1 commissioning production) is expected to be in the guidance range of 110,000 – 120,000 ounces at the long term AISC guidance range of \$1,100 - \$1,200 per ounce.

Operating results for the Karlawinda Gold Project for the six months ended 31 December 2021 were as follows:

	Unit	Dec 21Q	Sept 21Q	Dec 21H
Operations				
Ore mined	BCM ('000)	892	602	1,494
Waste mined	BCM ('000)	1,582	1,511	3,093
Stripping ratio	w:o	1.8	2.5	2.1
Ore mined	t ('000)	1,998	1,200	3,198
Ore milled	t ('000)	1,150	978	2,128
Head Grade	g/t	0.90	0.84	0.87
Recovery	%	91.3	92.6	91.9
Gold production	Oz	30,316	24,329	54,645
Financial				
Cash cost	A\$/oz	842	N/A	N/A
Cash cost inc. royalties *	A\$/oz	963	N/A	N/A
All-in sustaining cost *	A\$/oz	1,048	N/A	N/A

* Cash costs and All-in-sustaining costs are non-IFRS measures, and where included in this report, have not been subject to review by the Group's auditors.

Project Review – Mt Gibson Gold Project

In July 2021 Capricorn announced the acquisition of the Mt Gibson Gold Project (“MGGP”) located approximately 280 kilometres northeast of Perth in the Mid-West region of WA. The project has a JORC 2012 compliant inferred Mineral Resource Estimate of 79Mt @ 0.8g/t Au for 2,083,000 ounces of gold.

The Company acquired the project for total consideration of \$39.6 million comprising \$25.6 million cash payment and \$14 million paid by the issue of 7.65 million fully paid ordinary shares in Capricorn. In addition, the Company granted a 1.0% net smelter royalty on all minerals produced from the project including gold production in excess of 90,000 ounces.

Historic gold production at the MGGP between 1986 and 1999 was in excess of 868,000 ounces from open pits with a maximum depth of 100 metres below surface and an average depth of 60 metres below surface. The project was placed on care and maintenance in 1999 when the gold price was around \$450 per ounce, with the processing plant subsequently decommissioned and removed.

The combined area of the granted tenure 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. A further four exploration licences covering 491 square kilometres of prospective regional exploration area are under application.

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. No significant gold focussed exploration has been conducted at the MGGP since the late 1990’s. There is significant exploration potential between, below and along strike of current resource positions.



The granting of mining tenure allows Capricorn to expedite work to grow the gold resource and advance the project towards a maiden reserve estimate and feasibility study. It also provides access to commence testing of high priority exploration targets outside the immediate resource areas.

Following a detailed review of the 8 kilometres strike of the current 2.08 million ounce resource, an 81,000 metre drill programme was planned for the purposes of:

- Infill drilling the 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.

This drill programme commenced in January 2022 and is currently progressing with two RC rig drill rigs.

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The programme is expected to ramp up to three rigs over the March 2021 quarter and take in the order of 4 – 6 months to complete at a cost of approximately \$10 million. Results of this programme will be used as the basis for a resource update and a maiden Ore Reserve Estimate targeted for later in 2022, along with a feasibility study and development decision.

Corporate

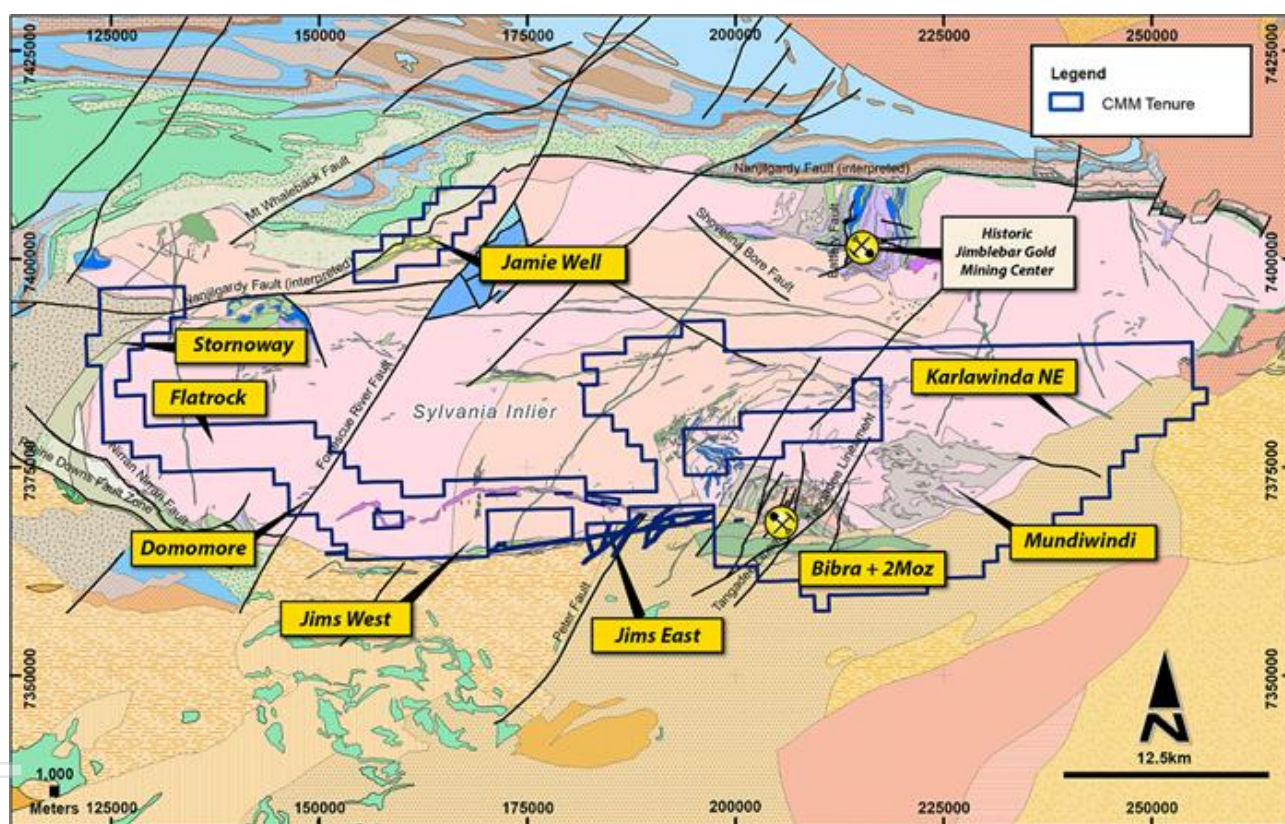
The Company's cash balance at the end of the half year was \$27.4 million up from \$10.3 million at 30 June 2021 as a result of strong operating cash flow generated from the KGP. The Company repaid a total of \$15 million of debt during the six months reducing the total debt outstanding to \$75 million as at 31 December 2021.

During the half-year ended 31 December 2021, the Company sold 52,756 ounces of gold at an average price of \$2,383 per ounce. The Company delivered 21,000 ounces into gold forward sales contracts at an average price of \$2,248 per ounce. The remaining 52,745 ounces of sales were delivered at the prevailing spot price achieving an average gold price of \$2,472 per ounce. At the end of the half year Capricorn had 179,000 ounces of flat forward contracts remaining at an average delivery price of \$2,250 per ounce.

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 significant greenstone areas.

The Pilbara region of Western Australia has not had a significant historical exploration focus on gold and as a result very little modern and meaningful gold exploration has been completed outside of the immediate Bibra deposit.



CMM exploration projects showing prospects in proximity of the prospective Pilbara Craton margin and regional Faults.

A total of 671 holes for 36,093 metres were drilled across the Karlawinda tenement package for the 6 months ending 31 December 2021 with encouraging results received at near mine projects at Muirfield, Sothorn Corridor, Bundoran and Carnoustie .

Near Mine Drilling

Muirfield

A near mine AC drilling programme of 14 holes for 850 metres was completed at the Muirfield prospect, 4km east of the Bibra open pit, in the September 2021 quarter which generated promising results that were followed up with a 47 hole RC drilling programme for 5,403 metres in the December 2021 quarter. Significant near surface oxide and fresh rock mineralisation was identified in initial 4 metre composite sampling. Encouragingly, mineralisation has similar geological characteristics to the Bibra deposit with intense zones of silica+sericite+biotite alteration associated with quartz veining and pyrite + arsenopyrite mineralisation.

Contents

Significant results from assays received to date include:

- 8m @ 6.32g/t from 24m in KBRC1604
- 4m @ 1.45g/t from 68m in KBRC1604
- 4m @ 6.44g/t from 92m in KBRC1606
- 4m @ 1.88g/t from 132m in KBRC1606
- 12m @ 1.21g/t from 44m in KBRC1610

Based on the results received to date and due to its proximity, a follow-up drilling programme is being planned targeting Muirfield as a potential satellite project to Bibra. The results from this drilling will be included in the next resource and reserve updates.

Southern Corridor

The Southern Corridor deposit is immediately south of the Bibra open pit and has a JORC compliant reserve of 4.6Mt @ 0.8g/t for 110,000 ounces. An RC drilling programme of 18 holes for 3,960 metres on a 100x50m grid was completed at Southern Corridor testing for extensions to the mineralisation at the deposit. The mineralisation is open down dip and along strike to the south.

Significant results from assays received to date include:

- 4m @ 1.68g/t from 157m in KBRC1718
- 8m @ 1.99g/t from 118m in KBRC1719
- 7m @ 1.29g/t from 122m in KBRC1720
- 6m @ 1.30g/t from 98m in KBRC1720
- 4m @ 3.42g/t from 97m in KBRC1721
- 6m @ 1.18g/t from 144m in KBRC1722

The results received to date together with further drilling are expected to extend and improve confidence of the existing resource and lead to a positive impact on the project economics at Southern Corridor.

Events After Balance Date

Except as disclosed above, there have been no other events subsequent to balance date that would significantly affect the amounts reported in the consolidated financial statements as at and for the half-year ended 31 December 2021.

Auditors' Independence Declaration

The lead auditor's independence declaration as required under section 307C of the Corporation Act 2001 is set out on the following page and forms part of the Directors' Report for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors.



Mr Mark Clark
Executive Chairman
Perth, Western Australia
14 March 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Capricorn Metals Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Capricorn Metals Ltd for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

KPMG

A handwritten signature in blue ink, appearing to read 'R Gambitta', followed by a period.

R Gambitta
Partner

Perth

14 March 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2021

	Note	31 December 2021 \$'000	Restated* 31 December 2020 \$'000
Revenue	4(a)	125,744	48
Costs of goods sold	5(a)	(64,620)	-
Gross profit		61,124	48
Other income	4(b)	20	100
Fair value gain on financial assets	9	2,452	22
Personnel costs		(3,148)	(1,618)
Share-based payment expense	23	(1,696)	(1,638)
Depreciation		(107)	(112)
Amortisation		(604)	-
Administration expenses		(878)	(411)
Exploration & evaluation expenditure		(60)	(7)
Finance income / (expenses)	5(b)	(5,300)	1,258
Total expenses		(9,341)	(2,506)
Profit/(Loss) before income tax expense		51,803	(2,358)
Income tax expense		-	-
Net profit/(loss) attributable to members of the parent entity		51,803	(2,358)
Other Comprehensive Income:			
<i>Items that may be reclassified to the profit or loss:</i>			
- Adjustment from translation of foreign controlled entities		(50)	(121)
Total comprehensive profit/(loss) for the period attributable to members of the parent entity		51,753	(2,479)
Earnings per share:			
Basic profit/(loss) per share (cents per share)		14.14	(0.69)
Diluted profit/(loss) per share (cents per share)		13.83	(0.69)

* The comparative information has been restated on account of correction of errors. Refer to Note 26.

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Financial Position
For the half year ended 31 December 2021

	Note	31 December 2021 \$'000	30 June 2021 \$'000
Current assets			
Cash and cash equivalents	6	27,426	10,312
Receivables		1,640	1,325
Other assets	7	2,071	1,502
Inventories	8	24,278	14,065
Financial assets	9	4,140	1,688
Assets classified as held for sale	10	2,500	2,500
Total current assets		62,055	31,392
Non-current assets			
Other assets	7	3,768	4,516
Plant and equipment	11	154,644	1,075
Right of use assets	12	49,558	51,591
Deferred exploration and evaluation costs	13	58,030	2,698
Mine properties under development	14	6,922	208,323
Mine Properties	15	52,466	-
Total non-current assets		325,388	268,203
Total assets		387,443	299,595
Current liabilities			
Trade and other payables	16	18,302	18,945
Lease liabilities	17	7,446	7,452
Borrowings	18	34,091	32,000
Provisions	19	910	569
Total current liabilities		60,749	58,966
Non-current liabilities			
Lease liabilities	17	40,254	43,603
Borrowings	18	41,000	38,000
Provisions	19	31,472	21,483
Derivatives	20	8,928	7,083
Total non-current liabilities		121,654	110,169
Total liabilities		182,403	169,135
Net assets		205,040	130,460
Equity			
Issued capital	21	201,760	180,629
Reserves		3,050	10,647
Accumulated losses		230	(60,816)
Total equity		205,040	130,460

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2021

	Note	Issued capital \$'000	Accumulated losses \$'000	Foreign currency translation reserve \$'000	Share-based payment reserve \$'000	Total \$'000
Balance as at 1 July 2020 (Restated)		145,040	(57,251)	(703)	9,422	96,508
Loss for the period		-	(3,965)	-	-	(3,965)
Other comprehensive income		-	-	(121)	-	(121)
Total comprehensive income as previously stated*		-	(3,965)	(121)	-	(4,086)
Impact of restatement		-	1,607	-	-	1,607
Total comprehensive income restated		-	(2,358)	(121)	-	(2,479)
Issue of shares		32,430	-	-	-	32,430
Costs of capital raised		(1,322)	-	-	-	(1,322)
Share based payments		-	-	-	1,638	1,638
Balance as at 31 December 2020		176,148	(59,609)	(824)	11,060	126,775
Balance as at 1 July 2021		180,629	(60,816)	(852)	11,499	130,460
Profit for the period		-	51,803	-	-	51,803
Other comprehensive income		-	-	(50)	-	(50)
Total comprehensive income		-	51,803	(50)	-	51,753
Issue of shares	21	21,161	-	-	-	21,161
Costs of capital raised	21	(30)	-	-	-	(30)
Share based payments	23	-	-	-	1,696	1,696
Transfers to retained earnings		-	9,243	-	(9,243)	-
Balance as at 31 December 2021		201,760	230	(902)	3,952	205,040

* The comparative information has been restated on account of correction of errors. Refer to Note 26.

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from gold sales		125,703	-
Payments to suppliers and employees		(58,132)	(2,927)
Interest received		4	170
Interest paid		(3,535)	(477)
Other income		20	148
Net cash used in operating activities		64,060	(3,086)
Cash flows from investing activities			
Payments for property, plant & equipment		(1,452)	(237)
Payments for mine properties under development		(22,954)	(55,542)
Payments for capitalised exploration expenditure		(3,246)	(1,417)
Payments for acquisition of assets		(26,744)	-
Net cash used in investing activities		(54,396)	(57,196)
Cash flows from financing activities			
Proceeds from the issue of shares		6,000	32,430
Costs of capital raised		(30)	(1,224)
Proceeds from borrowings		20,000	2,500
Repayment of borrowings		(15,000)	-
Repayment of lease liabilities		(3,520)	(220)
Net cash provided by financing activities		7,450	33,486
Net increase / (decrease) in cash and cash equivalents held		17,114	(26,796)
Cash and cash equivalents at beginning of the period	6	10,312	45,695
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash and cash equivalents at end of the period	6	27,426	18,899

The accompanying notes form part of these financial statements

Notes to the Condensed Consolidated Financial Statements (Continued)

For the half year ended 31 December 2021

1A REPORTING ENTITY

Capricorn Metals Ltd is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The Company's registered office and principal place of business is:

Level 1, 28 Ord Street
WEST PERTH WA 6005

The nature of the operations and principal activities of the Company and its subsidiaries are described in the Directors Report.

1B BASIS OF PREPARATION

The interim condensed consolidated financial statements for the half year ended 31 December 2021 have been prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the most recent annual financial statements, which are available on the Company's website, and any public announcements made during the half year.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 14 March 2022.

Restatement

The comparative information has been restated on account of correction of errors. Refer to Note 26.

1C USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the last annual financial statements.

1D STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The Group has early adopted AASB 116 *Property, Plant and Equipment: Proceeds before Intended Use* from 1 July 2021. Under the amendments, the Group recognises the proceeds from gold sales from mines which are in the pre-production/commissioning phase in the statement of profit or loss and other comprehensive income, together with the costs of production.

Prior to the adoption of the amended standard any proceeds from sales in the pre-production/commissioning phase were deducted from the cost of the mine properties under development asset.

These amendments apply retrospectively and did not have a material impact on the comparative periods presented and therefore comparative information has not been restated.

Other than as mentioned above, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2021.

2. SEGMENT INFORMATION

The following table presents profit and loss information for reportable segments for the half-years ended 31 December 2021 and 2020, respectively.

	Australia \$'000	Madagascar \$'000	Group \$'000
31 December 2021			
Revenue			
Revenue	125,703	41	125,744
Other income	17	3	20
Total segment revenue	125,720	43	125,764
Result			
Profit/(Loss) before income tax	51,890	(87)	51,803

Notes to the Condensed Consolidated Financial Statements (Continued)
For the half year ended 31 December 2021

	Australia \$'000	Madagascar \$'000	Group \$'000
31 December 2020			
Revenue			
Revenue	-	48	48
Other income	100	-	100
Total segment revenue	100	48	148
Result			
Profit/(Loss) before income tax as previously stated	(3,788)	(177)	(3,965)
Impact of restatement*	1,607	-	1,607
Profit/(Loss) before income tax after restatement	(2,181)	(177)	(2,358)

* The comparative information has been restated on account of correction of errors. Refer to Note 26.

Segments assets and liabilities as at 31 December 2021 and 30 June 2021 are as follows:

	Australia \$'000	Madagascar \$'000	Group \$'000
31 December 2021			
Assets/Liabilities			
Segment assets	384,914	2,529	387,443
Segment liabilities	(182,402)	(1)	(182,403)

30 June 2021

Assets/Liabilities			
Segment assets	296,941	2,654	299,595
Segment liabilities	(169,134)	(1)	(169,135)

3. DIVIDENDS

No dividend has been paid or proposed.

4. REVENUE & OTHER INCOME

Accounting policies

Gold sales

The Group recognises revenue from gold sales when it satisfies the performance obligation of transferring control of gold inventory to the bank. The Group has determined that this generally occurs when the sales contract has been entered into and the bank has physical possession of the gold, as this is the point at which the bank obtains control of the asset. The transaction price is determined based on the agreed price and the number of ounces delivered. Payment is due upon delivery into the sales contract.

	31 December 2021 \$'000	31 December 2020 \$'000
(a) Revenue		
Gold Sales	125,703	-
Rental income	41	48
Total Revenue	125,744	48
(b) Other Income		
Government grant income	-	100
Other	20	-
Total Other Income	20	100

Notes to the Condensed Consolidated Financial Statements (Continued)

For the half year ended 31 December 2021

5. EXPENSES

	31 December 2021	Restated* 31 December 2020
	\$'000	\$'000
(a) Costs of goods sold		
Cash costs of production	(44,224)	-
Royalties	(5,894)	-
Mine plant and equipment depreciation	(8,986)	-
ROU depreciation (refer Note 12)	(2,772)	-
Amortisation of mine properties (refer Note 15)	(2,744)	-
	<u>(64,620)</u>	<u>-</u>

(b) Finance Income/(Expenses)

Finance income

Interest	7	135
Net gain on financial instruments at fair value through profit and loss ⁽¹⁾	-	1,607

Finance expenses

Secured bank loan	(1,588)	(454)
Interest on lease liabilities	(1,685)	(30)
Net loss on financial instruments at fair value through profit and loss ⁽¹⁾	(1,845)	-
Unwinding of discount on provisions (refer Note 19)	(163)	-
Other costs	(26)	-
Total Finance Income/(Expenses)	<u>(5,300)</u>	<u>1,258</u>

* The comparative information has been restated on account of correction of errors. Refer to Note 26.

(1) The net gain/loss on financial instruments at fair value through profit or loss, refers to the movement in the fair value of an open sold gold call option contract. For more information on the measurement and recognition of derivatives, refer to Note 20.

6. CASH AND CASH EQUIVALENTS

	31 December 2021	30 June 2021
	\$'000	\$'000
Cash at bank	27,426	10,312

7. OTHER ASSETS

	31 December 2021	30 June 2021
	\$'000	\$'000
Current		
Gold forward asset	1,381	1,237
Prepayments	690	265
Total Current Other Assets	<u>2,071</u>	<u>1,502</u>
Non-Current		
Gold forward asset	3,768	4,516
Total Other Assets	<u>5,839</u>	<u>6,018</u>

The gold forward asset refers to the fair value of the premium income on sold gold call option contract. The sold gold call option premium was added to the price of the Company's gold forward contracts (disclosed in Note 25). Subsequent measurement of the gold forward asset, which matures by 30 June 2025, is at amortised cost.

8. INVENTORY

	31 December 2021	30 June 2021
	\$'000	\$'000
Ore stockpiles	17,943	10,103
Gold in circuit	4,073	2,817
Bullion on hand	1,332	504
Consumable stores	930	641
Total Inventories	24,278	14,065

9. FINANCIAL ASSETS

	31 December 2021	30 June 2021
	\$'000	\$'000
As at 1 July	1,688	68
Additions	-	1,200
Fair value adjustment	2,452	420
Total Financial Assets	4,140	1,688

Fair value of listed shares and assumptions

	31 December 2021	30 June 2021
BlackEarth Minerals NL		
Fair value per listed share	\$0.120	\$0.094
Closing quoting bid price per share	\$0.120	\$0.094
DiscovEx Resources Limited		
Fair value per listed share	\$0.013	\$0.005
Closing quoting bid price per share	\$0.013	\$0.005

10. ASSETS HELD FOR SALE

	31 December 2021	30 June 2021
	\$'000	\$'000
Property asset	4,500	4,500
Impairment	(1,800)	(1,800)
Translation adjustment	(200)	(200)
Total Assets Held for Sale	2,500	2,500

The Group intends to dispose of a freely held property asset located in Antanarirvo, Madagascar within the next 12 months. This property of 19,373m² containing a number of buildings, including offices, warehouses and villa accommodation, is a unique asset with limited potential buyers.

An annual valuation was completed by Cabinet D'Expertise Audit Techniques Et Conseils Qualities in June 2020 of 7,235,880,000 Ariary which translates to AUD \$2,540,956 as at 31 December 2021 (30 June 2021: AUD\$2,544,038). On the basis of the current valuation, the Directors considered the carrying value appropriate for the half year ended 31 December 2021.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the half year ended 31 December 2021

11. PLANT AND EQUIPMENT

	Buildings & Infrastructure \$'000	Plant & Equipment \$'000	Mobile Plant & Equipment \$'000	Furniture & Equipment \$'000	Capital WIP \$'000	Total \$'000
Net carrying amount at 1 July 2020	-	83	-	343	443	869
Additions	-	180	-	196	109	485
Depreciation	-	(70)	-	(131)	-	(201)
Transfers between classes	-	441	-	20	(461)	-
Transfers to mine properties under development	-	-	-	-	(78)	(78)
Net carrying amount at 30 June 2021	-	634	-	428	13	1,075

As at 30 June 2021

Cost	-	899	-	876	13	1,788
Accumulated depreciation	-	(265)	-	(448)	-	(713)
Net carrying amount at 30 June 2021	-	634	-	428	13	1,075

	Buildings & Infrastructure \$'000	Plant & Equipment \$'000	Mobile Plant & Equipment \$'000	Furniture & Equipment \$'000	Capital WIP \$'000	Total \$'000
Net carrying amount at 1 July 2021	-	634	-	428	13	1,075
Additions	162	1,005	73	153	2,090	3,483
Transfers between classes	-	(269)	269	-	-	-
Transfers from mine properties under development	37,532	111,861	3,050	7,332	-	159,775
Depreciation	(2,412)	(6,323)	(308)	(528)	-	(9,571)
Amounts written off	-	(62)	-	(56)	-	(118)
Net carrying amount at 31 December 2021	35,282	106,846	3,084	7,329	2,103	154,644

As at 31 December 2021

Cost	37,694	113,278	3,392	8,113	2,103	164,580
Accumulated depreciation	(2,412)	(6,432)	(308)	(784)	-	(9,936)
Net carrying amount at 31 December 2021	35,282	106,846	3,084	7,329	2,103	154,644

12. RIGHT OF USE ASSETS

	31 December 2021 \$'000	30 June 2021 \$'000
As at 1 July	51,591	218
Additions	802	52,846
Depreciation mine plant & equipment	(2,772)	(1,352)
Depreciation other plant & equipment	(63)	(121)
As at 31 December	49,558	51,591

13. DEFERRED EXPLORATION & EVALUATION COSTS

	31 December 2021	30 June 2021
	\$'000	\$'000
As at 1 July	2,698	542
Expenditure for the period	3,832	3,154
Exploration expenditure expensed	(60)	-
Acquisition of exploration and evaluation assets – MGGP (refer Note 22)	51,560	-
Transferred to mine properties under development	-	(998)
As at 31 December	58,030	2,698

14. MINE PROPERTIES UNDER DEVELOPMENT

	31 December 2021	30 June 2021
	\$'000	\$'000
As at 1 July	208,323	66,277
Construction expenditure capitalised	14,222	103,748
Pre-production expenditure capitalised	(235)	20,070
Rehabilitation additions	-	17,152
Transfers from exploration	-	998
Transfers from plant & equipment	-	78
Transfers to mine properties	(55,613)	-
Transfers to plant & equipment	(159,775)	-
As at 31 December	6,922	208,323

15. MINE PROPERTIES

Accounting policies

Mine properties

Mine properties represent expenditure in respect of exploration, evaluation, feasibility, pre-production operating costs incurred by the Group prior to the commencement of production and rehabilitation assets. All expenditure is carried forward to the extent that it is expected to be recouped from future revenues. If additional expenditure is incurred in respect of a mine property after production has commenced such expenditure is carried forward as part of the cost of the mine property if it is expected to be recouped from future revenues otherwise the expenditure is classified as part of the cost of production and expensed as incurred.

Mine properties are amortised on a unit-of production basis over the life of the mine using tonnes of ore milled.

	Other ⁽¹⁾	Pre- Production	Rehabilitation	Total
	\$'000	\$'000	\$'000	\$'000
Net carrying amount as at 1 July 2021	-	-	-	-
Transfers from Mine Properties Under Development	15,477	18,865	21,271	55,613
Rehabilitation adjustments	-	-	(403)	(403)
Amortisation expense	(758)	(944)	(1,042)	(2,744)
Net carrying amount as at 31 December 2021	14,719	17,921	19,826	52,466
At 31 December 2021				
Cost	15,477	18,865	20,868	55,210
Accumulated amortisation	(758)	(944)	(1,042)	(2,744)
Net carrying amount	14,719	17,921	19,826	52,466

(1) Other refers to exploration and evaluation expenditure in relation to areas of interest in which mining has commenced.

16. TRADE AND OTHER PAYABLES

	31 December 2021	30 June 2021
	\$'000	\$'000
Trade payables	2,749	6,100
Accrued expenses	11,136	11,200
Other payables	4,417	1,645
Total Trade and Other Payables	18,302	18,945

17. LEASE LIABILITIES

	31 December 2021	30 June 2021
	\$'000	\$'000
Current		
Lease liabilities	7,446	7,452
Non-Current		
Lease liabilities	40,254	43,603
Total Lease Liabilities	47,700	51,055

18. BORROWINGS

	31 December 2021	30 June 2021
	\$'000	\$'000
Current		
Bank loans ⁽¹⁾	34,091	32,000
Non-Current		
Bank loans	41,000	38,000
Total Borrowings	75,091	70,000

(1) Includes accrued interest of \$91,000.

Borrowings comprise of amounts drawn down and repaid on a Project Loan Facility of \$100 Million with Macquarie Bank Limited ("Macquarie"). The facility accrues interest at the bank bill rate plus 3% and is repayable in various instalments over a term ending 30 June 2025 however, voluntary repayments can be made in accordance with the facility agreement. The facility includes customary liquidity and debt service covenants. The Group is in compliance with its covenants.

Macquarie holds a first ranking, registered fixed and floating charge over all the assets of Capricorn Metals Ltd and its wholly owned subsidiary, Greenmount Resources Pty Ltd (owner of the Karlawinda Gold Project) as security for the facility provided by Macquarie.

19. PROVISIONS

	31 December 2021	30 June 2021
	\$'000	\$'000
Current		
Annual leave	827	487
Rehabilitation	82	82
Total Current Provisions	910	569
Non-current		
Long service leave	66	50
ROU asset demobilisation	684	244
Rehabilitation	30,722	21,189
Total Non-Current Provisions	31,472	21,483
Total Provisions	32,382	22,052

Notes to the Condensed Consolidated Financial Statements (Continued)
For the half year ended 31 December 2021

Provision for rehabilitation

As at 1 July	21,271	4,119
Provisions raised during the year	-	17,152
Provisions used during the year	(6)	-
Provisions re-measured during the year	(403)	-
Provisions assumed during the year - MGGP	9,779	-
Unwinding of the discount	163	-
As at 31 December	30,804	21,271

The Group assesses site rehabilitation liabilities on an annual basis. The provision recognised is based on an assessment of the estimated cost of closure and reclamation of the areas using internal information concerning environmental issues in the exploration and previously mined areas, discounted to present value. Significant estimation is required in determining the provision for site rehabilitation as there are many factors that may affect the timing and ultimate cost to rehabilitate sites where mining and/or exploration activities have previously taken place. These factors include future development/exploration activity, changes in the costs of goods and services required for restoration activity and changes to the legal and regulatory framework. These factors may result in future actual expenditure differing from the amounts currently provided.

20. DERIVATIVES

	31 December 2021	30 June 2021
	\$'000	\$'000
Sold gold call option liability	8,928	7,083

The sold gold call option liability refers to the fair value of the sold gold call option contract entered into on 6 January 2020. Subsequent measurement of the sold gold call option contracts, which expire on 30 June 2025, is at fair value at balance date with any changes in the fair value immediately recognised in the profit or loss.

The fair value of the sold gold call option liability as at 31 December 2021 is based on a spot gold price of \$2,513 per ounce (30 June 2021: \$2,362 per ounce).

21. ISSUED CAPITAL

	31 December 2021	30 June 2021
	\$'000	\$'000
Ordinary shares – issued and fully paid	201,760	180,629
Movement in ordinary shares on issue:	Number of shares	\$'000
As at 1 July 2020	326,801,473	145,040
Issue of shares ⁽¹⁾	17,000,000	32,300
Issued on exercise of options ⁽²⁾	6,218,006	4,536
Costs of capital raised	-	(1,247)
As at 30 June 2021	350,019,479	180,629
Issue of shares ⁽³⁾	8,285,955	15,161
Issued on exercise of options	10,000,000	6,000
Issued on exercise of rights	2,000,000	-
Costs of capital raised	-	(30)
As at 31 December 2021	370,305,434	201,760

(1) 5 August 2020: 17,000,000 shares were issued at a price of \$1.90 per share subsequent to the completion of a placement to shareholders.

(2) During the year ending 30 June 2021, 6,218,006 Options were exercised at various exercise prices ranging from \$0.485 to \$0.750 each.

(3) 23 July 2021: 8,285,955 shares were issued at a fair value price of \$1.830 per share in relation to the acquisition of Mt Gibson Gold Project.

22. MT GIBSON GOLD PROJECT ACQUISITION

In July 2021 the Company announced that it had acquired a 100% interest in the Mt Gibson Gold Project ('MGGP') located 280 kilometres northeast of Perth in the Mid-West region of Western Australia. Refer ASX announcement dated 28 July 2021 for more information regarding the acquisition.

The Company acquired the project via a combination of cash of \$25.6m and \$14m in shares in the Company plus transaction costs (\$2.2m) and the assumption of rehabilitation obligations relating to the project.

Further details of the transaction are set out below:

Purchase consideration	\$'000
Purchase cost (including transaction costs)	41,781

The Group has determined that the transaction does not constitute a business combination in accordance with AASB 3 Business Combinations. The acquisition of the net assets has therefore been accounted for as an asset acquisition. When an asset acquisition does not constitute a business combination, the assets and liabilities are allocated a carrying amount based on their relative fair values in an asset purchase transaction.

The value of the assets acquired and liabilities assumed has been allocated on a fair value basis. Details of the purchase consideration and the net assets acquired are as follows:

Net assets acquired	\$'000
Exploration and evaluation assets	51,560
Rehabilitation liabilities	(9,779)
Total purchase consideration	41,781

23. SHARE-BASED PAYMENTS

Performance Rights

In November 2021, 240,000 Performance Rights were granted to KMP, Mr Mark Clark under the Group's Performance Rights Plan. 50% of the rights will vest on 4 October 2022 and the remaining rights will vest on 4 October 2023.

The fair value at the grant date was estimated using a Monte Carlo simulation.

The below table details the terms and conditions of the grants and the assumptions used in estimating the fair value:

Grant date	24 November 2021
Share price at grant date	\$2.950
Exercise price	Nil
Dividend yield	0%
Risk free rate	0.535%
Volatility	50%
Performance period	1 - 2 years

The fair value of the Performance Rights granted during the half year was \$507,000. The Group recognised an expense of \$91,000 for the period ended 31 December 2021.

In the half year ended 31 December 2021, the Group has recognised total share-based payments expense (for new and existing grants) of \$1,696,000 in the statement of profit or loss and other comprehensive income (2020: \$1,638,000).

24. CONTINGENT LIABILITIES

As at 31 December 2021 Capricorn Metals Ltd has bank guarantees totalling \$250,000 (30 June 2021: \$324,000).

As at 31 December 2021 the Group has utilised \$18 million (30 June 2021: \$18 million) of the \$20 million Bank Guarantee Facility with Macquarie under the existing Project Loan Facility in relation to the lateral pipeline that links Goldfields Gas Pipeline to the KGP.

25. COMMITMENTS

Planned Exploration Expenditure

Exploration expenditure commitments represent tenement rentals and expenditure requirements that may be required to be met under the relevant legislation should the Group wish to retain tenure on all current tenements in which the Group has an interest.

The terms and conditions under which the Group retains title to its various tenements require it to meet tenement rentals and minimum levels of exploration expenditure as gazetted by the Western Australian government, as well as local government rates and taxes.

	31 December 2021	30 June 2021
	\$'000	\$'000
Within one year	2,125	1,723
Exploration commitments at reporting date not recognised as liabilities	2,125	1,723

Annual exploration expenditure after one year will be a similar commitment to that within one year, however this amount is increased if new exploration tenements are added to the Group's portfolio or reduced, if exploration tenements are removed from the Group's portfolio.

Physical Gold Delivery Commitments

As part of the risk management policy of the Group and in compliance with the conditions required by the Group's financier Macquarie Bank Limited ("MBL"), the Group has entered into a gold forward contract to manage the gold price of a proportion of anticipated sales of gold. The contracts are accounted for as sale contracts with revenue recognised once gold has been delivered to MBL or its agent. The physical gold delivery contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 9 Financial Instruments. Hence no derivatives are recognised. The contracted sales price is rounded to the nearest dollar.

	Gold for physical delivery ounces	Contracted gold sale price \$	Value of committed sales \$'000	Mark-to- market \$'000
Between one and five years				
- Fixed forward contracts	179,000	2,248	402,403	(54,232)

Mark-to-market has been calculated using the average forward price of \$2,551 per ounce as at 31 December 2021.

Mark-to-market represents the value of the open contracts at balance date, calculated with reference to the gold average forward price at that date. A negative amount reflects a valuation in the counterparty's favour.

26. CORRECTION OF ERRORS

On 6 January 2020 the Company sold a 16,700 ounce gold call option with a strike price of \$2,260 per ounce maturing on 30 June 2025 for a premium of \$5.75 million. During the year ended 30 June 2021 the Group identified that the call option contract should have been recognised as a derivative financial instrument at fair value on the balance sheet at the date the contract was entered into. A corresponding asset relating to the option premium which was not received in cash but added to the delivery price of the Group's gold forward sales contracts for 200,000 ounces should also have been recognised.

At each reporting date the derivative instrument is subsequently measured at fair value with any movement in fair value being recognised through the profit and loss. The asset will be progressively settled as the 200,000 ounces are delivered into the forward sales contracts.

The errors have been corrected by restating each of the affected comparative financial statement line items for the half year ending 31 December 2020.

The following tables summarise the impacts on the Group's consolidated comparative financial statements.

Consolidated statement of profit or loss and OCI For the half year ended 31 December 2020	Impact of correction of error		
	As previously reported \$'000	Adjustment ⁽¹⁾ \$'000	As restated \$'000
Finance income/(expenses)	(349)	1,607	1,258
Others	(3,616)	-	(3,616)
Loss for the year	(3,965)	1,607	(2,358)
Total comprehensive loss for the year attributable to members of the parent entity	(4,086)	1,607	(2,479)
Loss per share	Cents	Cents	Cents
Basic and diluted loss per share (cents per share)	(1.16)	0.47	(0.69)

(1) The adjustment of \$1,607,000 refers to the fair value increase of the derivative instrument for the six months ending 31 December 2020.

The statement of changes in equity has also been restated to reflect the impact of the correction of error for the Half year ended 31 December 2020. There was no impact on the total operating, investing or financing cashflows for the Half year ended 31 December 2020.

27. EVENTS SUBSEQUENT TO REPORTING DATE

There were no material events arising subsequent to 31 December 2021, to the date of this report which may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in the future, other than:

On 7 February 2022 the Company issued 1,275,000 shares to employees as a result of the exercise of Performance rights in accordance with the Company's shareholder approved Performance Rights Plan.

Directors' Declaration

The Directors of the company declare that:

The financial statements and notes, as set out on pages 8 to 22, are in accordance with the Corporations Act 2001, including:

- i. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:



Mr Mark Clark
Executive Chairman
Perth, Western Australia
14 March 2022



Independent Auditor's Review Report

To the shareholders of Capricorn Metals Ltd

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying **Half Year Financial Report** of Capricorn Metals Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half Year Financial Report of Capricorn Metals Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half Year Financial Report** comprises the:

- Condensed consolidated statement of financial position as at 31 December 2021.
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date.
- Notes comprising a summary of significant accounting policies and other explanatory information.
- Directors' Declaration.

The **Group** comprises Capricorn Metals Ltd (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Emphasis of matter – restatement of comparative balances

We draw attention to Note 26 to the Half Year Financial Report which states that the amounts reported in the previously issued Half Year Financial Report for the half year ended 31 December 2020 have been restated. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half Year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half Year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half Year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half Year Financial Report

Our responsibility is to express a conclusion on the Half Year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half Year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half Year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

R Gambitta
Partner

Perth

14 March 2022