

10 March 2023

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

CAPRICORN RECORDS PRE TAX PROFIT OF \$58.3 MILLION AFTER STRONG OPERATING PERFORMANCE AT KARLAWINDA FOR THE HALF YEAR

Highlights

- Profit before tax increased by 13% to \$58.3 million from previous corresponding period, reflecting strong operating performance:
 - Gold production up 10% to 60,315 ounces
 - Strong cost control against back drop of industry wide inflationary pressures
- Lowest quartile Australian gold industry AISC of \$1,105 per ounce underpins strong EBITDA of \$74.8 million and an EBITDA margin of 51%;
- Gold revenue increased by 16% with gold sales of 56,218 ounces at an average delivery price of \$2,587 per ounce. A further 5,196 ounces of bullion on hand which was subsequently sold in January 2023 for \$13.9 million;
- Strong cashflow from operations of \$65.3 million delivers CMM's robust balance sheet position:
 - Cash and bullion¹ of \$91.7 million (\$65.9 million 30 June 2022)
 - Net cash² position of \$41.7 million with the \$50 million project loan facility converted during the half year to a corporate facility with a single bullet repayment in June 2025;
- First time recognition of tax expense at half year of \$18.2 million with carry forward tax losses still available at 31 December 2022;
- H1 FY23 gold production of 60,315 ounces at AISC of \$1,105 per ounce puts Capricorn on track to achieve production guidance for FY23 of 115,000 – 125,000 ounces at AISC of \$1,160 - \$1,260 per ounce.

¹ Includes bullion valued at \$13.9 million representing the value of the bullion subsequently sold in Jan '23

² Net cash is defined as cash and bullion less corporate bank debt (A\$50 million).

Financial results

A strong six months of operations at the Karlawinda Gold Project ("KGP") has seen Capricorn Metals Ltd ("Capricorn" or "the Company") report a profit before tax of \$58.3 million for the half year ended 31 December 2022.

	Half Year to 31 Dec 22 \$'000	Half Year to 31 Dec 21 \$'000	Change
Gold sales	145,431	125,703	19,728
EBITDA	74,841	72,316	2,525
Profit/(loss) before tax	58,333	51,803	6,530
Income tax expense	(18,175)	-	(18,175)
Profit/(loss) after tax	40,158	51,803	(11,645)
Earnings per share (cents)	10.76	14.14	(3.38)
EBITDA margin	51.5%	57.5%	(6.0%)
Cashflow from operating activities	65,264	64,060	1,204

The operating results at the KGP for the six months of operations to 31 December 2022 were as follows:

Ore mined	t ('000)	3,025	3,198
Ore milled	t ('000)	2,175	2,128
Head grade	g/t	0.92	0.87
Recovery	%	93.5	91.9
Gold production	Oz	60,315	54,645
All-in-sustaining- costs	\$/oz	1,105	N/A

Capricorn expects to achieve annual production guidance of 115,000 – 125,000 ounces and AISC guidance of \$1,160 - \$1,260 per ounce.

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 2022

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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WEST PERTH WA 6005

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Share Registry

Automic Pty Ltd

Level 5, 191 St Georges Terrace

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

Capricorn Metals Ltd shares are listed on the Australian Securities Exchange (ASX).

ASX Code

CMM

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Directors' Report

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 2022, 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 before income tax of \$58,333,000 as at 31 December 2022 (31 December 2021: \$51,803,000).

The Group had a cash balance of \$77,803,000 as at 31 December 2022 (30 June 2022: \$61,502,000) with a further 5,196 ounces of gold on hand ready for sale.

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. The KGP had a strong first half of operations producing 60,315 ounces at all in sustaining costs ("AISC") of \$1,105 per ounce consolidating its reputation as one of Australia's lowest cost gold mines.

Following a tragic fatality in October 2022, mining activities were temporarily suspended for 20 days at the Bibra open pit. Accordingly mining volumes were significantly lower than scheduled for the first six months of the year as ore from the ROM was processed during the suspension. Mining activities are expected to increase in the second half of the year as three mining fleets (6 digger shifts) are fully utilised and a seventh digger shift implemented.

A total of 2.18 million tonnes of ore was processed for the period at a head grade of 0.92g/t. The mill feed during the half year to 31 December 2022 was a combination of laterite, oxide and transitional ores.

Expected gold production for the full year ending 30 June 2023 is expected to be within the guidance range of 115,000 – 125,000 ounces with AISC's within the guidance range of \$1,160 - \$1,260 per ounce.

Operating results for the Karlawinda Gold Project for the six months ended 31 December 2022 were as follows:

	Unit	Dec 22H	Dec21H
Operations			
Ore mined	BCM ('000)	1,356	1,494
Waste mined	BCM ('000)	4,303	3,093
Stripping ratio	w:o	3.2	2.1
Ore mined	t ('000)	3,025	3,198
Ore milled	t ('000)	2,175	2,128
Head Grade	g/t	0.92	0.87
Recovery	%	93.5	91.9
Gold production	Oz	60,315	54,645
Financial			
Cash cost	A\$/oz	978	N/A
Cash cost inc. royalties *	A\$/oz	997	N/A
All-in sustaining cost *	A\$/oz	1,105	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

The Mt Gibson Gold Project ("MGGP") is located approximately 334 kilometres northeast of Perth in the Mid-West region of WA.

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 total of 50,903 metres of drilling (397) holes was conducted across the MGGP (including sterilisation drilling) during the half year taking total drilled metres for the 12 months to 31 December 2022 to 138,246 metres (957 holes).

In November 2022, the Company announced an updated Mineral Resource Estimate (MRE) based on the results of the drilling to date. The MRE increased 32% to 104.9Mt @ 0.8g/t Au for 2,755,000 ounces of gold.

The current drilling continues to support previously reported drilling at the depth extremities of the 2022 resource optimisation shell as well as below the reported shells providing encouragement for future extensions to the resource.

Average vertical depth of the MRE shell is only 160 metres, presenting continued opportunity to increase resources and convert inferred with further drilling over 8km of resource strike.

During the period, technical work and studies continued across numerous disciplines for reserve estimation, feasibility studies, permitting application and ultimately project development.

Hydrological exploration and testwork commenced at the MGGP with early testwork identifying multiple positive flow locations which will be targeted for production water bore installation in the second half of the year. A maiden reserve estimate is expected to be released in the March 2023 quarter.

Corporate

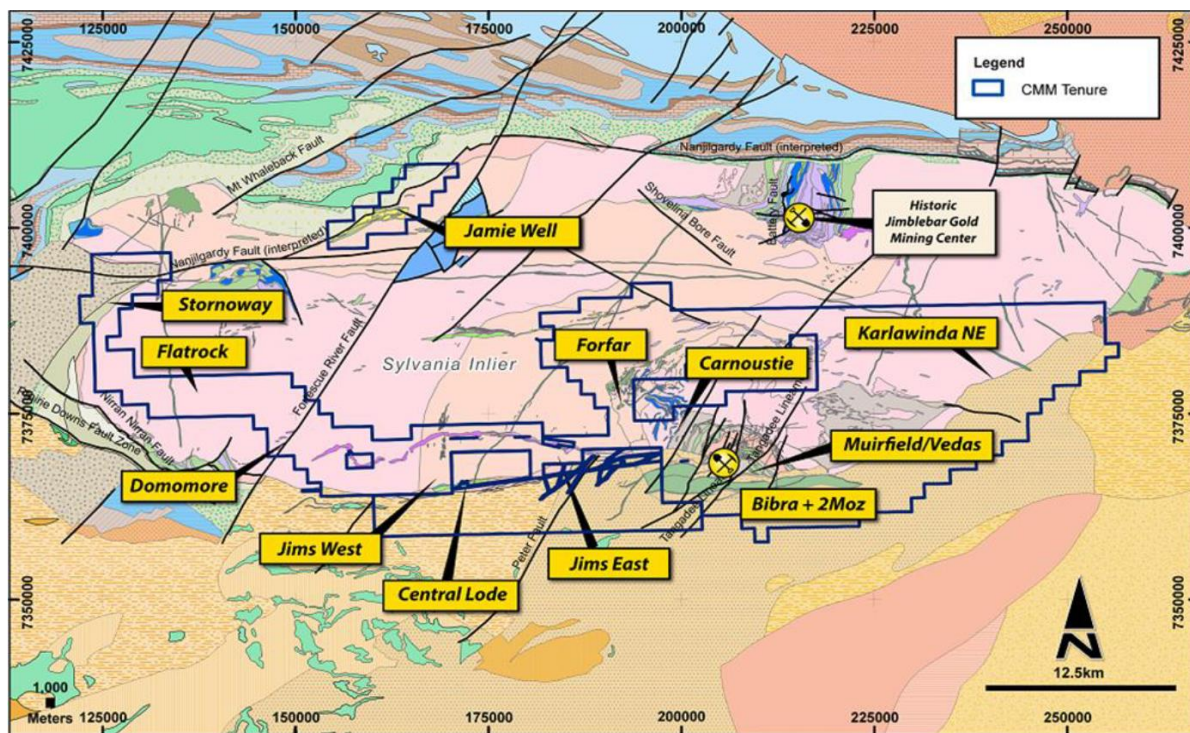
The Company's cash balance at the end of the half year was \$77.8 million up from \$61.5 million at 30 June 2022 as a result of strong operating cash flow generated from the KGP. The Company had outstanding debt at the end of the half year of \$50 million after repaying \$15 million during the period. In July 2022, Macquarie bank agreed to convert the \$50 million outstanding debt to a general purpose corporate loan facility with a single bullet repayment in June 2025. In addition the Company had 5,196 ounces of gold on hand as at 31 December 2022 which was subsequently sold in January 2023 generating revenue of \$13.9 million.

During the half-year ended 31 December 2022, the Company sold 56,218 ounces of gold at an average price of \$2,587 per ounce. The Company delivered 3,947 ounces into flat forward sales contracts at an average price of \$2,250 per ounce, and delivered 17,140 ounces into spot deferred contracts at an average delivery price of \$2,648 per ounce. The remaining 35,131 ounces of sales were delivered at the prevailing spot price achieving an average gold price of \$2,595 per ounce. At the end of the half year Capricorn had 161,000 ounces of flat forward contracts remaining at an average delivery price of \$2,260 per ounce and 9,279 rolled forward contracts at an average delivery price of \$2,675 per ounce.

Exploration

Karlawinda

Exploration activities at the KGP during the period focussed on near mine drilling at Muirfield, Carnoustie and the newly identified Vedas prospects all located within 5 kilometres of the Bibra open pit. Regional exploration programmes also continued across the Forfar and Jamie well prospects.



Muirfield and Vedas

The Muirfield and newly identified Vedas prospect are situated approximately 3 kilometres east of the Bibra open pit. Results received during the quarter from drilling at Muirfield and Vedas identified significant near surface and fresh rock mineralisation.

Encouragingly, mineralisation has similar geological characteristics to the Bibra deposit with moderately north dipping intense zones of silica+sericite+biotite alteration associated with quartz veining and pyrite+arsenopyrite mineralisation.

Carnoustie

The Carnoustie prospect is located 5km northeast of Bibra. A total of 10 RC Holes (2,148 metres) and 31 AC Holes (2,072 metres) of a near mine drilling programme was completed during the period.

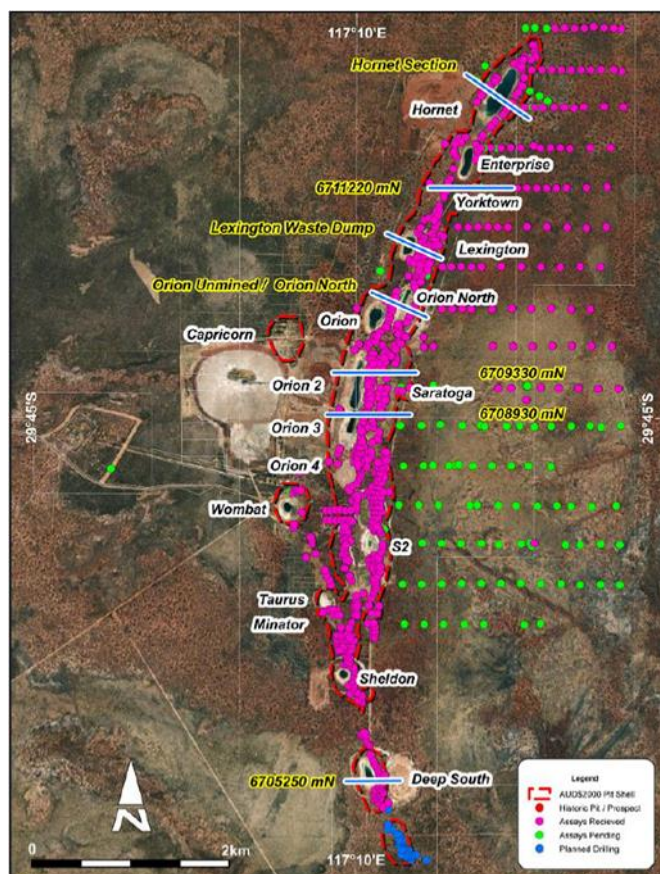
Encouragingly similar silicious, potassic alteration found at Muirfield and Vedas was intersected during this drilling. Results are expected in the March 2023 quarter.

Mt Gibson

As discussed above, exploration activities focussed on infill and extensional RC drilling across the 8 kilometres of strike of current resources at the MGGP during the period. The objectives of this programme included:

- Infill drilling of 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; and
- Test for extensions of gold mineralisation below the current resource shells.

The RC drilling programme over the majority of the mine trend was completed in the December 2022 quarter taking the total programme to 115,139 metres (727 holes) of RC drilling. The drilling returned very encouraging results and allowed the Company to update the MRE from 2,083,000 ounces to 2,755,000 ounces in November 2022.



Drilling across the project to date indicates that mineralisation remains open down dip and along strike to the north and south with multiple stacked lodes intersected. Based on the encouraging results received to date, further drill planning has commenced with a view to continue testing extensional targets with drilling programmes in 2023.

Regional exploration programmes are also underway across the broader tenement package with a 30,000 metres first pass regional exploration AC drill programme commencing in January 2023 across the McDonalds/Highway area targeting historical gold working areas. The McDonalds/Highway area is located 5 kilometre north of the current MRE identified with a prospective geological and structural setting with much of the area covered by up to 20 metres of transported cover.

Events After Balance Date

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 2022.

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 2022.

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

Mr Mark Clark
Executive Chairman
Perth, Western Australia
9 March 2023



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 2022 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.

A stylized blue ink signature of the KPMG firm, written in a cursive-like font.

KPMG

A blue ink signature of R Gambitta, written in a cursive-like font.

R Gambitta
Partner

Perth

9 March 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
Revenue	4(a)	145,467	125,744
Costs of goods sold	5(a)	(77,082)	(64,620)
Gross profit		68,385	61,124
Other income	4(b)	17	20
Fair value gain on financial assets	8	(356)	2,452
Personnel costs		(2,713)	(3,148)
Share-based payment expense	20	(2,663)	(1,696)
Depreciation		(112)	(107)
Amortisation		(187)	(604)
Administration expenses		(1,200)	(878)
Exploration & evaluation expenditure		(29)	(60)
Finance expenses	5(b)	(2,809)	(5,300)
Total expenses		(10,069)	(9,341)
Profit before income tax expense		58,333	51,803
Income tax expense		(18,175)	-
Net profit attributable to members of the parent entity		40,158	51,803
Other Comprehensive Income:			
<i>Items that may be reclassified to the profit or loss:</i>			
- Adjustment from translation of foreign controlled entities		(4)	(50)
Total comprehensive profit/(loss) for the period attributable to members of the parent entity		40,154	51,753
Earnings per share:			
Basic profit per share (cents per share)		10.76	14.14
Diluted profit per share (cents per share)		10.64	13.83

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Financial Position
As at 31 December 2022

	Note	31 December 2022 \$'000	30 June 2022 \$'000
Current assets			
Cash and cash equivalents	6	77,803	61,502
Receivables		1,895	2,235
Other assets		1,038	295
Inventories	7	13,359	14,913
Financial assets	8	2,756	3,099
Assets classified as held for sale	9	2,500	2,500
Total current assets		99,351	84,544
Non-current assets			
Inventories	7	41,037	29,883
Financial assets	8	3,067	3,067
Plant and equipment	10	156,853	159,121
Right of use assets	11	48,813	47,972
Deferred exploration and evaluation costs	12	96,570	77,297
Mine Properties	13	45,339	46,628
Total non-current assets		391,679	363,968
Total assets		491,030	448,512
Current liabilities			
Trade and other payables	14	21,876	27,407
Lease liabilities	15	9,217	7,613
Borrowings	16	563	38,386
Provisions	17	1,398	1,087
Total current liabilities		33,054	74,493
Non-current liabilities			
Lease liabilities	15	36,363	37,822
Borrowings	16	50,000	27,000
Provisions	17	30,459	29,226
Financial liabilities	18	11,578	11,540
Deferred tax liabilities		39,308	20,896
Total non-current liabilities		167,708	126,484
Total liabilities		200,762	200,977
Net assets		290,268	247,535
Equity			
Issued capital	19	203,440	203,524
Reserves		2,651	6,101
Retained earnings		84,177	37,910
Total equity		290,268	247,535

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

	Note	Issued capital \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Share-based payment reserve \$'000	Total \$'000
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		21,161	-	-	-	21,161
Costs of capital raised		(30)	-	-	-	(30)
Share based payments		-	-	-	1,696	1,696
Transfer to retained earnings		-	9,243	-	(9,243)	-
Balance as at 31 December 2021		201,760	230	(902)	3,952	205,040
Balance as at 1 July 2022		203,524	37,910	(1,048)	7,149	247,535
Profit for the period		-	40,158	-	-	40,158
Other comprehensive income		-	-	(4)	-	(4)
Total comprehensive income		-	40,158	(4)	-	40,154
Issue of shares		-	-	-	-	-
Costs of capital raised	19	(84)	-	-	-	(84)
Share based payments		-	-	-	2,663	2,663
Transfer		-	6,109	-	(6,109)	-
Balance as at 31 December 2022		203,440	84,177	(1,052)	3,703	290,268

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2022

		31 December 2022	31 December 2021
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from gold sales		145,431	125,703
Payments to suppliers and employees		(77,841)	(58,132)
Interest received		428	4
Interest paid		(2,807)	(3,535)
Other income		53	20
Net cash used in operating activities		65,264	64,060
Cash flows from investing activities			
Payments for property, plant & equipment		(7,937)	(1,452)
Payments for investments		(200)	-
Payments for capitalised exploration expenditure		(21,882)	(3,246)
Payments for mine properties under development		-	(22,954)
Payments for acquisition of assets		-	(26,744)
Net cash used in investing activities		(30,019)	(54,396)
Cash flows from financing activities			
Proceeds from exercise of share options		-	6,000
Transaction costs from issue of shares		153	(30)
Proceeds from borrowings		-	20,000
Repayment of borrowings		(15,000)	(15,000)
Repayment of lease liabilities		(4,097)	(3,520)
Net cash provided by financing activities		(18,944)	7,450
Net increase in cash and cash equivalents held		16,301	17,114
Cash and cash equivalents at beginning of the period	6	61,502	10,312
Cash and cash equivalents at end of the period	6	77,803	27,426

The accompanying notes form part of these financial statements

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 3, 40 Kings Park Road
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 2022 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 9 March 2023.

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 half-year, the Group has applied the below amendments to Australian Accounting Standards *[and Interpretations]* issued by the Australian Accounting Standards Board (the Board) that are effective for the Group's half year reporting period that began on 1 July 2022, none of which had a material impact on the interim financial report.

AASB 2020-3 Amendments to Australia Accounting Standards – Annual Improvements 2018-2020 & Other Amendments

The subject of the principal amendments to the Standards are set out below:

AASB 1 First-time Adoption of Australian Accounting Standards

The amendment allows a subsidiary that becomes a first-time adopter after its parent to elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition, if no adjustment were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

AASB 9 Financial Instruments

The amendment clarifies that an entity includes only fees paid or received between the borrower and the lender and fees paid or received by either the borrower or the lender on the other's behalf when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

AASB 137 Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies the costs an entity includes when assessing whether a contract will be loss-making consists of the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Application date of Standard: 1 January 2022 Application date for Group: 1 July 2022

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 2022.

2. SEGMENT INFORMATION

The following table presents profit and loss information for reportable segments for the half-years ended 31 December 2022 and 2021, respectively.

	Karlawinda		Mt Gibson		Unallocated		Total	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue								
Revenue	145,431	125,703	-	-	36	41	145,467	125,744
Other income	-	-	-	-	17	20	17	20
	145,431	125,703	-	-	53	61	145,484	125,764
Result								
Profit before income tax	65,214	54,350	(29)	(33)	(6,852)	(2,514)	58,333	51,803
Finance income/(expense)	(2,826)	(5,299)	3	-	14	(1)	(2,809)	(5,300)
Depreciation	(4)	(5)	-	-	(108)	(102)	(112)	(107)
Amortisation	(187)	(604)	-	-	-	-	(187)	(604)
Assets/Liabilities								
Segment assets	398,255	324,490	82,898	51,866	9,877	11,087	491,030	387,443
Segment liabilities	(193,841)	(171,496)	(19,999)	(9,786)	13,078	(1,121)	(200,762)	(182,403)

3. DIVIDENDS

No dividend has been paid or proposed.

4. REVENUE & OTHER INCOME

	31 December 2022 \$'000	31 December 2021 \$'000
(a) Revenue		
Gold Sales	145,431	125,703
Rental income	36	41
	145,467	125,744
(b) Other Income		
Other	17	20
	17	20

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 gold forward contracts 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.

4. REVENUE & OTHER INCOME

b) Other Income (Continued)

	Gold for physical delivery ounces	Contracted gold sale price \$	Value of committed sales \$'000	Mark-to- market \$'000
Within one year				
- Fixed forward contracts	52,000	2,283	118,728	(22,873)
- Rolled forward contracts	9,279	2,675	24,824	33
Between one and five years				
- Fixed forward contracts	109,000	2,250	245,211	(66,157)

Mark-to-market has been calculated with reference to a spot price of \$2,674 per ounce as at 31 December 2022.

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.

5. EXPENSES

	31 December 2022 \$'000	31 December 2021 \$'000
(a) Costs of goods sold		
Costs of production	(56,015)	(44,224)
Royalties	(7,667)	(5,894)
Mine plant and equipment depreciation	(7,953)	(8,986)
Right of use asset depreciation (refer Note 11)	(3,399)	(2,772)
Amortisation of mine properties (refer Note 13)	(2,048)	(2,744)
	(77,082)	(64,620)
(b) Finance Income/(Expenses)		
Finance income		
Interest	564	7
Finance expenses		
Secured bank loan	(1,439)	(1,588)
Interest on lease liabilities	(1,545)	(1,685)
Net loss on financial instruments at fair value through profit and loss ⁽¹⁾	(38)	(1,845)
Unwinding of discount on provisions (refer Note 17)	(351)	(163)
Other costs	-	(26)
	(2,809)	(5,300)

(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.

6. CASH AND CASH EQUIVALENTS

	31 December 2022 \$'000	30 June 2022 \$'000
Cash at bank	77,803	61,502

7. INVENTORY

	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Ore stockpiles	2,993	6,844
Gold in circuit	3,864	4,356
Bullion on hand	5,347	2,497
Consumable stores	1,155	1,216
	13,359	14,913
Non-Current		
Ore Stockpiles	41,037	29,883

8. FINANCIAL ASSETS

Current		
Gold forward asset	1,564	1,751
Equity Investments	1,192	1,348
Total Current Other Assets	2,756	3,099
Non-Current		
Gold forward asset	3,067	3,067

Gold forward asset

The gold forward asset refers to the fair value of the premium income on sold gold call option contract entered into on 6 January 2020. The sold gold call option premium was added to the price of the Company's gold forward contract. Subsequent measurement of the gold forward asset, which matures by 30 June 2025, is at amortised cost.

Equity Investments	2022	2021
As at 1 July	1,348	1,688
Additions	200	-
Fair value adjustment	(356)	2,452
As at 31 December	1,192	4,140

Fair value of listed shares and assumptions	31 December 2022	31 December 2021
BlackEarth Minerals NL		
Fair value per listed share	\$0.071	\$0.120
DiscovEx Resources Limited		
Fair value per listed share	\$0.003	\$0.013

9. ASSETS HELD FOR SALE

	31 December 2022 \$'000	30 June 2022 \$'000
Property asset	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.

A 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 \$2,170,764 as at 31 December 2022 (2021: AUD \$2,540,956). Based on the current valuation, the Directors considered the carrying value appropriate for the half year ended 31 December 2022. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

10. 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 2021	-	634	-	428	13	1,075
Additions	1,574	1,230	662	416	2,632	6,514
Transfers from mine properties under development	46,520	113,574	3,050	7,333	-	170,477
Transfers between asset classes	-	(269)	269	-	-	-
Depreciation	(5,045)	(11,837)	(832)	(1,113)	-	(18,827)
Amounts written off	-	(62)	(1)	(55)	-	(118)
Net carrying amount at 30 June 2022	43,049	103,270	3,148	7,009	2,645	159,121
As at 30 June 2022						
Cost	48,094	115,216	3,980	8,377	2,645	178,312
Accumulated depreciation	(5,045)	(11,946)	(832)	(1,368)	-	(19,191)
Net carrying amount at 30 June 2022	43,049	103,270	3,148	7,009	2,645	159,121

	Buildings & Infrastructure \$'000	Plant & Equipment \$'000	Mobile Plant & Equipment \$'000	Furniture & Equipment \$'000	Capital WIP \$'000	Total \$'000
Net carrying amount at 1 July 2022	43,049	103,270	3,148	7,009	2,645	159,121
Additions	330	1,028	774	287	3,392	5,811
Transfers between classes	-	-	-	-	-	-
Depreciation	(1,973)	(5,035)	(534)	(537)	-	(8,079)
Net carrying amount at 31 December 2022	41,406	99,263	3,388	6,759	6,037	156,853
As at 31 December 2022						
Cost	48,424	116,244	4,754	8,664	6,037	184,123
Accumulated depreciation	(7,018)	(16,981)	(1,366)	(1,905)	-	(27,270)
Net carrying amount at 31 December 2022	41,406	99,263	3,388	6,759	6,037	156,853

11. RIGHT OF USE ASSETS

	31 December 2022 \$'000	30 June 2022 \$'000
As at 1 July	47,972	51,591
Additions	4,240	2,525
Depreciation charge for the year	(3,399)	(6,144)
As at 31 December	48,813	47,972

12. DEFERRED EXPLORATION & EVALUATION COSTS

	31 December 2022 \$'000	30 June 2022 \$'000
As at 1 July	77,297	2,698
Expenditure for the period	19,273	21,789
Exploration expenditure expensed	-	51,560
Acquisition of exploration and evaluation assets – MGGP	-	1,250
As at 31 December	96,570	77,297

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 2022 \$'000	30 June 2022 \$'000
Within one year	3,446	3,313
Exploration commitments at reporting date not recognised as liabilities	3,446	3,313

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.

13. 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⁾ \$'000	Pre- production \$'000	Rehabilitation \$'000	Total \$'000
Net carrying amount at 1 July 2021	-	-	-	-
Transfers from mine properties under development ¹	15,477	18,865	18,733	55,613
Additions	-	-	149	149
Rehabilitation provision adjustments	-	-	(3,446)	(3,446)
Amortisation	(1,726)	(1,957)	(2,005)	(5,688)
Net carrying amount at 30 June 2022	13,751	16,908	15,969	46,628
As at 30 June 2022				
Cost	15,477	18,865	17,974	52,316
Accumulated depreciation	(1,726)	(1,957)	(2,005)	(5,688)
Net carrying amount at 30 June 2022	13,751	16,908	15,969	46,628

	Other ⁽¹⁾ \$'000	Pre- Production \$'000	Rehabilitation \$'000	Total \$'000
Net carrying amount as at 1 July 2022	13,751	16,908	15,969	46,628
Transfers from mine properties under development	-	-	-	-
Rehabilitation adjustments	-	-	759	759
Amortisation expense	(588)	(775)	(685)	(2,048)
Net carrying amount as at 31 December 2022	13,163	16,133	16,043	45,339
At 31 December 2022				
Cost	15,477	18,865	18,733	53,075
Accumulated amortisation	(2,314)	(2,732)	(2,690)	(7,736)
Net carrying amount	13,163	16,133	16,043	45,339

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

14. TRADE AND OTHER PAYABLES

	31 December 2022 \$'000	30 June 2022 \$'000
Trade payables	9,657	8,169
Accrued expenses	7,388	12,156
Other payables	4,831	7,082
	21,876	27,407

15. LEASE LIABILITIES

Current

Lease liabilities	9,217	7,613
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Non-Current

Lease liabilities	36,363	37,822
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16. BORROWINGS

Current

Bank loans ⁽¹⁾	563	38,386
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Non-Current

Bank loans	50,000	27,000
Total Borrowings	50,563	65,386

(1) Includes accrued interest of \$563,000 (30 June 2022: \$3,441,000).

Borrowings comprise of amounts drawn down and outstanding on a Project Loan Facility of \$50 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 subsidiaries, Greenmount Resources Pty Ltd (owner of the Karlawinda Gold Project), Crimson Metals Pty Ltd and Metrovex Pty Ltd (owners of the Mt Gibson Gold Project) as security for the facility provided by Macquarie.

In July 2022 the Company arranged with Macquarie Bank to convert the project loan facility to a general-purpose corporate loan facility with a single bullet repayment in June 2025. Capricorn can elect to repay (part or full) the loan at any time without penalty.

17. PROVISIONS

	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Annual leave	1,387	1,076
Rehabilitation	11	11
	1,398	1,087
Non-current		
Long service leave	222	118
Right of Use asset demobilisation	722	703
Rehabilitation	29,515	28,405
	30,459	29,226
Provision for rehabilitation		
As at 1 July	28,416	21,271
Provisions raised during the year	-	149
Provisions used during the year	-	(15)
Provisions re-measured during the year	759	(3,446)
Provisions assumed during the year - MGGP	-	9,779
Unwinding of the discount	351	678
As at 31 December	29,526	28,416

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.

18. FINANCIAL LIABILITIES

	31 December 2022 \$'000	30 June 2022 \$'000
Gold forward liability	11,578	11,540

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.

19. ISSUED CAPITAL

Ordinary shares – issued and fully paid	203,440	203,524
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Movement in ordinary shares on issue:	Number of shares	\$'000
As at 1 July 2021	350,019,479	180,629
Issue of shares on exercise of options	10,000,000	6,000
Issue of shares on exercise of performance rights	3,275,000	-
Issue of shares on acquisition - MGGP	8,285,954	15,160
Issue of shares on acquisition - Tenements	344,752	1,250
Transaction costs	-	(42)
Tax effect of deferred tax deductions posted directly to equity	-	527
As at 30 June 2022	371,925,185	203,524
As at 30 June 2022	371,925,185	203,524
Issue of shares on exercise of performance rights ⁽¹⁾	2,757,990	-
Transaction costs	-	153
Share Issue Costs - Tax	-	(237)
As at 31 December 2022	374,683,175	203,440

- (1) The following shares were issued in accordance with the shareholder approved Performance Rights Plan; on 27 September 2022: 2,000,000 shares were issued for nil value to KMP; on 9 December 2022: 120,000 shares were issued for nil value to KMP and 637,990 shares were issued for nil value to various employees.

20. SHARE BASED PAYMENTS

Performance Rights

In October 2022, 715,552 Performance rights were granted to employees of the Company under the Group's Performance Rights Plan (Issue 1). 100% of the rights will vest on 31 October 2023.

In November 2022, 161,414 performance rights were granted to KMP, Mr Clark under the Group's Performance Rights Plan (Issue 2). 50% of the rights will vest on 30 June 2024 and the remaining rights will vest on 30 June 2025.

The fair value at the grant date was estimated using a Black Scholes option pricing model (Issue 1), and a Monte Carlo simulation (Issue 2).

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

Item	Issue 1	Issue 2
Grant date	27 Oct 2022	29 Nov 2022
Value at grant date	\$3.390	\$4.210
Exercise price	Nil	Nil
Dividend yield	0%	0%
Risk free rate	3.61%	3.18%-3.24%
Volatility	59%	50%
Performance period (yrs)	1	2 - 3 years
Test Date	31/10/23	30/6/24 & 30/6/25
Remaining performance period (yrs)	0.83	1.50 - 2.50
Weighted average fair value	\$3.390	\$3.247

The fair value of the Performance Rights granted during the half year was \$2,950,000. The Group recognised an expense of \$459,000 for the period ended 31 December 2022.

In the half year ended 31 December 2022, the Group has recognised total share-based payments expense (for new and existing grants) of \$2,663,000 in the statement of profit or loss and other comprehensive income (2021: \$1,696,000).

21. CONTINGENT LIABILITIES

As at 31 December 2022 Capricorn Metals Ltd has bank guarantees totalling \$380,000 (30 June 2022: \$478,000).

As at 31 December 2022 the Group has utilised \$10 million (30 June 2022: \$10 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.

22. COMMITMENTS

The group has physical gold delivery commitments and exploration expenditure commitments which are disclosed in notes 4 and 12 respectively.

23. EVENTS SUBSEQUENT TO REPORTING DATE

There were no material events arising subsequent to 31 December 2022, 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.

Directors' Declaration

The Directors of the company declare that:

The financial statements and notes, as set out on pages 8 to 21, 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 2022 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
9 March 2023

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 2022 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 2022.
- 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.

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 2022 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

9 March 2023