



**CAPRICORN
METALS LTD**

ASX Code: CMM

RIU EXPLORERS CONFERENCE

KARLAWINDA GOLD PROJECT *A rare opportunity in the WA gold sector*

23rd February 2017
Fremantle, Western Australia

Disclaimer & Competent Person Statement

CAUTIONARY STATEMENT - 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.

CAUTIONARY STATEMENT - PRELIMINARY NATURE OF STUDY

This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules. The Company advises that the Scoping Study results contained in this announcement are preliminary in nature as the conclusions are based on low-level technical and economic assessments, and are insufficient to support the calculation of Ore Reserves or to provide an assurance of economic development at this time. There is a low level of geological confidence associated with Inferred Mineral resources as used in this report and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the outcomes of the Scoping Study will be realised. Accordingly, these Inferred Resources should not be relied on by investors when making investment decisions.

ASX announcements are available on the Company’s website at www.capmetals.com.au

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 Principal Resource Geologist at Perth based consultant group OMNI GeoX Pty Ltd and is a current Member of the Australian Institute of Geoscientists. Mr. Michael Martin acts as a consultant for Capricorn Metals Limited 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 Exploration Results or Mineral Resources is based on information reviewed by Mr. Peter Langworthy, Technical Director, who is a current Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full-time Executive Director of Capricorn Metals Limited 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.

A rare opportunity in WA gold sector

A large, simple development and growth opportunity

- Large scale un-mined ~1 million ounce gold resource
- Expected high conversion rate into Reserves
- Targeting 100,000 ounce per year production rate
- Clear development pathway:
 - Simple open pit
 - Simple metallurgy
 - Simple, near-term pathway to production and cash-flow
- Fully-funded to decision to mine: \$10m cornerstone investment
- No better time to build a gold mine in the Pilbara
 - Infrastructure and resources
 - Low risk jurisdiction
- Strong growth potential from new discoveries in under-explored goldfield

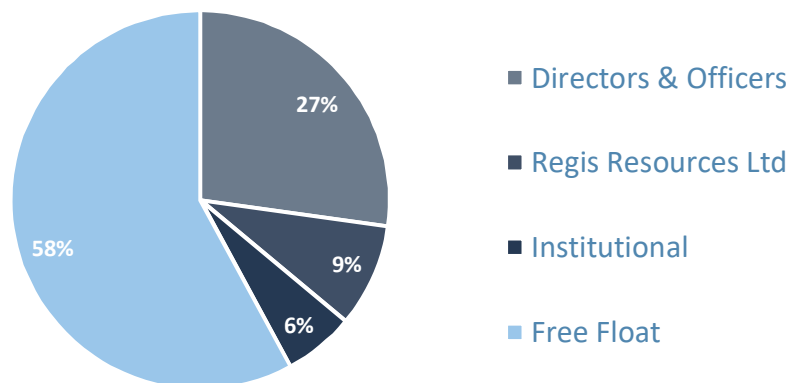
Corporate Overview

Expertise driving value

Corporate Information (pre-placement)

ASX Code	CMM
Shares on Issue	486m
Share Price as at 23 rd February 2017	11c
Market Cap 23 rd February 2017	\$53.6m
Cash as at 31 Dec 2016	\$1.73m (+\$10m)
Unlisted options	18.8m

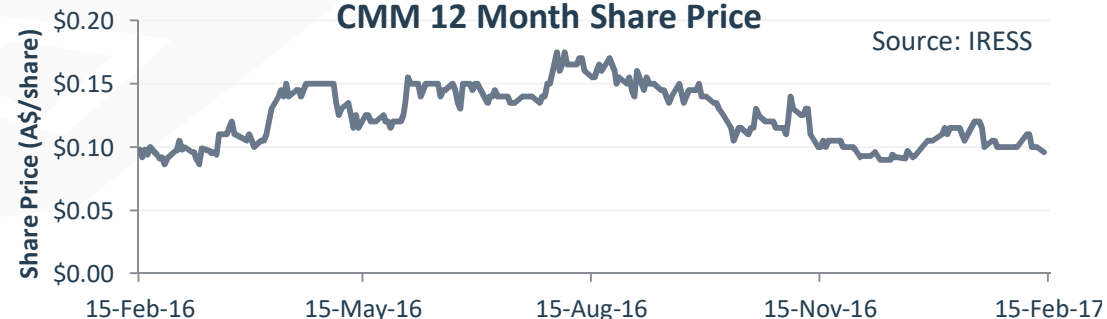
Shareholding Distribution (Current)*



Board of Directors

Guy Le Clezio	Non-Executive Chairman <i>(World Titanium Resources / Eyres Reed)</i>
Peter Thompson	Managing Director <i>(WMC / St Barbara / Jubilee / Anaconda)</i>
Peter Langworthy	Technical Director <i>(Jubilee / WMC / Pacmin)</i>
Heath Hellewell	Non-Executive Director <i>(Doray / IGO / Resolute)</i>
Jonathan Shellabear	Non-Executive Director <i>(Deutsche / Dominion / Rothchilds)</i>

CMM 12 Month Share Price

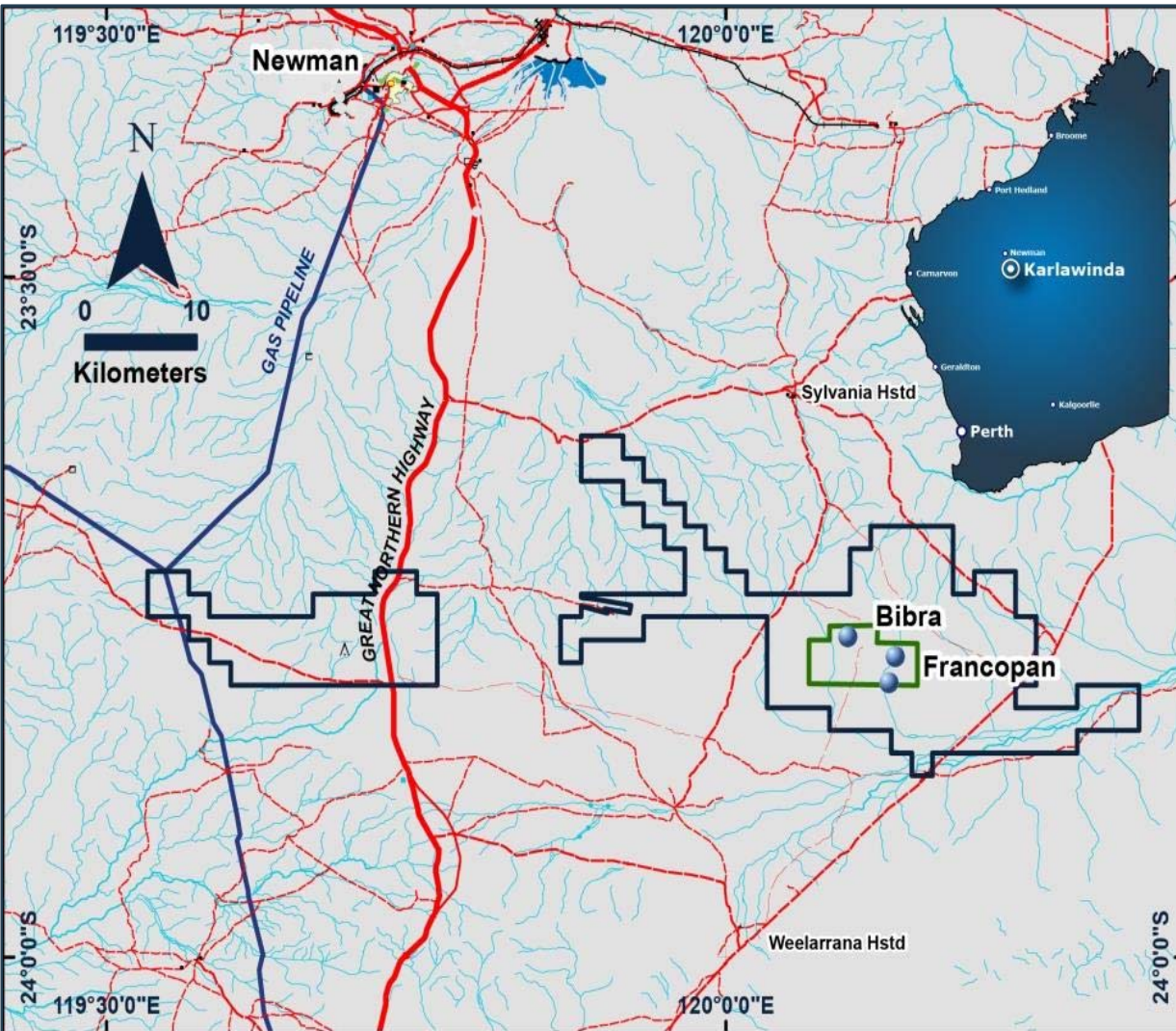


Karlawinda: “back to the future” in WA gold

A straightforward gold project like dozens in the 1980s

KEY PROJECT ATTRIBUTES:

- **100% ownership**
- **Low risk jurisdiction**
 - Tier 1 location: 60km from Newman
 - Granted Mining Lease
 - Native Title Agreement
 - Environmental framework understood
- **World-class infrastructure and support services**
- **Straightforward development**
 - Untouched resource (no legacy issues)
 - Large-scale single, staged open pit
 - Low strip ratio
 - High margin laterite and oxide resources



Counting down to Karlawinda

Rapid Progress

MAJOR PROJECT BENCHMARKS - ACHIEVED

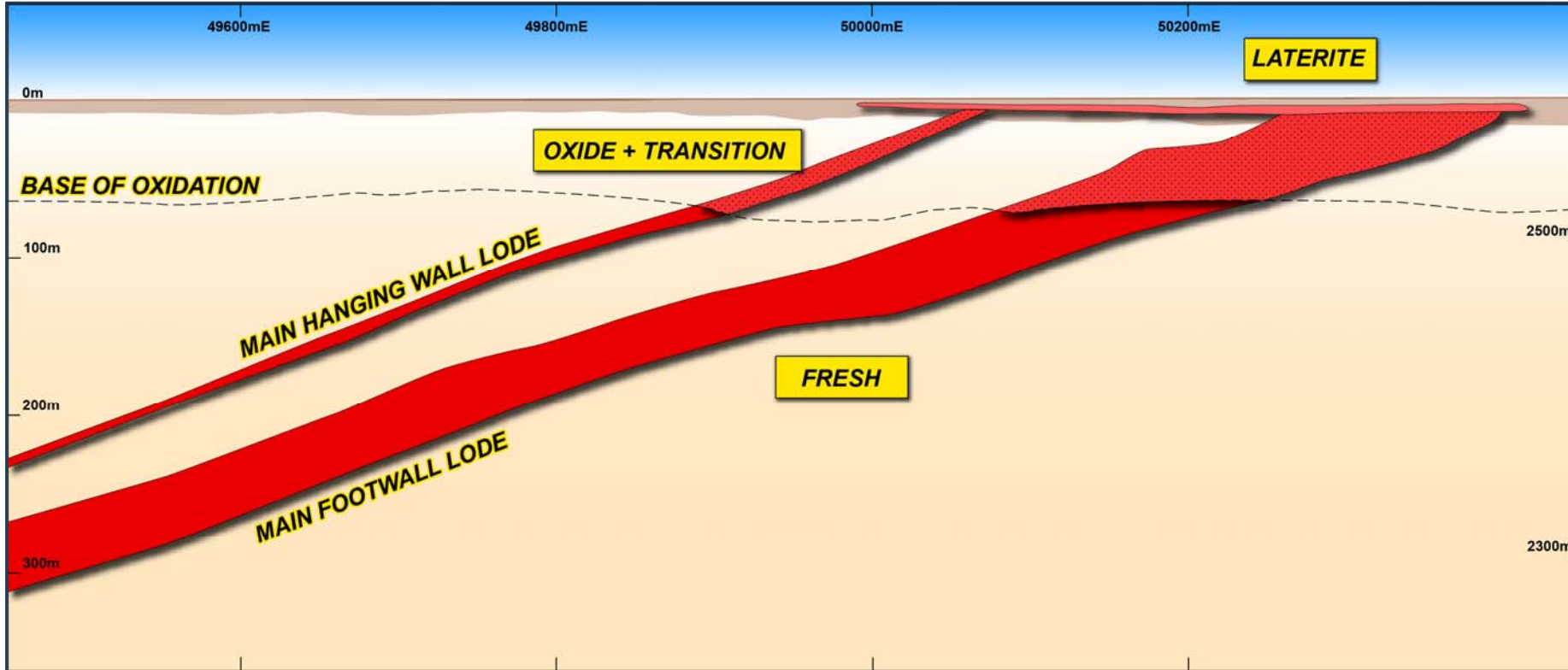
February 2016	Project acquired and initial funding secured
June 2016	Resource expanded to 914,000oz following initial drilling
July 2016	Positive Scoping study complete
August 2016	Definitive Feasibility Study commenced
November 2016	Native title agreement signed, Mining Lease secured
December 2016	75,000m in-fill and extensional drilling program complete
December 2016	Water borefield confirmed

MAJOR PROJECT BENCHMARKS - TARGETED

Feb-March 2017	Balance of assay results from 2016 drill program
End March 2017	Upgrade of current 914,000oz resource: Measured and Indicated
End April 2017	Maiden Ore Reserve
End June 2017	Definitive Feasibility Study
Late 2017	Project funding
Late 2017	Start of project construction

Bibra Gold Deposit

Simple, predictable shear hosted mineralised system

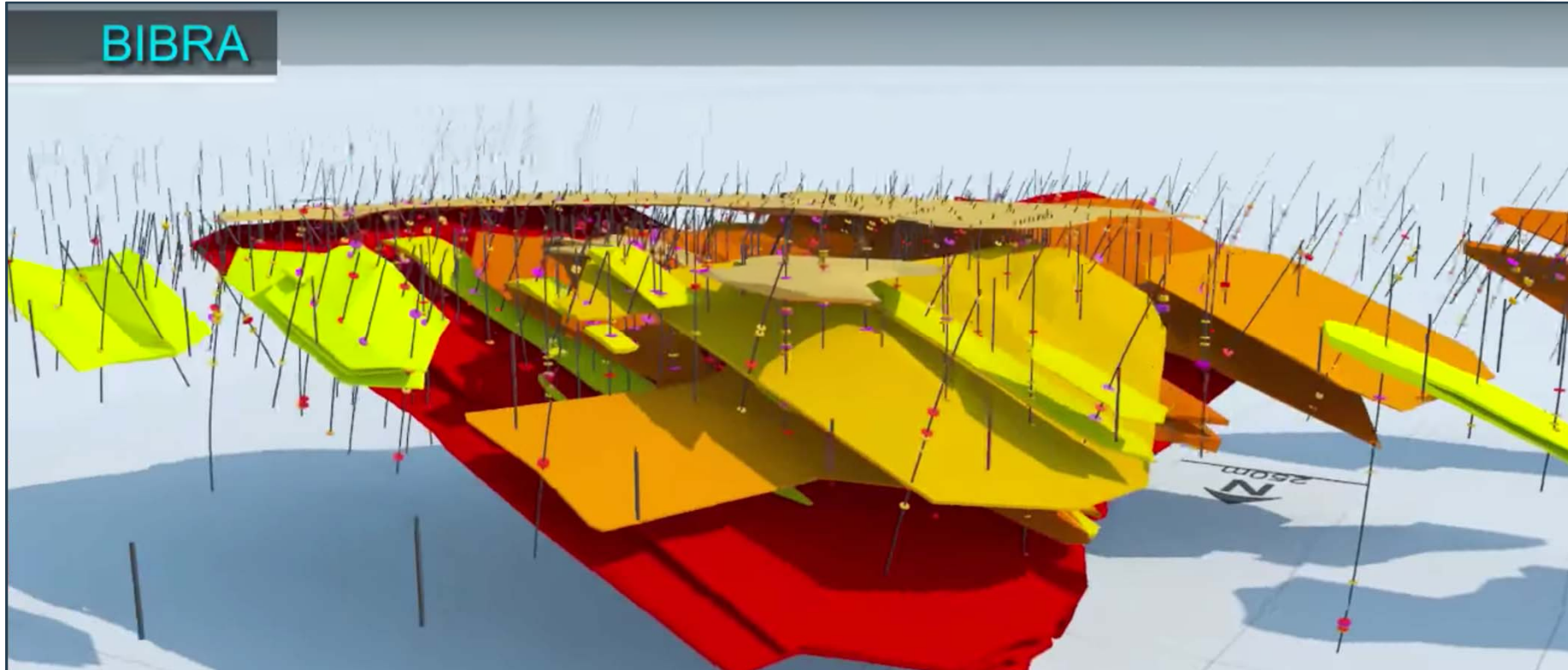


- Large, Archaean mineralised system
- 1.1km strike length
- Drilled 800m down-dip: remains open
- Broad shear zones up to 50m wide – strong high grade component
- Large laterite deposit near surface



Bibra Gold Deposit

Simple, predictable shear hosted mineralised system

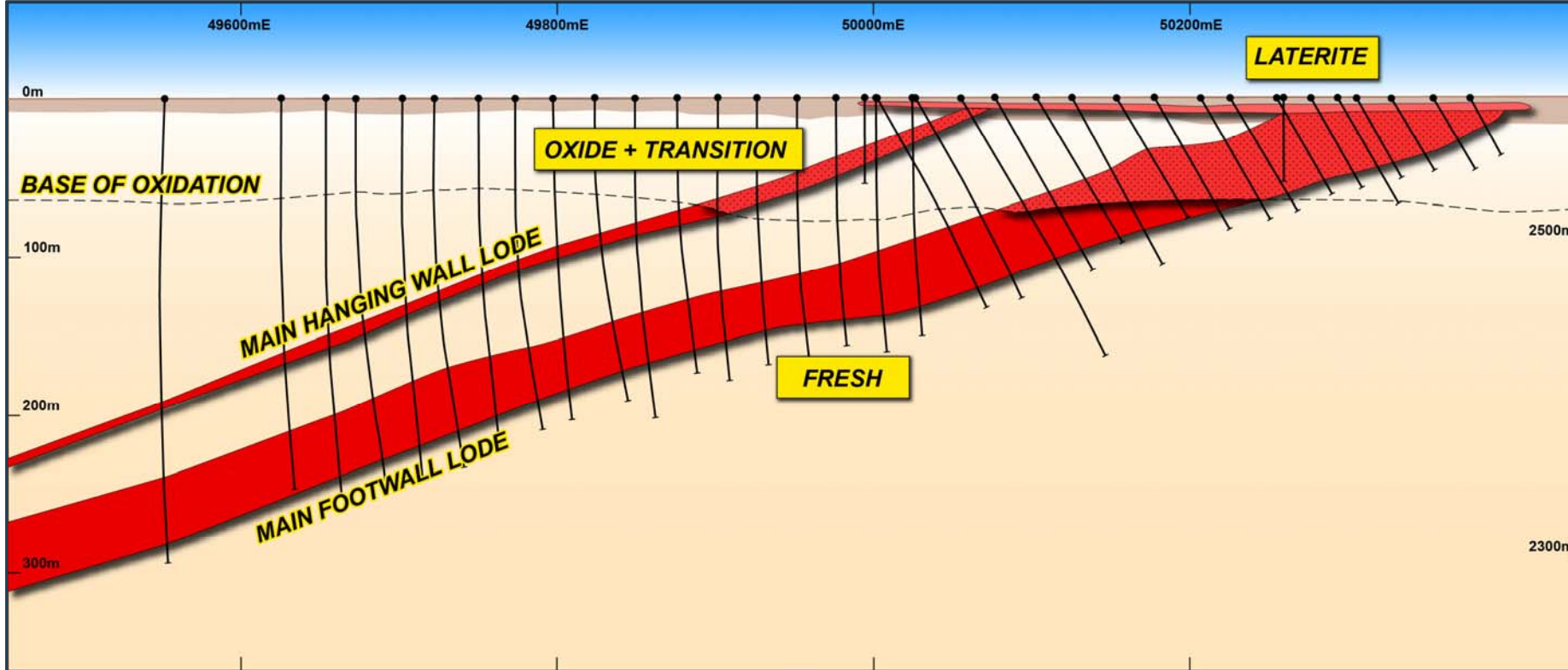


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Bibra Gold Deposit

Low risk understanding: Large, quality datasets

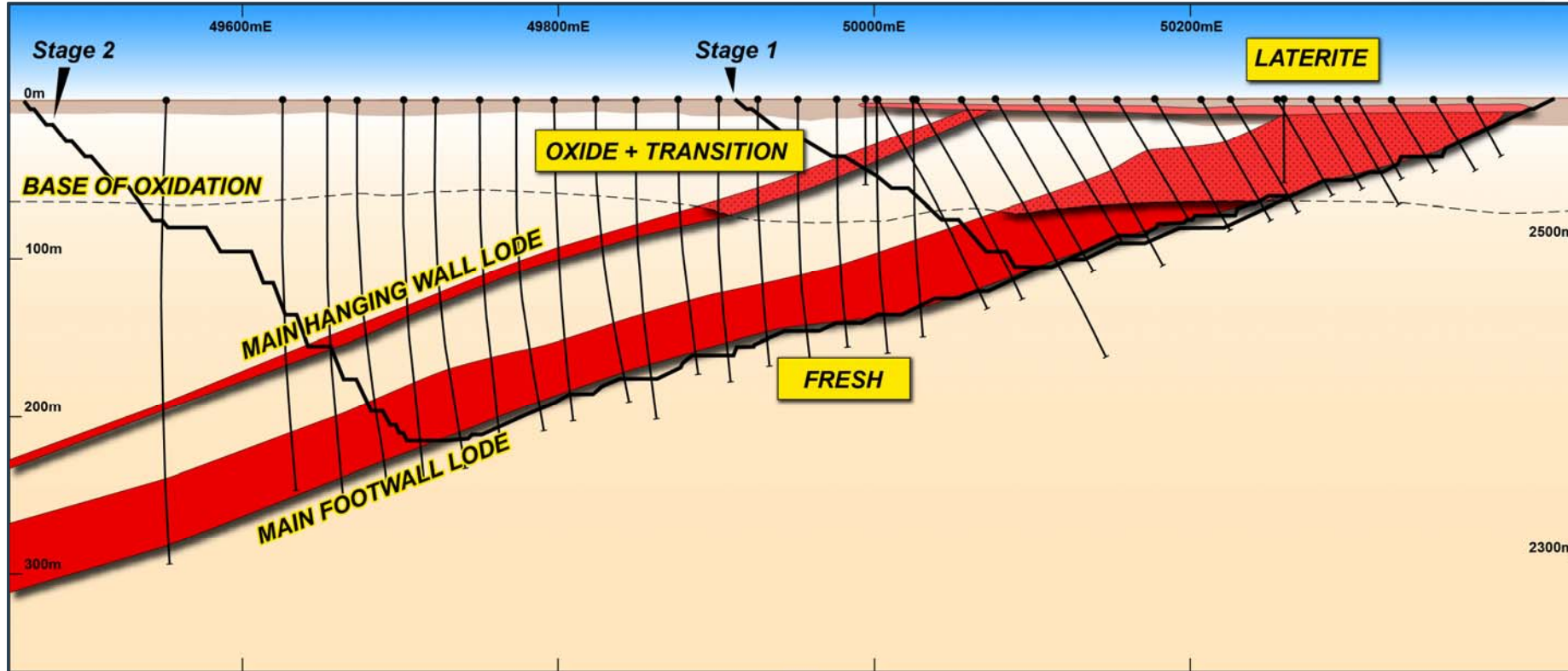


- Drill spacing 25 x 25m and 25 x 50m
- 909 reverse circulation drill holes: 130,086 metres
- 83 resource diamond holes: 123,731
- 41 metallurgical holes: 6,234 metres
- 5 geotechnical diamond holes: 1,115 metres



Bibra Gold Deposit

Resource Upgrade



June 2016 Inferred Resource

Laterite Domain

2.1 million tonnes @ 1.3g/t for 85,000oz

Oxide & Transitional Domain

5.8 million tonnes @ 1.1g/t for 200,000oz

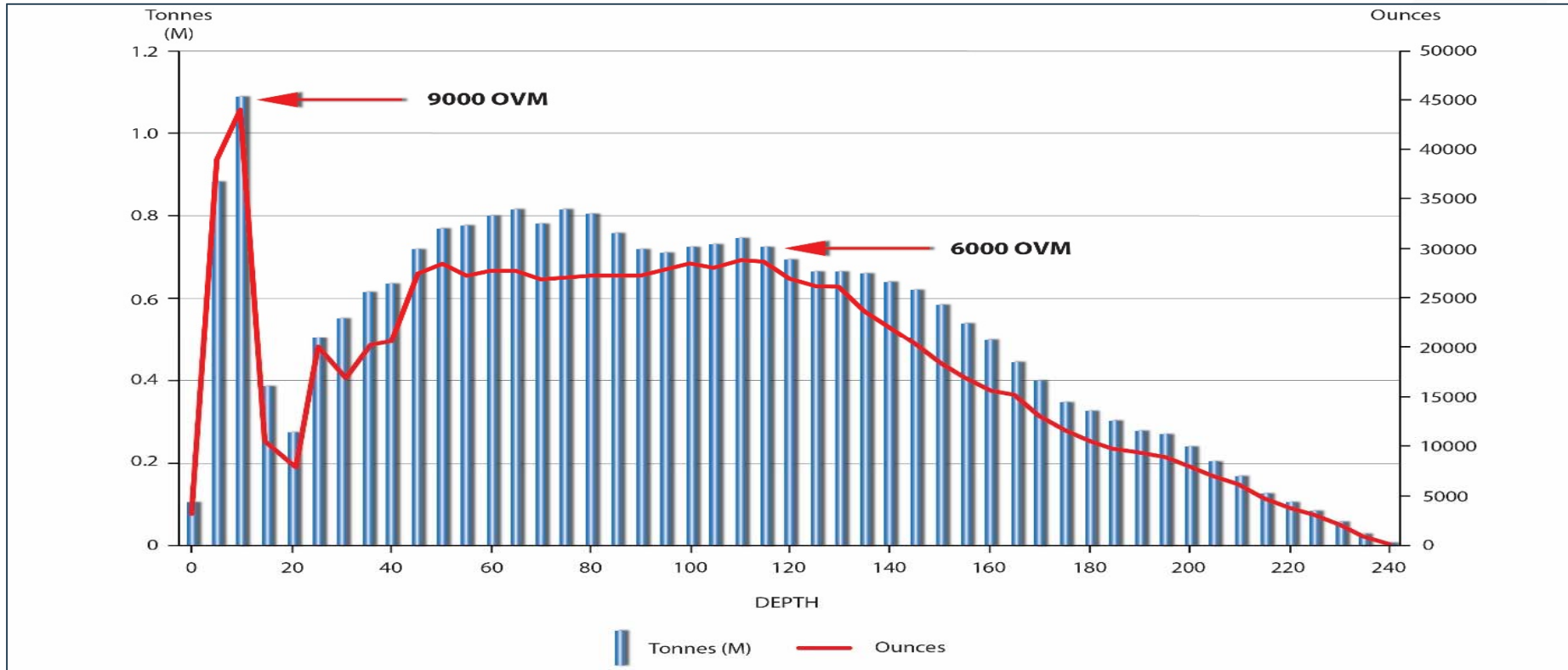
Fresh Domain

17.6 million tonnes @ 1.1g/t for 629,000oz

- **TOTAL INFERRED RESOURCE: 25.5 million tonnes @ 1.1g/t Au for 914,000oz**
- Pit constraint: A\$1,750 per ounce
- Lower cut: 0.5g/t

Bibra Gold Deposit

Resource Upgrade



June 2016 Inferred Resource

Laterite Domain

2.1 million tonnes @ 1.3g/t for 85,000oz

Oxide & Transitional Domain

5.8 million tonnes @ 1.1g/t for 200,000oz

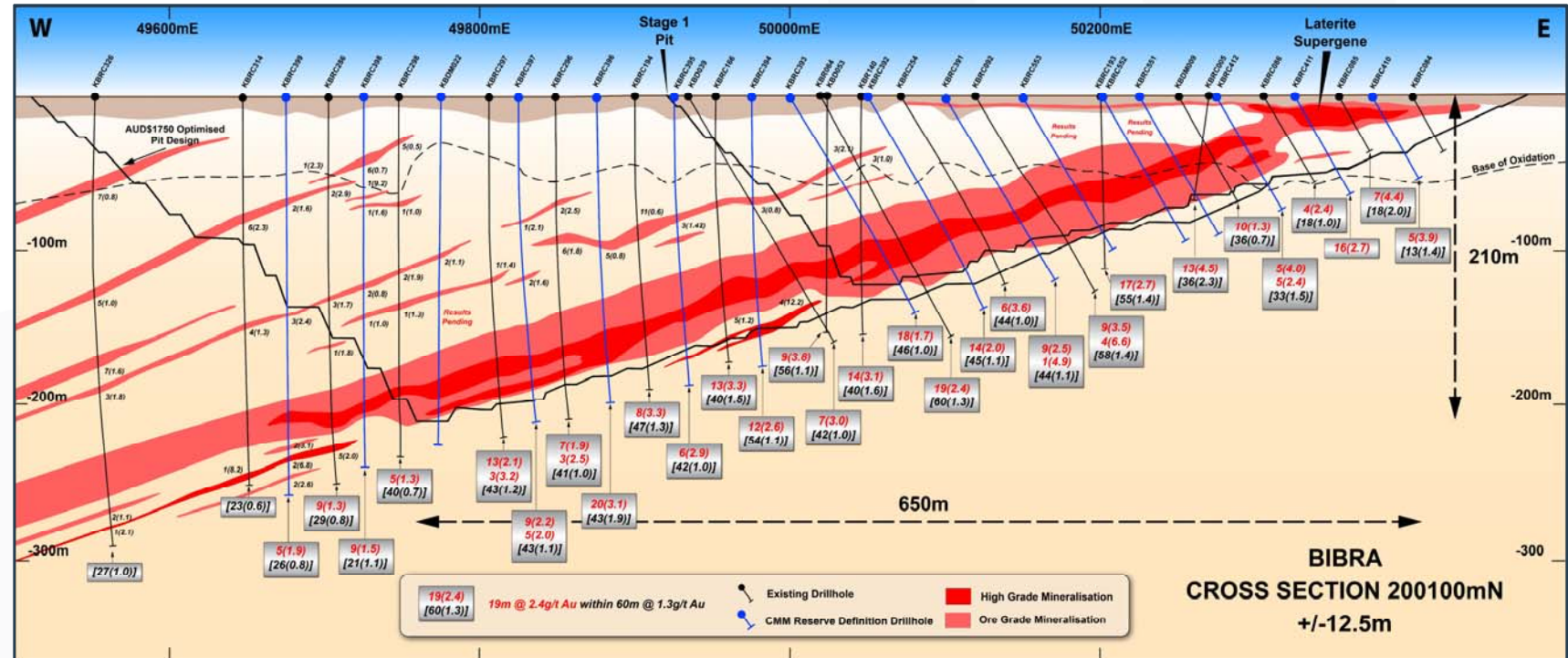
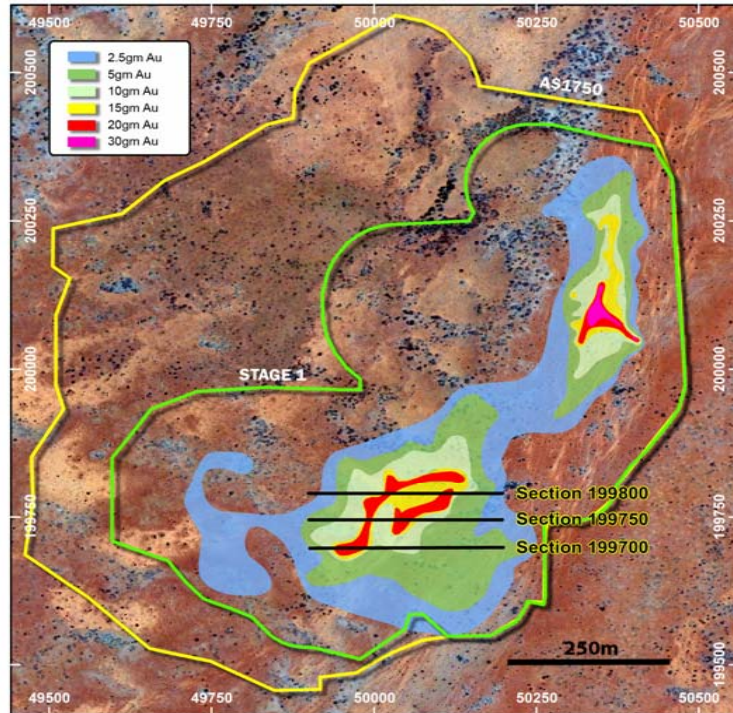
Fresh Domain

17.6 million tonnes @ 1.1g/t for 629,000oz

- **TOTAL INFERRED RESOURCE: 25.5 million tonnes @ 1.1g/t Au for 914,000oz**
- High gold endowment at surface: Laterite / oxide / transitional
- Drive early robust cash flow: strong enhancement project economics
- Easily achieved 30-60m vertical advance per year

Bibra Gold Deposit

Anatomy of the Bibra Gold Deposit



LATERITE DOMAIN

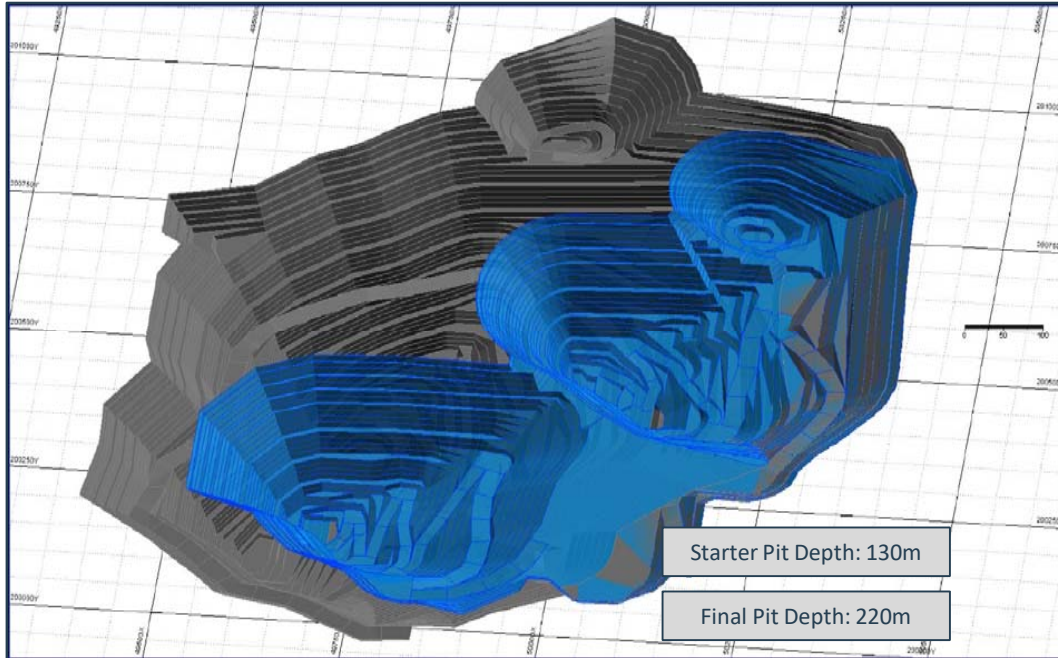
- Delineated over 1.1km by 500m
- Thickness up to 21m
- Robust high-grade core
- Resource upgrade to M+I
- Excellent metallurgical characteristics

HIGH GRADE ZONES

- Consistent thick zones of shear zone hosted mineralisation
- Multiple stacked lodes
- Strong high grade component:
 - 13 metres @ 3.3g/t Au
 - 14 metres @ 3.1g/t Au
 - 9metres @ 3.8g/t Au

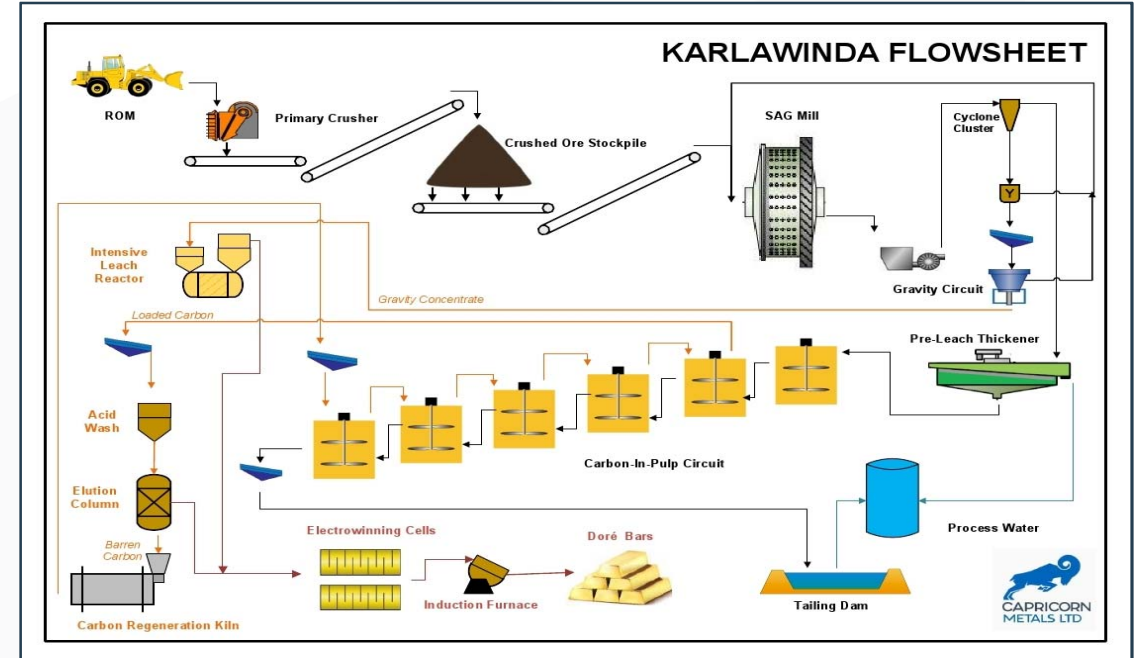
Bibra Gold Deposit

Mining and Processing



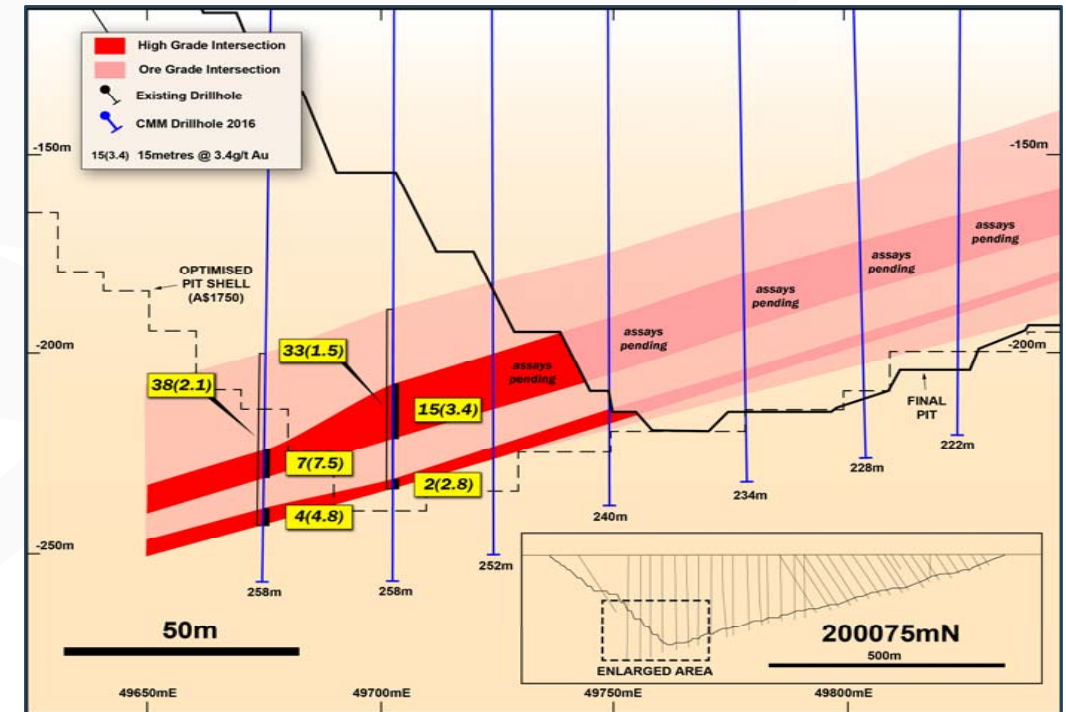
MINING STUDIES

- ~100,000 ounce per year production
- Large-scale, staged open pits
- Early robust cash flows
- Attractive stripping ratios
- Favourable geotechnical conditions



PROCESSING STUDIES

- Simple metallurgy:
 - Conventional CIL processing
 - Preliminary results: 91-93% recoveries
 - 30% gravity recoverable
 - Coarse grind size (106 -125 micron)
- 3 Mtpa plant: Design work by Mintrex
- Good quality water



Major Resource Expansion Opportunity

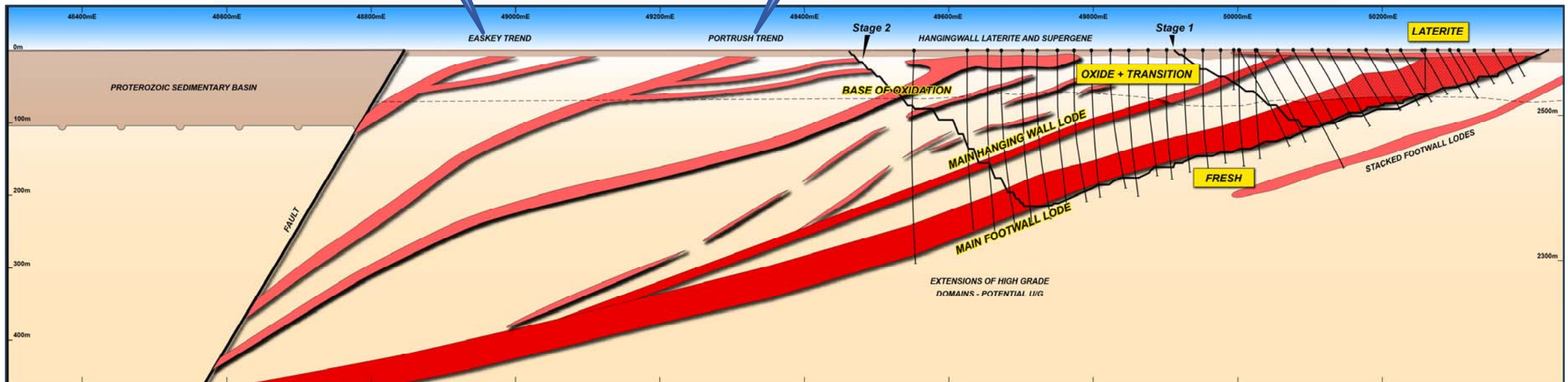
How big is the gold system?

EASKEY TREND

KBRC019: 12m @ 1.5g/t Au
KBRC570: 8m @ 2.6g/t Au
KBRC150: 7m @ 1.3g/t Au
KBAC389: 10m @ 1.5g/t Au

PORTRUSH TREND

KBRC366: 11m @ 1.00g/t Au
KBRC367: 7m @ 1.40g/t Au
KBAC377: 8m @ 1.15g/t Au
KBRC150: 17m @ 1.00g/t Au
KBRC071: 12m @ 1.02g/t Au



KARLAWINDA GOLD PROJECT

A rare opportunity in the WA gold sector

- Simple well understood WA gold project
- Disciplined, high-quality work: major de-risking of project
- Forecast production ~100,000oz pa
- Clear development path and timing:
 - DFS: **Mid-year 2017**
 - Project Funding: **End 2017**
 - Commence Construction: **End 2017**
- Fully-funded to decision to mine
- Scale and optionality
- Experienced management team