

DEVELOPMENT PROGRESSING ON TIME & BUDGET

PROJECT LOAN CONDITIONS PRECEDENT SATISFIED

HIGHLIGHTS

- All conditions precedent now satisfied to commence draw down on \$80 million debt facility.
- Development of the Karlawinda Project progressing in line with schedule for first gold production in June 2021 quarter.
- Forecast development cost continues to be in line with guidance of \$165 – 170 million.
- Development cost of \$62.4 million spent to 30 September 2020, leaving a balance of forecast spend to complete of \$102.6 - \$107.6.
- Cash position on 30 September 2020 was \$49.3 million, which combined with the \$80 million debt facility gives a total available funding of \$129.3 million. This represents a 23% contingency allowance on the midpoint of forecast cost to complete.

Update

Capricorn Metals (ASX:CMM) is pleased to announce that it has now satisfied all conditions precedent to allow it to commence drawing down on the \$80 million Macquarie Bank debt facility for the development of the Karlawinda Gold Project (KGP). It is currently expected that the required draw down will be in the range of \$50 - 60 million, with the majority of draw down in the March and June 2021 quarters.

The project development is proceeding as planned and is expected to culminate in first gold production in the June 2021 quarter. Forecast total cost of the development is also in line with the previously reported \$165 – 170 million. The combination of available cash reserves and the Macquarie debt facility give Capricorn available funding of \$129.3 million, some \$24.2 million (23%) above the current cost to complete (midpoint) of \$105.1 million. With the bulk of costs of development now largely contractually fixed this is a strong funding contingency.

Importantly the (unchanged) development cost forecast is for the final plant design which (as reported to ASX on 27 July 2020) increased the plant capacity by up scaling and modifying equipment selection and associated structures in the crushing area of the plant. The throughput capacity in the final design is:

- Up to 4.5 – 5.0 mtpa in the oxide/fresh ore blend in the first 3 years; and
- Up to 4.0 - 4.5 mtpa in solely fresh rock ore in years four and beyond.

These throughput capacities are higher than the 3.5 – 4.0 mtpa previously reported and have allowed a refinement of the expected long-term production range to 110,000 – 125,000 ounces per annum (previously 105,000 – 120,000 ounces pa).

20 October 2020

Capricorn Executive Chairman Mark Clark commented:

“The development of Karlawinda is proceeding on time and on budget. The satisfaction of all the conditions precedent to the first drawdown of the \$80 million debt facility is another milestone de-risking the development of the project. It sees us fully funded with a significant contingency to our forecast cost to complete. We continue to put all our efforts into the development of the project and look forward to commencing Australia’s next new gold mine at a 110,000 – 125,000 ounce per annum run rate in mid-2021.”

Authorised by the Board of Directors

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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.
