

20 May 2022

Caracal Gold plc ('Caracal' or the 'Company')

Q1 2022 Operations Update

Caracal Gold plc, the gold producer with operations in East Africa, is pleased to announce an update on its operations and exploration activities for the quarter ended 31 March 2022 (the 'Quarter' or 'Q1'); specifically, its producing Kilimapesa Gold Mining and Processing Operations in Kenya ('Kilimapesa').

Q1 HIGHLIGHTS

- Increased production and processing output versus Q4 2021 as Caracal targets production of 24,000 ounces of gold per annum.
- Acceleration of the final phase of the 3-phase operational plan at Kilimapesa to improve efficiencies:
 - First 5,000t pilot heap leach pad successfully commissioned – a crucial milestone to increase processing capacity.
 - Initial recoveries in line with the metallurgical test work results – another positive step to realising production targets.
- Exploration drilling programme on the Kilimapesa Hill deposit continued with 871m of Diamond Drilling ('DD') and 3,420m of Reverse Circulation ('RC') drilling completed in Q1:
 - Aiming to increase the overall project resource from 670,000oz to >2Moz.
 - Results received to date confirm strike and depth extensions as targeted.
- Key new Board and senior management appointments made to spearhead the growth and expansion of exploration and mining operations in Kenya, Tanzania and elsewhere in East Africa:
 - Hon. Ambassador Dan Kazungu and Rachel Johnston appointed as Non-Executive Directors.
 - Riaan Lombard joined the team as General Manager, Franck Bizouerne unveiled as Caracal's new Group Exploration Manager, and Paul Reeves appointed as Chief Financial Officer.
- Progressed finalisation of regulatory approvals in respect to the Company's acquisition of the advanced Nyakafuru and Simba Gold Projects in Tanzania.
- Advanced proposed listing of Caracal on the Nairobi Stock Exchange ('NSE') assisted by advisers Faida in Kenya and VSA Capital:
 - The NSE Listing is expected to complete in the second quarter of 2022 ('Q2').
 - Immense support from both the Government of Kenya and the markets regarding the planned listing.
- Clear Capital Markets ('CCM') appointed as Joint Broker in February following the completion of a c. £2m capital raise, which included £300,000 received from an existing major shareholder priced at 1.25p per ordinary share, and the placement to clients of CCM.
- Strategy for Q2 includes advancing the mining plan at Kilimapesa; pushing ahead with the heap leach operation - completing the test pads and progressing to construction of the full-scale operation; releasing the RC and DD results from exploration at Kilimapesa Hill; updating the resource at Kilimapesa; finalising regulatory approvals on the Tanzanian gold asset acquisitions; and advancing the NSE listing.

Robbie McCrae, CEO of Caracal, said,

“We are delighted with the sterling progress made in the first quarter – with the expansion of our team and appointment of a new mining manager, exploration manager and also the Hon. Ambassador Dan Kazungu and ESG expert Rachel Johnston. All are a major boon for the Company as it commences a next phase of growth acceleration at Kilimapesa and gets ready to fire the starting gun at our new acquisitions in Tanzania.

“Having stress-tested all aspects of the operations, and brought in the new management team, we are re-evaluating all aspects of the expansion plan and exploration programme.

“The surface exploration work done during the quarter has given us greatly improved confidence in the resource on Kilimapesa Hill and we look forward to updating the resource during the next quarter. We are very pleased with the correlation of the surface drilling and underground operations the structural and grade information gained will assist greatly in better planning of the underground workings going forward.

“Starting the open pit workings on Kilimapesa Hill has added significant capacity and is providing the flexibility to focus on underground development to increase the overall production to the planned 24,000 ounces pa target.

“In addition, progress on the heap leaching pilot plant is particularly pleasing in terms of the speed with which it has progressed, ahead of advancing this to a full-scale operation.

“We’re on track to achieve our goal of lifting gold output to 24Ktpa by year end and look forward to reporting on continued progress. 2022 looks to be a game changing year not only at Kilimapesa but also for realising our East African gold ambitions more broadly.”

Operations

Following the installation of the new senior management team, a review of the Kilimapesa mining plan was conducted and key required programmes commenced, including accelerated development underground, extensive drilling on Kilimapesa Hill and commissioning of the first pilot heap leach pad to process lower grade ore.

To facilitate the mine expansion plans, ore production from both the underground and the open pit was pared back in order to focus on reef drive, with raise development and necessary equipping completed and surface and underground drilling accelerated in order to gain a better understanding of grade, structure and correlation between the underground workings and the open pit.

A total of 44,846t were delivered to the processing plant from mining operations (versus Q4 38,351t), of which 18,357t @ 2.64 g/t gold ('Au') derived from underground and 26,489t @ 2.33g/t Au from the open pit. In line with the aforementioned plan focusing on development and drilling, a total of 775m of development was completed underground.

A total of 22,744t of underground ore at a grade of 1.72g/t Au was stockpiled during the quarter to be processed on the heap leach pads once completed.

54,121t of ore (versus 51,732 tons in Q4'21) was processed at an average grade of 1.75g/t Au, resulting in gold sales of 1,226 ounces - an increase of 17% on the previous quarter sales of 1,047 ounces in Q4 2021.

The pilot heap leach plant was commissioned on 29 March 2022, with 4,529t at 1.5g/t Au being loaded on the first lift. The heap leach process, with its operational efficiency gains and low operating costs, will enable Caracal to maximise the gold recovery from lower grade ore. The full heap leach plant operation will be expanded up to a capacity of 20,000tpm.

The heap leach operation consists of permanent HDPE lined pads in 7,500t modules, under drip irrigation. The pads are being constructed in series with a pregnant pond, carbon in solution circuit and barren pond. The carbon arising is being treated in the existing gold elution and smelting facility. The metallurgical test work completed for the heap leach plant showed good gold recoveries, and recoveries from the initial pilot pad processed on site are firmly in line with this, at 53.5% recovery after the first 14 days in the Quarter. Consumables used during the pilot heap leach project is lower than anticipated.

Exploration

The planned initial 3,000m DD and 12,000m RC drilling programme for 2022 at Kilimapesa continued in Q1, with a total of 871m and 3,420m drilling, respectively. The RC rig, which had been drilling the Southern Mineralised zone, was moved onto Kilimapesa Hill to focus on work necessary to facilitate the expansion of production from both the underground as well as the open pit.

The RC drilling programme on Kilimapesa Hill commenced 400m to the east of active underground mining and opencast pit operation. It was proposed to prove mineralisation strike extent backed by historic artisanal gold workings, with the intent to identify a strike length totalling over 700m of previously undrilled ground. 35 RC holes accounting for 3,420m have been drilled and, to date, a total of 1,901 samples have been analysed. The Au grades from the RC drilling and those produced in the active current open pit and underground mining operations are proving to be well-correlated.

During the Quarter, a total of five DD holes were completed for a total of 871m. These holes were positioned to determine both the strike and the down-dip extent of mineralisation on the Kilimapesa Hill, with extensions of each identified as hoped.

Underground DD continued during the Quarter with a total of 157m being drilled in 7 boreholes in Adit D.

Safety, Health, and Environment

A new Safety, Health and Environment Supervisor, Winnie Mwangi, was appointed during the Quarter. Detailed analysis of all occupational health and safety issues, legal statutory compliance, and action plans were completed.

Environmental Impact Assessments ('EIA') were initiated for the heap leach project, the surface exploration drilling programme and the open pit mining area. The EIA for the heap leach project has been completed and the EIA for the exploration drilling programme and open pit mining area was submitted in May and is expected to be approved in June.

Outlook For the Next Quarter

With the new management team in place, a comprehensive strategic, operational and exploration review is expected to be completed in Q2.

The pilot heap leach project is on track for be completion in Q2, in conjunction with a feasibility study on the large commercial scale pad.

Exploration drilling on Kilimapesa Hill is scheduled for completion with the rigs moved to the prioritised targets on the broader exploration licences.

Further updates regarding the acquisition of the Tanzanian gold projects are expected during the second quarter.

****ENDS****

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Notes

Caracal Gold plc is an emerging East African focused gold producer with a clear path to grow production and resources both organically and through strategic acquisitions. Its aim is to rapidly increase production to +50,000ozs p.a. and build a JORC compliant resource base of +3Moz within 12-18 months from its listing in August 2021. To this end, it is progressing a well-defined mine optimisation strategy at its 100% owned Kilimapesa Gold Mine in Kenya, where there is significant mid-term expansion potential and ability to increase gold production to 25,000oz p.a. and the resource to +2Moz (current JORC compliant resources of approx. 671,000oz). Additionally, its experienced team, with proven track record in successfully developing and operating mining projects throughout Africa, is reviewing other complementary and strategically located gold mine and development projects in East Africa.

Caracal is a responsible mining and exploration company and supports the positive social and economic change that it contributes to the communities in the regions that it operates. It is a proudly East African-focused company: it buys locally, employs locally, and protects the environment and its employees and their families' health, safety, and wellbeing.

Caracal's shares are quoted on the Main Market of the London Stock Exchange (LON: GCAT) and on the Frankfurt Stock Exchange (FSE: 6IK); a listing on the Nairobi Securities Exchange is underway.