

ACTIVITIES REPORT MARCH QUARTER 2020



HIGHLIGHTS

- Significant progress on the development of the Karlawinda Gold Project including:
 - Installation of accommodation village nearing completion and expected to be ready for occupation of construction workforce later in April 2020;
 - Commencement of construction of 44 kilometre western access road to Great Northern Highway;
 - Orders placed for all major long lead processing equipment;
 - Mechanical and electrical plant design advancing; and
 - Commencement of civil earthworks at processing plant location with majority of plant site cleared.
- Capricorn monitoring impacts of corona virus pandemic on equipment supply and site activities (due primarily to government restrictions on personnel movements). At the current time there have been no significant impacts to the construction schedule.
- Cash at bank of \$68 million at end of quarter and undrawn debt and bank guarantee facility of \$100 million. \$8.8 million was spent on development of KGP during the quarter.
- Review of geological database completed identifying multiple high-quality exploration targets within 15 kilometres of Karlawinda processing plant.
 - 20,000 metre aircore drill programme planned to test near mine targets.
 - Extensive soil sampling programme planned over prospective areas on the regional tenement package that have little or no previous field work.
- Significant new work flows planned for the June 2020 quarter include:
 - Update to Ore Reserve and MRE due for completion imminently;
 - Ordering of remaining key process plant equipment including slurry pumps, cyclones, conveyor drives and belts;
 - Issuing orders for structural and plate steel fabrication works; and
 - Tender and award of major operating contracts including mining services, power generation, gas transmission and gas supply.

Capricorn Executive Chairman Mark Clark commented:

"It is very pleasing to see our project team continuing to make good progress with the development of the Karlawinda project in these uncertain times. The development benefits from being fully funded and located in Western Australia, where there is substantial mining and construction capacity which to date has not been significantly impacted by the corona virus."



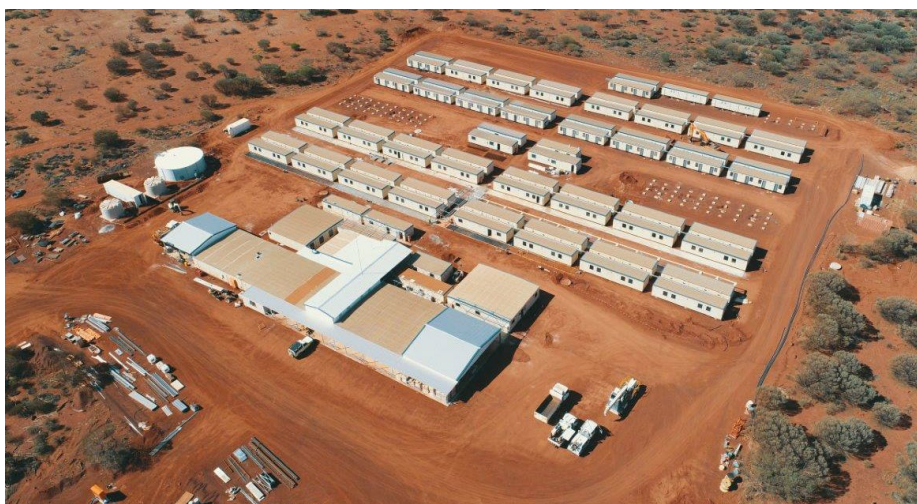
MARCH 2020 QUARTER ACTIVITIES SUMMARY

Capricorn Metals Ltd (Capricorn) is constructing the wholly owned Karlawinda Gold Project (KGP) located 65 kilometres south-east of Newman in the Pilbara region of Western Australia. The project is expected to deliver an average gold production range of 105,000 – 120,000 ounces per annum at an AISC of \$1,140 - \$1,190 per ounce from an open pit mining operation and CIL processing plant designed to achieve throughput in the order of 3.5 – 4.0mtpa in fresh ore. During the March 2020 quarter, the Company continued exploration and development activities as detailed below.

Karlawinda Gold Project Development

Accommodation Village

Work progressed significantly during the quarter on installation of the 306-room accommodation village with all buildings and infrastructure now in place. Final plumbing, electrical and concreting work is underway with the first of the rooms in the village expected to be ready for occupation in April 2020.



Installation of the accommodation village

Site Access Road

Construction of the 44 kilometre site access road from the Great Northern Highway commenced during the quarter with clearing complete and foundation preparation well advanced. Bores and watering points for the road construction were established and continue to be expanded along the length of the access road to expedite construction.



Access road construction



Turkeys nest for access road

Engineering and Procurement

Engineering and plant design works for the KGP continued during the quarter with detailed mechanical design approximately 45% complete and electrical design now underway.

During the quarter Capricorn placed orders for all major long lead processing equipment including crushers, screens, feeders, lime silo, ball mill, gravity recovery equipment, carbon regeneration kiln and agitators. The Company is liaising closely with all key equipment suppliers to determine any effect of the global corona virus pandemic on expected timing of equipment delivery. Understandably, several suppliers have notified Capricorn of some delays in manufacture and likely delivery dates, however at this stage the advised delays have not resulted in any equipment delivery becoming construction critical path items and are currently not expected to materially impact the construction timetable.

Plant Construction

The majority of the plant site has been cleared and some minor earthworks completed including preliminary civil earthwork for the CIL tanks. Steel plate has been ordered for the CIL tanks and launders and is expected to be delivered to site for fabrication to commence in the June 2020 quarter.

Mobilisation of equipment is underway to complete the remaining plant bulk earthworks and carry out some pre-mining works including clearing and topsoil removal of key infrastructure areas such as the tailings storage facility.



Process plant site earthworks

Operational Supply Contracts

A letter of intent has been issued to the preferred power supply contractor to enable gas generators to be ordered and placed in a production schedule. The formal contract power purchase agreement is expected to be finalised and executed during the June 2020 quarter. Agreements for the transportation of gas and construction of a lateral gas pipeline to the project are expected to be finalised during the June 2020 quarter and in anticipation an early works agreement has been entered into to facilitate work commencing on the lateral pipeline. The proximity of the project to the Goldfields Gas Pipeline has been advantageous in Capricorn's ability to secure a very cost effective power solution for the operation.

Preparation of information to facilitate an open pit mining and associated works contract tender process is advanced and is expected to be completed shortly with commencement of the tender process expected in the June 2020 quarter.

Development Outlook - June 2020 Quarter

Development activities at KGP in the June 2020 quarter will include various key work streams being progressed including:

- Update to Mineral Resource Estimate and Ore Reserve, due for completion imminently;
- Continuation of mechanical and electrical plant design;
- Ordering of remaining key process plant equipment including slurry pumps, cyclones, conveyor drives and belts;
- Issuing orders for structural and plate steel fabrication works. The top of tank steel structure is most advanced with shop detailing nearing completion;
- Tender and award of major operating contracts including mining services, power generation, gas transmission and gas supply;
- Completion of the accommodation village;
- Completion of the access road; and
- Complete remaining plant site preparation, commence bulk earthworks and concrete works.



Concrete batching plant and equipment laydown area



Borefield development

Exploration

Capricorn wholly owns a 2,042 square kilometre tenement package at Karlawinda which includes the greenstone belt hosting the 1.5 million ounce Bibra gold deposit and further significant greenstone areas. Due to the location of the project, in the Pilbara region of Western Australia (a region not historically explored for gold), very little modern and meaningful gold exploration has been completed outside of the immediate Bibra deposit (Figure 1).

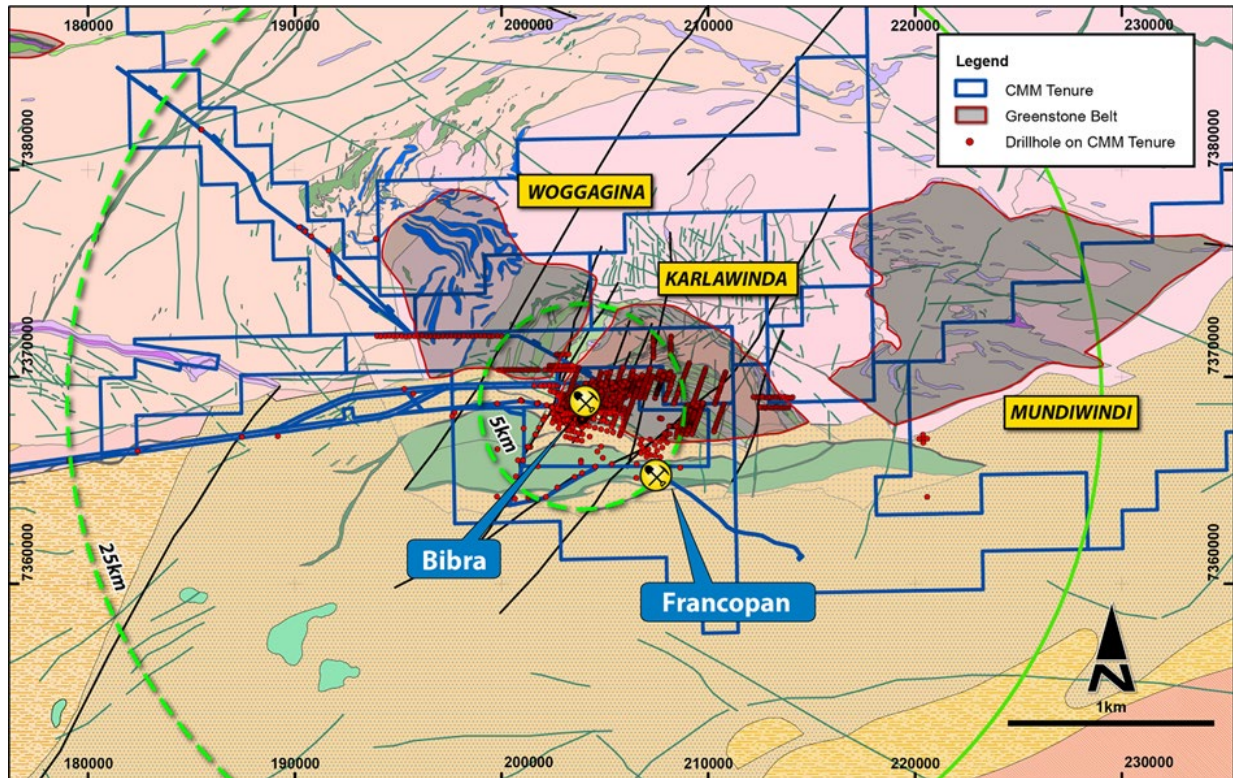


Figure 1: Capricorn drilling on CMM tenements surrounding the Bibra deposit

A review of the geological database was completed in the March 2020 quarter. The review identified:

- High priority targets within close proximity of the proposed Bibra open pit; and
- Areas within the tenement package where limited to no geological information is available.

A study of the geological, geophysical and geochemical datasets from Capricorn's exploration activities identified 8 high-quality targets within a 15 kilometre radius of the Karlawinda processing plant. These 8 targets are located on geochemical anomalies with little to no historic drilling. The anomalies are in several cases coincident with major fault structures and geological contacts that contain gold mineralisation along strike.

An initial aircore (AC) drill programme of 20,000 metres to test these 8 targets has been planned and will commence pending the completion of the necessary statutory approvals. All holes will be drilled to AC blade refusal to penetrate into weathered basement geology. Samples will be submitted for both gold and multi-element analysis.

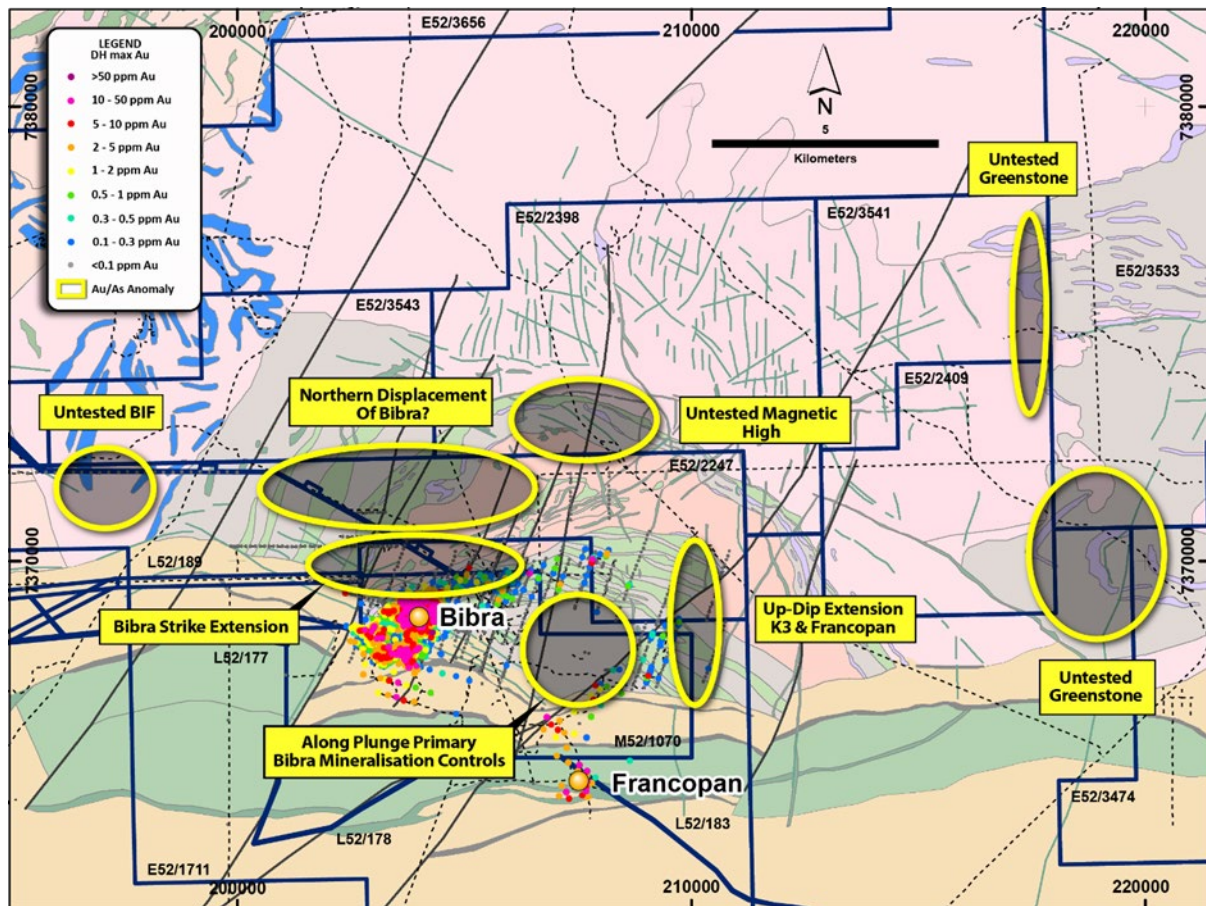


Figure 2: Aircore drill targets

The study also identified areas across the regional tenement package that have limited to no geological information. Early stage exploration techniques including geochemical soil sampling, aeromagnetic surveying, geophysics and regolith mapping will be completed in the coming quarters to increase the geological knowledge in this area.

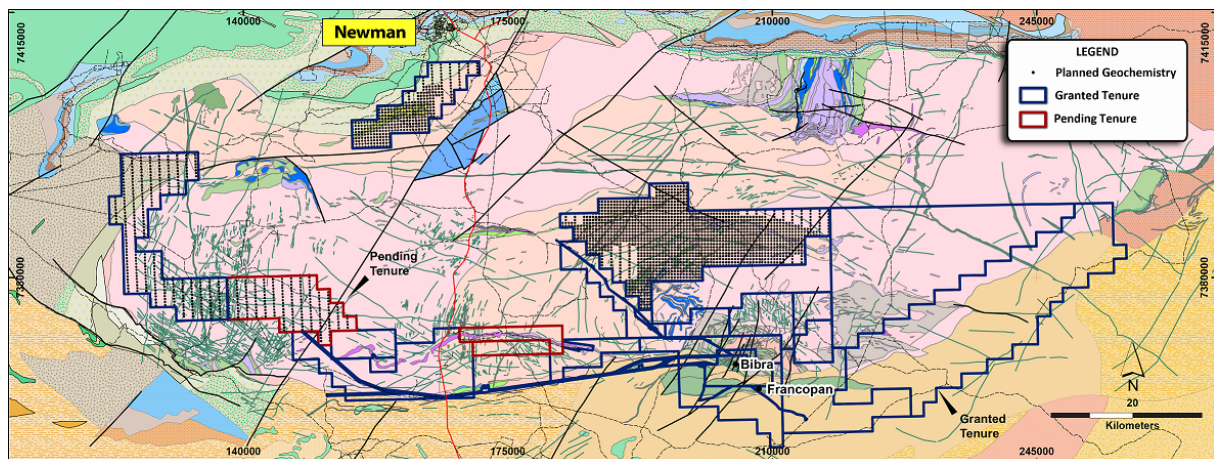


Figure 3: Planned soil sampling location

Accordingly, a soil sampling programme has been planned across an area of 540 square kilometres of regional exploration tenure. The programme is expected to commence in the June 2020 quarter and will provide a longer term pipeline of targets on the large tenement package at Karlawinda.

Corporate

Financing and Hedging

At the end of the March 2020 quarter, Capricorn had \$68 million in cash. \$8.8 million was spent on the development of the KGP during the quarter.

In addition to the cash holdings, Capricorn has an undrawn \$100 million debt and bank guarantee facility with Macquarie Bank Limited. During the March 2020 quarter the Company rolled out the existing 200,000 ounces of gold hedging contracts with Macquarie Bank. The hedging was rolled into a flat forward structure with a delivery schedule covering 10,000 – 12,000 ounces of gold production per quarter from June 2021 to September 2025 at a flat forward price of A\$2,250 per ounce.

During the March 2020 quarter the Company sold a gold call option for 16,700 ounces at a strike price of \$2,260 per ounce expiring 30 June 2025. The premium earned on the sale of the call option was embedded in the price of the forward hedge programme.

COVID 19 Update

The Company has followed the formal guidance from State and Federal health authorities by implementing measures to minimise the risk of infection and rate of transmission of the Coronavirus.

Site procedures have been established at the KGP to ensure strict adherence to these controls including health screening of all employees, contractors and deliveries to the minesite; social distancing protocols; strict hygiene practices and staggering of meal times to limit social gatherings. Remote working arrangements have been implemented for staff at the Company's corporate office.

In this early stage of construction there has been minimal disruption to the construction schedule, however with the global situation evolving rapidly, the Company will continue to monitor potential delays to the supply of equipment or impacts on other critical path works and any potential for these to materially affect the project development.

Tenements

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

For and on behalf of the Board



Kim Massey
Chief Executive Officer

For further information, please contact:

Kim Massey (Chief Executive Officer)

Mark Clark (Executive Chairman)

Email: enquiries@capmet.com.au

Phone: (08) 9212 4600

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr. Campbell Ryan who is Chief Geologist and a full-time employee of the Company. Mr. Ryan is a current Member of the Australian Institute of Mining and Metallurgy 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. Ryan consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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.

APPENDIX 1 – TENEMENT SCHEDULE

Australia:

Lease	Project	Company	Blocks ¹	Status	Date of Grant/ Application	Expiry
Tenements						
E52/1711	Karlawinda	Greenmount	33	Granted	05/08/2004	04/08/2019
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
E52/3571	Karlawinda	Greenmount	10	Granted	18/09/2018	17/09/2023
E52/3656	Karlawinda	Greenmount	94	Granted	24/08/2018	-
E52/3671	Karlawinda	Greenmount	26	Granted	02/07/2019	01/07/2024
E52/3677	Karlawinda	Greenmount	31	Application	07/12/2018	-
E52/3729	Karlawinda	Greenmount	51	Granted	17/02/2020	-
E52/3797	Karlawinda	Greenmount	9	Application	31/01/2020	-
E52/3808	Karlawinda	Greenmount	6	Application	26/03/2020	-
Total Blocks			658			
Miscellaneous Licences						
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-
Mining Lease						
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 km²

Madagascar:

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

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 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation	(326)	(2,241)	
(b) development	(8,806)	(14,203)	
(c) production	-	-	
(d) staff costs	(1,358)	(3,848)	
(e) administration and corporate costs	(394)	(968)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	203	532	
1.5 Interest and other costs of finance paid	-	-	
1.6 Income taxes paid	-	-	
1.7 Grant Income	-	59	
1.8 Other: GST (Paid)/ Refunded	285	(349)	
1.9 Net cash from / (used in) operating activities	(10,396)	(21,018)	
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment	(42)	(810)	
(b) tenements (see item 10)	-	-	
(c) investments (deferred instalments)	-	-	
(d) other non-current assets	-	-	
2.2 Proceeds from the disposal of:			
(a) property, plant and equipment	-	-	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(42)	(810)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,272	84,532
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	18
3.4	Transaction costs related to issues of shares, convertible notes or options	(133)	(2,080)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(38)	(1,643)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,101	80,827
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	77,376	9,040
4.2	Net cash used in operating activities (item 1.9 above)	(10,396)	(21,018)
4.3	Net cash from/ (used) in investing activities (item 2.6 above)	(42)	(810)
4.4	Net cash from financing activities (item 3.10 above)	1,101	80,827
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	68,039	68,039

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	67,814	52,335
5.2 Call deposits	225	25,041
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	68,039	77,376

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
127
-

Directors remuneration 137

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	80,000	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	20,000	-
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.		

Project Loan Facility of \$80 million and a Bank Guarantee of \$20 million at an interest rate of 1% with Macquarie Bank Ltd. Macquarie Bank Ltd have first ranking security over the assets of Greenmount Resources Ltd, a wholly owned operating subsidiary of Capricorn Metals Ltd and corporate guarantee.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	400
9.2 Development	10,650
9.3 Production	-
9.4 Staff costs	1,700
9.5 Administration and corporate costs	250
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	13,000

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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: 8 April 2020

Print name: Tammie Dixon

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.