



# Investor Update August 2017

*A compelling opportunity in the Australian gold sector*

# Disclaimer & Competent Persons 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**

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 parts of 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](http://www.capmetals.com.au)

## **COMPETENT PERSON’S 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 Exploration Results or Mineral Resources is based on information reviewed by Mr. Peter Langworthy who is Executive General Manager Geology, and a full time employee of the Company. Mr. Peter Langworthy is a current Member of the Australian Institute of Mining and Metallurgy 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. Langworthy 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 Karlawinda is based on information compiled by Quinton de Klerk. Mr de Klerk is an employee of Cube Consulting PL and is a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM, #210114). Mr de Klerk 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. de Klerk 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 Resources (10/4/2017) and Metallurgy (19/6/2017) 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.

# A Compelling Opportunity in the Australian Gold Sector

*A simple, straightforward development and growth opportunity*

- 100% owned Karlawinda Gold Project in the Pilbara region of WA
  - First class jurisdiction with existing infrastructure
- Large scale 1.1Moz (31Mt @ 1.10g/t) Mineral Resource (Indicated and Inferred)<sup>1</sup>
  - A\$1750/oz
  - Recent discovery (2009) in a previously unknown Archaean greenstone belt
  - Unmined – no legacy issues and high value ounces still in-situ
- Bibra 713koz (21Mt @ 1.06 g/t) Ore Reserve (Probable)<sup>2</sup>
  - Bibra conversion rate 70% at A\$1500/oz
- Low strip ratio, large open pit at Bibra based on broad, continuous ore zones
  - Stage One - 2.9:1
  - LOM - 4.7:1



1. Capricorn report that it is not aware of any new information or data that materially affects the information included in the resource announcement dated 10th April 2017 and, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not material changed.
2. Refer ASX announcement dated 7<sup>th</sup> August 2017.



# A Compelling Opportunity in the Australian Gold Sector

*A simple, straightforward development and growth opportunity*

- Clear development pathway to gold production
  - BFS September Quarter 2017
  - Subject to BFS
    - *Financing late 2017/early 2018*
    - *Ongoing project optimisation*
    - *Construction approx. 12 months*
- 3Mtpa CIP Processing plant
  - Simple metallurgy, LOM 92.6% recovery
  - ~100koz/pa production over initial 7 years
  - Capital Development Intensity (Capex/LOM production) consistent with peer group projects



# A Rare Opportunity in the Australian Gold Sector

*A simple, straightforward development and growth opportunity*

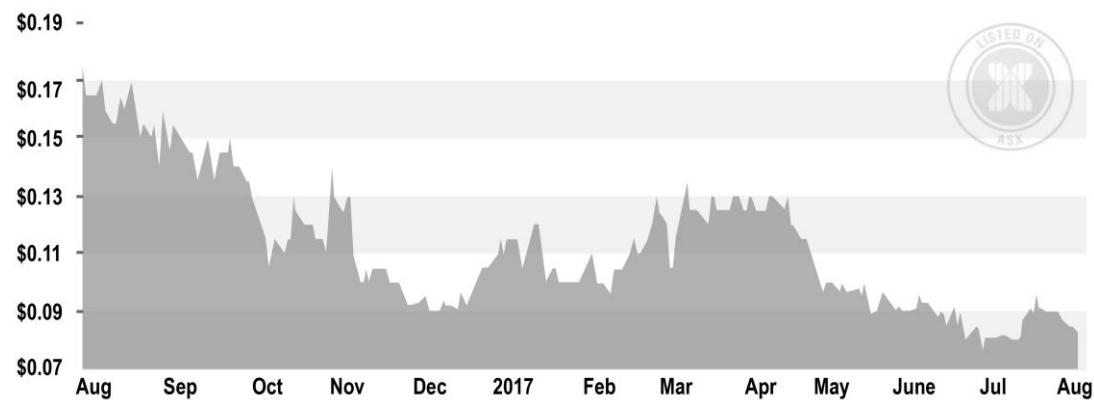
- Experienced team, fully funded beyond decision to mine
  - \$10M cornerstone investment by Hawkes Point Capital
- Strong growth potential from new discoveries in under-explored goldfield
  - \$3.5M exploration budget for 2017
  - 14,000m of RC drilling to date in 2017 – near mine
  - Recent breakthrough on understanding Bibra Gold System controls on mineralisation
  - Extent of regional greenstones under cover greater than originally thought
- Exploration success
  - Portrush (inside resource shell)
  - Easky
  - Bundoran IP target
  - K3/Francopan high grade controls on mineralisation



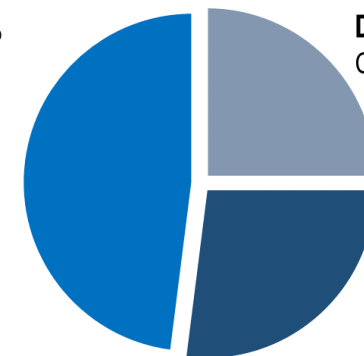
# Corporate

## Corporate Information

ASX Code	CMM
Shares on Issue	572.4M
Share Price as at 1 <sup>st</sup> August 2017	\$0.084
Market Cap 1 <sup>st</sup> August 2017	~\$48.1M
Cash as at 30 <sup>th</sup> June 2017	\$5.5M
Unlisted options	46.3M



**Retail 48%**



**Directors & Officers 25%**  
Centrepeak Resources Group 13%

**Institutional 27%**  
Hawkes Point Capital 14%  
Acorn Capital 6%

# Board of Directors



## **Heath Hellewell (BSc (Hons)) – Executive Chairman**

- Geologist with +23 years experience in gold, base metals & diamonds
- Co-founding Executive Director of Doray Minerals, and previous senior positions with Independence Group NL, Resolute Mining and DeBeers Australia
- Co-winner of the 2014 AMEC “Prospector of the Year” award



## **Stuart Pether (BEng) – Non-Executive Director**

- Mining Engineer with +25 years’ experience
- Vice President, Project Development with Evolution Mining
- Previous senior positions with Kula Gold, Catalpa Resources, CBH Resources, PacMin Mining Limited, Dominion Mining and Western Mining Corporation



## **Guy LeClezio (BA) – Non-Executive Director**

- Stockbroker and Mining Industry Executive, +20 Years Experience
- Eyres Reed, Canadian Imperial Bank of Commerce
- Founder Madagascar Resources NL

# Executive Management

*A high calibre, experienced team*



## **Peter Thompson (BSc (Hons) MSc) – Chief Operating Officer**

- Geologist with extensive experience in gold, nickel and copper
- Previous senior roles with WMC, Anaconda Nickel, Jubilee Mines, St Barbara Ltd, Beaconsfield Gold and Central Asia Resources
- Significant experience in operating deep underground gold and heap leach start-up operations

## **Jonathan Shellabear (BSc (Hons) MBA) – Chief Financial Officer**

- 30 years' experience as a senior corporate executive and investment banker specialising in the mining sector
- Senior investment banking positions with NM Rothschild & Sons, Deutsche Bank and Resource Finance Corporation
- Former Managing Director of Dominion Mining

## **Peter Langworthy (BSc (Hons)) – General Manager Geology**

- Geologist with 28 years' experience in mineral exploration and project development in Australia and Indonesia
- Senior management roles with WMC Resources, PacMin Mining, Jubilee Mines and Talisman Mining
- Part of the corporate team responsible for the growth of Jubilee Mines until it was taken over by Xstrata for \$23/share

## **Natasha Santi – Admin Manager/Joint Company Secretary**

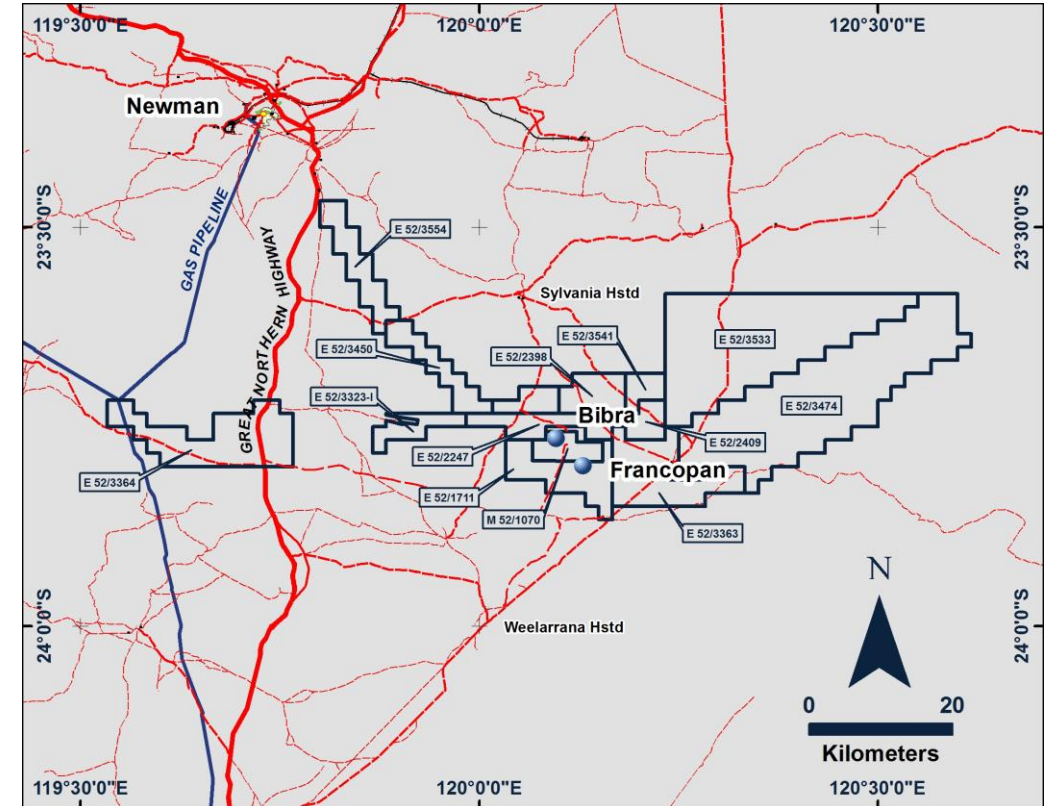
- CMM Joint Company Secretary and Group Accountant since September 2012
- +9 years experience providing Company Secretarial and Accounting services to ASX listed and unlisted companies



# Karlawinda: First Class WA Location

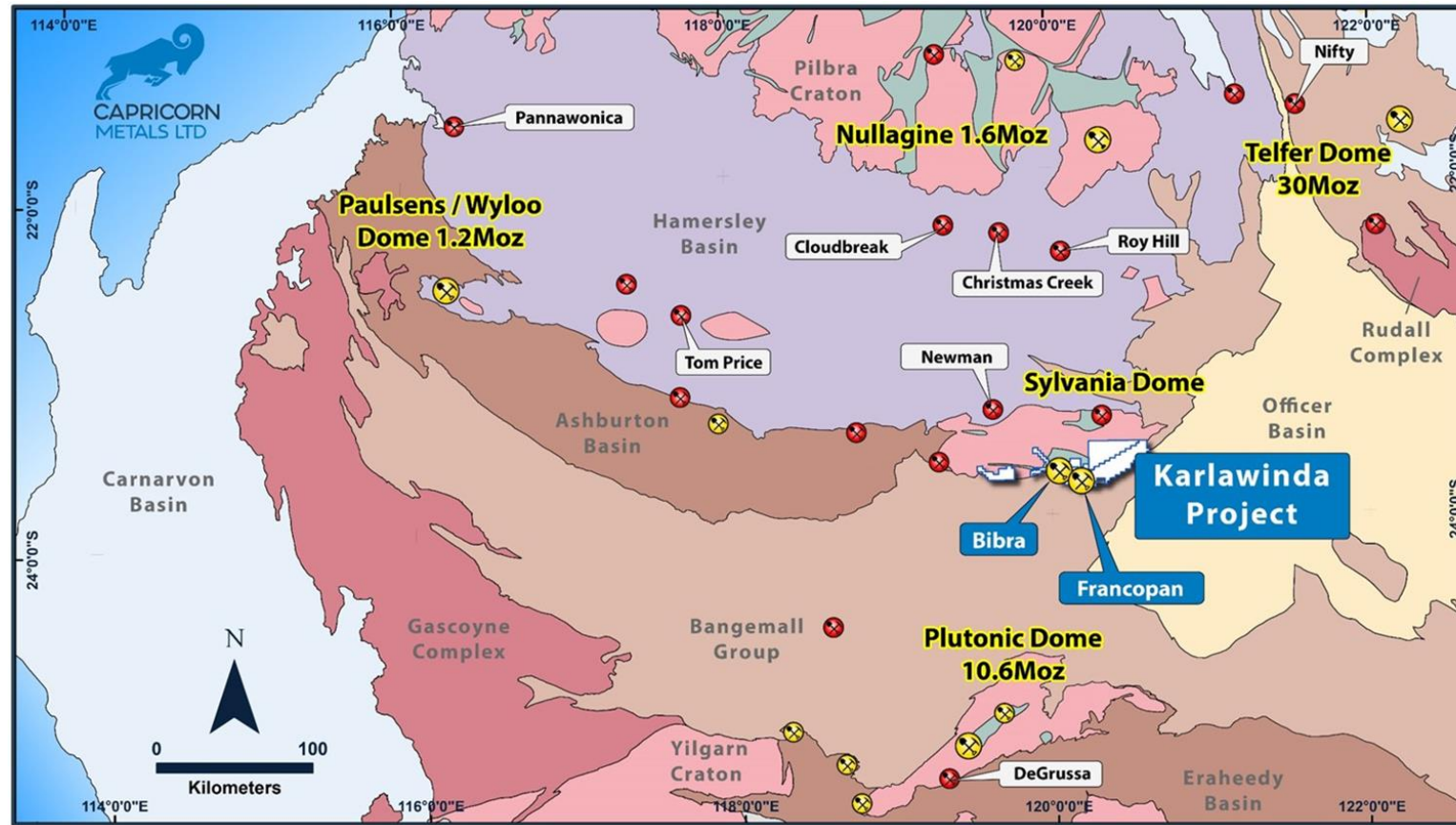
## *Low risk pathway to development*

- 100% ownership (1,419km<sup>2</sup>)
- Low-risk Jurisdiction
  - 70km from Newman by road
  - Granted Mining Lease
  - Native Title agreement in place
  - Environmental framework understood
- World-class infrastructure and support services
  - Airport, road network, logistics base
  - Engineering and mining support services
  - Residential opportunities
  - Power supply options
    - Grid power
    - Virtual pipeline (LNG)



# Capricorn Orogen - Regional Geology

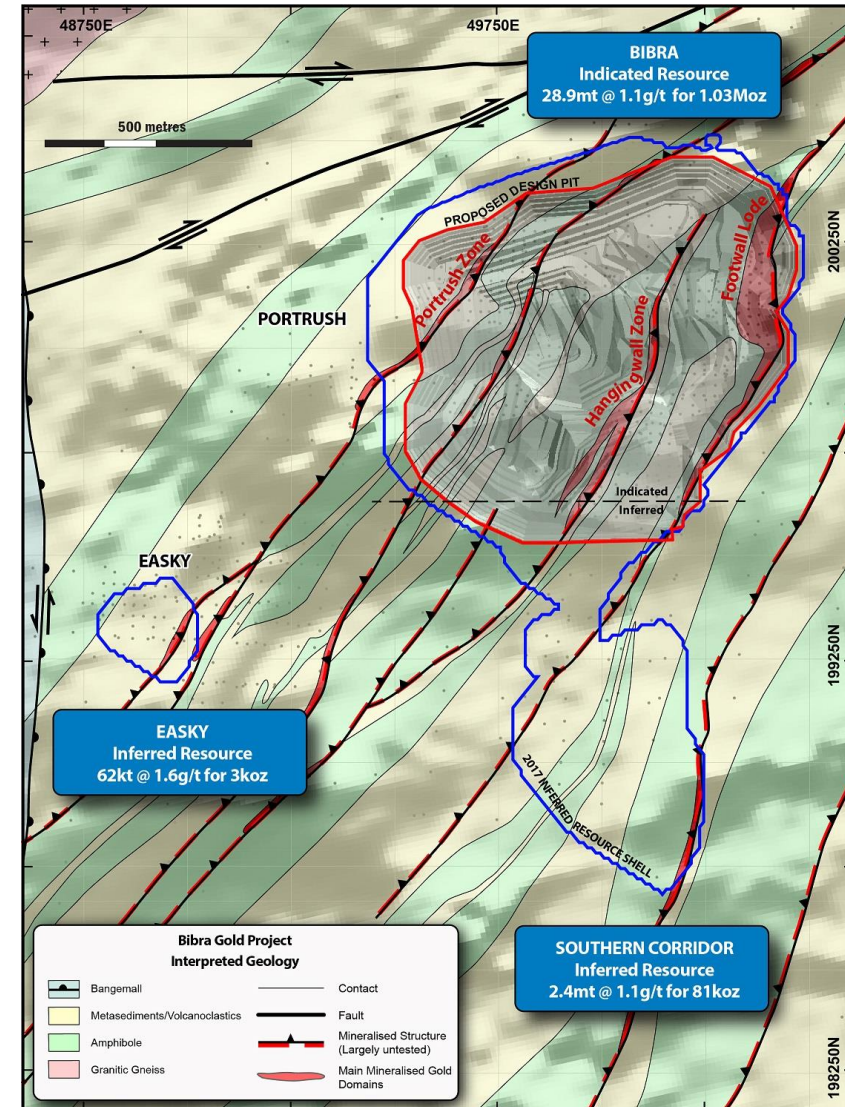
*Karlawinda – A new gold discovery in a premier mining district*



# Bibra Gold System

*Predictable, structurally controlled mineralised system*

- Large scale Archaean mineralised system comprising multiple large scale ore zones
- Broad shoots developed along low angle mineralised structures
- Multiple trends only partially drill tested
- Shoots are continuous down plunge

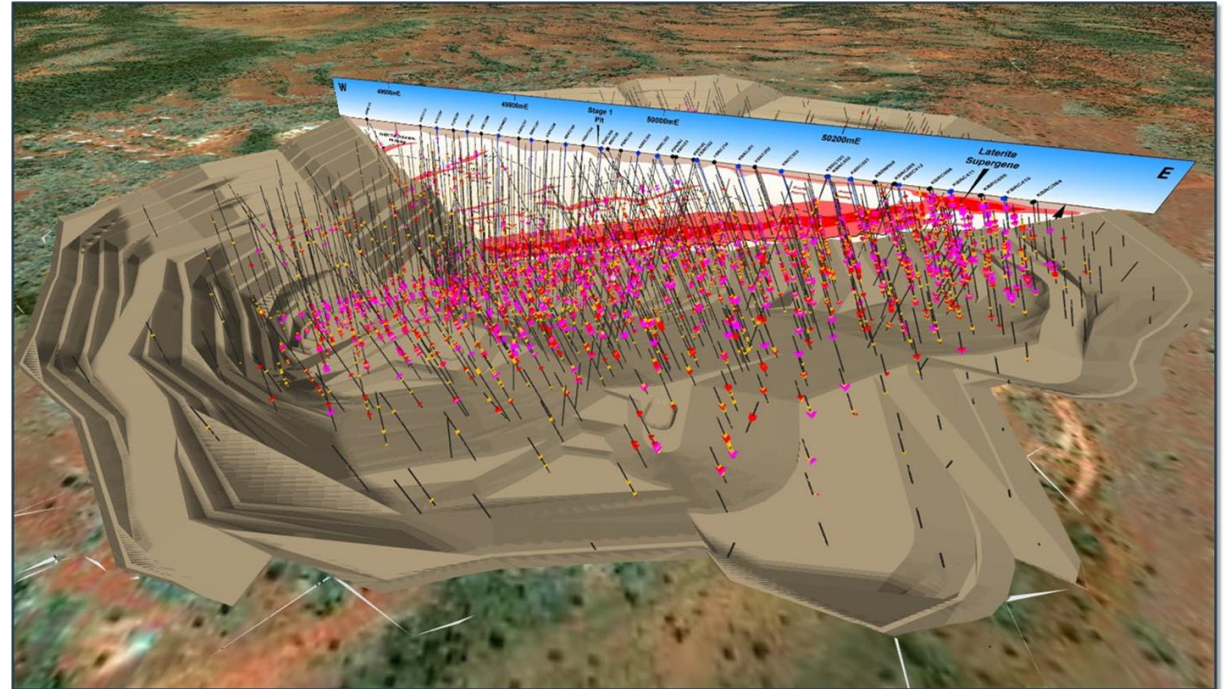




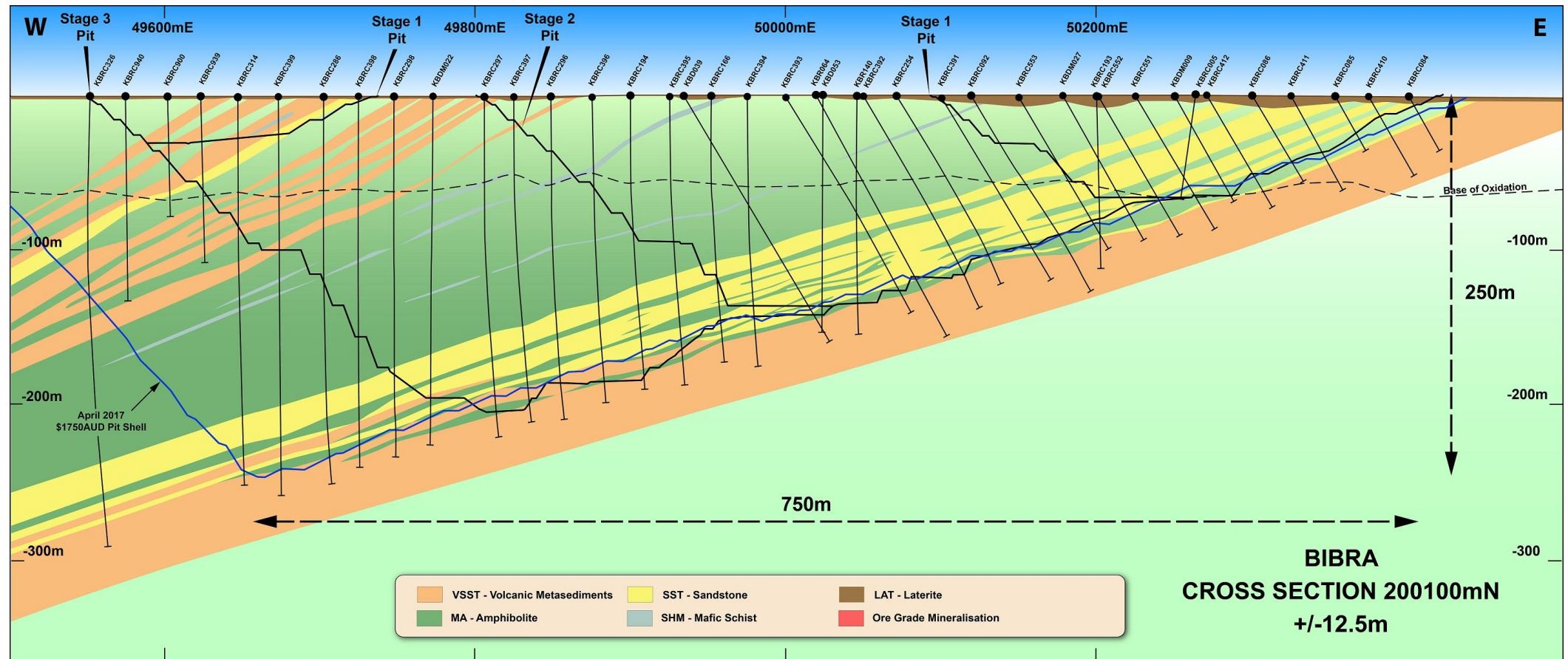
# Bibra Gold Deposit

## *Predictable shear-hosted mineralised system*

- Bibra Deposit defined over a 1.1km strike length
- Drilled 800m down-dip and remains open
- Broad ore zones up to 50m wide
- Mineralisation best developed in large “dilational” shoots within the shear system
- Large laterite and oxide deposit near surface



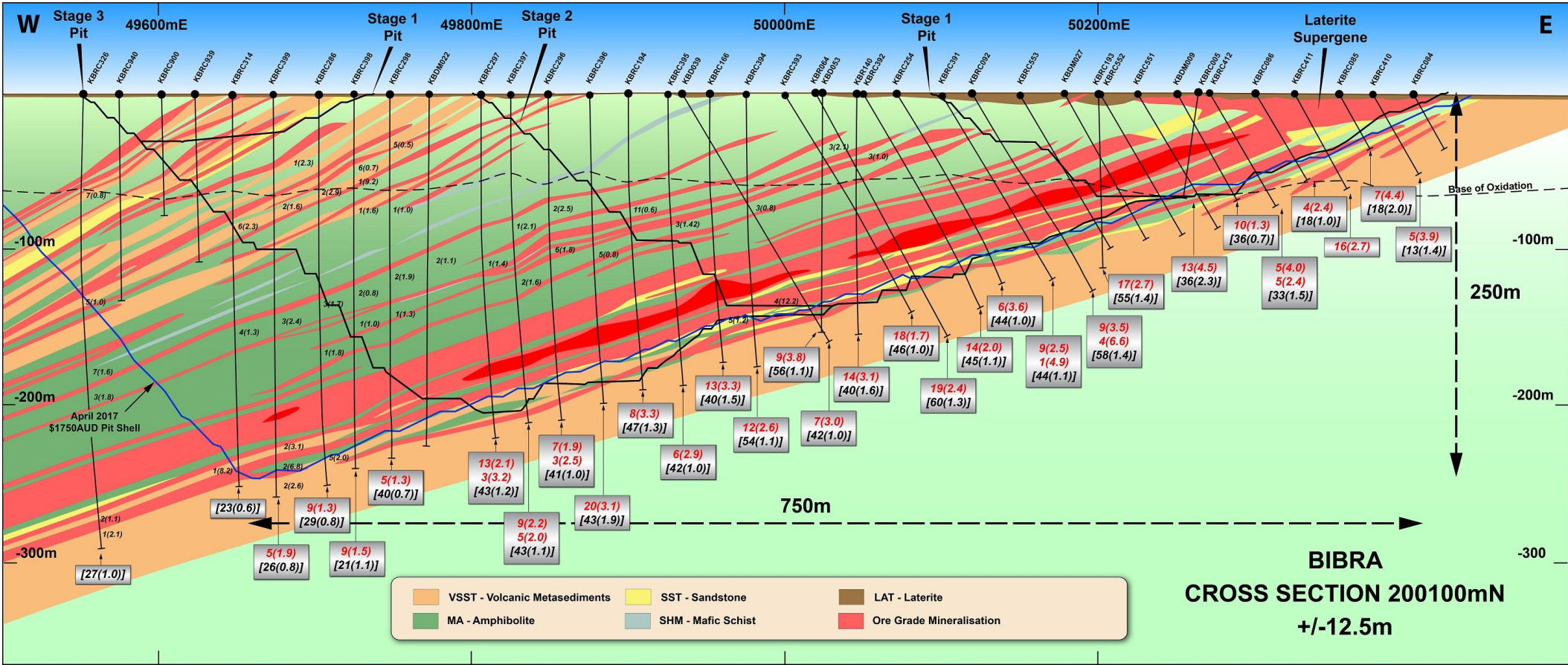
*Continuous shoots down plunge*





# Bibra Gold Deposit

*Continuous shoots down plunge*



# Bibra Gold Deposit

## Ore Type & Mineralisation

### April 2017 - Indicated & Inferred Resource

#### Laterite Domain

1.54 million tonnes @ 1.4g/t for 68,000oz

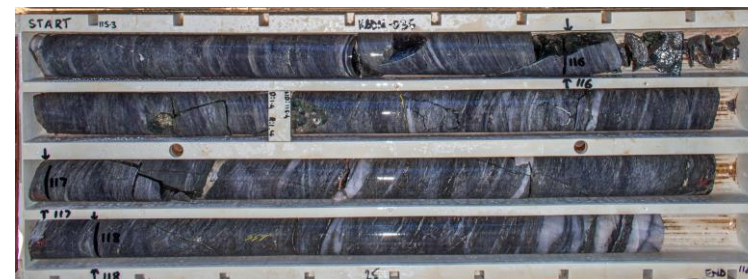
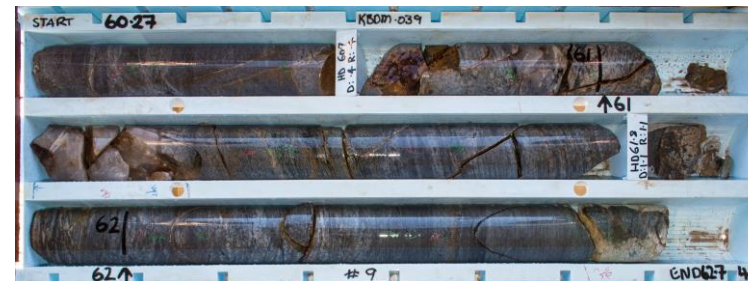
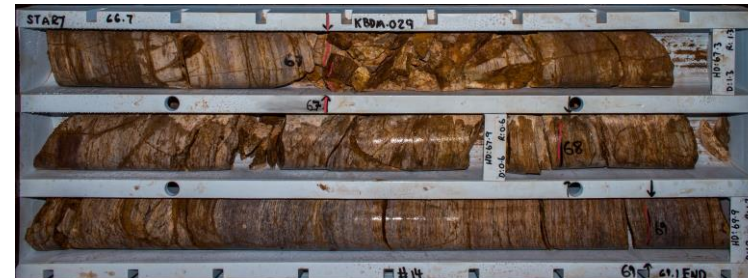
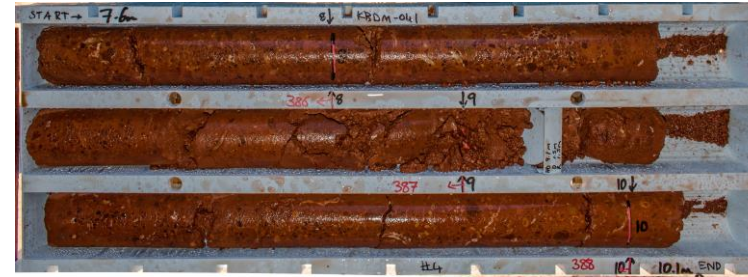
#### Oxide & Transitional Domain

7.5 million tonnes @ 1.0g/t for 238,000oz

#### Primary Domain

22.3 million tonnes @ 1.1g/t for 808,000oz

- Biotite, carbonate, magnetite alteration
- Silica, pyrite, gold mineralisation
- Amphibolite facies metamorphic overprint?



# Resource – Karlawinda Project

*April 2017 upgrade*

KARLAWINDA GOLD PROJECT JORC (2012) OPEN PIT RESOURCE ESTIMATE (as of April 2017)												
DATE	MEASURED			INDICATED			INFERRED			TOTAL		
	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)
April 2017	---	---	---	28.9	1.10	1.03	2.4	1.06	0.084	31.3	1.10	1.114
July 2016	---	---	---	---	---	---	25.5	1.10	0.914	25.5	1.10	0.914

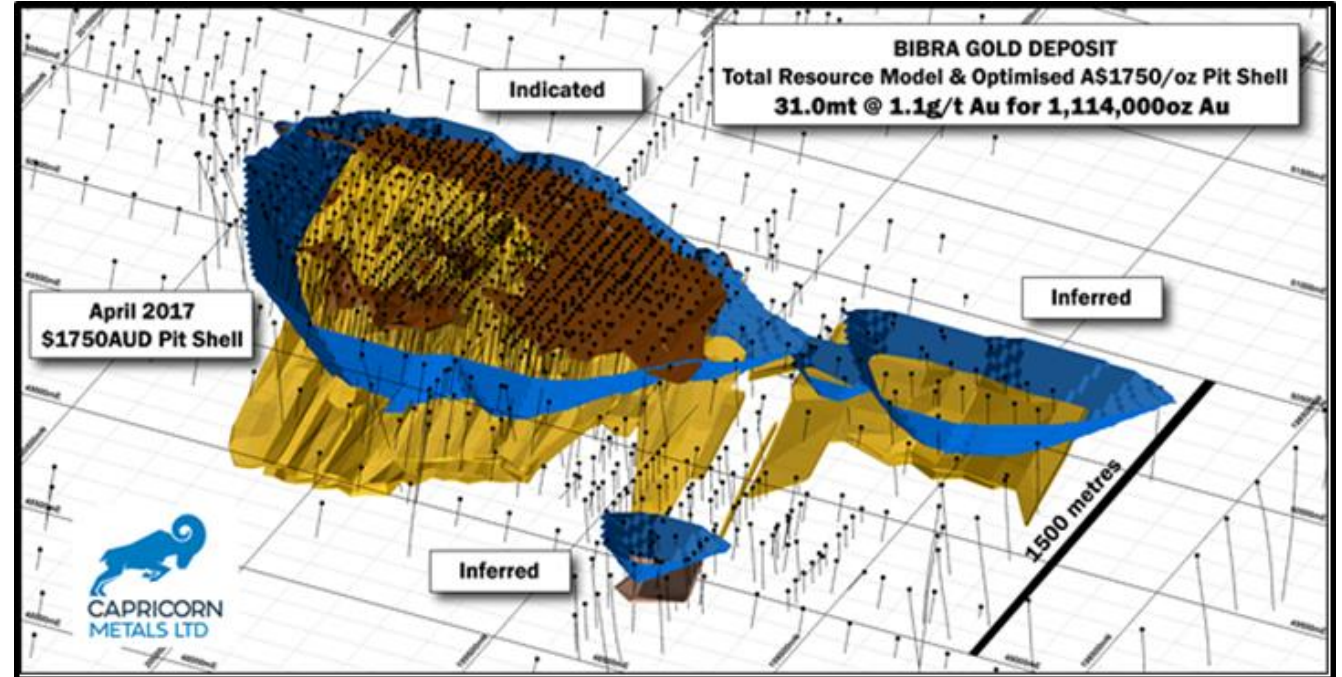
- A\$1750/ounce Pit Constraint
- 0.5g/t lower cut
- 92% Indicated
- 22% increase in ounces from July 2016
- 70% increase in ounces since project acquisition, Feb 2016



# Resource – Karlawinda Project

*April 2017 upgrade*

- Drill spacing 25 x 25m and 25m x 50m
- 889 Reverse Circulation drill holes: 119,857m
- 84 Diamond drill holes: 12,211m (~10%) including
  - 41 metallurgical diamond holes: 4,174m
  - 5 geotechnical diamond holes: 1,115m
- CMM spend to date ~\$15M



# Reserve – Bibra Deposit

August 2017

BIBRA GOLD DEPOSIT JORC (2012) ORE RESERVE ESTIMATE (as of AUGUST 2017)									
DATE	PROVEN			PROBABLE			TOTAL		
	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)
AUGUST 2017	---	---	---	21	1.06	0.713	21	1.06	0.713

- A\$1500/ounce Pit Constraint
- 0.4 g/t - 0.47g/t Au lower cut (dependent on ore type)
- 70% Conversion
- 5 x 6.25 x 2.5 (SMU)
- Mining dilution applied results in:
  - 11% reduction in ore tonnes
  - 2% reduction in in-situ grade
  - 13% reduction in contained metal

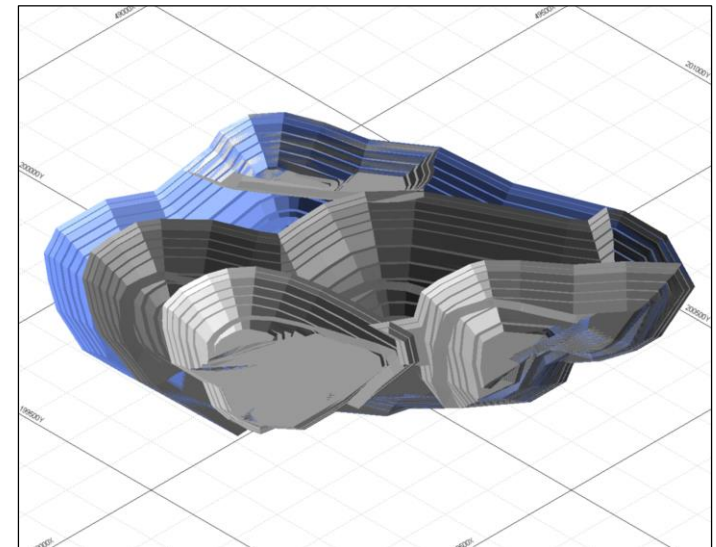
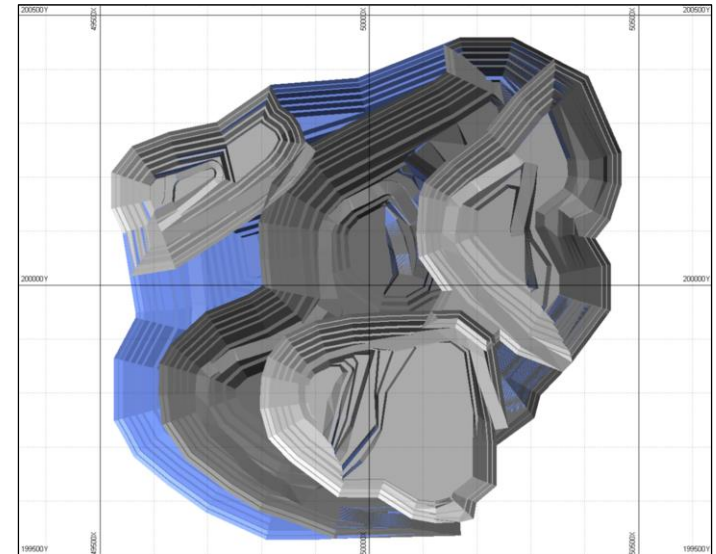


# Mining

## *BFS Preliminaries*

- Significant annual production profile from large-scale, multi-staged open pit
- Very attractive stripping ratios:
  - Stage One - 2.9:1
  - LOM - 4.7:1

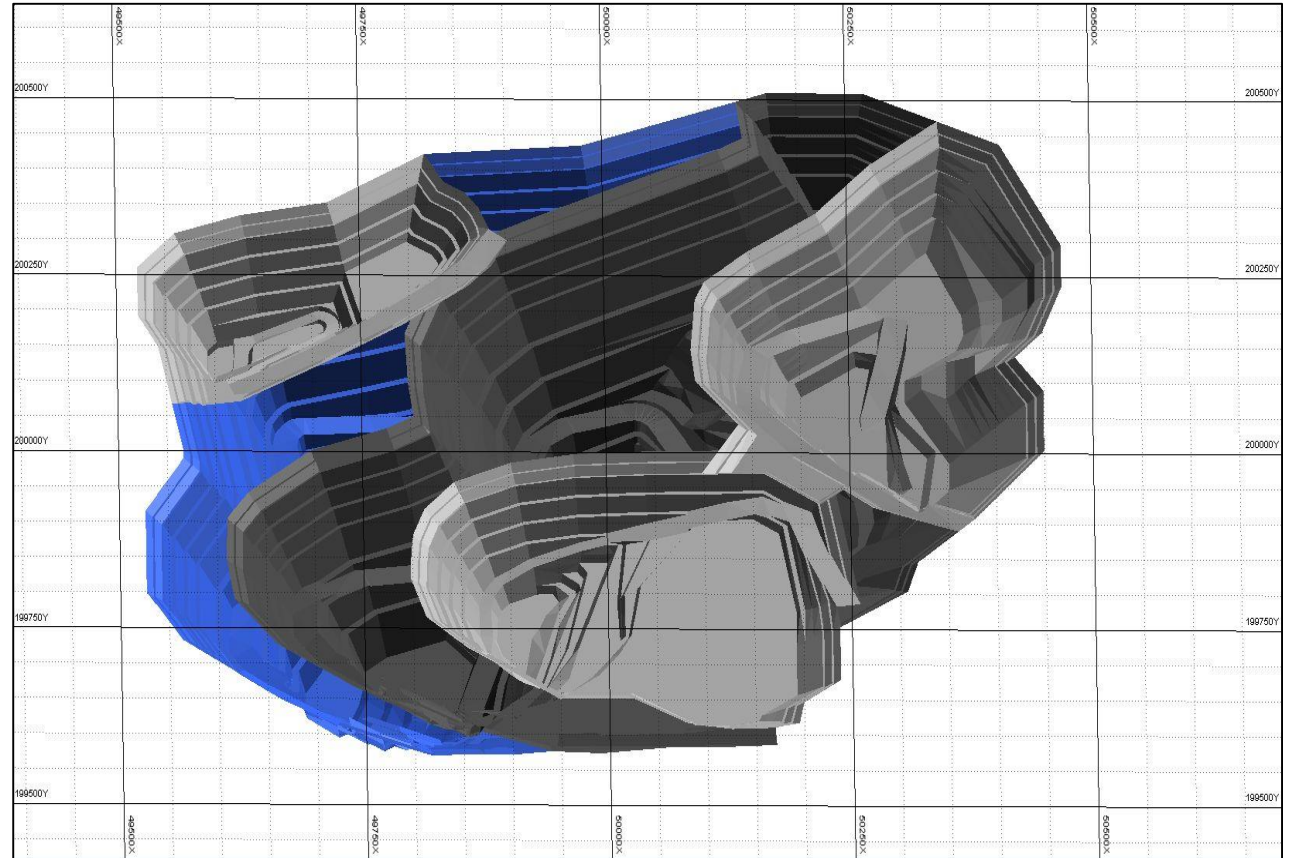
Pit Stage	Tonnes	Grade (g/t Au)	Ounces	Strip Ratio (Waste : Ore)
1A	554,000	0.9	16,000	5.4 : 1
1B	1,630,000	1.2	63,000	3.1 : 1
1C	2,892,000	1.05	98,000	2.4 : 1
2	8,172,000	1.03	271,000	4.9 : 1
3	7,777,000	1.06	266,000	5.5 : 1
<b>TOTAL</b>	<b>21,025,000</b>	<b>1.06</b>	<b>713,000</b>	<b>4.7 : 1</b>



# Mining

## *BFS Preliminaries*

- Comfortable mining rates, consistent material movement
- Favourable geotechnical conditions, HW overall slope  $\sim 47^\circ$ , FW  $\sim 25^\circ$
- Scale and optionality around equipment size and schedule should result in low mining costs
- Contract mining versus owner operator under review (post BFS optimisation)



# Processing

## BFS Preliminaries

- Conventional 3Mtpa CIP circuit
  - Recent optimisation of comminution circuit - delivered operating and capital cost savings
  - 6.5MW SAG with year three upgrade to SAB (SABC) with ~2.5MW ball mill – lower power requirements and capex
- 92.6% LOM recovery, with 45% gravity recoveries in primary ore (72% of LOM ore)
  - Improved residence times (24 hours)
  - Coarser grind size (P80 150µm oxide and 106µm primary)
  - Potential to increase primary ore grind size (120µm) without recovery loss (post BFS optimisation)

Test	Ore Type	Units	Grade (g/t)	Recovery Testwork	
				Scoping Study Recovery (%) (P80 grind size)	DFS Recovery (%) (P80 grind size)
Gravity	Laterite	%	1.4	-	< 10
	Oxide	%	1.0	-	25
	Transition	%	1.0	-	45
	Fresh	%	1.1	24	45
Overall	Laterite	%	1.4	92.1 (125 µ)	94.1 (150 µ)
	Oxide	%	1.0	89.0 (125 µ)	92.8 (150 µ)
	Transition	%	1.0	90.0 (125 µ)	91.8 (150 µ)
	Fresh	%	1.1	91.4 (106 µ)	92.5 (106 µ)
<b>Average</b>		<b>%</b>	<b>1.09</b>	<b>90.4</b>	<b>92.6</b>

Comminution Testwork				
Test	Ore	Units	Scoping	DFS
SMC (A*b)	Oxide		87	89
	Fresh		28	30
BBWI	Oxide	kWh/t	16.7	13.0
	Fresh	kWh/t	15.8	14.5
UCS	Fresh	Mpa	150	54
Abrasion Index	Oxide	g	0.08	0.07
	Fresh	g	0.25	0.23

# Infrastructure

## *BFS Preliminaries*

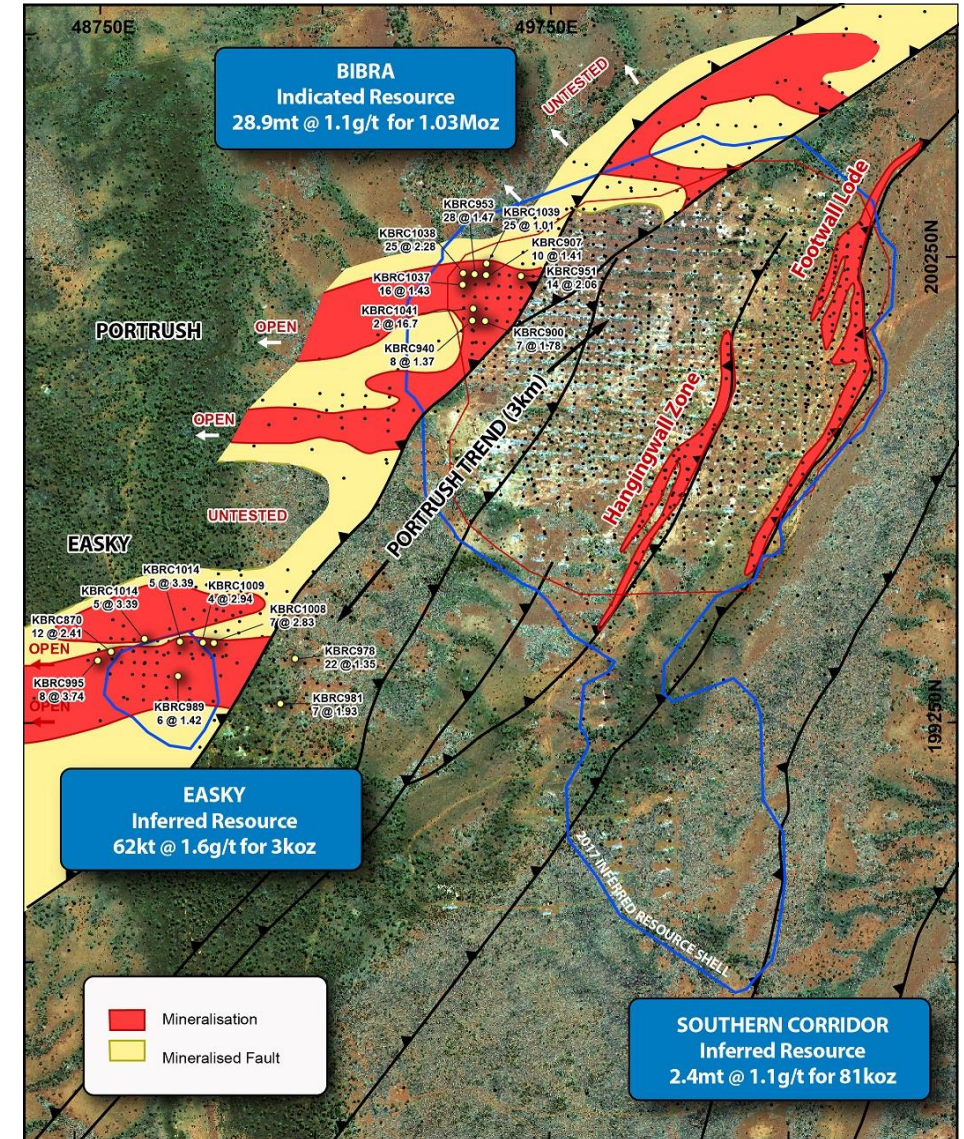
- Potential 66kV powerline from Newman power station (67km) to site
  - 11kV reticulation to site infrastructure (plant, borefield, camp and TSF)
  - Potential BOO(T) arrangement on powerline, low capex with opex savings compared to onsite diesel generation
  - Post BFS optimisation
- IWL versus paddock Tailings Dam
  - Significant capex savings
- Water abundant and excellent quality
- Second-hand accommodation camp (residential in Newman)
- Newman airport (55km by road)



# Exploration

## Resource Expansion Opportunities

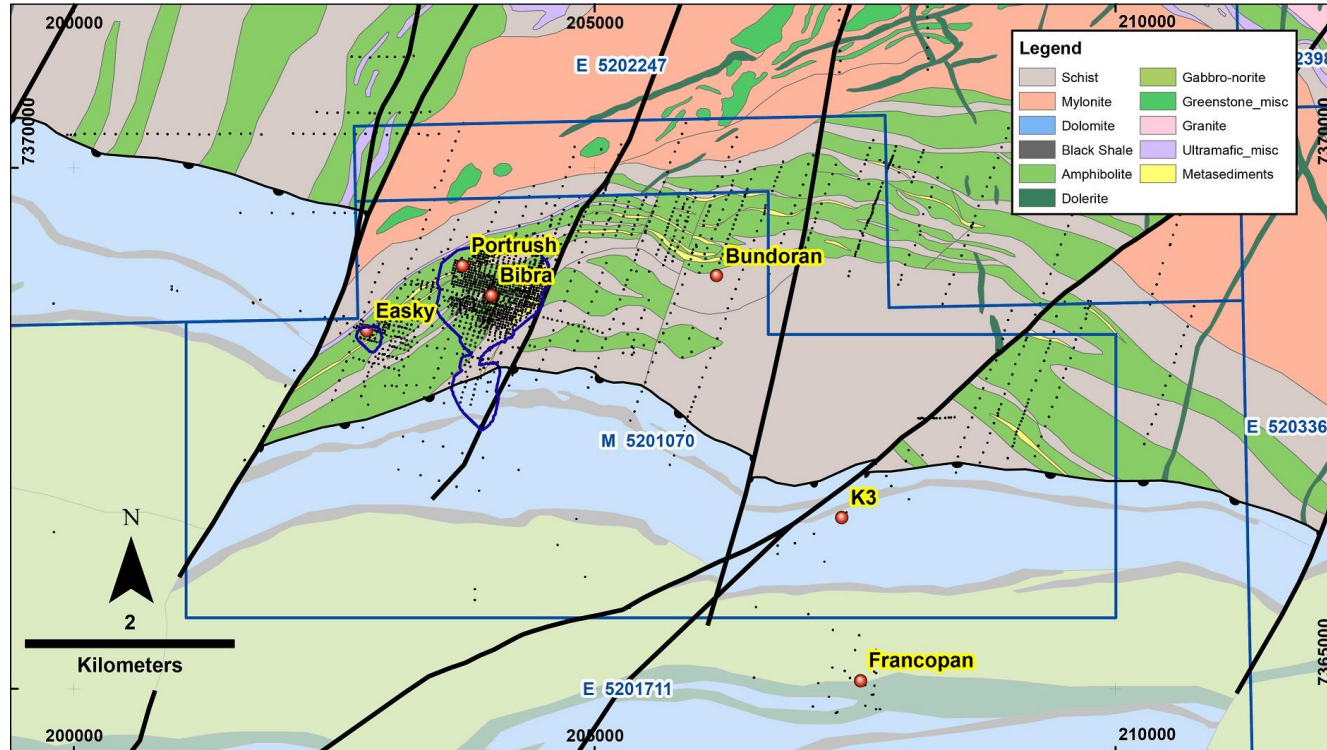
- Breakthrough in local scale understanding of geology and mineralisation controls
- Expansion opportunities within and immediately adjacent existing pit shell
  - Portrush Trend
  - Southern Corridor
  - Numerous targets along key structures (IP, Aeromagnetics)





# Exploration

*Unlocking the potential of a new gold camp*



- First-mover opportunity in emerging Archaean greenstone province
  - Analogous with Plutonic Dome (10.6Moz)
- Camp-scale multi million ounce potential
- Limited early stage exploration outside the immediate Bibra Deposit
- Systematic collection of high quality datasets
  - Geology
  - Regolith
  - Geochemistry
  - Geophysics – Aeromagnetics and IP
- Dedicated 2017 exploration program and budget (\$3.5M)

# Key Investment Takeaways

*A rare opportunity in the Australian gold sector*

- Simple, well-understood WA gold project
- Substantial stand alone, open pit project with benign metallurgy
- Clear development path and timing
  - BFS: Sept Quarter 2017
  - Project Funding: End 2017 / Early 2018
  - Commence Construction: Early 2018
- Fully funded to decision to mine
- Disciplined, focussed and experienced management team
- Growth through ongoing exploration





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