



## ACTIVITIES REPORT MARCH QUARTER 2019

### ASX ANNOUNCEMENT

30 April 2019

ASX Code: CMM

ABN: 84 121 700 105

#### Board of Directors:

Mr Doug Jendry  
*Non-Executive Chair*

Mr Tim Kestell  
*Non-Executive Director*

Mr Stuart Pether  
*Non-Executive Director*

#### Issued Capital:

Shares 813.16M  
Options 41.39M  
Share Price A\$0.084  
Market Cap. A\$68.3M

#### REGISTERED OFFICE:

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### HIGHLIGHTS

- Capital raising \$2.0m via Share Purchase Plan ("SPP") completed in February.
- Shareholder vote to replace Board members completed, with appointment of Messrs Jendry and Kestell.
- Full payment made for Karlawinda accommodation village and mining services infrastructure.
- New exploration programs commenced at Karlawinda focused on the expansion of the Bibra gold resource and further advancing the prospectivity of the wider Karlawinda Gold Project.
- 2,000 infill soil samples collected over high-priority regional gold-in-soil anomalies in the greater Karlawinda Gold Project to develop drill-ready targets.
- 240km<sup>2</sup> of detailed aeromagnetics will be flown over the newly identified Archean greenstone region to identify geological and structural features consistent with the known Bibra deposit.
- A resource definition drilling program at the Tramore Prospect will commence in Mid-May.

## MARCH QUARTER ACTIVITIES SUMMARY

The Company is developing the Karlawinda Gold Project located 65 km south-east of Newman in the Pilbara region of Western Australia. Current Mineral Resources are 1.52m ounces, including open pit Ore Reserve of 0.89m ounces<sup>1</sup>.

During the March 2019 Quarter, the Company continued exploration and development activities as follows:

The final payment for the 306-room accommodation village and mining services infrastructure was made, with detailed planning for the relocation of that infrastructure to Karlawinda underway.

Exploration activities continued with systematic soil sampling over several priority gold-in-soil anomalies completed, drilling programs planned and scheduled for the Tramore and other prospects, and an extensional aeromagnetic survey scoped for the June Quarter.

Permitting for the Karlawinda Gold Project is now complete, with the grant of a gas pipeline licence and two miscellaneous licences which underlie the proposed pipeline and access road.

## Karlawinda Gold Project Development

### PROCESS PLANT, INFRASTRUCTURE AND CAMP

Final payment was made during the Quarter for a 306-room accommodation village and mining services infrastructure (the former BCI village near Nullagine), with that infrastructure expected to be relocated to Karlawinda in the September Quarter.

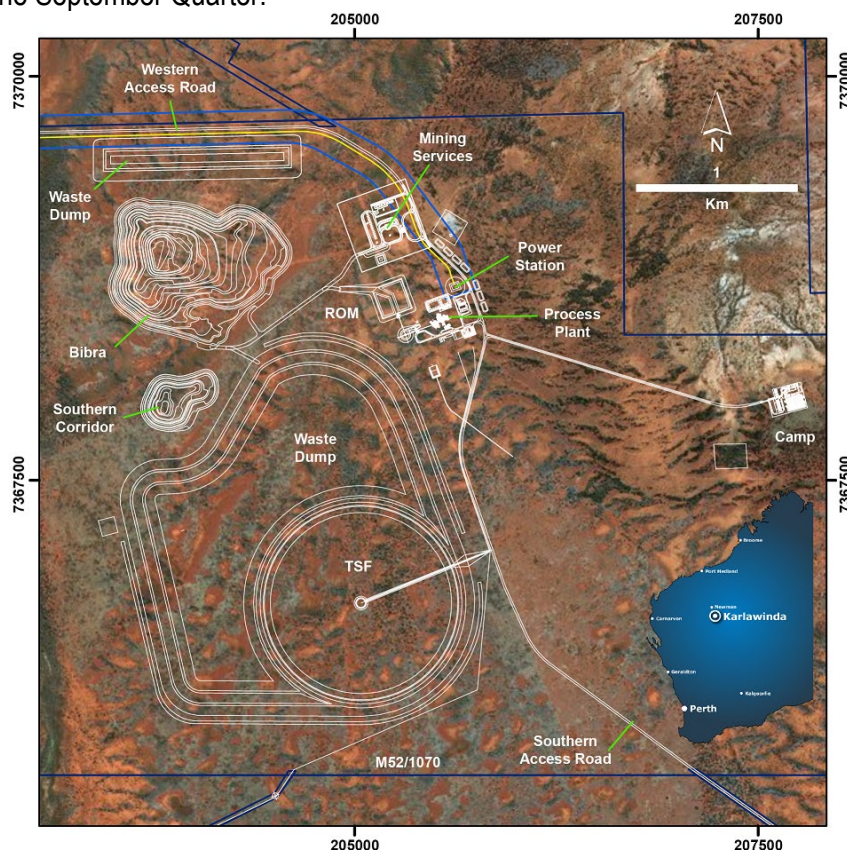


Figure 1: Karlawinda Gold Project layout

<sup>1</sup> Capricorn report that it is not aware of any new information or data that materially affects the information included in the Ore Reserve and Mineral Resource announcement dated 29<sup>th</sup> May 2018 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and there have been no adverse material changes.

## PERMITTING AND APPROVALS

As previously reported, all key permits for the Karlawinda Gold Project have now been finalised and received, including Native Vegetation Clearing Permit, Project Management Plan, Mining Proposal, Mine Closure Plan, Water Extraction Licence and Works Approval. In all cases, the permits have been applied for by, and issued to Greenmount Resources Pty Ltd, a wholly-owned subsidiary of Capricorn Metals Ltd.

**Gas Pipeline Licence.** This licence was issued by the Department of Mines, Industry, Regulation and Safety (DMIRS), allowing for a 58km pipeline connecting Karlawinda with the Goldfields Gas Pipeline.

## HEALTH AND SAFETY

No safety incidents were reported during the Quarter, with a focus on the safety of personnel collecting soil samples in very hot conditions.

## Exploration

Work was focused on completing infill soil sample sampling over 6 high priority gold-in-soils anomalies, planning for an aeromagnetic survey over the newly identified greenstone region and a Tramore Prospect resource definition and exploration drilling program.

### INFILL SOIL GEOCHEMISTRY

A total of 2,000 soil samples were collected over three priority gold-in-soil areas, identified in the 2018 regional soil program. These priority anomalies are located within prospective geological settings including favourable lithological hosts, major geological contacts and/or structurally complex areas. The soil samples were systematically collected on grid spacings ranging between 100m x 100m to 100m x 200m and covered a total area of approximately 20km<sup>2</sup>. These priority anomalies are located within 40km of the Bibra gold deposit. These soil samples are currently at the laboratory and results expected to be received early in the June quarter.

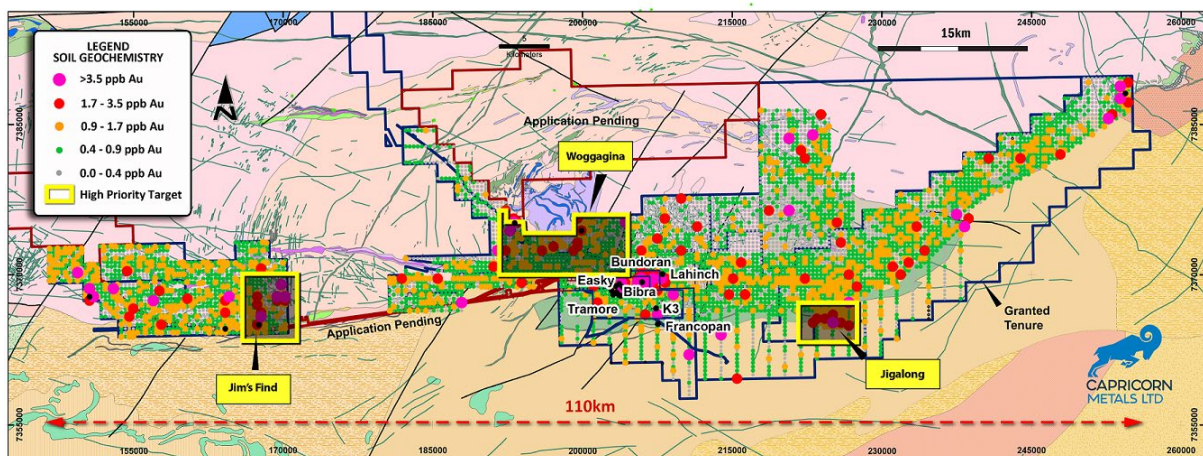


Figure 2: Soil sampling coverage at the Karlawinda Gold Project and priority targets highlighted in yellow

## AIRBORNE MAGNETIC SURVEY

Detailed planning and tendering was completed for an aeromagnetic survey over the newly identified Archean greenstone region to identify geological and structural features consistent with the known Bibra deposit gold mineralisation and host stratigraphy. The aeromagnetic survey will cover a total area of 240km<sup>2</sup> on a flight line spacing of 50m. The survey is expected to commence during the June Quarter and take one week to complete.

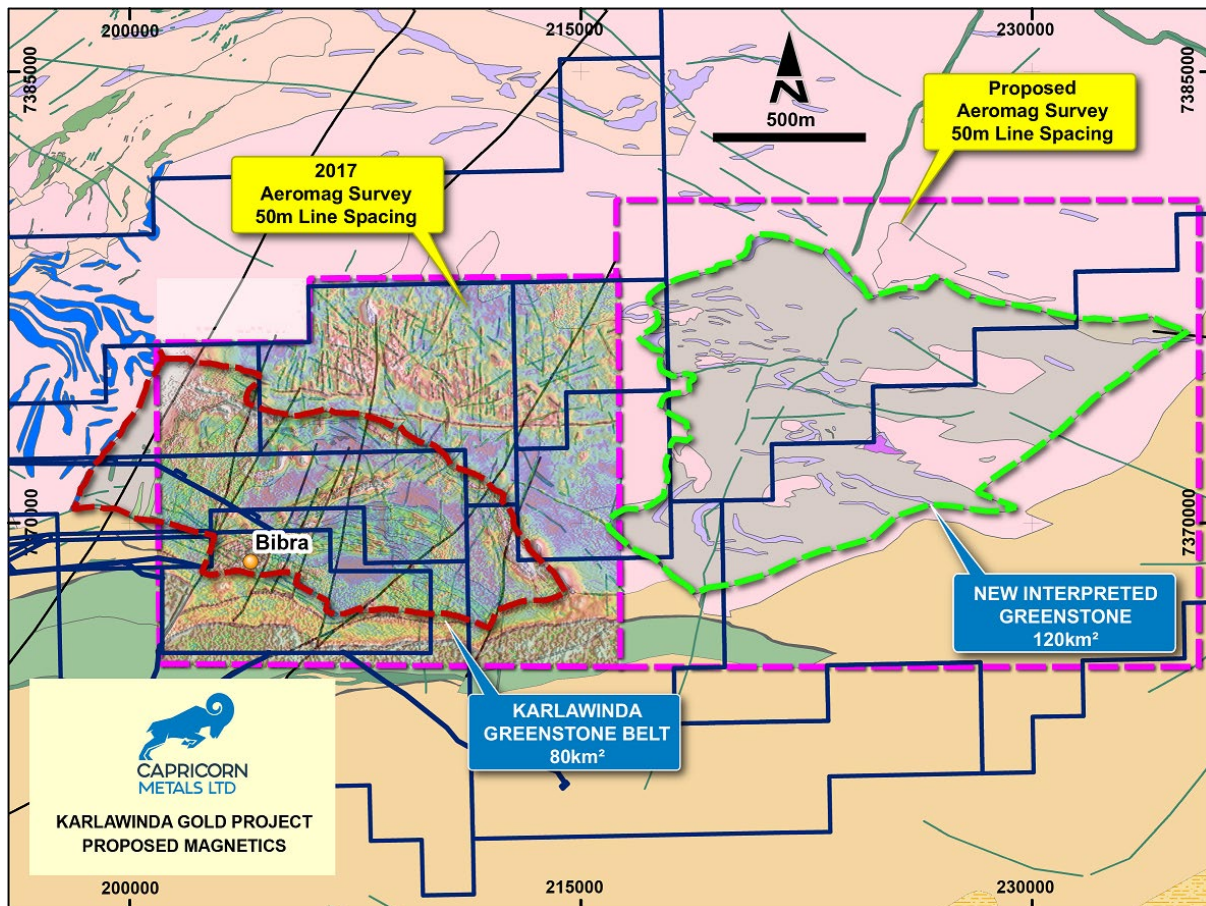


Figure 3: Proposed airborne magnetic survey over the new interpreted greenstone region

## TRAMORE PROSPECT RESOURCE DRILLING

During the Quarter, planning and tendering for the Tramore resource drilling program was completed. The Tramore Prospect is located approximately 100m to the south of the current planned Bibra open pit and is the most advanced prospect not currently in the Karlawinda Gold Project resource inventory. The Tramore mineralisation is defined over a strike length of approximately 450m, a current down dip extent of 250m, to a vertical depth of 150m below surface, and remains open at depth. Previous results from drill programs at Tramore include (see Table 1 and ASX announcement dated 20 August 2019 for details):

- 34m @ 1.07 g/t Au from 41m (KBRC1164)
- 19m @ 1.63 g/t Au from 78m (KBRC1176)
- 20m @ 1.20g/t Au from 155m (KBRC148)
- 20m @ 1.00g/t Au from 49m (KBRC1069)

The planned drilling program will consist of 7,500 metres of reverse circulation drilling to infill the current drilling grid at Tramore to 50m x 50m (figure 4), providing sufficient sample coverage to increase the

confidence in grade continuity to support a Mineral Resource estimation. The drilling program is expected to commence in May 2019.

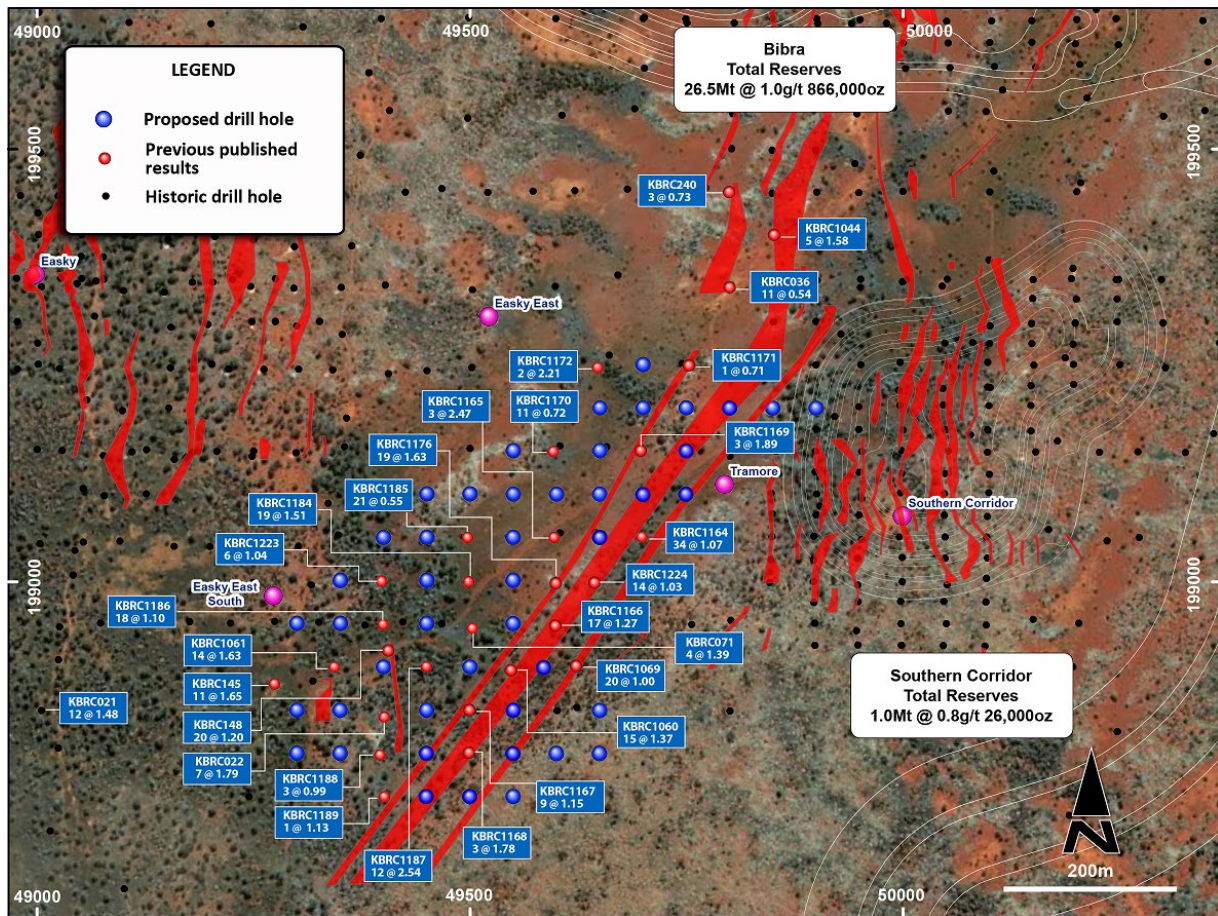


Figure 4 Tramore Prospect Plan with completed holes in (red) and planned holes (blue)

## EXPLORATION DRILLING

Following on from the Tramore resource drilling program, 2,000 metres of reverse circulation drilling has been allocated to test several exploration targets around the Bibra and Frankopan gold deposits, which have been developed through geological and geophysical interpretation.

Targets include:

- The interpreted northern rollover of the Frankopan-K3 structure and potential for the Frankopan mineralisation to be present under thinner Bangemall cover to the north.
- The 350m gap in drilling between the Finns and Easky for the potential continuation of gold mineralisation.
- The 900m gap in drilling between Port Rush and Bundoran along the interpreted continuation of the main footwall contact to test for potential replication of Portrush style gold mineralisation.
- Testing the continuity of higher-grade intercepts along the ≈1km Rossbeigh-Dunworley trend.

## Corporate

Cash balance at the end of the Quarter was \$0.47 million, following final payment for the camp and mining services infrastructure from FMG.

At a shareholder's meeting on 5<sup>th</sup> March 2019, as per ASX release of 6<sup>th</sup> March 2019, three directors were removed from the Board (Debra Bakker, Geoff Rogers and Peter Benjamin) and two new directors were appointed to the Board (Doug Jendry and Tim Kestell). Mr Warren Hallam resigned on 5<sup>th</sup> March 2019.

\$2.0 million was raised via a Share Purchase Plan at 6.3c per share during the Quarter. Subsequent to the Quarter, an underwritten non-renounceable rights issue (Rights Issue) to raise \$10.1 million at 6.5c per share was announced (refer ASX announcement 4<sup>th</sup> April 2019), closing on 7<sup>th</sup> May. The first part of that Rights Issue, the Institutional component, closed on 7<sup>th</sup> April 2019, raising \$3.18m (refer ASX announcement 8<sup>th</sup> April 2019).

As announced to the ASX on 1<sup>st</sup> April 2019, the Company received an unsolicited non-binding indicative and incomplete letter of intent from Emerald Resources NL and Hawkes Point Holdings LP (as a proposed bidding consortium) outlining the intention of the consortium to submit a proposal to acquire 100% of the issued share capital of Capricorn for a purchase price of \$0.11 per Capricorn share (comprising \$0.055 in cash and \$0.055 in Emerald scrip). After taking advice from its advisors and following consultation with some of its largest shareholders (not associated with Hawke's Point), Capricorn rejected the approach which it believes undervalues the Company and its assets.

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## JUNE QUARTER PLANNED ACTIVITIES

Activities planned for the June Quarter include:

- Commencement of resource definition drilling at the Tramore Prospect;
- Aeromagnetic survey over the newly-identified eastern Greenstone area at Karlawinda

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## TENEMENTS

A full listing of the Company's current tenement holdings, as at the date of this release, is included as Appendix 1.

During the Quarter, no changes occurred.

Subsequent to the Quarter, on 10<sup>th</sup> April 2019, the following changes have occurred:

- Miscellaneous licences L52/189 and L52/197 were granted.

### ***For and on behalf of the Board***

***Doug Jendry***  
***Non-Executive Chairman***

### ***For further information, please contact:***

Peter Thompson (Chief Operating Officer)  
Email: enquiries@capmet.com.au  
Phone: (08) 9212 4600

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### **Competent Persons Statement**

*The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Michael Martin who is Chief Geologist and a full-time employee of the Company. Mr. Michael Martin 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. Martin 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 Ore Reserves for Bibra is based on information compiled by Mr Daniel Donald. Mr Donald is an employee of Entech Pty Ltd and is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM, #210032). Mr Donald has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being 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. Donald consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

*Capricorn Metals confirms that it is not aware of any new information or data that materially affects the information included in the previous ASX announcements on Mineral Resources (10/4/2017), Metallurgy (19/6/2017) and Ore Reserves (7/08/2017) and, in the case of estimates of Mineral Resources, Ore Reserves, Plant operating costs and Metallurgy, all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed from previous market announcements.*

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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.*

*The Company has concluded it has a reasonable basis for providing the forward-looking statements that relate to the Karlawinda Feasibility Study that are included in this announcement and which has been prepared in accordance with the JORC code (2012) and ASX Listing Rules.*

## APPENDIX 1 – TENEMENT SCHEDULE

### Australia:

Lease	Project	Company	Blocks <sup>1</sup>	Status	Date of Grant/ Application	Expiry
<b>Tenements</b>						
E52/1711	Karlawinda	Greenmount	33	Granted	05/08/2004	04/08/2018
E52/2247	Karlawinda	Greenmount	16	Granted	21/07/2009	20/07/2019
E52/2398	Karlawinda	Greenmount	15	Granted	28/04/2010	27/04/2020
E52/2409	Karlawinda	Greenmount	8	Granted	15/06/2010	14/06/2020
E52/3323	Karlawinda	Greenmount	11	Granted	11/03/2016	10/03/2021
E52/3363	Karlawinda	Greenmount	36	Granted	13/01/2017	12/01/2022
E52/3364	Karlawinda	Greenmount	44	Granted	07/03/2017	06/03/2022
E52/3450	Karlawinda	Greenmount	16	Granted	13/01/2017	12/01/2022
E52/3474	Karlawinda	Greenmount	128	Granted	03/07/2017	02/07/2022
E52/3533	Karlawinda	Greenmount	109	Granted	06/11/2018	05/11/2023
E52/3541	Karlawinda	Greenmount	7	Granted	28/03/2018	27/03/2023
E52/3543	Karlawinda	Greenmount	8	Granted	28/03/2018	27/03/2023
E52/3562	Karlawinda	Greenmount	20	Granted	28/03/2018	27/03/2023
E52/3571	Karlawinda	Greenmount	10	Granted	18/09/2018	17/09/2023
E52/3671	Karlawinda	Greenmount	26	Application	16/11/2018	-
E52/3677	Karlawinda	Greenmount	31	Application	07/12/2018	-
<b>Total Blocks</b>			<b>518</b>			
<b>Miscellaneous Licences</b>						
L52/174	Karlawinda	Greenmount	22.17 ha	Granted	18/04/2018	17/04/2039
L52/177	Karlawinda	Greenmount	12.20 ha	Granted	08/12/2017	07/12/2038
L52/178	Karlawinda	Greenmount	21.41 ha	Granted	08/12/2017	07/12/2038
L52/179	Karlawinda	Greenmount	127.83 ha	Granted	28/05/2018	27/05/2039
L52/181	Karlawinda	Greenmount	1.00 ha	Granted	18/04/2018	17/04/2039
L52/183	Karlawinda	Greenmount	28.46 ha	Granted	03/05/2018	2/05/2039
L52/189	Karlawinda	Greenmount	1258 ha	Granted	10/04/2019	10/04/2019
L52/192	Karlawinda	Greenmount	220 ha	Granted	16/05/2018	28/09/2018
L52/197	Karlawinda	Greenmount	173ha	Granted	10/04/2019	10/04/2019
<b>Mining Lease</b>						
M52/1070	Karlawinda	Greenmount	2975.07 ha	Granted	23/11/2016	22/11/2037

#### Note:

- The area measurement for one block can vary between 2.8 – 3.2 km<sup>2</sup>

### Madagascar:

Title Number	Permit Type	Grant Date	Expiry Date	Term (Years)	Project Name	Total Carres (New - 0.391km <sup>2</sup> )	Interest %	Note
25095	PE	18-Jan-07	17-Jan-47	40	Ampanihy - Maniry	48	100%	1
<b>Total Carres</b>						<b>608</b>		

#### Note:

- Leased to SQNY – Royalty and partial tenement fees payable to subsidiary Mada-Aust SARL.



## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

CAPRICORN METALS LTD

### ABN

84 121 700 105

### Quarter ended ("current quarter")

31 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11	58
1.2 Payments for		
(a) exploration & evaluation	(425)	(3,247)
(b) development	-	-
(c) production	-	-
(d) staff costs	(583)	(1,313)
(e) administration and corporate costs	(305)	(1,060)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Grant Income	-	15
1.8 Other: GST (Paid)/ Refunded	(125)	(88)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,424)</b>	<b>(5,607)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,355)	(1,517)
(b) tenements (see item 10)	-	-
(c) investments (deferred instalments)	-	(33)
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,355)</b>	<b>(1,550)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,048	2,048
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(10)	(10)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,038</b>	<b>2,038</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,208	5,586
4.2 Net cash used in operating activities (item 1.9 above)	(1,424)	(5,607)
4.3 Net cash from/ (used) in investing activities (item 2.6 above)	(1,355)	(1,550)
4.4 Net cash from financing activities (item 3.10 above)	2,038	2,038
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>467</b>	<b>467</b>

\*\*\* Subsequent to the end of the quarter Capricorn launched a fully underwritten entitlement issue to raise \$10.1 million before costs. The institutional portion of the offer closed with acceptances received for \$3.18 million. The retail offer closes 30 April 2019.

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	467	1,208
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>467</b>	<b>1,208</b>

**6. Payments to directors of the entity and their associates**

	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	213
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors remuneration	213
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**7. Payments to related entities of the entity and their associates**

	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

**8. Financing facilities available**

Add notes as necessary for an understanding of the position

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>		<b>\$A'000</b>
9.1	Exploration and evaluation	1,100
9.2	Development	-
9.3	Production	-
9.4	Staff costs	190
9.5	Administration and corporate costs	200
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>1,490</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer to Covering Quarterly Activity Report attached hereto		
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer to Covering Quarterly Activity Report attached hereto		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: 30 April 2019

Print name: Natasha Santi

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.