31 October 2019

CAPRICORN METALS LTD

ACTIVITIES REPORT
SEPTEMBER QUARTER 2019

HIGHLIGHTS

- Key management appointments made, including:
  - Kim Massey as Chief Executive Officer and Paul Thomas as Chief Operating Officer;
  - Stephen Evans as General Manager of Operations; and
  - Bob Woollams and Joe Bosso as Construction Managers.
- Myles Ertzen appointed as a Non-Executive Director.
- Gold hedge of 200,000 ounces at a price of A$2,249/oz completed for the Karlawinda Gold Project (KGP).
- Share placements raised $83.26m, completing the equity requirement for funding of the development of the KGP.
- Encouraging results returned from RC drilling of Tramore Prospect. Infill drilling to commence shortly and will be included in a Resource and Reserve update early in the March 2020 quarter.
- Acquired accommodation village units transported to site in preparation for commencement of installation in the December 2019 quarter.
- Installation of 36 room early construction camp completed.
- Work was re-commenced on contractual and operational requirements to facilitate anticipated commencement of project development in the March 2020 quarter.

Accommodation village cleared pad & village access road

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SEPTEMBER 2019 QUARTER ACTIVITIES SUMMARY

Capricorn is developing the Karlawinda Gold Project (**KGP**) located 65 km south-east of Newman in the Pilbara region of Western Australia. Current Mineral Resources at KGP are estimated at 1.52m ounces of gold, including open pit Ore Reserve of 0.89m ounces[1]. During the September 2019 quarter, the Company continued exploration and development activities as detailed below.

Karlawinda Gold Project Development

During the quarter work commenced to review and optimise development and operating parameters for the KGP. This review includes processing plant flow sheet, mining studies and key operating contracts. This work is aimed at commencing development of the project in the March 2020 quarter with a target for first gold production in the March 2021 quarter. It is expected that an update as to development and operating parameters will be provided in the December 2019 quarter.

The transport to site of a 306-room accommodation village and mining services infrastructure (purchased March 2019), was completed in the September 2019 quarter. During the quarter the pad for the accommodation village was cleared and full installation of the village is expected to commence in the December 2019 quarter. The installation of a 36 room early construction camp was completed during the quarter.

Clearing for the accommodation village

Installation of the construction camp

Exploration

Tramore Prospect Drilling Programme

The Tramore Prospect is located immediately south of the proposed Bibra open pit and is interpreted as an along strike extension of the Bibra deposit. Gold mineralisation is defined over a strike length of approximately 450m and ranges in thickness between 10m and 20m with the deposit open at depth.

During the quarter resource definition drilling continued across the Tramore prospect completing an RC programme that commenced in May 2019. A total of 60 holes were drilled across the deposit infilling the current drilling grid to 50m x 50m (Figure 1) providing sufficient drill density for an Inferred resource estimation. All assay results have been received for the holes with the recent results confirming the

[1] Capricorn reports 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 29th 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.

geometry and continuity of the Tramore gold mineralisation including:

- ***23m @ 1.22g/t from 177m (KBRC1238)***
- ***22m @ 1.4g/t from 40m (KBRC1271)***
- ***23m @ 0.97g/t from 133m (KBRC1246)***
- ***19m @ 1.63g/t from 177m (KBRC1294)***

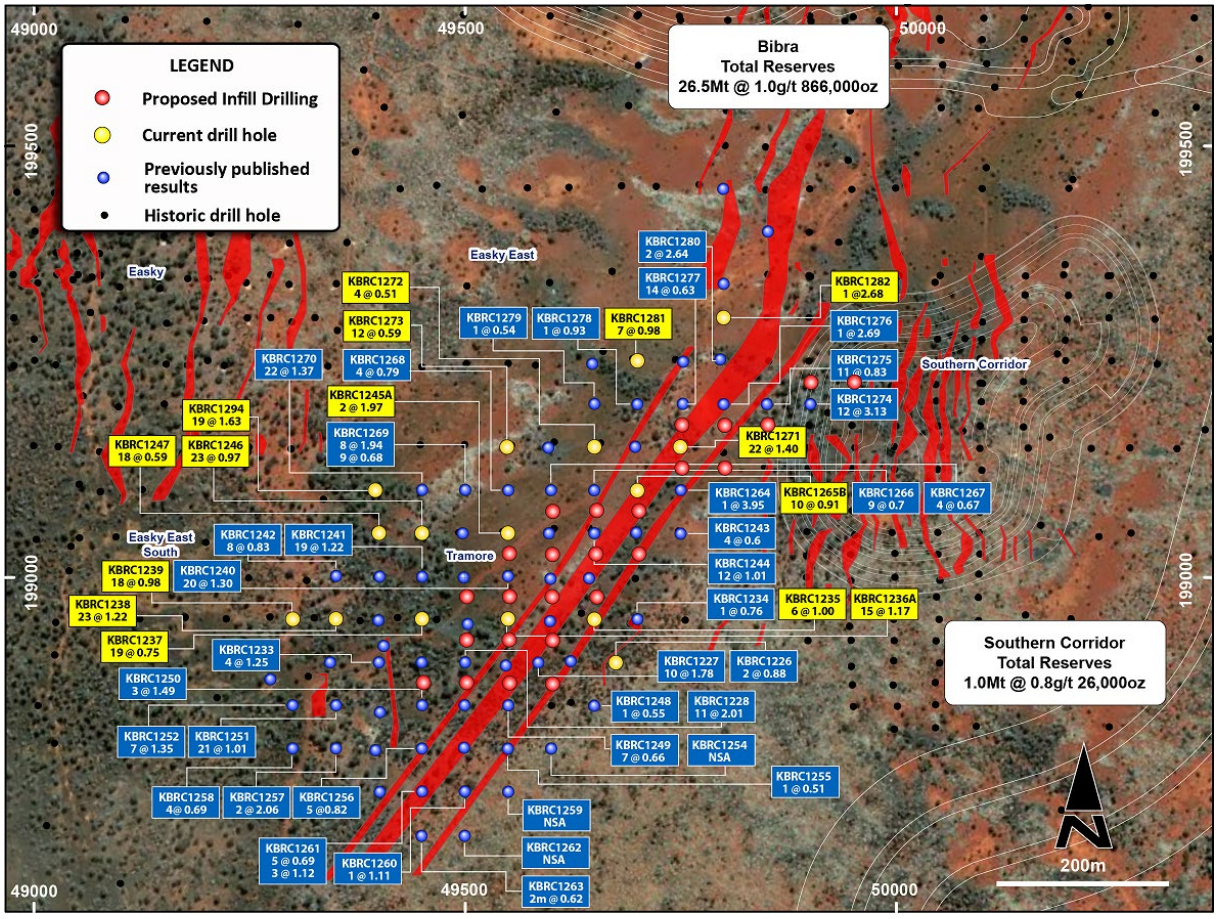

Figure 1: Tramore Prospect Plan with previous holes in blue, new holes drilled in yellow with planned holes in red.

Further details of the completed drilling are provided in Appendix 2. These new results are consistent with the previous drilling and demonstrate the consistency of gold mineralisation at Tramore.

A follow up programme of RC drilling will commence in the current quarter to infill the current drilling to a spacing of 25m x 25m which will allow Capricorn to estimate a maiden Indicated Resource and Ore Reserve for the Tramore deposit.

It is expected that a resource and reserve update for the whole Karlawinda project will be finalised upon the completion of this drilling and reported early in the March 2020 quarter.

Exploration Drilling

In addition to drilling at Tramore, 11 first pass exploration holes were drilled to test several other regional targets. Results from the holes indicate that the Karlawinda gold mineralising system is present at all targets consisting of low-grade gold intercepts of up to 50 metres in thickness with prospective pathfinder elements.

The best result from this exploration drilling was 14m @ 0.78g/t (KBRC1286) at the Castle Rock prospect located south of the proposed Bibra open pit as shown below. The identification of the gold system coupled with important pathfinder elements has provided Capricorn with important geological information to further refine the interpretation of the targets to refine exploration efforts to areas of potential.

The Exploration Incentive Scheme (EIS) drillhole was completed this quarter located 2km south of the last line of drilling at Bibra. Logging of the hole has been completed and is currently being processed for sampling. Multiple narrow intervals were identified and have prospective auriferous indicators. Assay results are pending.

A review of gold exploration opportunities across the large KGP tenure is underway and will be completed in the December 2019 quarter. This will allow Capricorn to develop an exploration strategy and budget for extensional and regional exploration work for calendar 2020.

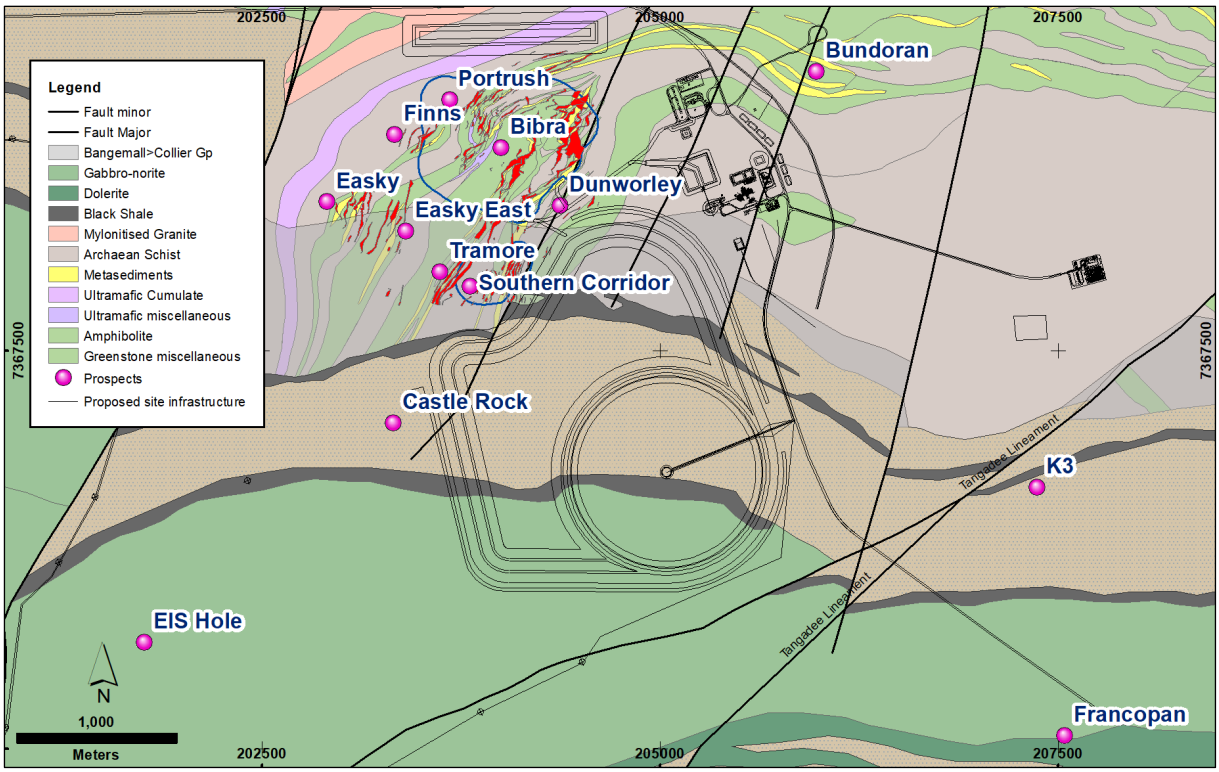

Figure 2: Karlawinda gold prospects

Corporate

Management and Board Appointments

During the quarter a number of significant management appointments were made, including:

- Mr Kim Massey - Chief Executive Officer;
- Mr Paul Thomas - Chief Operating Officer; and
- Mr Stephen Evans - General Manager of Operations.

In addition to the above appointments announced during the quarter, Mr Bob Woollams and Mr Joe Bosso were also appointed to lead Capricorn's in-house development teams. Their wealth of experience building processing plants and associated infrastructure for amongst others Samantha Gold NL, Equigold NL and Regis Resources Ltd gives Capricorn a significant opportunity to optimise the development plans for the Karlawinda Gold Project.

During the quarter Mr Myles Ertzen was appointed to the board as a Non-Executive Director. Non-Executive Directors Messrs Jendry, Kestell and Pether resigned effective 13 September 2019.

Financing and Hedging

During the quarter two capital raisings were completed to raise a total of $83.26m:

- Placement of 280,922,429 new shares at a price of $0.065 per share was completed to raise $18.26m; and
- Placement of 406,250,000 new shares at an issue price of $0.16 per share was completed to raise $65.00m

In conjunction with Macquarie Bank's committed letter of offer (lapsed 14 March 2019, now reactivating) for a project loan facility of $80 million these share placements are expected to complete the funding requirement for the development of the KGP. The cash balance at the end of the quarter was $86.80 million.

In mid-August 2019 Capricorn completed 200,000 ounces of gold hedging with a 31 December 2019 maturity and a price of A$2,249 per ounce. It is expected that by the maturity date of the hedge, the project debt facility will have been finalised and the gold hedging will be rolled into a delivery programme matching debt amortisation and life of mine production plans.

Hedging of 200,000 ounces represents coverage of approximately 2 years of anticipated gold production out of a current mine life of 8.5 years on the current Ore Reserve of 892,000 ounces of gold (Ore Reserve estimated using an A$1,600/oz gold price).

DECEMBER 2019 QUARTER PLANNED ACTIVITIES

Activities planned for the December 2019 quarter include:

- Continued review and optimisation of development and operating strategies;
- Commencement of installation of the 306 room accommodation village;
- Commencement of indicated resource definition program drilling at Tramore;
- Assaying of EIS hole; and
- Finalisation of project loan facility documents with Macquarie Bank.

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, the following changes occurred:

- Exploration licence E52/3671 was granted on 2 July 2019; and
- Exploration licence E52/3729 was applied for on 5 July 2019.

For and on behalf of the Board

Kim Massey
Chief Executive Officer

For further information, please contact:
Mark Clark (Executive Chairman) or Kim Massey (Chief Executive Officer)
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Phone: (08) 9212 4600

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.

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 [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	01/072024
E52/3677	Karlawinda	Greenmount	31	Application	07/12/2018	-
E52/3729	Karlawinda	Greenmount	51	Application	05/07/2019	-
Total Blocks			**643**			
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:

1. The area measurement for one block can vary between 2.8 – 3.2 km^2

Madagascar:

Title Number	Permit Type	Grant Date	Expiry Date	Term (Years)	Project Name	Total Carres (New - 0.391km2)	Interest %	Note
25095	PE	18-Jan-07	17-Jan-47	**40**	Ampanihy - Maniry	48	100%	1
Total Carres						**608**		

Note:

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

APPENDIX 2 – SIGNIFICANT RESULTS

TABLE (1): Karlawinda Gold Project - Tramore Prospect Drilling Results								
Hole No	Easting	Northing	RL	Dip/Az	From	To	Width	Grade (g / t Au)
KBRC1099	49950	199200	2588	60/90	83	92	9	2.09
					111	115	4	0.66
KBRC1098	50000	199200	2588	60/90	60	74	14	1.35
					86	98	12	0.53
KBRC1097	50050	199200	2588	60/90	41	53	12	1.47
					64	72	8	0.5
KBRC1096	50100	199200	2588	-60/090	40	54	14	0.66
KBRC1095	50150	199200	2588	-60/090	No significant result			
KBRC1223	49400	199000	2588	-60/090	161	167	6	1.04
KBRC1224	49650	199000	2588	-60/090	56	70	11	1.03
					74	77	3	0.53
KBRC1225	49700	199000	2588	-60/090	59	60	1	0.89
KBRC1226	49675	198900	2588	-90/090	60	62	2	0.88
KBRC1227	49585	198900	2588	-90/090	70	80	10	1.78
KBRC1228	49500	198900	2588	-90/090	43	45	2	1.14
					74	75	1	0.79
					99	103	4	0.64
					108	119	11	2.01
					136	139	3	0.85
KBRC1233	49400	198900	2587	-90/090	37	38	1	0.79
					77	79	2	0.7
					86	88	2	0.73
					103	104	1	0.54
					157	163	6	0.97
KBRC1234	49700	198950	2587	-60/090	58	59	1	0.76
KBRC1235	49650	198950	2587	-60/90	73	79	6	1.00
KBRC1236A	49575	198950	2587	-60/90	76	91	15	1.17
KBRC1237	49450	198950	2587	-60/90	133	152	19	0.75
KBRC1238	49350	198950	2587	-60/90	177	200	23	1.22
KBRC1239	49300	198950	2587	-60/90	198	216	18	0.98
KBRC1240	49550	199000	2587	-60/090	97	117	20	1.3
KBRC1241	49450	199000	2587	-60/090	139	158	19	1.22
KBRC1242	49350	199000	2587	-60/090	169	170	1	0.52
					177	179	2	1.03
					183	191	8	0.83
					202	205	3	0.66
KBRC1243	49750	199050	2587	-60/090	54	58	4	0.6

TABLE (1): Karlawinda Gold Project - Tramore Prospect Drilling Results								
Hole No	Easting	Northing	RL	Dip/Az	From	To	Width	Grade (g / t Au)
KBRC1244	49650	199050	2587	-60/090	63	64	1	1.32
					70	82	12	1.01
KBRC1245A	49550	199050	2587	-60/90	105	107	2	1.97
					115	118	3	0.69
KBRC1246	49450	199050	2587	-60/90	133	156	23	0.97
KBRC1247	49400	199050	2587	-60/90	153	171	18	0.59
KBRC1248	49650	198850	2587	-60/090	71	72	1	0.55
KBRC1249	49550	198850	2587	-60/090	60	62	2	0.8
					80	81	1	0.75
					85	87	2	1.88
KBRC1250	49450	198850	2587	-60/090	120	123	3	1.49
KBRC1251	49350	198850	2587	-60/090	156	177	21	1.01
KBRC1252	49300	198850	2587	-60/090	177	184	7	1.35
KBRC1254	49600	198800	2587	-60/090	No significant result			
KBRC1255	49550	198800	2587	-60/090	62	63	1	0.51
KBRC1256	49450	198800	2587	-60/090	75	80	5	0.82
					100	101	1	0.8
					125	126	1	0.83
KBRC1257	49350	198800	2587	-60/090	117	119	2	2.06
					139	141	2	0.82
					168	169	1	1.26
KBRC1258	49300	198800	2587	-60/090	141	145	4	0.69
					149	150	1	1.2
KBRC1259	49550	198750	2587	-60/090	No significant result			
KBRC1260	49500	198750	2587	-60/090	79	80	1	1.11
KBRC1261	49450	198750	2587	-60/090	73	78	5	0.69
					83	84	1	0.53
					92	93	1	0.6
					97	100	3	0.55
KBRC1262	49450	198700	2587	-60/090	No significant result			
KBRC1263	49500	198700	2587	-60/090	80	82	2	0.62
KBRC1264	49750	199100	2587	-60/090	39	41	2	0.6
					45	46	1	3.95
					57	59	2	0.61
KBRC1265B	49700	199100	2587	-60/90	57	66	9	0.79
					72	82	10	0.91
KBRC1266	49650	199100	2587	-60/090	58	61	3	1.3
					66	67	1	0.63
					76	77	1	0.56

TABLE (1): Karlawinda Gold Project - Tramore Prospect Drilling Results								
Hole No	Easting	Northing	RL	Dip/Az	From	To	Width	Grade (g / t Au)
					86	88	2	0.65
					99	108	9	0.7
KBRC1267	49600	199100	2587	-60/090	78	82	4	0.64
					106	107	1	0.74
					115	119	4	0.67
					124	126	2	0.7
KBRC1268	49550	199100	2587	-60/090	96	102	6	0.64
					124	125	1	0.65
					135	139	4	0.79
KBRC1269	49500	199100	2587	-60/090	111	116	5	0.48
					139	147	8	1.94
					151	160	9	0.68
KBRC1270	49450	199100	2587	-60/090	130	133	3	0.84
					155	177	22	1.37
KBRC1271	49750	199150	2587	-60/90	40	62	22	1.4
					69	76	7	1.11
KBRC1272	49650	199150	2587	-60/90	95	99	4	0.51
KBRC1273	49550	199150	2587	-60/90	128	140	12	0.59
KBRC1274	49900	199200	2590	-60/090	39	40	1	0.55
					47	48	1	1.21
					70	71	1	0.53
					75	76	1	2.35
					106	118	12	3.13
					122	123	1	0.95
					138	143	5	1.25
					154	156	2	1.05
KBRC1275	49850	199200	2589	-60/090	66	67	1	0.51
					81	82	1	0.52
					123	134	11	0.83
					161	164	3	0.72
KBRC1276	49800	199200	2589	-60/090	41	42	1	0.55
					68	69	1	0.63
					82	83	1	2.69
KBRC1277	49750	199200	2589	-60/090	39	43	4	0.43
					50	64	14	0.63
					92	93	1	0.55
					100	101	1	0.59
					108	109	1	0.76
					115	116	1	0.65

TABLE (1): Karlawinda Gold Project - Tramore Prospect Drilling Results								
Hole No	Easting	Northing	RL	Dip/Az	From	To	Width	Grade (g / t Au)
KBRC1278	49700	199200	2589	-60/090	66	67	1	0.93
KBRC1279	49650	199200	2589	-60/090	104	105	1	0.54
KBRC1280	49800	199250	2589	-60/090	43	44	1	1.11
					73	76	3	0.48
					86	88	2	0.79
					93	95	2	2.64
KBRC1281	49700	199250	2589	-60/090	109	116	7	0.98
KBRC1282	49800	199300	2589	-60/090	83	84	1	2.68
KBRC1294	49400	199100	2589	-60/090	177	196	19	1.63
KBRC1295	49500	199150	2589	-60/090	150	157	7	0.59
					164	168	4	7.4
KBRC1184	49500	199000	2590	-60/090	119	138	19	1.51
KBRC1164	49700	199050	2590	-60/090	41	75	34	1.07
KBRC1176	49600	199000	2590	-60/090	78	97	19	1.63
KBRC148	49400	198920	2590	-90/090	155	175	20	1.2
KBRC1166	49600	198950	2590	-60/090	59	76	17	1.27
KBRC1061	49350	198900	2590	-90/090	184	198	14	1.63
KBRC1286	49600	198440	2590	-60/090	154	168	14	0.78

APPENDIX 3 – 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	• *Nature and quality of sampling (e.g. 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.*	For RC drilling 2kg - 3kg samples were split from dry 1m bulk samples. The sample was initially collected from the cyclone in an inline collection box with independent upper and lower shutters. Once the metre was completed, the drill bit was lifted off the bottom of the hole, to create a gap between samples, when the gap of air came into the collection box the top shutter was closed off. Once the top shutter was closed, the bottom shutter was opened, and the sample was dropped under gravity thorough a Metzke cone splitter. Once drilling reached fresh rock a fine spray of water was used to suppress dust and limit the loss of fines thorough the cyclone chimney. A second 2kg-3kg sample was collected at the same time as the original sample. This sample has been stored on site. These duplicate samples have been retained for follow up analysis and testwork. The bulk sample of the main ore zone was discharged from the cyclone directly into green bags. The bulk sample from the waste was collected in wheelbarrows and dumped into neat piles on the ground. During the sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones. Field duplicates were collected at a ratio of 1:20 through the mineralised zones and collected at the same time as the original sample through the B chute of the cone splitter. OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).*	Swick Drilling drill rig was used to drill the RC drilling holes. The rig consisted of a Schramm 685 truck mounted RC rig with two truck-mounted compressors
Drill sample recovery	• *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.*	During the RC sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones. This process showed that the majority of ore grade samples had recoveries greater than 80% The majority of samples were of good quality with ground water having minimal effect on sample quality or recovery. From the collection of recovery data, no identifiable bias exists.
Logging	• *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*	Reverse circulation chips were washed and stored in chip trays in 1m intervals for the entire length of each hole. Chips were visually inspected and logged to record lithology, weathering, alteration, mineralisation, veining and structure. Data on rocktype, deformation, colour, structure,

Criteria	JORC Code explanation	Commentary
	intersections logged.	alteration, veining, mineralisation and oxidation state were recorded. RQD, magnetic susceptibility and core recoveries were recorded. RC chips sample quality and weights were also recorded, including whether wet or dry Logging is both qualitative and quantitative or semi-quantitative in nature.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	For holes RC Samples were split from dry, 1m bulk sample via a cone splitter directly from the cyclone. The quality control procedure adopted through the process includes: Weighing of both Calico samples and reject sample to determine sample recovery compared to theoretical sample recovery and to check sample bias through the splitter. Field duplicates were collected at a ratio of 1:20 through the mineralised zones and collected at the same time as the original sample through the B chute of the cone splitter. OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges The duplicate and CRM's were submitted to the lab using unique sample ID's. 2kg – 3kg samples were submitted to Intertek laboratory in Maddington in WA. Samples were oven dried at 105°C then pulverised in LM5 mills to 85% passing 75µm under sample preparation code EX03_05 which consists of a 5 minute extended preparation for RC/Soil/RAB. The extended time for the pulverisation is to improve the pulverisation of samples due to the presence of garnets in the samples. All the RC samples were analysed for Au using the FA50/MS technique which is a 50g lead collection fire assay. For RC samples the sample preparation technique is appropriate and is standard industry practice for a gold deposit. Quality control for maximising representivity of samples included sample weights, insertion of field duplicates and laboratory duplicates.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Drilling samples were submitted to Intertek laboratory in Perth. RC samples were assayed by a 50gm fire assay which is a total assay. Field duplicates were collected at a ratio of 1:50 and OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Logging and sampling were recorded directly into a Micromine field marshal template, which utilises lookup tables and in file validation on a Toughbook by the geologist on the rig. Assay results when received were plotted on section and were verified against neighbouring holes. From time to time assays will be repeated if they fail company QAQC protocols.
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	Drillhole collar positions were surveyed using a Garmin 62s handheld GPS.
Data spacing and distribution	• *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.*	Please See Table 1 for Results RC Samples were collected and analysed for each metre down the hole.
Orientation of data in relation to geological structure	• *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.*	Drill lines are oriented across strike on a local grid. Tramore orebody dips at 30 degrees to the North West. Holes in the drill programs 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 Bibra mineralisation.
Sample security	• *The measures taken to ensure sample security.*	Calico sample bags are sealed into green bags/polyweave bags and cable tied. These bags were then sealed in bulka bags by company personnel, dispatch by third party contractor, in-company reconciliation with laboratory assay returns.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Program reviewed by company senior personnel.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.*	The Karlawinda Project is located in tenements M52/1070, E52/1711, E52/2247, E52/2398, E52/2409, E52/3323, E52/3363, E52/3364, E52/3450 and held by Greenmount Resources Pty Ltd, a wholly owned subsidiary of Capricorn Metals. E52/1711 exploration tenement is in the Pilbara region of Western Australia. E52/1711 was acquired from South32 in 2008. South32 retain a 2% NSR and a claw-back provision whereby South32 can elect to acquire a 70% equity in the project only if JORC compliant reported resources of 5,000,000 ounces of gold and/or 120,000 tonnes of contained nickel have been delineated. The Nyiyaparli group are Native Title claimants covering an area including E52/1711. There is no known heritage or environmental impediments over the lease. No other known impediments exist to operate in the

Criteria	JORC Code explanation	Commentary
		area.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Prior to Capricorn Metals, the tenement was held by Independence Group NL (IGO) who undertook exploration between 2008 & 2014. Prior to Independence Group, WMC (BHP) explored the area from 2004 to 2008
Geology	• *Deposit type, geological setting and style of mineralisation.*	Bibra is part of a large-scale Archaean aged gold mineralized system. The resource is hosted within a package of deformed meta-sediments which has developed on at least two parallel, shallow dipping structures; supergene oxide mineralization has developed over the structures close to surface. The primary mineralization is strata-bound with lineation's identified as controlling higher-grade shoots. The deposit is oxidized to average depths of 50-70m.
Drill hole Information	• *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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *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.*	Please See Table 1 for Results
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. 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.*	In the 2017 drilling single fire assays were completed for each RC 1m sample, since significant work has been undertaken on assay variability though the Bibra deposit, whereby the single fire assay is deemed to be suitable For the aircore drilling, a mixture of 3 composite samples and 1m samples were analysed.
Relationship between mineralisation widths and intercept lengths	• *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 (e.g. 'down hole length, true width not known').*	At Karlawinda, the geometry of the mineralisation has already been defined from previous drilling programs. The intersection angle between drill angle and the perpendicular angle to the ore zone is less than 10 degrees.
Diagrams	• *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.*	The diagrams in the report provide sufficient information to understand the context of the drilling results.
Balanced reporting	• *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.*	The accompanying document is a balanced report with a suitable cautionary note.
Other substantive	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results;*	Systematic metallurgical testwork programs over 2012 to 2017 on master and variability composites from

Criteria	JORC Code explanation	Commentary
exploration data	*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.*	diamond core identifies mineralisation as free milling and amenable to cyanidation
Further work	• *The nature and scale of planned further work (e.g. 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 Drilling program have been designed to follow up the current drilling to further define the mineralised zone.

+Rule 5.5

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	**Quarter ended ("current quarter")**
84 121 700 105	30 SEPTEMBER 2019

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	(1,304)	(1,304)
	(b) development	(278)	(278)
	(c) production	-	-
	(d) staff costs	(760)	(760)
	(e) administration and corporate costs	(284)	(284)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	86	86
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Grant Income	-	-
1.8	Other: GST (Paid)/ Refunded	(348)	(348)
1.9	**Net cash from / (used in) operating activities**	**(2,888)**	**(2,888)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(665)	(665)
	(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 (3 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**	**(665)**	**(665)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	83,260	83,260
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	(1,947)	(1,947)
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)	-	-
3.10	**Net cash from / (used in) financing activities**	**81,313**	**81,313**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,040	9,040
4.2	Net cash used in operating activities (item 1.9 above)	(2,888)	(2,888)
4.3	Net cash from/ (used) in investing activities (item 2.6 above)	(665)	(665)
4.4	Net cash from financing activities (item 3.10 above)	81,313	81,313
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**86,800**	**86,800**

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	61,759	9,041
5.2	Call deposits	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)**	**86,800**	**9,041**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	177
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 177

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
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*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
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.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	1,000
9.2	Development	5,000
9.3	Production	-
9.4	Staff costs	800
9.5	Administration and corporate costs	250
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**7,050**

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: ..... Date: 31 October 2019
(Company secretary)

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.