DEEP DRILLING INTERSECTS SIGNIFICANT MINERALISATION 1km DOWN-DIP FROM 1.3Moz BIBRA DEPOSIT

HIGHLIGHTS

- 800m deep diamond drill hole at the Bibra Deeps target intersects significant mineralisation 1000m down-dip from nearest drilling
- High-grade component of the intercept, within the broader mineralised zone, demonstrates the potential for high-grade mineralised domains with significant potential
- Significant results:
    - 33m @ 1.42g/t Au from 697m
- Including higher grade intercepts of:
    - 5m @ 4.5g/t Au from 708m
    - 3m @ 4.6g/t Au from 725m
- The potential size of the Bibra Gold System is effectively doubled by this major step-out drilling, with the mineralisation remaining open in all directions.
- The deep drilling was partly funded through co-funding assistance provided by the State Government of Western Australia's Exploration Incentive Scheme (EIS).

Capricorn's Executive Chairman, Heath Hellewell, said: "This was a bold and exciting exploration initiative by Capricorn Metals to test the potential of the large-scale gold system at Bibra and establish whether larger zones of higher grade mineralisation occur at depth beneath our planned open pit mine.

"The results from the drill-hole, which targeted potential down-dip extensions of the mineralisation 1km to the west of the 1.3Moz Bibra deposit, have confirmed that the Bibra Gold System is a very large-scale gold deposit with significant growth potential. Importantly, within this large system high grade zones of significant tonnages represent exciting future exploration targets.

"I would like to acknowledge the important role played by the WA Government's Exploration Incentive Scheme in supporting frontier-style exploration initiatives, which will help to unlock the next major discoveries which are so urgently needed in the gold sector in Australia."

ASX ANNOUNCMENT

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BIBRA DEEPS TARGET

Capricorn Metals Ltd (ASX: CMM) is pleased to advise that it has received the results of the 800m deep diamond hole designed to test potential down-dip extensions of the 1.3Moz Bibra Deposit[1], part of its 100%-owned Karlawinda Gold Project, located 65km south-east of Newman in WA.

The drillhole was partly funded through co-funding assistance provided by the State Government of Western Australia's Exploration Incentive Scheme (EIS), where 50% of the direct drilling cost is covered by the scheme. The key objectives of the hole were outlined in the Company's ASX release of 28th February 2018.

Key Points:

- The assay results received from the hole are approximately 1000m down-dip from the nearest drilling and clearly indicate the potential for a step-change in the scale of the exploration opportunity at Karlawinda
- Deep diamond drill hole KBD089 returned the following results:
    - 33m @ 1.42g/t Au from 697m
- Internal to this intercept are higher grades of:
    - 5m @ 4.5g/t Au from 708m
    - 3m @ 4.6g/t Au from 725m
- The current open pit constrained 1.3Moz Resource estimate for Bibra represents a portion of the larger Exploration Target for the project, which is in the range of 2.75Moz to 3.25Moz (110 to 120 million tonnes @ 0.7 to 1.0 g/t Au). The Bibra Exploration Target is conceptual in nature as there has been insufficient exploration drilling outside of the currently reported Resource estimate to define a Mineral Resource for the interpreted full extent of the Exploration Target. It is uncertain if further exploration drilling at Bibra will result in the determination of an increase to the current Mineral Resource under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code" (JORC 2012).
- This new step-out deep drilling potentially doubles the footprint of the Bibra Exploration Target.
    - The Exploration Target outlined above has been defined by drilling to a down-dip extent of 1000m: and
    - The new drilling indicates a likely extension of at least a further 1000m in the down-dip direction, with the mineralisation intersected in the new drilling open in all directions.
- Typically, within a mineralised system of this scale it could be expected that there is significant potential to define zones of high grade gold mineralisation which may be associated with structural complexities or other geological controls. Evidence of this at Bibra includes:

[1] Capricorn report that it is not aware of any new information or data that materially affects the information included in the Resource update announcement dated 17th November 2017 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

- The detailed drilling of the shallow open pit mineralisation at Bibra completed as part of the Company's Feasibility Study has highlighted continuous, coherent zones of higher grade mineralisation open down-dip beneath the current planned open pit.
- The higher-grade zones intersected in KBD089 also supports this concept.

- The additional structural and stratigraphic information gained from this drill hole has resulted in a better understanding of the Bibra system and as a result will expand Capricorn's exploration targeting parameters.

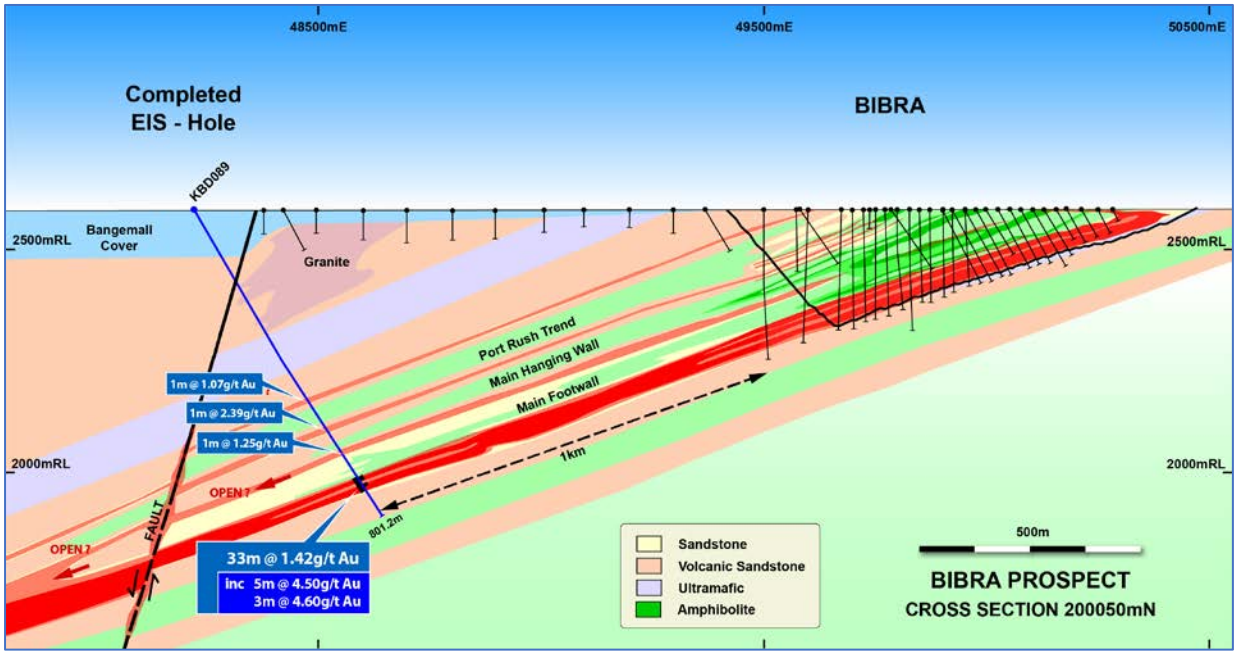

Figure 1: Section 200050mN conceptual cross-section showing EIS hole target.

NEXT STEPS

The EIS drill-hole provides Capricorn with important additional geological information and a much greater understanding of the potential scale and distribution of the Bibra Gold System. This new information will be integrated into the extensive existing exploration datasets and will help form the basis of a new phase of targeting at Karlawinda.

For and on behalf of the Board

Heath Hellewell
Executive Chairman

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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 a full-time employee of Capricorn Metals Ltd in the role of Chief Geology and is a current Member of the Australian Institute of Geoscientists. Mr. Michael Martin 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.

APPENDIX 1 – KARLAWINDA GOLD PROJECT RESOURCES

TABLE 1: BIBRA GOLD DEPOSIT JORC OPEN PIT RESOURCE ESTIMATE
(as of November 2017)

Date	MEASURED			INDICATED			INFERRED			TOTAL		
	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)
Nov 2017	8.3	1.25	334	22.6	1.05	765	7.3	1.0	227	38.3	1.1	1.326

Notes on the November 2017 Mineral Resource Estimate:

1. Refer to JORC 2012 Table (1) in Appendix 2 of the announcement dated 17th November 2017 for full details.
2. Discrepancy in summation may occur due to rounding.
3. The mineralisation has been wireframe modelled using a 0.3g/t Au assay cut-off grade. The Mineral Resource estimate has been reported above a block grade of 0.5g/t Au.
4. The Mineral Resource has been constrained by a A$1750/ounce optimised pit shell for indicated and A$2000/ounce for Inferred.
5. Ordinary kriging was used for grade estimation utilising Surpac software v6.6.2.
6. Grade estimation was constrained to blocks within each of the mineralised wireframes.
7. See ASX announcements dated 4th July 2016 and 10th April 2017 for previous resource announcements.

APPENDIX 2 – SIGNIFICANT RESULTS

TABLE (2): Karlawinda Gold Project: Drilling Results

Hole No	Easting	Northing	RL	Dip/Az	From	To	Width	Grade (g / t Au)
KBD089	48225	200050	2590	-60/90	500	501	1	1.07
					571	572	1	2.39
					630	631	1	1.29
					697	730	33	1.42
Including					708.00	711	3	4.60
					725	730	5	4.50

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APPENDIX 3

JORC Code, 2012 Edition
Table 1

Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	PRECOLLAR - For RC drilling 2kg - 3kg samples were split from dry 1m bulk samples. The sample was initially collected from the cyclone in an inline collection box with independent upper and lower shutters. Once the metre was completed, the drill bit was lifted off the bottom of the hole, to create a gap between sample, when the gap of air came into the collection box the top shutter was closed off. Once the top shutter was closed, the bottom shutter was opened, and the sample was dropped under gravity thorough a Metzke cone splitter. Once drilling reached fresh rock a fine spray of water was used to suppress dust and limit the loss of fines thorough the cyclone chimney. A second 2kg-3kg sample was collected at the same time the original sample. This sample has been stored on site. These duplicate samples have been retained for follow up analysis and testwork. The bulk sample of the main ore zone was discharged from the cyclone directly into green bags. The bulk sample from the waste was collected in wheelbarrows and dumped into neat piles on the ground. During the sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones. Field duplicates were collected at a ratio of 1:20 through the mineralised zones and collected at the same time as the original sample through the B chute of the cone splitter. OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges. DIAMOND TAIL – Core was drilled by Terra Drilling. Capricorn Metals staff collected the core from the rig and took the core back to the Bibra Core yard where the core was cleaned, reassembled and marked up with metre marks for logging by Capricorn Metals geologists. The Capricorn Metals geologist marked up the core for sampling and the HQ and NQ core was half cut in half using a corewise automatic core saw. Sample lengths were dominantly 1m in length, but where geological contacts were present, the core was sampled to this contact creating a sample less or greater than 1 metre. Minimum sample length is 0.2m and maximum sample length is 1.2m. Duplicates were taken by taking a separate pulp in the preparation stage at the lab at a 1:50 ratio
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	PRECOLLAR - Ranger Drilling drill rig was used to drill the precollar. The rig consisted of a Schramm truck mounted RC rig with 1150cfm x 350psi on board compressor, an Air-research 1800cfm x 900psi on board Booster, and a truck-mounted Sullair 900cfm x 350psi auxiliary compressor. DIAMOND TAIL – KBD089 was drilled by Terra Diamond Drillers (Kalgoorlie) for 810m using a Boart Longyear KWL 1600H drill rig.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	PRECOLLAR - During the RC sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones. From this process showed that the majority of ore grade samples had recoveries greater than 80% Once drilling reached fresh rock a fine spray of water was used to suppress dust and limit the loss of fines thorough the cyclone chimney. At the end of each metre the bit was lifted off the bottom to separate each metre drilled. The majority of samples were of good quality with ground water having minimal effect on sample quality or recovery. From the collection of recovery data, no identifiable bias exists. DIAMOND TAIL – Drill sample recovery was measured routinely by Capricorn Metals staff. Overall recovery was excellent.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	Reverse circulation and Aircore chips were washed and stored in chip trays in 1m intervals for the entire length of each hole. Chips were visually inspected and logged to record lithology, weathering, alteration, mineralisation, veining and structure. Diamond core was put into core trays and the rig and then cleaned, reassembled and marked up with metre marks for logging by Capricorn Metals geologists Data on rocktype, deformation, colour, structure, alteration, veining, mineralisation and oxidation state were recorded. RQD, magnetic susceptibility and core recoveries were recorded. Logging is both qualitative and quantitative or semi-quantitative in nature.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	For holes RC Samples were split from dry, 1m bulk sample via a cone splitter directly from the cyclone. The quality control procedure adopted through the process includes: Weighing of both Calico samples and reject sample to determine sample recovery compared to theoretical sample recovery and to check sample bias through the splitter. For Diamond holes - HQ and NQ core was half cut in half using a corewise automatic core saw In both RC and Diamond drilling field duplicates were collected at a ratio of 1:50 through the mineralised zones for RC the samplewas collected at the same time as the original sample through the B chute of the cone splitter. For in core as a separate pulp for selected metres at the lab. OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges The duplicate and CRM's were submitted to the lab using

Criteria	JORC Code explanation	Commentary
		unique sample ID's. A 2kg – 3kg sample were submitted to Intertek laboratory in Maddington in WA. Samples were oven dried at 105°C were then pulverised in LM5 mills to 85% passing 75µm under sample preparation code EX03_05 which consists of a 5 minute extended preparation for RC/Soil/RAB. The extended time for the pulverisation is to improve the pulverisation of samples due to the presence of garnets in the samples. All samples were analysed for Au using the FA50/MS technique which is a 50g lead collection fire assay. For Diamond core and RC samples the sample preparation technique is appropriate and is standard industry practice for a gold deposit. Quality control for maximising representivity of samples included sample weights, insertion of field duplicates and laboratory duplicates.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	Drill samples were submitted to Intertek laboratory in Perth. All samples were assayed by a 50gm fire assay which is a total assay.. Field duplicates were collected at a ratio of 1:50 and OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Logging and sampling were recorded directly into a Micromine field marshal template, which utilises lookup tables and in file validation on a Toughbook by the geologist on the rig. Assay results when received were plotted on section and were verified against neighbouring holes. From time to time assays will be repeated if they fail company QAQC protocols.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	Drillhole collar positions were surveyed Garmin 62s handheld GPS.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Please See Table 2 for Results This release is for 1 drillhole drilled on section 200050mN and targeting mineralisation 1000m below the last drillhole on section
Orientation of data in relation to	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and*	Drill lines are oriented across strike on a local grid. Bibra orebody dips at 30 degrees to the North West. The drillhole has been drilled at inclination of -60. The orientation of the drilling is suitable for the mineralisation

Criteria	JORC Code explanation	Commentary
geological structure	*the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	style and orientation of the Bibra mineralisation.
Sample security	• *The measures taken to ensure sample security.*	Calico sample bags are sealed into green bags/polyweave bags and cable tied. These bags were then sealed in bulka bags by company personnel, dispatch by third party contractor, in-company reconciliation with laboratory assay returns.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Program reviewed by company senior personnel.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Karlawinda Project is located in tenements M52/1070, E52/1711, E52/2247, E52/2398, E52/2409, E52/3323, E52/3363, E52/3364,E52/3450 and held by Greenmount Resources Pty Ltd, a wholly owned subsidary of Capricorn Metals. E52/1711 exploration tenement in the Pilbara region of Western Australia. E52/1711 was acquired from South32 in 2008. South32 retain a 2% NSR and a claw-back provision whereby South32 can elect to acquire a 70% equity in the project only if JORC compliant reported resources of 5,000,000 ounces of gold and/or 120,000 tonnes of contained nickel have been delineated. The Nyiyaparli group are Native Title claimants covering an area including E52/1711. There is no known heritage or environmental impediments over the lease. No other known impediments exist to operate in the area.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Prior to Capricorn Metals, the tenement was held by the Independence group (IGO) who undertook exploration between 2008 & 2014. Prior to Independence group, WMC (BHP) explored the area from 2004 to 2008
Geology	• *Deposit type, geological setting and style of mineralisation.*	Bibra is part of a large-scale Archaean aged gold mineralized system. The resource is hosted within a package of deformed meta-sediments which has developed on at least two parallel, shallow dipping structures; supergene oxide mineralization has developed over the structures close to surface. The primary mineralization is strata-bound with lineation's identified as controlling higher-grade shoots. The deposit is oxidized to average depths of 50-70m.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Please See Table 2 for Results

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	In the 2018 drilling single fire assays were completed for each RC 1m sample, since significant work has been undertaken on assay variability though the Bibra deposit, whereby the single fire assay is deemed to be suitable
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	At Bibra, the geometry of the mineralisation has already been defined from previous drilling programs. The intersection angle between drill angle and the perpendicular angle to the ore zone is less than 10 degrees.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	The diagrams in the report provide sufficient information to understand the context of the drilling results.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	The accompanying document is a balanced report with a suitable cautionary note.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Systematic metallurgical testwork programs over 2012 to 2017 on master and variability composites from diamond core identifies mineralisation as free milling and amenable to cyanidation
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further Drilling program have been designed to follow up the current drilling to further define the mineralised zone.