

SEPTEMBER 2021 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

Exploration - The Island Gold Project

- ▶ The first large scale RC drilling on the Island was completed during the quarter
- ▶ The program consisted of 82 holes for 8,112m
- ▶ Results are still pending, impacted by very long assay turnaround time
- ▶ Face sampling at the Vadrians North Prospect returned excellent results with a 17m exposure averaging 3.25g/t gold
- ▶ First pass aircore program over Lake Austin is planned for the current quarter, though the timing remains dependent on rig availability

Corporate

- ▶ Purchase of Big Bell South and Cuddingwarra Projects finalised
-

The Island Gold Project

RC Drill Campaign

The first large scale expansionary RC drill program was completed on the Island Gold Project during the quarter. The program consisted of 82 holes for a total of 8,112m. The drilling tested a number of new areas, as well as following up previous results from Baxters, Golconda and New Orient.

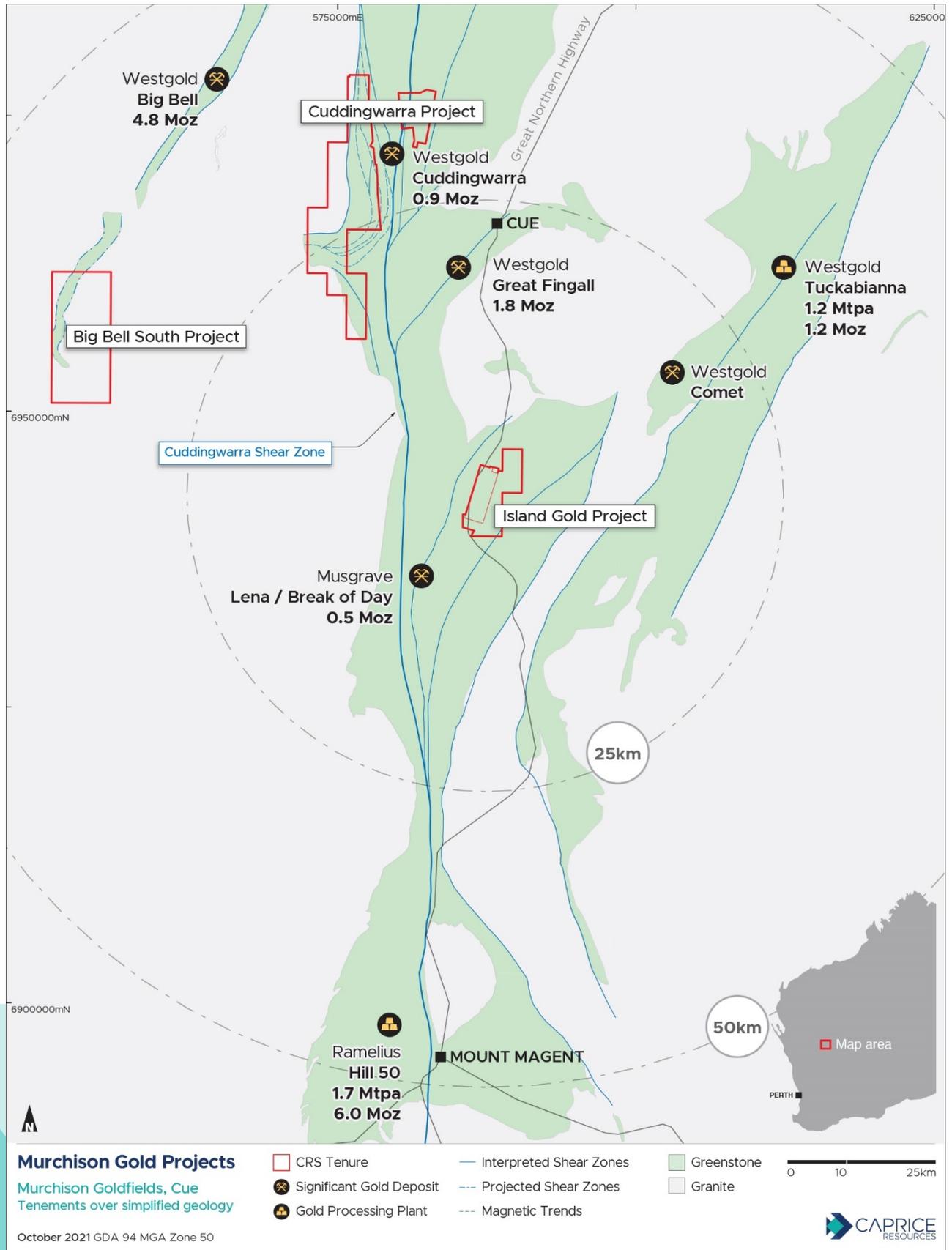
Unfortunately, due to extended sample lab turnaround times, assay results are still pending for the program.

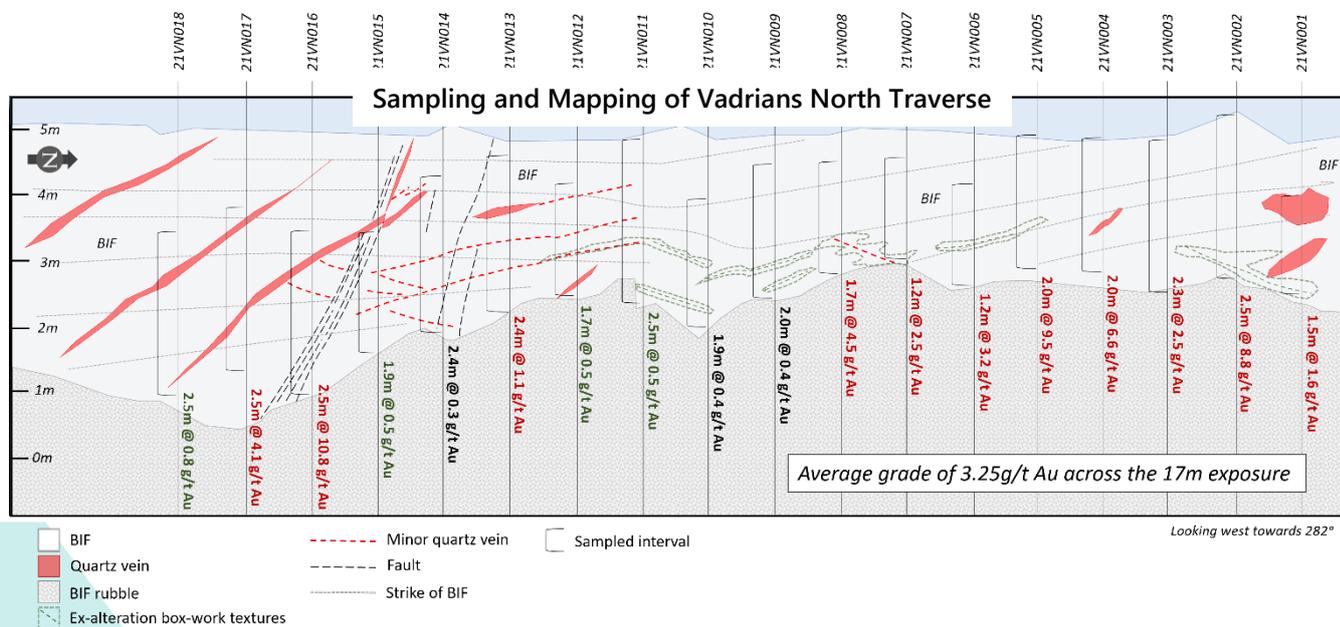
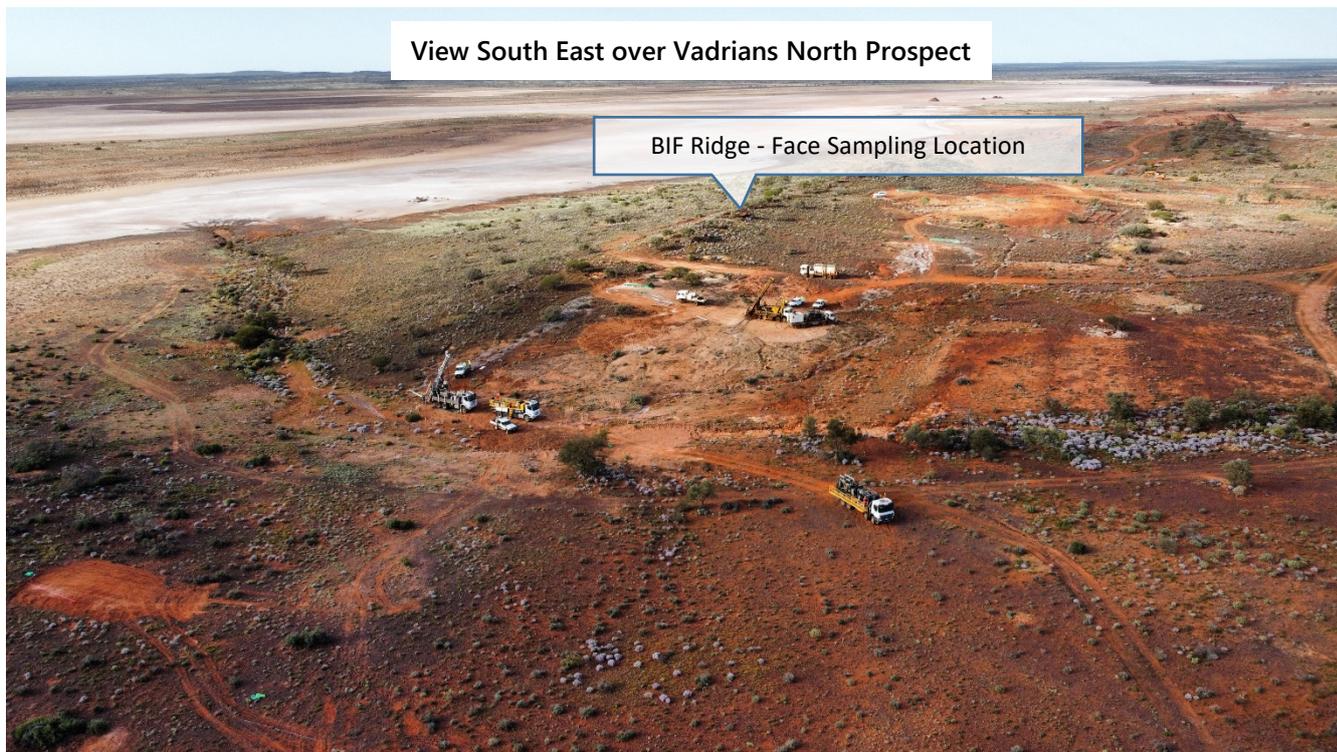
Vadrians North Sampling

Detailed mapping was completed across the Vadrians and Vadrians North prospects of the Island Gold Project. As part of the mapping process a series of face samples were collected across the west face of an historical excavation at Vadrians North.

A total of 18 face samples were systematically collected across the exposure. The samples were taken orthogonal to the strike of the BIF unit to ensure a representative sample. Sample lengths varied between 1.2m and 2.5m with an average sample weight of 2.7kg.

The sampling confirmed the presence of both high-grade and continuous mineralisation across strike with an average face grade over the 17m exposure of 3.25g/t Au.





There are two distinct high-grade zones within the 17m exposure, with a 7m section averaging 5.4g/t in the northern half, and face grades across a 2m section averaging 7.5g/t at the southern end.

Based on mapping and sampling, the results correlate well with several structural features including:

- Moderately south-east dipping quartz veins,

- Shallow east to horizontal vein and fracture sets associated with either sulphide replacement, chlorite alteration or carbonate alteration / veining, and
- Sub-vertical east-west oriented faults.

These results highlight the diversity of different mineralisation styles within the Island Gold project. Significantly, it demonstrates that BIF hosted mineralisation is not constrained to a single discrete feature.

Aircore Program

The large scale aircore program over Lake Austin remains planned for the current quarter. The program will be the first time Lake Austin has been drilled within the Island Gold Project.

The drilling was meant to be commence in the September quarter, however the availability of the specialist lake aircore rig was pushed back, and timing remains dependent on when the rig becomes available.

Cuddingwarra and Big Bell South Acquisition

During the quarter, Caprice purchased an 80% interest in the Cuddingwarra and Big Bell South Projects from Golden State Mining Limited (**GSM**), forming an 80:20 joint venture with GSM. The Projects are located to the northwest of the Company's Island Gold Project, with all Murchison projects within trucking distance of two gold processing plants.

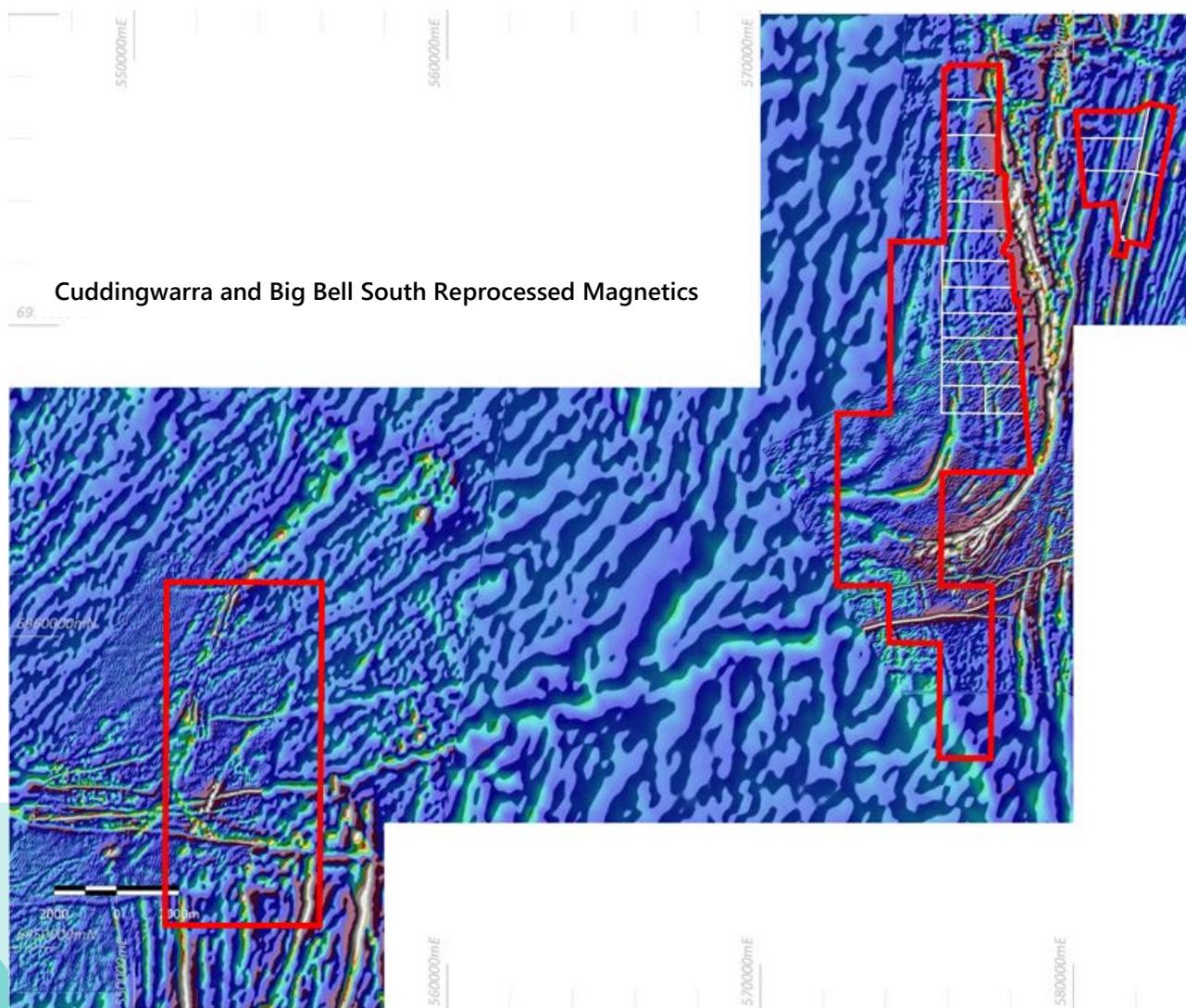
The geology and structures covered by the new Projects are consistent with a number of the major gold systems in the Murchison region, yet have received only minimal modern exploration and drill testing and were not a core focus of GSM.

Key terms are summarised as follows:

- In consideration for the acquisition:
 - the Company has issued GSM 2,500,000 fully paid ordinary shares in the capital of Caprice,
 - a \$200,000 cash payment, and
 - 250,000 options in Caprice with an exercise price of \$0.25 per option and expiring 3 years from the date of issue.
- the Consideration Shares and Consideration Options will be subject to Voluntary Escrow in accordance with the Voluntary Restriction Deed, as follows:
 - 50% (1,250,000) of the Consideration Shares and 50% (125,000) of the Consideration Options will be subject to a six (6) month Voluntary Escrow; and
 - 50% (1,250,000) of the Consideration Shares and 50% (125,000) of the Consideration Options will be subject to a twelve (12) month Voluntary Escrow.

- GSM's retained 20% ownership over the Projects will be free-carried through to completion of a pre-feasibility study after which point GSM can elect to contribute or dilute.
- Should GSM elect to dilute below 10% Project ownership their interest will convert into a 2% Net Smelter Royalty (NSR) royalty, with Caprice able to buy-back the royalty for a cash payment of \$5,000,000.
- Caprice has first right of refusal should GSM elect to dispose of its Project ownership.
- Caprice to operate and manage the JV.

Since acquisition, the magnetic data for the projects has been reprocessed and work is now focussing on target generation and work program.



Northampton Project – Western Australia

A significant review of the local and regional datasets has been completed.

Wild Horse Hill Project – Northern Territory

No work was completed on the Wild Horse Hill Project during the quarter.

Corporate

During the quarter, Mr Scott Patrizi stepped down from the Board of Caprice following a successful handover period to new Managing Director, Andrew Muir.

The Board would like to thank Scott for his hard work and efforts on behalf of the Company since its inception including the initial listing of Caprice on the ASX and through to the acquisition of the Island Gold Project, Western Australia.

The Company has a cash position \$1.8 million as at 31 September 2021.

Next Steps

Caprice will continue to progress its expansive exploration strategy on the Island Gold Project. Near term work will be the Lake Austin aircore program, though timing is dependent on rig availability.

Follow up RC drilling on the Island is expected, however the program specifics will be refined once the pending assay results have been received.

We expect to provide updates on planned work for the Big Bell South, Cuddingwarra and Northampton projects in the coming quarter, which will highlight the quality and diversity of targets across Caprice's asset suite.

This announcement has been authorised for release by the Board of Caprice.

For further information please contact:

Andrew Muir
Managing Director
P: (08) 6365 5200

Competent Persons' Statements

The information in this report that relates to exploration results has been compiled by Mr Christopher Oorschot, a full-time employee of Caprice Resources Ltd. Mr Oorschot is a Member of the Australian Institute of Geoscientists and has sufficient experience in the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves ("JORC Code"). Mr Oorschot consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

About Caprice Resources

Caprice Resources Limited (ASX: CRS) holds a 100% interest in the Island Gold Project, located in the Lake Austin gold mining centre in the Cue Goldfield. Caprice acquired the Project in October 2020.

Caprice has an 80% interest in the Cuddingwarra and Big Bell South Projects, located to the west and southwest of Cue in the Cue Goldfield. Caprice acquired the Projects in July 2021.

The Company also holds a 100% interest in the Northampton Project, a polymetallic brownfields project surrounding historical lead-silver and copper mines that were operational between 1850 and 1973. Caprice also holds a 100% interest in the Wild Horse Hill Gold Project located within the Pine Creek province of Northern Territory

Appendix 1: Schedule of Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 30 September 2021. During the quarter, the Company acquired an 80% interest in the Big Bell South and Cuddingwarra Projects. No interests were divested.

| Project | Licence Number | Location | Interest |
|-----------------|-------------------|--------------------|----------|
| Island Gold | M 21/66 | Western Australia | 100% |
| | M 21/140 | Western Australia | 100% |
| | E 21/186 | Western Australia | 100% |
| Northampton | E 66/98 | Western Australia | 100% |
| | E 66/99 | Western Australia | 100% |
| Wild Horse Hill | EL 30951 | Northern Territory | 100% |
| | EL 30964 | Northern Territory | 100% |
| Big Bell South | E 21/0193 | Western Australia | 80% |
| Cuddingwarra | E 21/0192 | Western Australia | 80% |
| | P 20/2256 | Western Australia | 80% |
| | P 20/2257 | Western Australia | 80% |
| | P 20/2258 | Western Australia | 80% |
| | P 20/2259 | Western Australia | 80% |
| | P 20/2260 | Western Australia | 80% |
| | P 20/2261 | Western Australia | 80% |
| | P 20/2262 | Western Australia | 80% |
| | P 20/2263 | Western Australia | 80% |
| | P 20/2264 | Western Australia | 80% |
| | P 20/2265 | Western Australia | 80% |
| | P 20/2266 | Western Australia | 80% |
| | P 20/2267 | Western Australia | 80% |
| | P 20/2268 | Western Australia | 80% |
| | P 20/2269 | Western Australia | 80% |
| P 20/2272 | Western Australia | 80% | |
| P 20/2273 | Western Australia | 80% | |
| P 20/2274 | Western Australia | 80% | |
| P 20/2275 | Western Australia | 80% | |
| P 20/2382 | Western Australia | 80% | |

Appendix 2: Disclosures in relation to Quarterly Cashflow Report

In line with obligations under ASX Listing Rule 5.3.5, Caprice notes that the payments to related parties of the Company, as advised in the Appendix 5B (Quarterly Cashflow Report) for the period ended 30 September 2021, pertain to director fees, salaries and wages (including superannuation), advisory fees and contracting fees for labour and equipment hire paid during the quarter ended 30 September 2021. The Company notes that all fees are agreed on standard commercial terms.

During the quarter ended 30 September 2021, the Company spent approximately \$824,000 on project and exploration activities. The majority of the project and exploration expenditure relates to drill program activities and assaying undertaken at the Island Gold Project.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

| |
|----------------------------------|
| Caprice Resources Limited |
|----------------------------------|

ABN

| |
|-----------------------|
| 96 624 970 725 |
|-----------------------|

Quarter ended ("current quarter")

| |
|--------------------------|
| 30 September 2021 |
|--------------------------|

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (179) | (179) |
| (e) administration and corporate costs | (256) | (256) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | (2) | (2) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (437) | (437) |

| | | |
|--|-------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | (206) | (206) |
| (c) property, plant and equipment | (14) | (14) |
| (d) exploration & evaluation | (824) | (824) |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (Security deposit) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (1,044) | (1,044) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 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 - payment of finance lease liability | (11) | (11) |
| 3.10 | Net cash from / (used in) financing activities | (11) | (11) |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 3,315 | 3,315 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (437) | (437) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (1,044) | (1,044) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (11) | (11) |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,823 | 1,823 |

| 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 | 1,823 | 3,315 |
| 5.2 | Call deposits | - | - |
| 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) | 1,823 | 3,315 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 194 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----------|---|---|--|
| 7.1 | Loan facilities | - | - |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | - | - |
| 7.5 | Unused financing facilities available at quarter end | | - |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| | | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (437) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (824) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (1,261) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 1,823 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 1,823 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 1.4 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: <i>The Company expects to have a lower level of net operating and exploration & evaluation cash flows for the next quarter due to the completion of its major drilling campaign, however, will continue to review ongoing activities and has the ability to adjust expenditure according to available funding, if necessary.</i> | |
| 8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: <i>The Company will continue to monitor its available cash levels and can reduce its operating and exploration expenditure going forward, if needed. If required, the Company may seek to raise capital for its ongoing activities, noting that it has a portion of its LR7.1 capacity available and all of its LR7.1A capacity available, if required. The Directors also have a strong track record of being able to raise funds if required.</i> | |
| 8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| Answer: <i>Yes, the Company expects to continue its operations and exploration activities. These ongoing activities will be reviewed and adjusted according to available funding.</i> | |
| <i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i> | |

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.

Date: 29 October 2021

Authorised by: The Board of Caprice Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.