

15 December 2021

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



ASX:CMM

MT GIBSON GOLD PROJECT TENURE GRANTED & 110,000 METRE DRILL PROGRAMMES PLANNED

ASX Announcement

Highlights

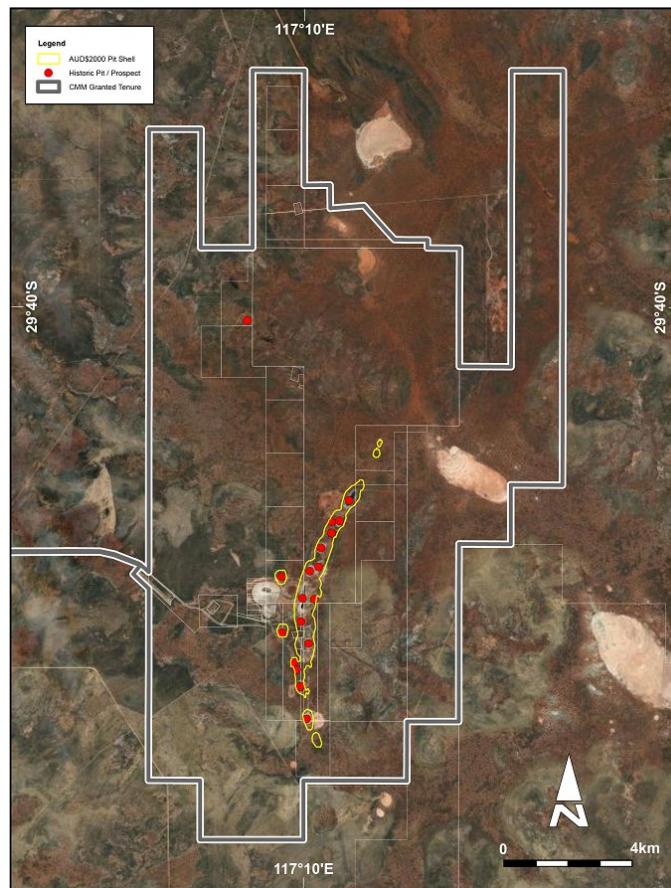
- All key mining tenure at Capricorn's wholly owned Mt Gibson Gold Project (MGGP) has been granted.
- Granted tenure now consists of 24 exploration and prospecting licences covering 213 square kilometres.
- The 2.08 million ounce resource and all current exploration targets are on granted tenure.
- Grant of tenure completes Capricorn's acquisition of the project, which at a cost of less than \$20 per resource ounce, represents a compelling value proposition for the company.
- Grant of tenure facilitates expedited commencement of >110,000 metre drill programmes.
- An 81,000 metre resource infill and extensional (drill hole data gaps, depth and along strike) drill programme with a budget of \$10 million to commence in January 2022.
- This drill programme will underpin an updated resource estimate and maiden reserve estimate in 2022.
- Regional exploration activities including a 30,000 metre first pass aircore drilling programme to commence with low impact exploration activities and environmental surveys (required for drill sites) in the March 2022 quarter.
- A further 4 exploration licences applications (491 square kilometres) have been made since the project acquisition covering prospective regional exploration areas, with grant pending.

Grant of Mining Tenure

Capricorn Metals Ltd (**Capricorn** or the **Company**) is pleased to advise that all key mining tenure at the wholly owned Mt Gibson Gold Project has been granted.

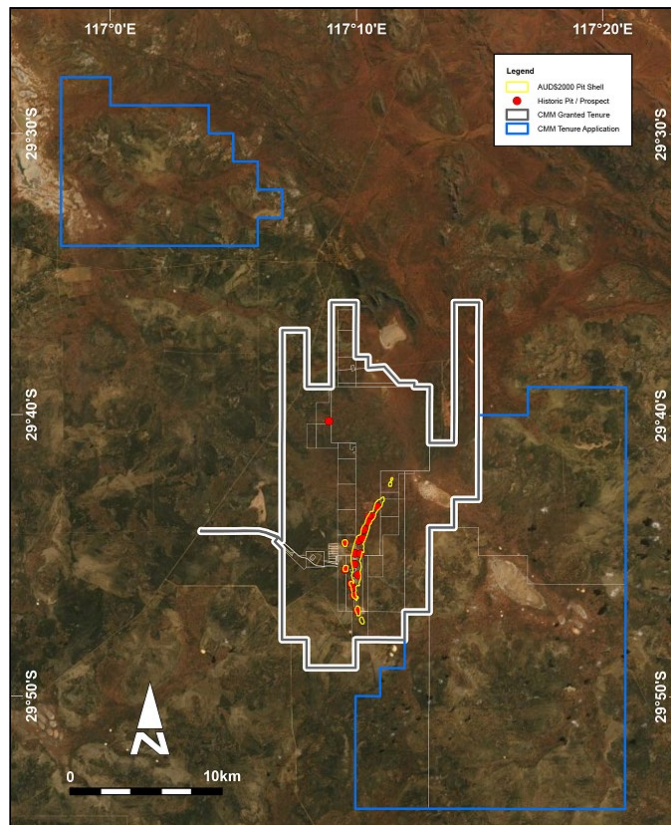
The grant of mining tenure is the culmination of tenement applications made by Capricorn subsidiary Crimson Metals Pty Ltd pursuant to its priority rights in the Mt Gibson project area under section 100 of the Mining Act 1978 (WA).

The granted tenure covers the 8 kilometres of strike hosting the current 2.08 million ounce gold resource, strike extension beyond the resource, and all known gold occurrences on the Mt Gibson project. The grant of mining tenure allows Capricorn to commence expedited 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.



MGGP granted tenure

Applications for a further four exploration licence covering 491 square kilometres have been made by Capricorn at the MGGP since the acquisition of the project and are currently pending grant. These applications cover regional exploration areas with limited historical exploration. The target areas have been identified as having a geological and structural setting known to host mineable deposits in the Yilgarn Craton. These applications are expected to be granted in due course.



MGGP tenure granted and under application

Unique Opportunity at MGGP

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

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

Capricorn has completed a JORC 2012 compliant Mineral Resource Estimate for the Mt Gibson Gold Project. A summary of the MRE is provided below:

Material Type		Cut-Off	Classification	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)
Oxide	Open Pit	0.4	Inferred	9.7	0.8	243
Transitional	Open Pit	0.4	Inferred	7.4	0.8	188
Fresh	Open Pit	0.4	Inferred	62.6	0.8	1,651
Total				79.7	0.8	2,083

Notes:

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

2. Mineral Resources are estimated using a cut-off grade above 0.4g/t Au.

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

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

The quality of the project and its unique historical background present significant opportunities for Capricorn, including:

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

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

Resource Development Drilling

A detailed review of the 8 kilometres strike of the current 2.08 million ounce resource has generated an 81,000 metre drill programme for the purposes of:

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

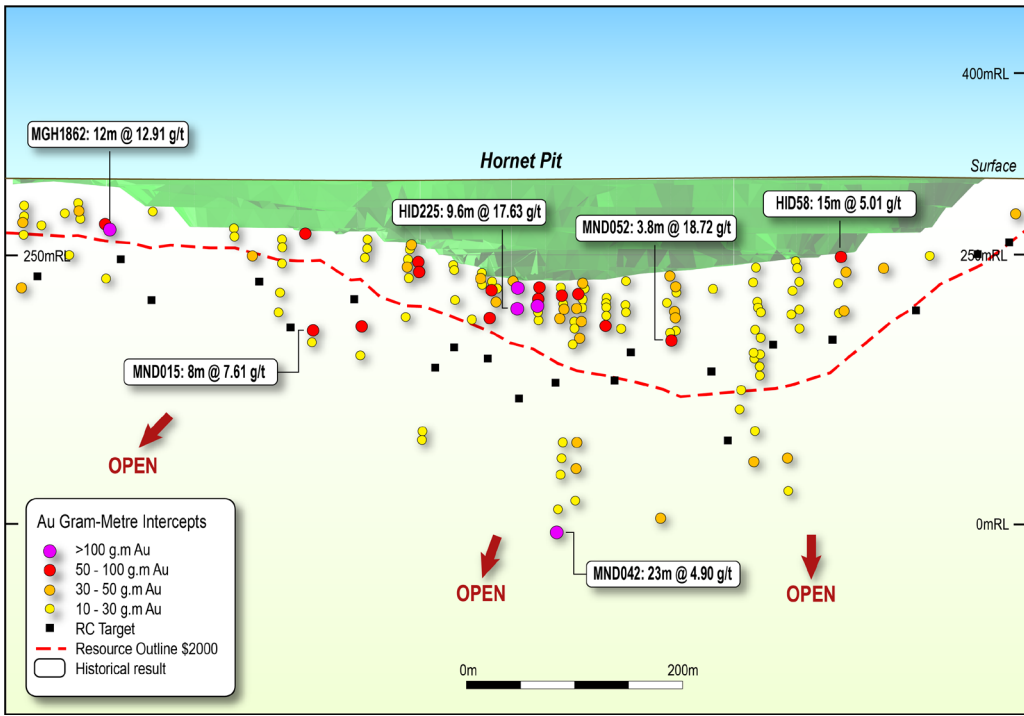
This \$10 million drill programme is planned to commence in January 2022 with up to three RC drill rigs and is expected to take in the order of 4 – 6 months to complete. Results of this programme (and any extensions to it) will be used as the basis for a resource update and a maiden Ore Reserve estimate in 2022.

Plan view of resource drilling areas:

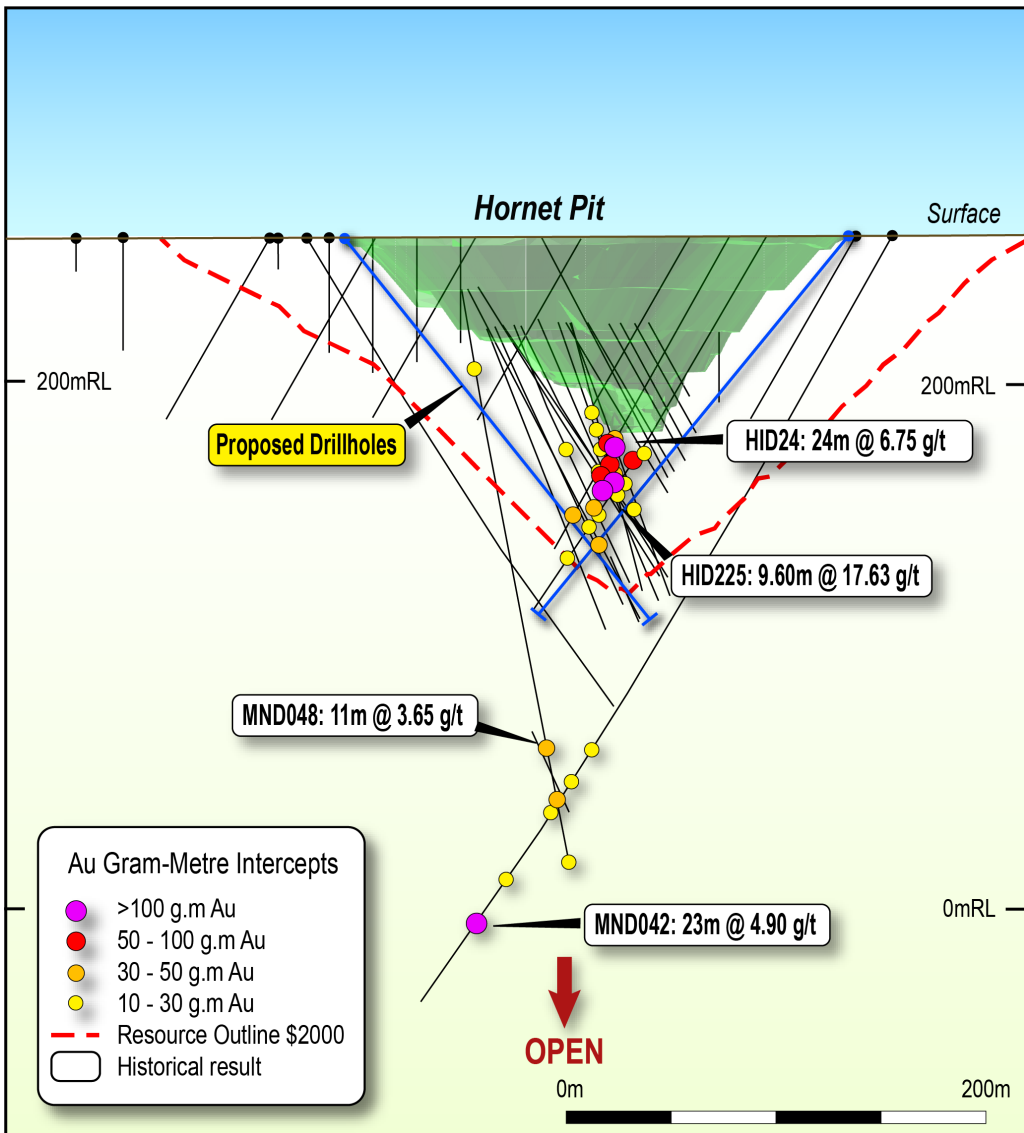


Plan view of cross section and long section locations

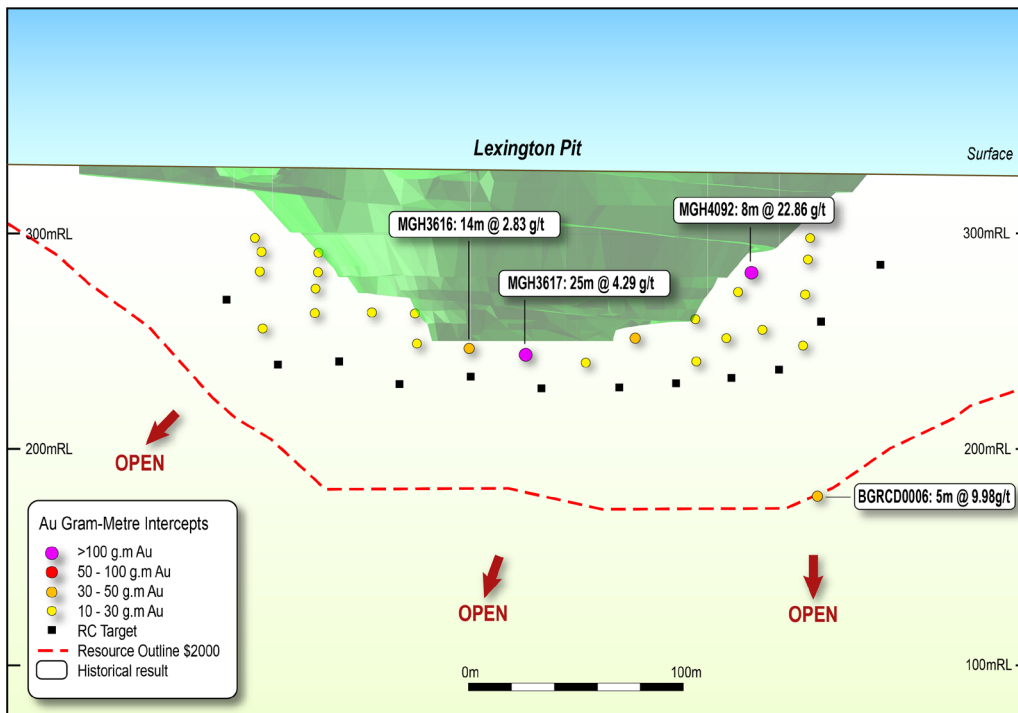
Selected long and cross sections showing historical results, current resource optimisation pit outlines and planned RC drilling are shown below. Intercepts listed are reported at a minimum of 0.5g/t Au value over a minimum length of 1m with a maximum 2m length of consecutive internal waste. No upper cuts have been applied.



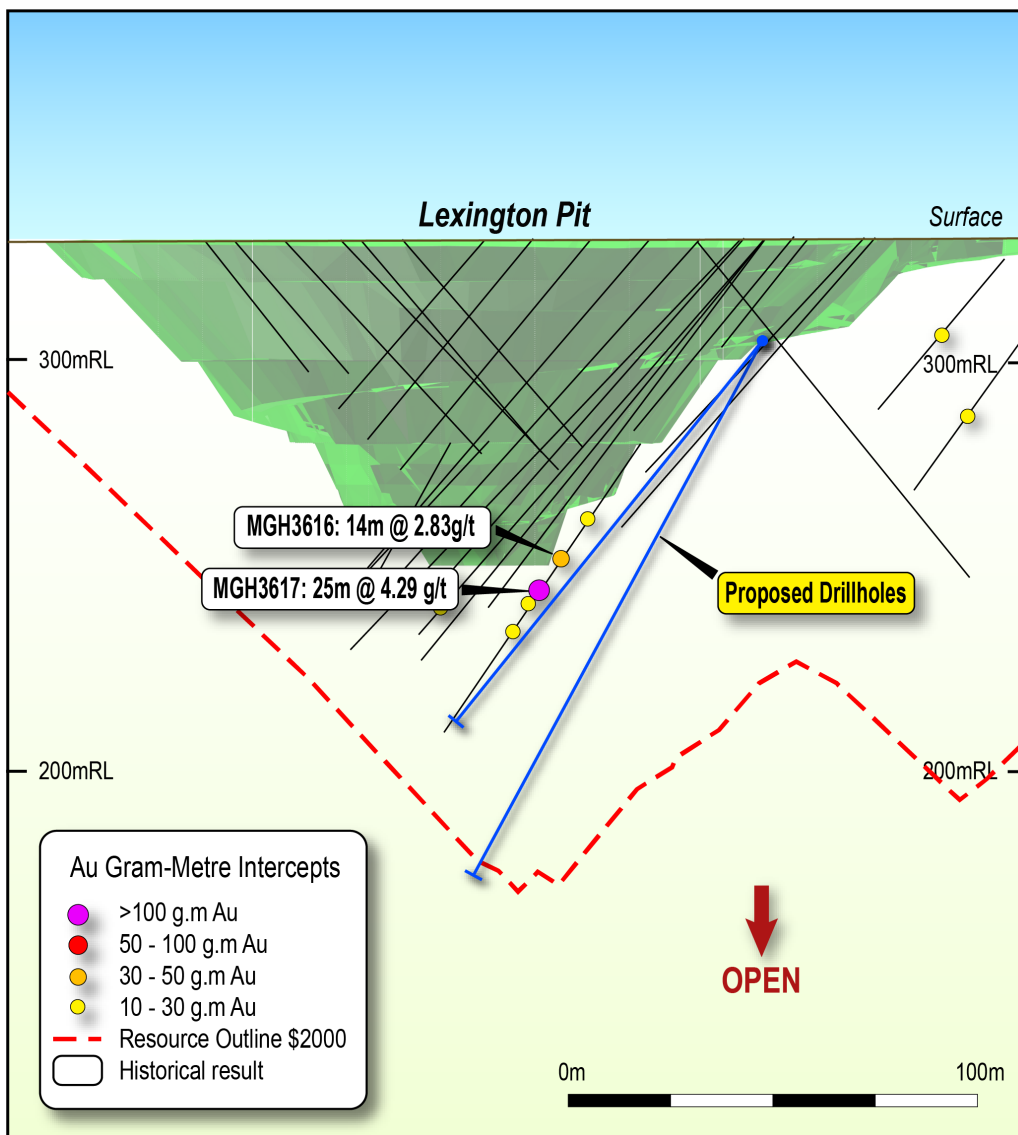
Hornet Long Section with planned RC drilling



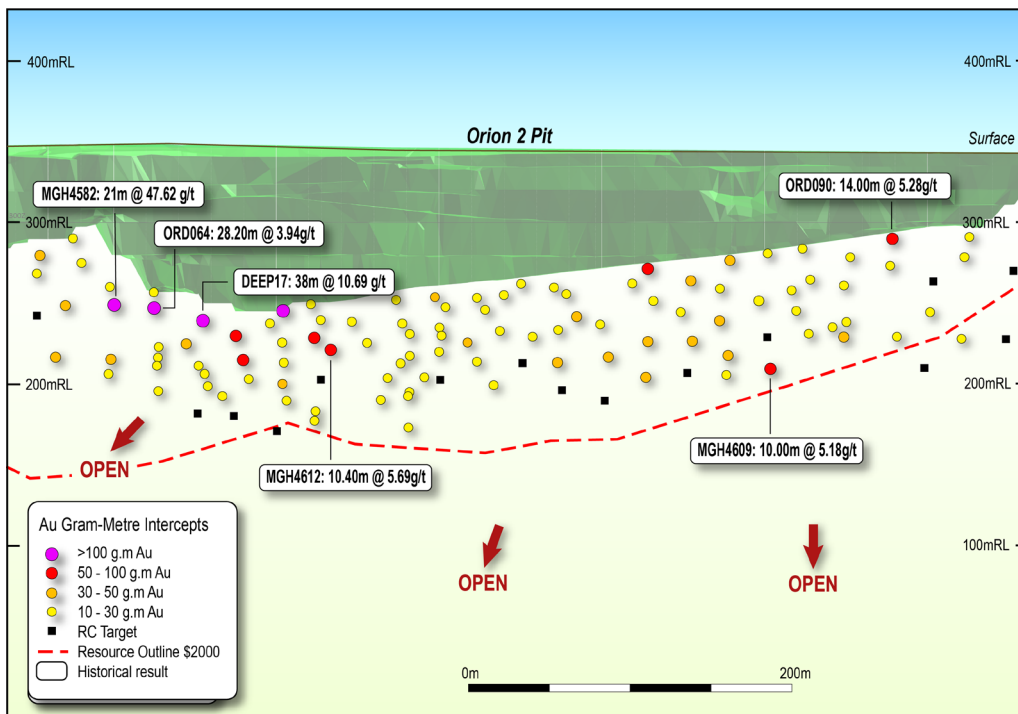
Hornet Cross Section with planned RC drilling



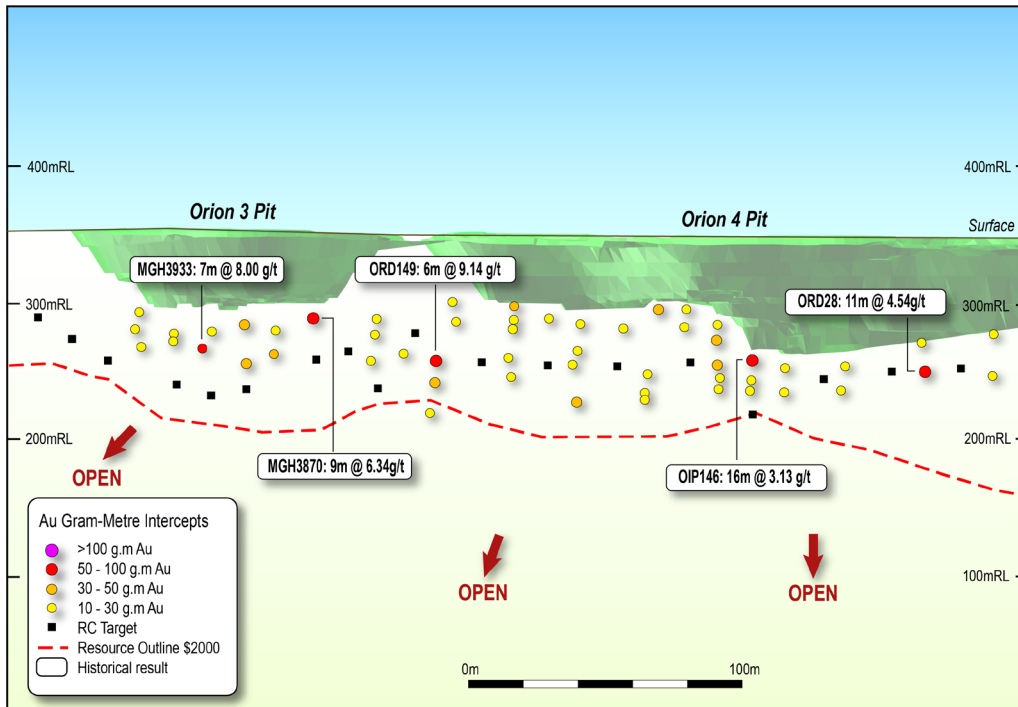
Lexington Long Section with planned RC drilling



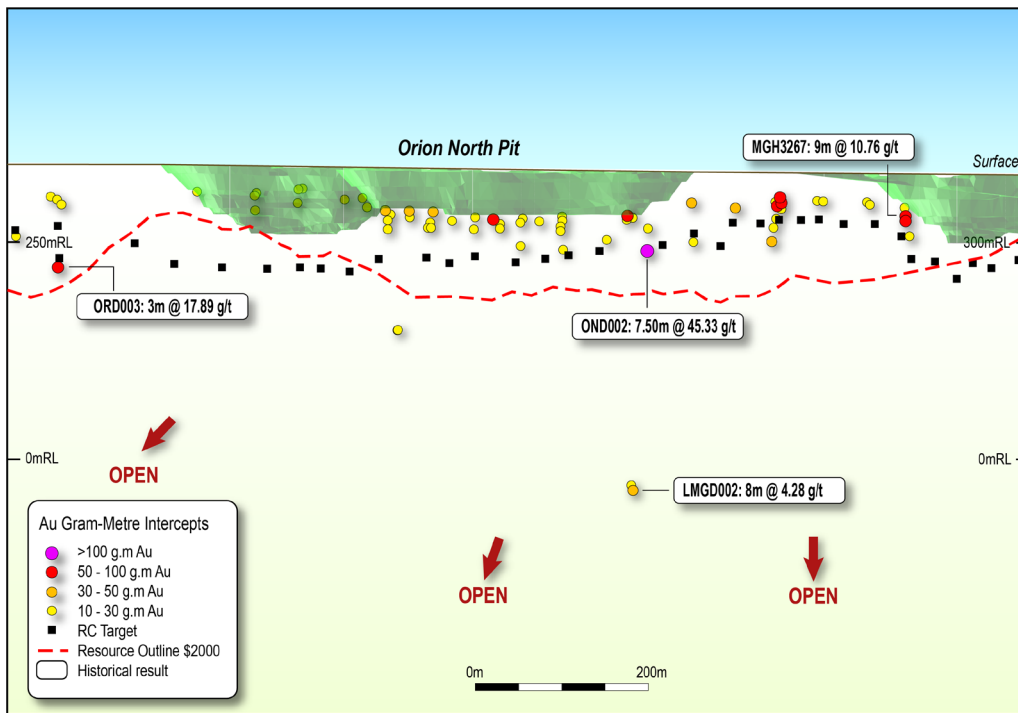
Lexington Cross Section with planned RC drilling



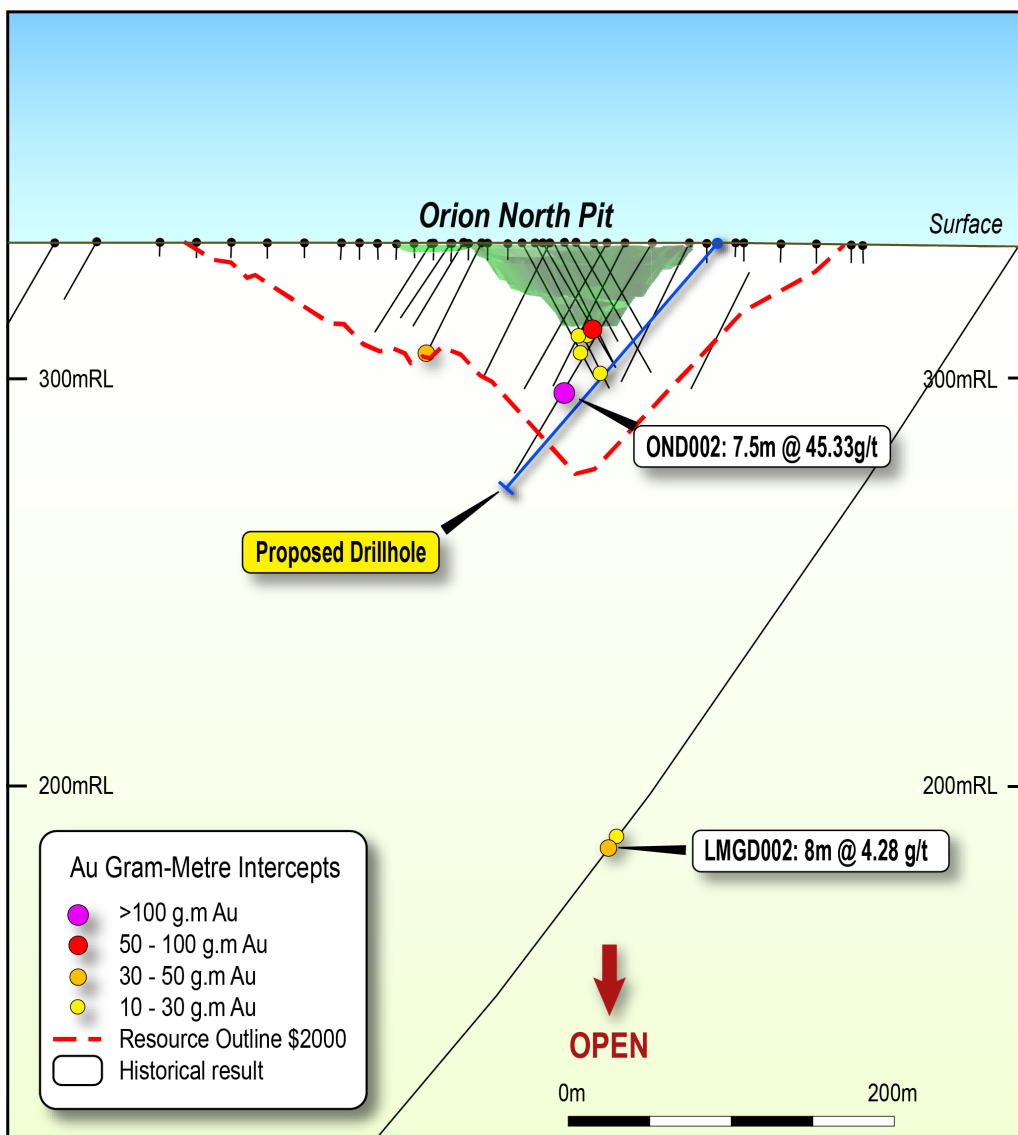
Orion 2 Long Section with planned RC drilling



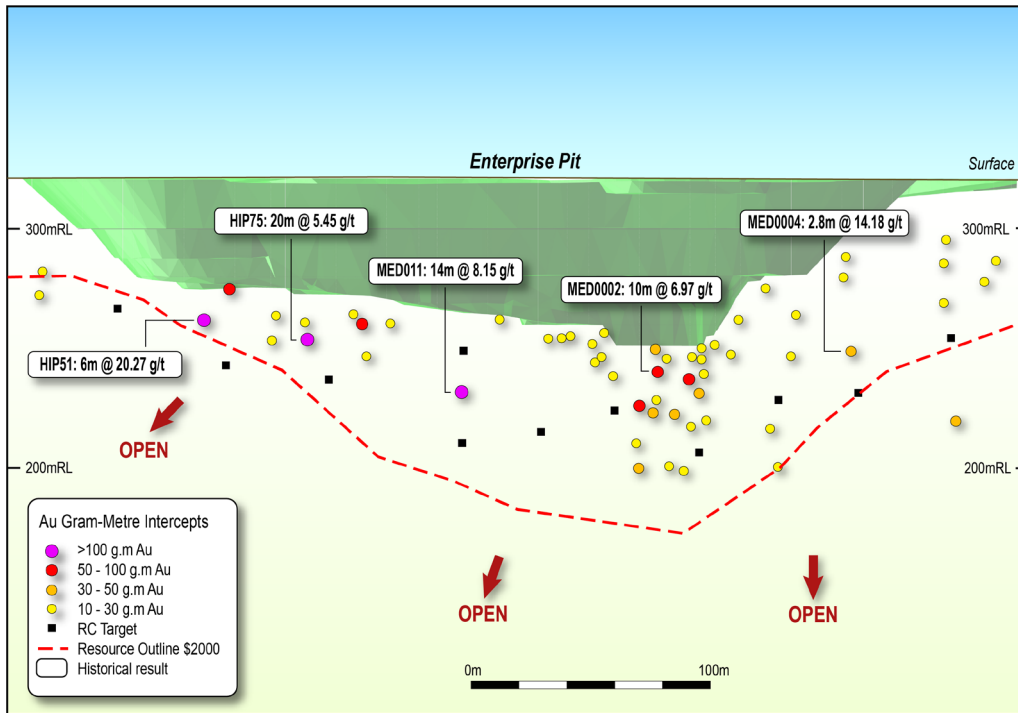
Orion 3 & 4 Long Section with planned RC drilling



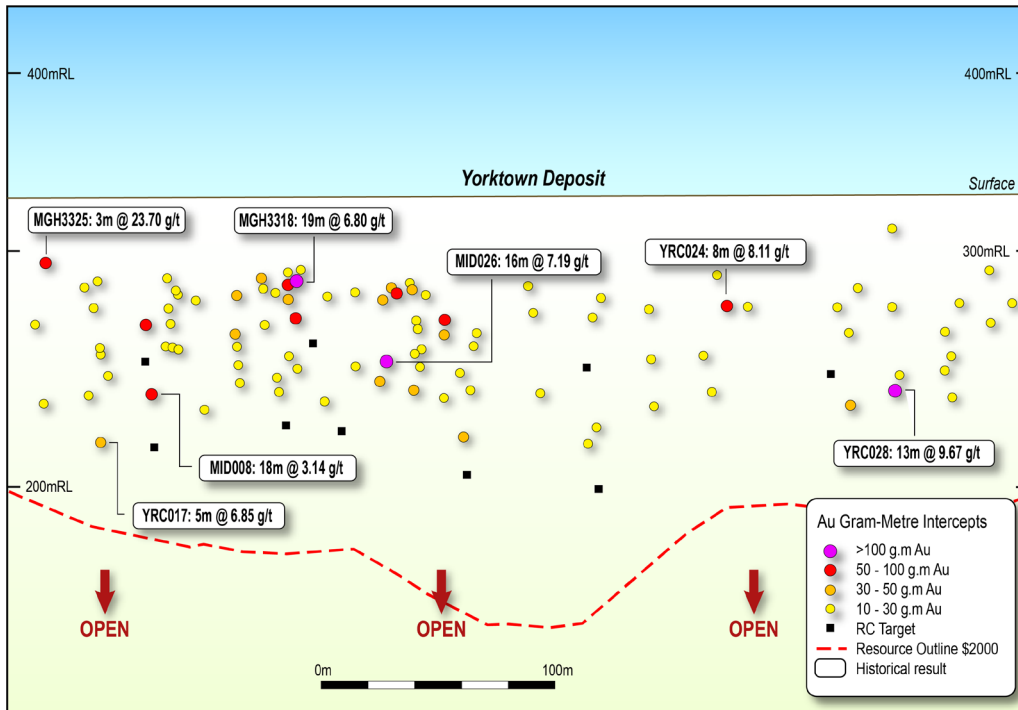
Orion North Long Section with planned RC drilling



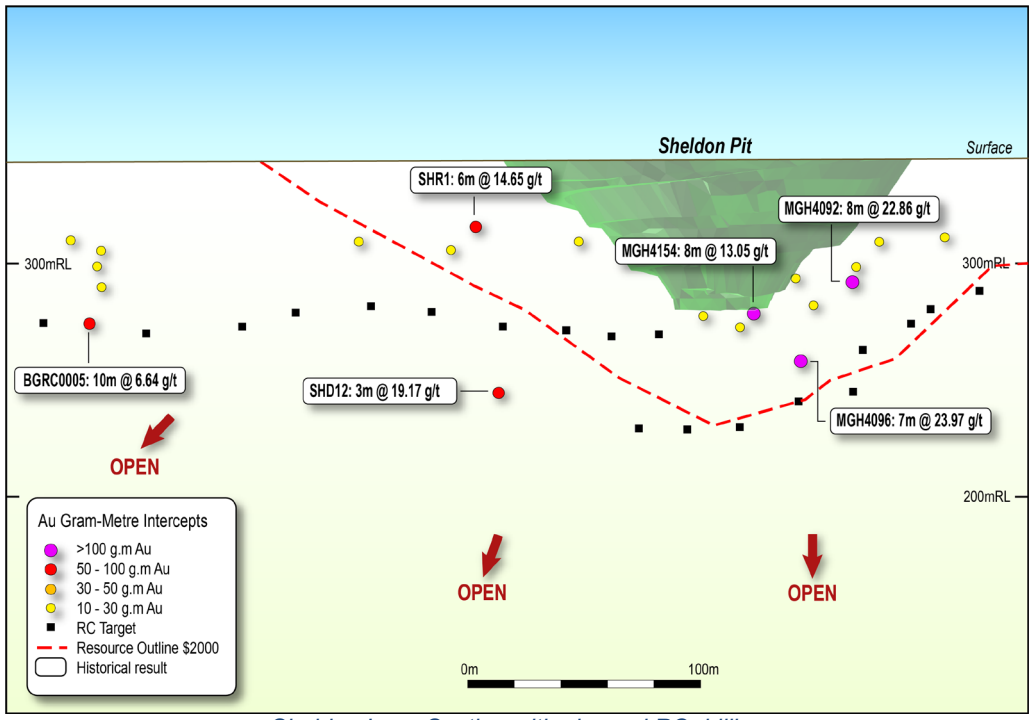
Orion 2 Cross Section with planned RC drilling



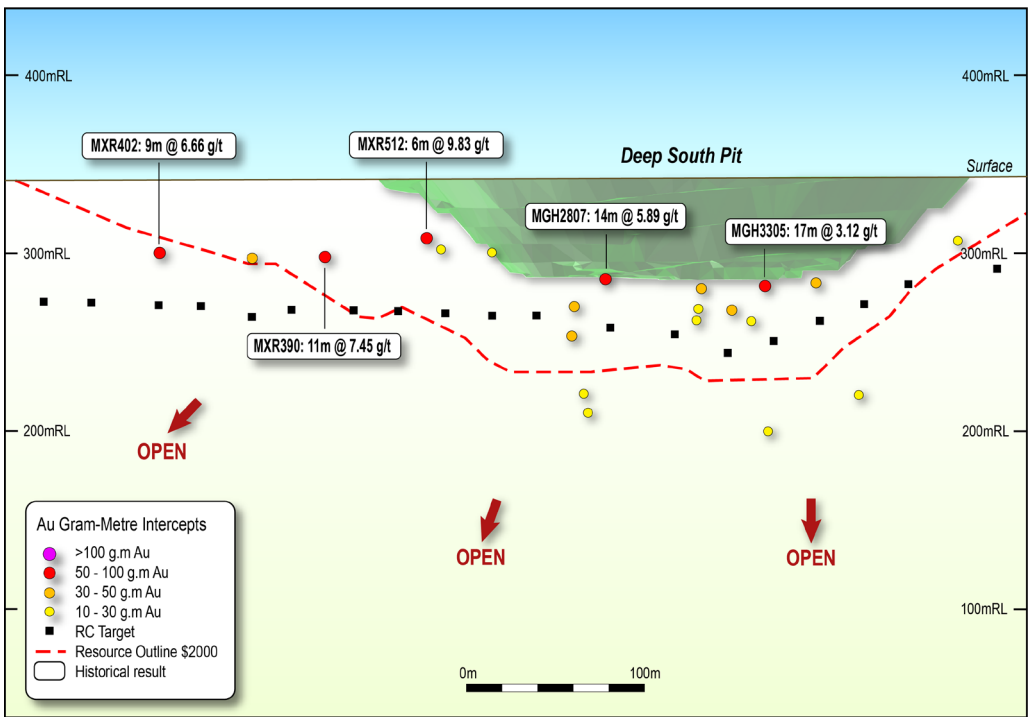
Enterprise Long Section with planned RC drilling



Yorktown Long Section with planned RC drilling



Sheldon Long Section with planned RC drilling



Deep South Long Section with planned RC drilling

First Pass Exploration Drilling

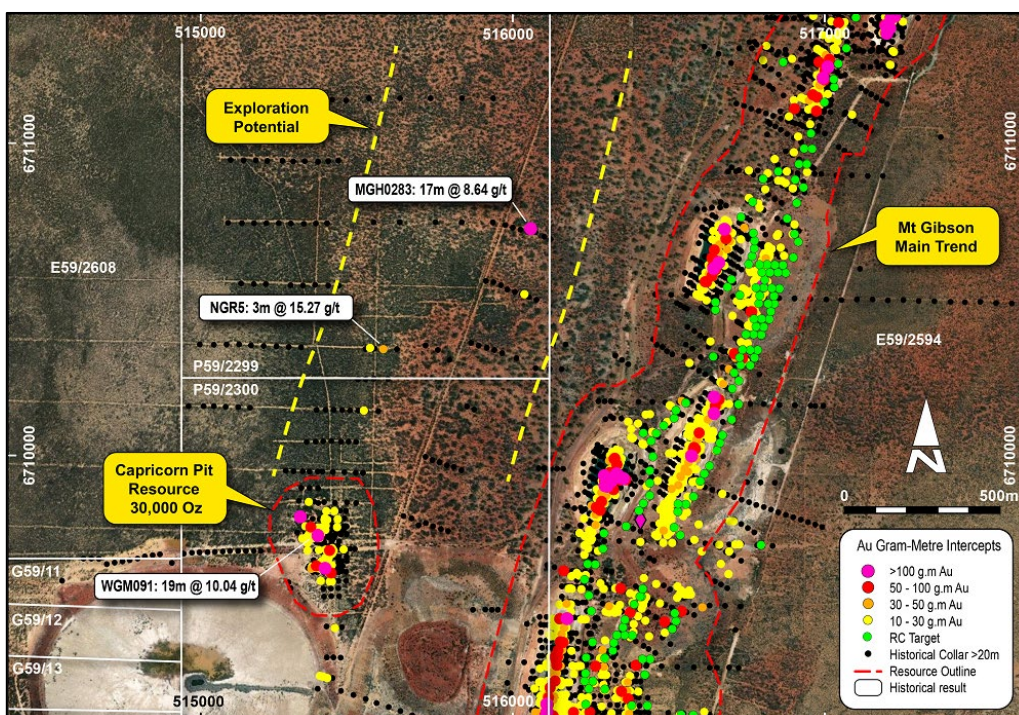
An exploration programme consisting of geochemical soil sampling and a staged 30,000 metre first pass aircore drill programme has been planned to test some high priority known gold targets outside the resource areas and to generate geological targeting data on the regional tenement package. Exploration will apply targeting models and modern-day exploration techniques that have not previously been utilised on the project area given the area has not been subject to gold exploration for almost 30 years.

On ground exploration is expected to commence in the March 2022 quarter with low impact activities including collecting rock chip samples, geochemical soil samples and geophysical drone surveys. Required environmental and other surveys will be commenced in preparation for drilling known targets. These regional exploration activities are expected to cost in the order of \$2 million over 18 months and will be scaled up in the event of positive results.

Examples of high priority, drill ready exploration targets at the MGGP include:

Parallel Structures to Mt Gibson Mine Trend

Significant unmined drill intercepts including 19m @ 10.04g/t Au, 3m @ 15.27g/t Au and 17m @ 8.64g/t Au have been identified adjacent to the Mt Gibson mine trend in an interpreted parallel structure. Based on review of downhole drill logging and geophysical data, the under explored target area which includes the unmined Capricorn resource (30,000 oz) has been identified as having a strike potential in excess of 2 kilometres and geological and structural settings amenable to host further significant mineable deposits.

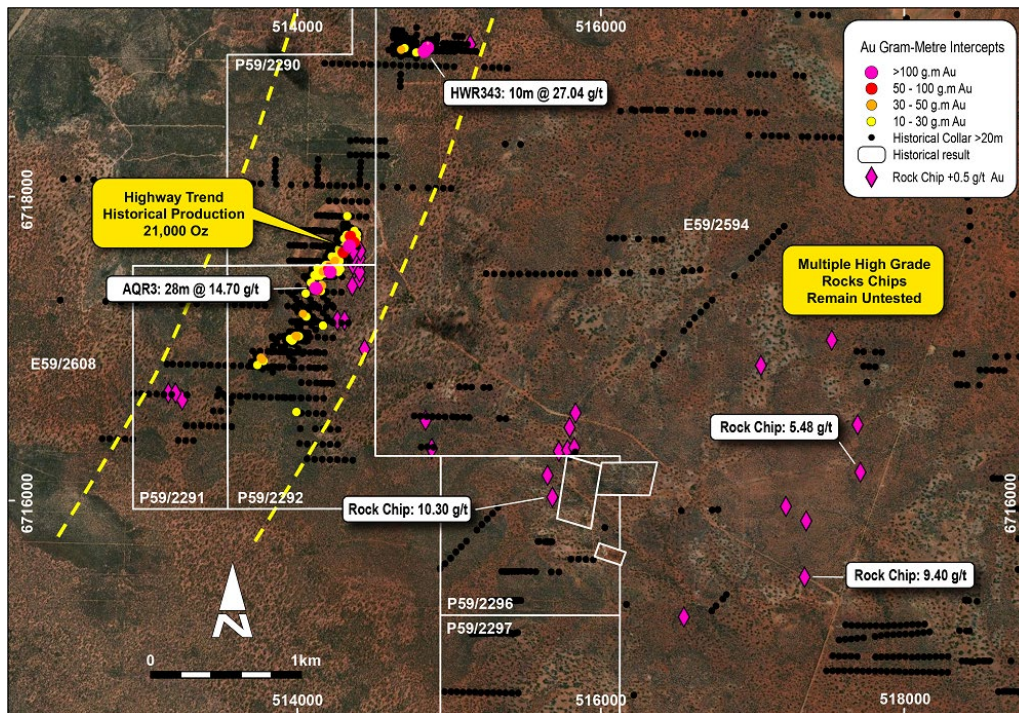


Parallel structures to Mt Gibson Mine Trend

Highway Project

The Highway/McDonalds area is located 5km north of the current resources. The area has a prospective geological and structural setting. Much of the area is covered by up to 20 metres of transported cover. Geology consists of Banded Iron Formations, sedimentary, ultramafic and mafic schists identified in sub crop and drilling.

Two major northwest trending faults perpendicular to the northeast lithology and mineralisation appear to play a role in mineralisation where they intersect quartz veining and lithological contacts at the largely untested historic working and the Highway Mine Trend (21,000 oz mined).



Highway/McDonalds Prospect – drilling and rock chips

Multiple old mine workings and high-grade rock chips (up to 10.30 g/t Au) have not been followed up by drilling, possibly due to the subdued Au soil sample results due to the transported cover.

Capricorn Executive Chairman Mark Clark commented:

“The granting of all key mining tenure at the Mt Gibson project is an important milestone for Capricorn as it successfully completes the priority right application process that was underway on acquisition of the project in July 2021. Grant of the tenure effectively completes Capricorn’s acquisition, which at cost of less than \$20 per resource ounce, represents a compelling value proposition for the company. In January 2022 Capricorn will commence resource expansion and exploration drill programmes of more than 110,000 metres. We look forward to delivering an updated resource and a maiden reserve in 2022 which will progress the project towards a feasibility study. The Mt Gibson project represents a significant opportunity for Capricorn to become a two mine, mid-tier Australian gold producer.”

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

For further information, please contact:

Mr Kim Massey
 Chief Executive Officer
 E: enquiries@capmet.com.au
 T: +61 8 9212 4600

Forward Looking Statements

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation of belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. The detailed reasons for that conclusion are outlined throughout this announcement and all material assumptions are disclosed.

However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements.

Such risks include, but are not limited to resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as governmental regulation and judicial outcomes.

For a more detailed discussion of such risks and other factors, see the Company’s Annual Reports, as well as the Company’s other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any “forward looking statement” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr. Jarrad Price who is General Manager - Geology at, and a full-time employee of, the Company. Mr. Jarrad Price is a current Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Price consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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

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

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

Appendix ONE

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<p>Drilling at the MGGP has been completed by multiple companies between the 1970's and 2008 using a combination of Reverse Circulation (RC), diamond drilling (DD), aircore (AC), Auger (AUG) and RAB. AUG and RAB have been excluded from the Mineral Resource estimate. The methods of collection for the historical data are unknown.</p> <p>Sample weight and collection method are unknown for the historical drilling. Sample condition is not logged for the majority of intervals. Sample quality is unknown for the historical drilling. The majority of samples are recorded as being assayed by fire assay.</p> <p>Field duplicates and certified reference material (CRM) data are present in the database although only a minor amount, and not likely to be representative of the whole project. Details of collection and increment are not available.</p> <p>Rock chip samples were taken in the field by previous explorers. Rock samples were collected from surface outcrop. Outcrop samples are considered to be in situ resistant portions of the geology.</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<p>RC and AC drilling bit and blade diameters are unknown for the historical drilling.</p> <p>Diamond drilling hole diameter is listed mainly as NQ and HQ, orientation tools unknown.</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<p>The method of recording and assessing core and chip sample recoveries and results is unknown. Core recoveries are present in the database for some of the DD holes which show mostly high recovery.</p> <p>The measures taken to maximise sample recovery and ensure representative nature of the samples are unknown.</p> <p>Sample condition is only logged for a small portion of the drilling, with minimal intervals logged as wet. The majority of intervals do not have sample condition logged.</p> <p>It is unknown if bias exists between sample recovery and grade.</p>
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<p>Logging processes are unknown for the historical drilling. Logging field in the database show that lithology, weathering, alteration, mineralisation, veining, RQD and core recovery and structure were logged. Some XRF measurements were also taken.</p> <p>Logging is both qualitative and quantitative or semi-quantitative in nature.</p> <p>For rockchips short geological description of each sample location including lithology, alteration, veining, and mineralization was recorded.</p>

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<p>It is unknown if DD sampling was quarter, half or whole core.</p> <p>Non-core sampling sub sampling techniques are not known. Sample condition is not recorded for the majority of intervals, with only a minor amount of the logged values being recorded as wet.</p> <p>Sample preparation techniques are not known.</p> <p>Field duplicates and certified reference material (CRM) data are present in the database although only a minor amount, and not likely to be representative of the whole project. Details of collection and increment are not available.</p> <p>Sample sizes are unknown.</p> <p>Details for rockchips is unknown.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<p>The majority of drilling is recorded as being assayed using fire assay at Ultratrace, ALS, Genalysis and Analabs. This is considered appropriate for the deposit type.</p> <p>Field duplicates and certified reference material (CRM) data are present in the database although only a minor amount, and not likely to be representative of the whole project. Details of collection and increment are not available.</p> <p>Rock chips were analysed for Au, Ag, Cu, Pb, Zn. No QAQC recorded.</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<p>There has been no verification of significant intersections or rockchip sampling/assaying. Twin holes are planned to verify the historical data throughout the entire resource area. Logging and sampling procedures of the historical data are unknown.</p>
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<p>Drillhole collar and rockchip position accuracy is unknown. Being that it is an inherited historical dataset there are no details on the collar survey or downhole survey methods. The majority of downhole surveys in the database are listed as not recorded, with some listed as being a single shot camera, and surveys are generally 30m or 50m increments downhole. As the drillhole data and historic mined pits are all spatially cohesive it is assumed that accuracy of the data is to within +/- 5m, and to be validated by CMM drilling and site visits.</p> <p>Drillhole location data was initially captured in the MGA94 grid system and have been converted to a local grid for resource estimation work.</p> <p>The natural surface topography was modelled using a DTM generated from airborne survey, this includes waste dumps and some in-pit waste dumping. The DTM was rotated in-house to the local grid coordinate system. Also available are pit surveys of the mining voids at the end of historical mining to enable depletion of the CMM resource. The pit surveys and topography surface were checked in Google Earth for accuracy. Horizontal point accuracy is expected to be <5m and vertical accuracy to 0.5m. The reference datum was GDA94 and the projection was MGA Zone 50. Topographic control appears to be of good quality and is considered adequate for resource estimation.</p>

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<p>Drilling has been completed on a 25m (Y) x 25m (X) and 50m (Y) x 25m (X) grid. Drill spacing is sufficient for current resource classification.</p> <p>Sample compositing is common in the data, particularly at 3m, but the majority of samples in the database are 1m.</p> <p>Sample locations for the rockchips appear to have been selected based on availability of material to sample in areas of interest.</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<p>Drill lines are oriented across strike, running east-west in the southern half of the project and at 300 degrees in the northern half. The orebody dips at 80 degrees to the east for the majority of the project, with some steep west dip at the very northern end of the project.</p> <p>The drillholes have been drilled at inclination of -60 and -90 degrees. The orientation of the drilling is suitable for the mineralisation style and orientation of the MGGP mineralisation.</p> <p>Sample locations for the rockchips appear to be across the strike or trend of mineralised outcrops</p>
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	Sample security measures taken on the historical data are unknown.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	No audits or reviews have been completed on sampling techniques and only interval reviews have been completed on the available data.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<p>The MGGP is located across mining tenements held by wholly owned Capricorn subsidiaries Crimson Metals Pty Ltd and Metrovex Pty Ltd; being E59/2594, E59/2606, E59/2450, E59/2546, P59/2286-306, P59/2309 and P59/2310, M59/328, M59/402-404, G59/11, G59/12-18, G59/48, L59/12, L59/140, L59/16, L59/45, L59/46 and L59/53.</p> <p>A number of the tenements are subject to a 1% NSR royalty to Avenger Projects Ltd, including gold production above 90,000 ounces.</p> <p>Capricorn wholly owned subsidiary Greenmount Resources Ltd also holds a further 4 applications for E59/2611, E59/2612, E59/2655 and E59/2656.</p> <p>A royalty is also payable to St Barbara Limited on all gold production in excess of 20,000 ounces (excluding production from historic waste dumps and tailings) at the rate of \$10 per ounce, applicable to leases M59/328, M59/402, M59/403, M59/404, G59/11, G59/12, G59/13, G59/14, G59/15, G59/16, G59/17, G59/18, L59/12, L59/16, L59/45, L59/46, L59/53</p> <p>No other known impediments exist to operate in the area.</p>
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	The Mt Gibson Gold Deposit (Mt Gibson) has a history of minor gold production dating back to the 1930's when prospectors operated small gold workings at Paynes-Crusoe and Tobias Find. While the area was subject to previous prospecting and company exploration in smaller leaseholdings, the Mt. Gibson Gold Project was first held in more-or-less its present configuration and extent by Reynolds Australia, who commenced exploration in the early

Criteria	JORC Code explanation	Commentary
		<p>1980's. Soil and laterite sampling resulted in several significant gold and base metal anomalies being defined; follow up rotary air blast (RAB), air core (AC), reverse circulation (RC) and diamond drilling programs outlined significant economic laterite and oxide resources. A joint venture between Reynolds Australia Metals and Forsayth Mining Limited (with FML as the operator) began operations in 1986, mining and processing 6.5 million tonnes of laterite ores defined by FML in 1984, followed later by oxide and sulphide ores defined by drilling beneath the laterite orebodies. The project was sold by Reynolds to Camelot Resources in 1995. Continuing exploration resulted in the discovery of further oxide resources, mainly on the Taurus Trend, and the underground quartz-sulphide deposit at Wombat. These resources were subsequently mined and processed, all mining being completed at the end of 1997 and final milling of low grade stockpiles completed in June of 1998. A 4Mt dump leach remained in operation until November 1998, producing 68,868 ounces of gold. Including the dump leach, a total of 16,477,882 tonnes of ore was processed during the life of the operation, for 868,478 ounces of gold at an overall average grade of 1.64g/t Au.</p>
<p>Geology</p>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<p>The Mt Gibson Gold Project tenements are located at the southern extremity of the Retaliation Greenstone Belt, in the SW portion of the Yalgoo-Singleton Greenstone Belt in the Murchison Province of the Yilgarn Craton. The tenements are mostly covered by a veneer of alluvial quartz sands and laterite gravels, with sporadic greenstone subcrop and outcrop, increasingly exposed in the north of the project area. The mineralised laterite gravels are situated slightly down-slope from the lode deposits on the Gibson trend. Regionally, the greenstone belt has been metamorphosed to middle amphibolite facies and hosts a number of Au-Cu deposits and prospects, including Golden Grove, 90km to the northwest of Mt.Gibson.</p> <p>The lode style mineralisation at Mt. Gibson is predominantly hosted by three main trends:</p> <p>The Gibson Trend</p> <p>The majority of the known and mined mineralisation is hosted by this trend. It is hypothesised to have originally been a gold-copper-zinc rich Volcanogenic Hosted Massive Sulphide (VHMS) deposit that has been overprinted by a later hydrothermal gold mineralising event. This mineralised shear zone has an arcuate north-south to northeasterly strike (trending more north-easterly in the north) and extends for more than seven kilometres from the southern granite contact to beyond the Hornet ore body.</p> <p>The so-called "Mine Sequence" is around 400 metres wide and consists of a parcel of sheared, metamorphosed and chlorite-biotite-muscovite altered mafic volcanics. Numerous felsic porphyries intrude the Mine Sequence. Mineralisation is hosted within multiple sets of elongate lodes with strong strike continuity, which anastomose and pinch-swell along strike and to depth. The main lode systems include Hornet, Enterprise, Orion and S2.</p> <p>The Taurus Trend</p> <p>The north-westerly trending Taurus Trend lies west of and diagonal to the Gibson Trend. Mineralisation is intimately associated with an apparently continuous felsic unit emplaced into the northwest trending shear and was discovered late in the life of the mining operation. It is characterised by discontinuous ore bodies, and strongly mineralised quartz-sulphide</p>

Criteria	JORC Code explanation	Commentary
		<p>veining. The ore bodies on this trend include Sheldon and Wombat which, although not as continuous in strike as the ore bodies on the Gibson Trend, show a higher gold tenor.</p> <p>The Highway Trend</p> <p>The Highway Trend is a northeast trending shear zone, hosted by a mafic sequence in the western terrain, 11km northwest of the main mining area. This trend hosts the Highway ore body, and the Phoenix and Aquarius Prospects. It shares many of the characteristics of the Gibson trend, but it appears to lack the VHMS mineralising event and has generally been regarded as a predominantly low-grade system, although work from previous explores suggest it may have greater persistence and significance than previously thought and hence justifies further attention. The project area also hosts a number of BIF and quartz hosted small mineral occurrences including Paynes-Crusoe and MacDonald's Find.</p>
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<p>All relevant drillhole information can be found in section 1 – “Sampling techniques”, “Drilling techniques” and “Drill Sample Recovery” and the significant intercepts table.</p>
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<p>Reported intercepts include a minimum of 0.5g/t Au value over a minimum length of 1m with a maximum 2m length of consecutive internal waste. No upper cuts have been applied. Intercepts above the historical mined pits have been removed from the reported intercepts.</p> <p>No aggregation methods have been applied for the rockchips. No upper cuts have been applied.</p> <p>No metal equivalent values are used.</p>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’). 	<p>The mineralisation dips steeply to the east, and drilling is generally orientated at 60 degrees to the west, meaning intercepts are roughly perpendicular to mineralisation in the majority of cases. Some vertical holes drilled from the base of mined pits and are therefore at a high degree to the mineralisation.</p>
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<p>Refer to the diagrams in the body of this report.</p>
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<p>The accompanying document is considered to be a balanced report with a suitable cautionary note. In-situ significant drill assay results above 0.5g/t used in this Mineral Resource</p>

Criteria	JORC Code explanation	Commentary
		estimation have been reported in this document, with intercepts above the historical mined pits removed from the reported intercepts.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	No other material information or data to report.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	Further work includes resource infill RC drilling to validate existing data and test open mineralisation, diamond drilling for metallurgical studies, QAQC assessment, geotechnical and bulk density testwork. This work will form the basis of an updated resource at Mt Gibson.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

N/A – no updated Mineral Resource estimate being reported

Appendix TWO

Significant Intercepts Table

Hole No	Easting	Northing	RL	Hole Depth	Dip/Azi	From	To	Width	Grade (g/t Au)
AQR3	6717225.5	514005.14	348.46	84	-61.9/317.5	56	84	28	14.70
BGRC0005	6705928.2	515929.56	343	263	-58.5/104.1	80	90	10	6.65
BGRC0006	6710582	516671.13	328	276.1	-68/298.6	163	168	5	9.98
DEEP017	6708905.3	515961.23	259.31	70	-88.5/325	1	39	38	10.69
HID225	6711946.8	517333.88	276.27	140	-57.5/125	85.9	95	9.6	17.64
HID24	6711928.8	517361.18	279.17	138.5	-69/125	51	75	24	6.75
HID58	6712175.1	517533.58	281.51	150	-72/128	28	43	15	5.02
HIP51	6711234.8	517040.62	317.4	80	-60/126	61	67	6	20.27
HIP75	6711278.6	517045.67	316	90	-60/121.5	62	82	20	5.45
HWR343	6718835.9	514694.57	332.8	96	-58.5/180.5	52	62	10	27.05
LMGD002	6709863.1	516730.13	332	756.3	-46.6/306	445	453	8	4.28
MED002	6711374.1	517164.55	320.65	174.8	-56.5/295	88	98	10	6.97
MED004	6711452.3	517189.49	320.37	104	-60/301.5	81	83.8	2.8	14.18
MED011	6711302.1	517127.78	321.13	128	-54/296	100	114	14	8.15
MGH0283	6710575.1	515918.39	335.1	30	-90/1.5	0	17	17	8.64
MGH1862	6711581.9	517204.44	319.5	72.5	-60/301.5	49	61	12	12.92
MGH2807	6705128.1	516139.44	341.92	77	-60.3/265	58	72	14	5.89
MGH3267	6710291.6	516661.94	329.11	84	-51/298	58	67	9	10.76
MGH3305	6705214.4	516115.28	342.4	82	-56/263	64	81	17	3.12
MGH3318	6711040.5	516880.87	324.07	58	-49.3/305	39	58	19	6.80
MGH3325	6710937.8	516855.62	325.26	63	-48.5/302.5	38	41	3	23.71
MGH3616	6710413.5	516563.44	330.45	125	-56.6/300.5	91	105	14	2.84
MGH3617	6710434	516577.08	329.94	150	-56.5/301	96	121	25	4.29
MGH3870	6708229.7	515938.68	346.42	100	-61.5/272	61	70	9	6.34
MGH3933	6708155.6	515905.5	347.49	100	-55/267.5	91	98	7	8.00
MGH4092	6706230.8	515900.17	344.87	100	-60/273	57	65	8	22.87
MGH4096	6706205.5	515917.91	344.43	110	-61.5/274	95	102	7	23.97
MGH4154	6706182.9	515896.51	344.53	100	-59.5/270.5	69	77	8	13.06
MGH4582	6708856.9	516047.13	341.85	163	-46/268.5	114	135	21	47.63
MGH4609	6709244.3	516100.11	343.79	209.4	-56.2/271.2	151	161	10	5.18
MGH4612	6708976.1	516071.52	340.46	197.6	-51/282.5	144.6	155	10.4	5.69
MID008	6710981	516863.29	323.75	110	-62.58/301.2	55	73	18	3.14
MID026	6711111	516834.97	324.11	94	-61.04/118.6	73	89	16	7.20
MND015	6711728.1	517351.39	319.2	200	-59/300.5	157	165	8	7.62
MND042	6711896.9	517526.25	320	429.4	-53.5/300.5	372	395	23	4.90
MND048	6712005.2	517351.84	295	280	-78.7/131	217	228	11	3.65
MND052	6712066	517407.22	292.6	179	-63.7/122	132.5	136.3	3.8	18.72
MXR390	6704975.8	516185.72	341.69	73	-60/271.5	45	56	11	7.46
MXR402	6704876.3	516179.38	341.3	65	-60/271.5	43	52	9	6.67

Hole No	Easting	Northing	RL	Hole Depth	Dip/Azi	From	To	Width	Grade (g/t Au)
MXR512	6705026.3	516149.77	341.93	63	-59/270.5	36	42	6	9.83
NGR5	6710191.8	515490.36	337.98	163.3	-56.5/269.5	83	76	3	15.28
OIP146	6708555.6	515953.14	344.88	115	-52.3/273	97	113	16	3.14
OND002	6710011.1	516553.59	332.4	163	-55.5/294	102.5	110	7.5	45.23
ORD003	6709391.7	516283.6	340.4	301	-45/298	144	147	3	17.9
ORD028	6708679.2	515969.72	344.4	194	-57.4/271.5	103	114	11	4.55
ORD064	6708877.6	516015.74	343.1	230	-56/272	98	126.2	28.2	3.94
ORD090	6709326.5	516062.84	343.27	142	-56/271	54	68	14	5.29
ORD149	6708330.6	515914.06	345.14	128	-60.5/264	97	103	6	9.15
SHD12	6706079.4	515964.17	343.94	155.7	-54.4/270.5	116	119	3	19.17
SHR1	6706059.1	515888.6	344.22	96	-54.2/270.5	30	36	6	14.65
WGM091	6709594.9	515265.01	340.98	69	-61.1/267	50	69	19	10.04
YRC017	6710957.2	516865.37	325.07	130	-60/298.5	120	125	5	6.85
YRC024	6711222.6	516929.15	323.02	110	-60/298.5	49	57	8	8.11
YRC028	6711321.4	516898.18	323.05	113	-60.17/120.8	88	101	13	9.67
