

29 October 2024

## KARLAWINDA EXPANSION TO INCREASE ANNUAL GOLD PRODUCTION TO 150,000 OUNCES

### HIGHLIGHTS

- The Capricorn board has approved the expansion of the Karlawinda Gold Project (KGP), targeting an annual gold production of 150,000 ounces
- Production target based solely on existing proved and probable ore reserves<sup>1</sup>
- Post expansion all-in sustaining cost of production targeted in the order of \$1700 per ounce<sup>2</sup>
- Production upgrade driven by installation of a new three-stage crush and ball mill circuit to increase total processing capacity to 6.5Mtpa
- Total capital investment of \$120 million with a 20-month payback<sup>3</sup>
- Targeting completion of construction of expanded plant by Q4FY26
- Long lead procurement and detailed process plant engineering has commenced
- Mining and mill feed for the expanded plant will be focussed on a run of mine ore supply, minimising the very significant life of mine stockpile rehandle cost
- Expansion increases processing flexibility and free cash flow with only an incremental contractor mining fleet and earthmoving volume increase
- KGP mine life remains 10 years with significant further potential to increase MRE and ORE down dip of current inventories.

Capricorn Metals Limited (ASX:CMM) (**Capricorn** or the **Company**) is pleased to announce Board approval for the expansion of the KGP. The expansion will incorporate the installation of a new three stage crushing and ball mill circuit to increase processing capacity to 6.5Mtpa. The average annual gold production from the expanded KGP is expected to be in the order of 150,000 ounces.

#### Capricorn Executive Chairman Mark Clark commented:

"The Board's approval of KGP's expansion reflects the quality and simplicity of the operation and the optionality that comes from increasing reserves and mine life with targeted resource drilling. Capricorn's strong technical team have delivered an expansion study that will allow the Company to continue to maximise returns from the operation. KGP is a long-life, low-cost gold mine, and the strong financials associated with the expansion strengthen our belief that KGP will continue to generate industry-leading cash flows for years to come."

"The execution of the Karlawinda Expansion Project and development of Mount Gibson will see Capricorn enter the very limited space of companies having all Australian based gold production exceeding 300,000 ounces<sup>4</sup> per annum and low-cost gold reserves<sup>1</sup> in excess of three million ounces."

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<sup>1</sup> Proved and Probable Reserves, for full disclosure of CMM Reserves refer to ASX announcements released 1/8/2024 & 19/4/2024

<sup>2</sup> Based on reserve cost inputs per ASX announcement released 1/8/2024

<sup>3</sup> Payback based on gold price assumption of \$3,300/oz

<sup>4</sup> "300,000 ounces per annum" production profile includes the combination of KGP expansion target noted in this announcement and the addition of MGGP production, per PFS results which should be read in conjunction with Risks outlined in ASX announcement 19 April 2024.

## KGP Overview

The KGP is located in the Pilbara region of Western Australia, 65 kilometres south-east of Newman. The KGP commenced operations in June 2021 and since that time has produced over 375,000 ounces of gold at industry leading all in sustaining costs. Since commencement of operations the project has generated over \$500 million in operating cashflow with minimal capital required to be spent on the project.

## Karlawinda Project Expansion – Key Financial and Operational Metrics

Expansion capital	A\$120 million
Project Payback (A\$3,300/oz gold price)	20 Months
Internal Rate of Return (A\$3,300/oz gold price)	49%
Milling Capacity (Steady state)	6.5mtpa
Targeted annual gold production (Steady state)	150koz
Targeted AISC <sup>3</sup> (Steady state)	A\$1,700 per ounce
Permitting, detailed engineering & procurement (9 months)	Q4 FY25 completion
Construction phase, processing plant (12 months)	Q4 FY26 completion
Mine Life	10 years
KGP Mineral Resource <sup>2</sup> (A\$2,400/oz gold price)	2.25Moz at 0.7g/t
KGP Ore Reserve <sup>2</sup> (A\$2,200/oz gold price)	1.43Moz at 0.8g/t

## Karlawinda Project Expansion & ORE Reserves

Capricorn's positive FID for the expansion of the KGP follows a significant increase to the project's ORE<sup>2</sup> to 1.43 million ounces announced in August 2024. Importantly the ORE is estimated at a conservative A\$2200 per ounce gold price assumption.

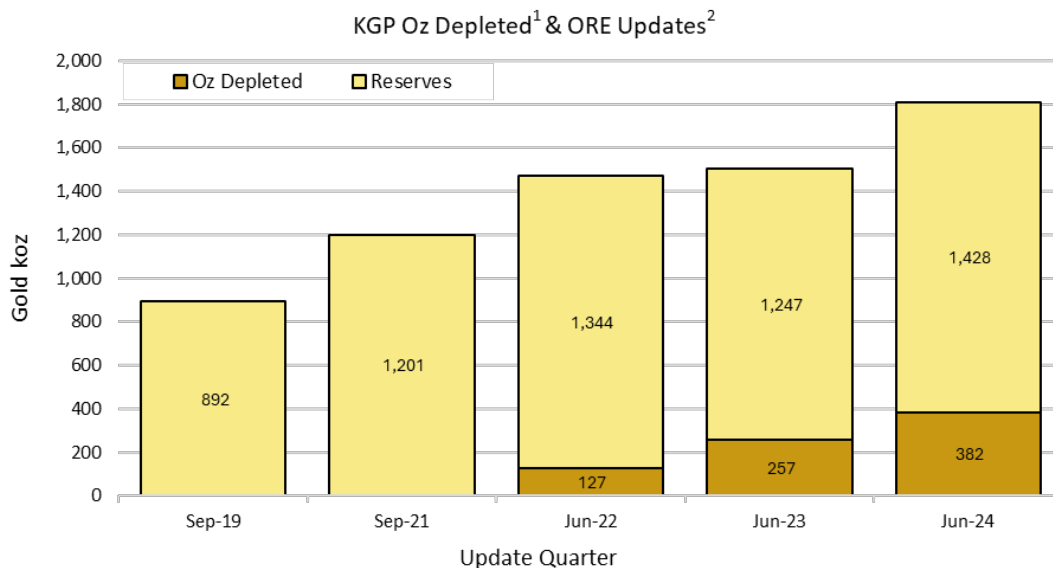


Figure 1 –KGP Reserve History

The continued replacement of reserves and increased inventory at the KGP prompted an evaluation of the economics of investing in higher throughputs and production rates. This evaluation considered various processing capacities and mining schedules for the project. A new parallel three-stage crushing and ball mill circuit (replicating current) with a capacity of 2.5mtpa was chosen as the most efficient flow sheet. The increased processing capacity will not require a significant increase in mining fleet or earthmoving volumes. The mine to mill studies have focussed on the delivery of a run of mine ore product to the processing plants, minimising ore stockpiling and rehandling throughout the life of mine and eliminating a significant portion of the associated cost.

<sup>1</sup> Oz Depleted refers to the project to date in-situ oz processed in the corresponding period.

<sup>2</sup> Proved and Probable Reserves, for full disclosure of CMM Reserves refer to ASX announcements released 1/8/2024 & 19/4/2024

<sup>3</sup> Based on reserve cost inputs per ASX announcement released 1/8/2024

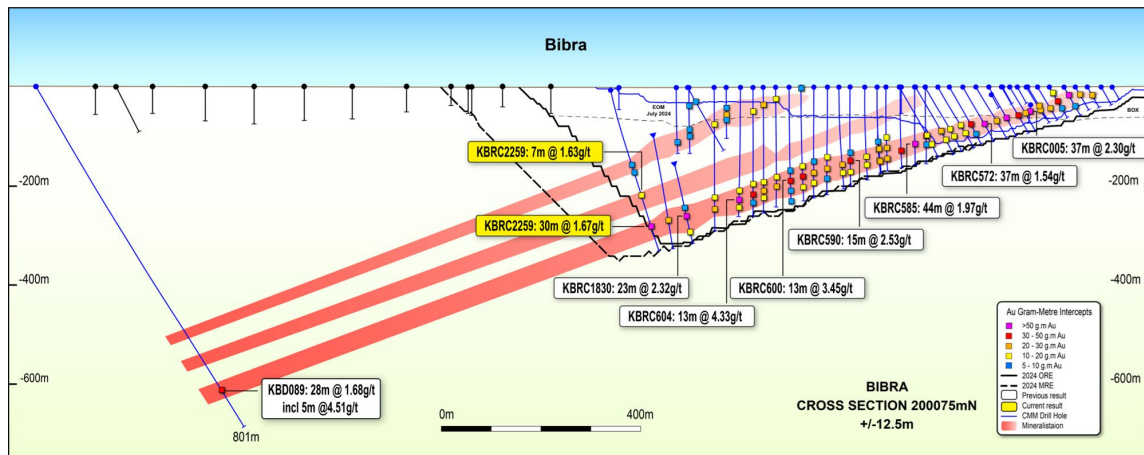


Figure 2 - Karlawinda cross-section

The parallel processing stream offers the flexibility of an independent run-of-mine (ROM) arrangement while maximising the use of existing infrastructure downstream from the CIL tanks. The selected flowsheet replication provides synergies in maintenance, training and spares. Existing gas infrastructure is capable to deliver the required increase in power generation with possible cost reductions through renewable energy to be considered in future studies.

The expansion will also include the construction of additional accommodation capacity which will maximise productivity during the plant construction phase and facilitate the additional personnel requirements of long-term operations. The installation of a new tailings storage facility (TSF), utilising displaced waste material from the adjacent Berwick deposit will meet the increased project deposition requirements.

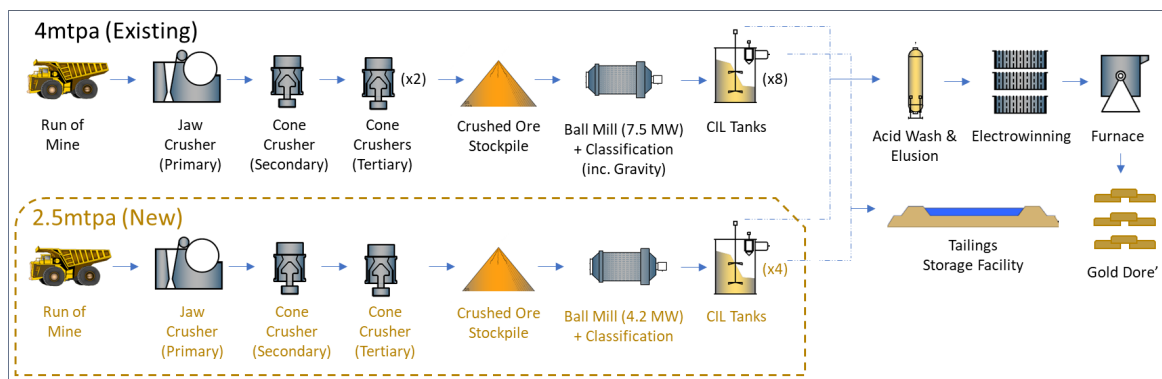


Figure 3 - Simplified Karlawinda Processing Plant Flow Sheet

The environmental approval requirements for the project are well understood and the work required for submission of applications to regulators is advancing. Importantly, the footprint required for all plant and infrastructure associated with the expansion is contained within Capricorn's existing mining leases.

#### About Capricorn Metals Ltd (ASX: CMM)

Capricorn is a high margin, long life gold business with compelling growth led by a proven team that delivers for shareholders. Inventory consists of a quality, growing 3.3Moz ORE reserve<sup>1</sup> across two regionally significant projects in the tier 1 jurisdiction of Western Australia. At full capacity the combined output of the Karlawinda and Mount Gibson projects is expected to exceed 300,000 ounces<sup>2</sup> per annum.

This announcement has been authorised for release by the Capricorn Metals board.

#### For further information, please contact:

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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.

## Competent Person’s Statement

The detailed information relating to the Ore Reserves and Mineral Resources for the Karlawinda Gold Project was contained in the Company’s ASX announcement dated 1 August 2024 entitled “KGP Ore Reserve Increases to 1.43Moz’s”. The information relating to the Ore Reserves and Mineral Resources for the Mt Gibson Gold Project Gold Project was contained in the Company’s ASX announcement dated 19 April 2024 entitled “MGGP Ore Reserve Grows to 1.83 Million Ounces”. The reports are available to view on the ASX website and on the Company’s website at [www.capmetals.com.au](http://www.capmetals.com.au).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcements and 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.