



KARLAWINDA EXPLORATION UPDATE

EXPLORATION COMMENCES AT 1.5Moz KARLAWINDA GOLD PROJECT TO GROW RESOURCE INVENTORY AND ADVANCE REGIONAL EXPLORATION

ASX ANNOUNCEMENT

18 March 2019

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Board of Directors:

Mr Douglas Jendry
Non-Executive Chair

Mr Stuart Pether
Non-Executive Director

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Non-Executive Director

Issued Capital:

Shares 780.4M
Options 47.4M
Share Price A\$0.068
Market Cap. A\$53.1M

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New exploration programs commence at Karlawinda focused on the expansion of the Bibra Gold Resource and further advancing the prospectivity of the wider Karlawinda Gold Project

HIGHLIGHTS

- *7,500m of RC drilling is planned at Tramore to follow up on previous significant zones of mineralisation and support a Mineral Resource Estimate to Inferred status. Previous significant intercepts at Tramore include:*
 - *19m @ 1.51g/t from 119m (KBRC1184)*
 - *34m @ 1.07 g/t from 41m (KBRC1164)*
 - *19m @ 1.63 g/t from 78m (KBRC1176)*
 - *20m @ 1.20g/t Au from 155m (KBRC148)*
 - *17m @ 1.27 g/t from 59m (KBRC1166)*
 - *14m @ 1.63g/t Au from 184m (KBRC1061)*
- *2,000m of exploration RC drilling is planned to test prospective exploration trends and geological and geophysical driven conceptual targets*
- *1,900 infill soil samples are currently being collected over high-priority regional gold-in-soil anomalies in the greater Karlawinda Gold Project to develop drill-ready targets*
- *240km² of detailed aeromagnetics will be flown over the newly identified Archean greenstone region to identify geological and structural features consistent with the known Bibra deposit.*

Capricorn Metals Ltd (ASX: CMM) ("Capricorn") is pleased to advise that exploration programmes have commenced at its flagship 100%-owned Karlawinda Gold Project in WA (Figure 1). The new exploration programs are focused on the growth of the Karlawinda Gold Project Mineral Resource, currently **1,525,000 ounces¹** of contained gold (see *Table 1 and ASX announcement dated 29 May 2019 for details*), generating the next round of exploration targets around the Bibra Resource, completing 240sqkm of aeromagnetics and testing of multiple geochemical anomalies over the greater Karlawinda Gold Project.

- The Tramore prospect is located approximately 100m to the south of the current planned Bibra open pit and is the most advanced prospect not currently in the Karlawinda Gold Project resource inventory.
- Tramore mineralisation is defined over a strike length of approximately 450m, a current down dip extent of 250m, to a vertical depth of 150m below surface, and remains open at depth.
- Previous results from drill programs at Tramore include (see Table 1 and ASX announcement dated 20 August 2019 for details):
 - 34m @ 1.07 g/t from 41m (KBRC1164)
 - 19m @ 1.63 g/t from 78m (KBRC1176)
 - 20m @ 1.20g/t Au from 155m (KBRC148)
 - 20m @ 1.00g/t Au from 49m (KBRC1069)
 - 17m @ 1.27 g/t from 59m (KBRC1166)
 - 14m @ 1.63g/t Au from 184m (KBRC1061)
 - 15m @ 1.37g/t Au from 88m (KBRC1060)
 - 12m @ 1.48g/t Au from 316m (KBRC021)
 - 11m @ 1.65g/t Au from 220m (KBRC145)
 - 12m @ 2.54g/t from 129m (KBRC1187)
 - 19m @ 1.51g/t from 119m (KBRC1184)
 - 18m @ 1.1g/t from 159m (KBRC1186)
 - 14m @ 1.03g/t from 56m (KBRC1224)
- Gold mineralisation at Tramore is interpreted to be the along-strike continuation of the main Bibra mineralisation and is overlain by Proterozoic aged cover rocks of the Bangemall Group up to 50m thick at the southern end of the prospect.
- As at Bibra, gold mineralisation dips at approximately 25° to the west and contains two +2g/t, higher grade shoots, approximately 50m to 75m in dimension along strike.
- Drilling is expected to commence in the second quarter 2019.

Exploration Drilling

- 2000 metres of RC drilling has been allocated to test several exploration targets around the Bibra and Frankopan gold deposits, which have been developed through geological and geophysical interpretation.

Targets include:

- The interpreted northern rollover of the Frankopan-K3 structure and potential for the Frankopan mineralisation to be present under thinner Bangemall cover to the north.
- The 350m gap in drilling between the Finns and Easky resources for the potential continuation of gold mineralisation.
- The 900m gap in drilling between Port Rush and Bundoran along the interpreted continuation of the main footwall contact. This needs to be tested for potential replication of Port Rush style gold mineralisation.
- Testing the continuity of higher-grade intercepts along the ≈1km Rossbeigh-Dunworley trend. Previous intercepts along this trend include:

- 2m @ 18.2g/t from 158m (KBRC1212)
- 3m @ 3.24g/t from 169m (KBRC1145)
- 1m @ 66.77g/t from 112m (KBRC1074)

Soil Geochemistry

- 1,900 infill soil samples are currently being collected over high-priority regional gold-in-soil anomalies in the greater Karlawinda Gold Project, on spacings of 100 x 100m and 200 x 100m
- The three high-priority anomalies, Woggagina, Jim's Find and Jigalong anomalies have been identified as having similar key pathfinder elements as Bibra
- From recent geochemical programs it is evident from this regional exploration work, that the Karlawinda gold mineralising system is extensive and has the potential to not just be constrained to the Bibra and Frankopan area but be present in multiple areas in the wider Karlawinda Project area.
- Soil sampling is expected to be completed in early in the second quarter 2019. The results received from this program will enable targeting of first-pass aircore drilling.

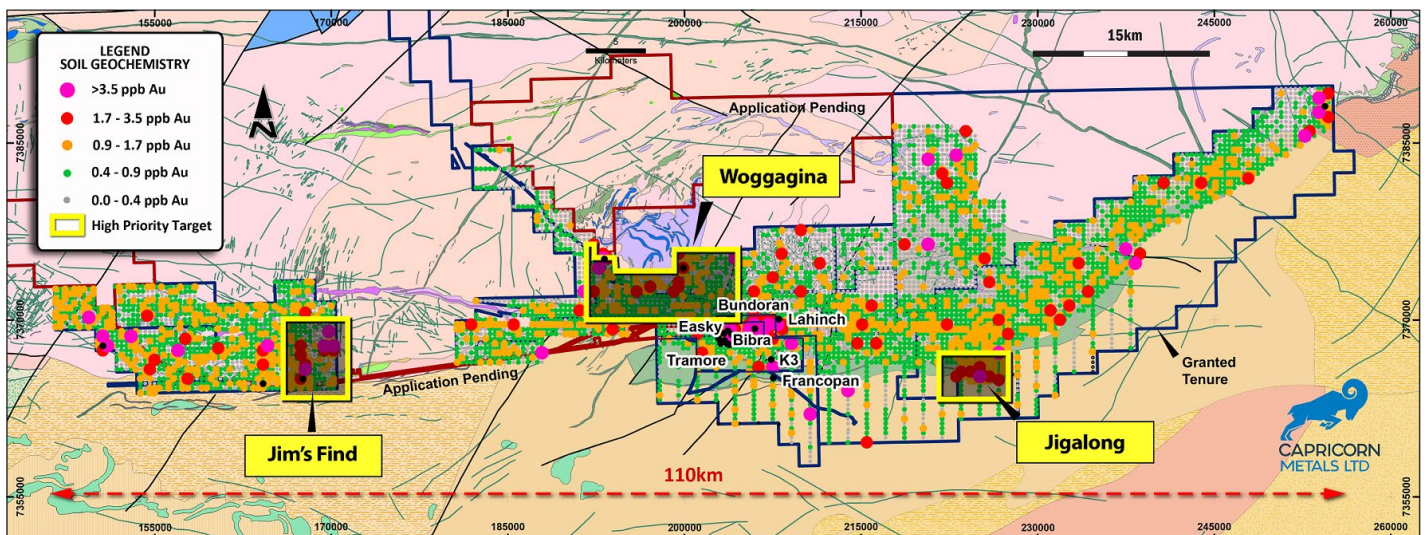


Figure 2: Geochemical sampling gold-in-soil results with priority areas

Airborne Magnetic Survey

- 240km² of detailed aeromagnetics will be flown over the newly identified Archean greenstone region, located 10km to the east of the Karlawinda Greenstone belt, to identify geological and structural features consistent with the known Bibra deposit host stratigraphy.
- This new region of Archean greenstone has not been subject to any previous dedicated exploration and the rock types observed are interpreted to be similar to those which are seen within the host stratigraphy for Bibra gold deposit.
- The new survey will cover a total area of 20km x 12km (figure 3) on a flight line spacing of 50m and will augment the airborne magnetic survey completed in June 2017.

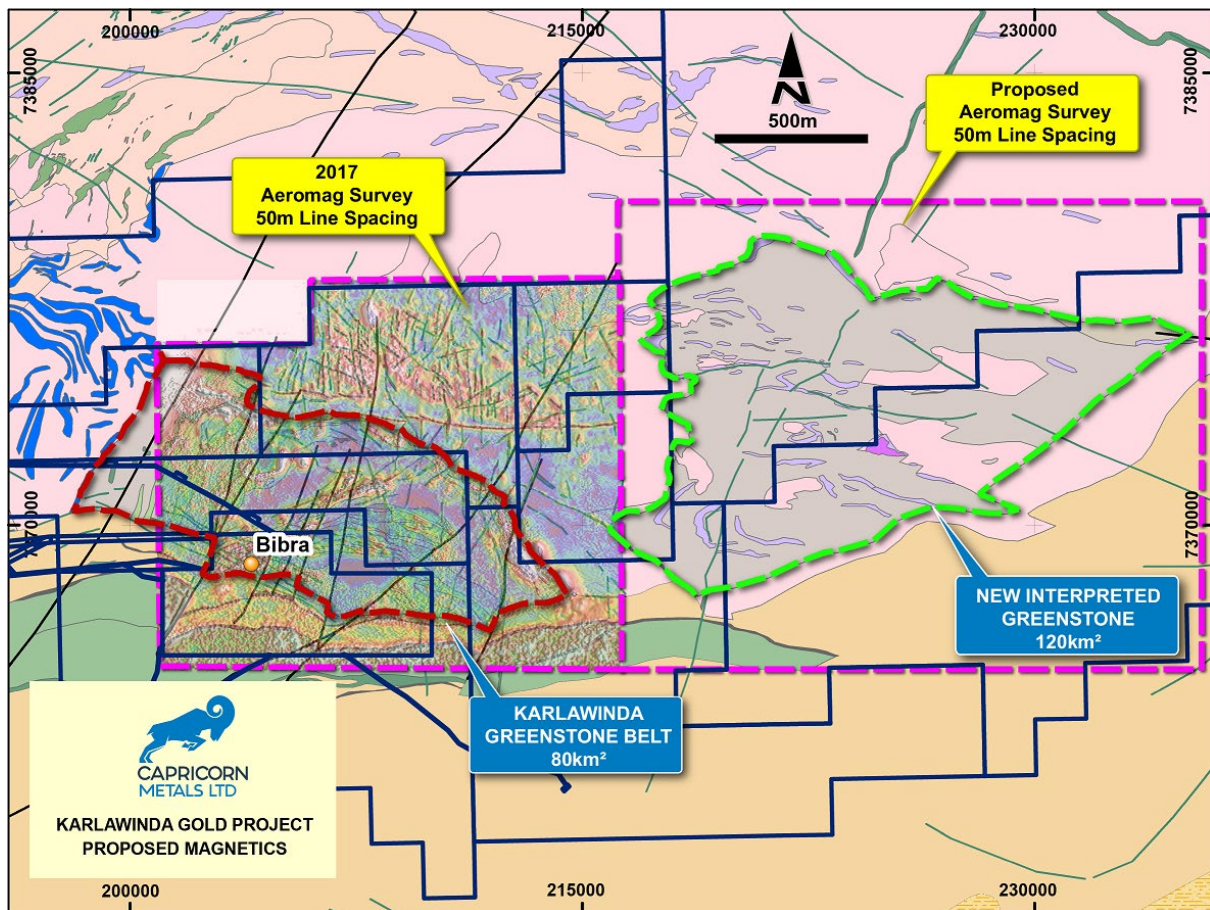


Figure 3: Proposed airborne magnetic survey over the New interpreted greenstone region

For and on behalf of the Board

Mr Doug Jendry

Chair

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Non-Executive Chair

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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 is a full-time employee of Capricorn Metals Ltd in the role of Chief Geologist 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 –SIGNIFICANT RESULTS

TABLE (1): Karlawinda Gold Project: Dunworley-Rossbeigh Drilling Results								
Hole No	Easting	Northing	RL	Dip/Az	From	To	Width	Grade (g / t Au)
KBRC1212	50200	198900	2590	-60/90	158	160	2	18.20
KBRC1145	50050	198925	2590	-60/90	169	172	3	3.24
KBRC1074	50350	199700	2590	-60/90	112	113	1	66.77

APPENDIX 2

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	<ul style="list-style-type: none"> 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. 	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Drilling techniques	<ul style="list-style-type: none"> 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.). 	<p>Ranger Drilling drill rig was used to drill the RC drilling holes. 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.</p>

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<p>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%</p> <p>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.</p> <p>At the end of each metre the bit was lifted off the bottom to separate each metre drilled.</p> <p>The majority of samples were of good quality with ground water having minimal effect on sample quality or recovery.</p> <p>From the collection of recovery data, no identifiable bias exists.</p>
Logging	<ul style="list-style-type: none"> 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. 	<p>Reverse circulation 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.</p> <p>Data on rocktype, deformation, colour, structure, alteration, veining, mineralisation and oxidation state were recorded. RQD, magnetic susceptibility and core recoveries were recorded.</p> <p>RC chips sample quality and weights were also recorded, including whether wet or dry</p> <p>Logging is both qualitative and quantitative or semi-quantitative in nature.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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. 	<p>For holes RC Samples were split from dry, 1m bulk sample via a cone splitter directly from the cyclone.</p> <p>The quality control procedure adopted through the process includes:</p> <p>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.</p> <p>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.</p> <p>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</p> <p>The duplicate and CRM's were submitted to the lab using unique sample ID's.</p> <p>A 2kg – 3kg sample were submitted to Intertek laboratory in Maddington in WA.</p> <p>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.</p> <p>All the RC samples were analysed for Au using the FA50/MS technique which is a 50g lead collection fire</p>

Criteria	JORC Code explanation	Commentary
		<p>assay.</p> <p>RC samples the sample preparation technique is appropriate and is standard industry practice for a gold deposit.</p> <p>Quality control for maximising representivity of samples included sample weights, insertion of field duplicates and laboratory duplicates.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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. 	<p>Drilling samples were submitted to Intertek laboratory in Perth. RC samples were assayed by a 50gm fire assay which is a total assay. Aircore samples were assayed by aqua regia which a partial assay.</p> <p>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.</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<p>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.</p> <p>Assay results when received were plotted on section and were verified against neighbouring holes.</p> <p>From time to time assays will be repeated if they fail company QAQC protocols.</p>
Location of data points	<ul style="list-style-type: none"> 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. 	<p>Drillhole collar positions were surveyed Garmin 62s handheld GPS.</p>
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<p>Please See Table 1 for Results</p> <p>RC Samples were collected and analysed for each metre down the hole.</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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 the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<p>Drill lines are oriented across strike on a local grid. Bibra orebody dips at 30 degrees to the North West.</p> <p>Holes in the drill programs have being drilled at inclination of -60 and -90 degrees. The orientation of the drilling is suitable for the mineralisation style and orientation of the Bibra mineralisation.</p>
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<p>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.</p>
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<p>Program reviewed by company senior personnel.</p>

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 	<p>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 subsidiary of Capricorn Metals.</p> <p>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.</p> <p>No other known impediments exist to operate in the area.</p>
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<p>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</p>
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<p>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.</p>
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth 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. 	<p>Please See Table 1 for Results</p>
Data aggregation methods	<ul style="list-style-type: none"> 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. 	<p>In the 2017 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</p> <p>For the aircore drilling a mixture of 3 composite samples and 1m samples were analysed.</p>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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 	<p>At Karlawinda, 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.</p>

Criteria	JORC Code explanation	Commentary
	<i>reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	
Diagrams	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.