CAPRICORN METALS LTD

13th May 2016

KARLAWINDA: FURTHER STRONG DRILLING RESULTS AHEAD OF PLANNED RESOURCE UPGRADE

Extension of current resource continues with results also identifying a high-grade lode

HIGHLIGHTS

- New assay results from extensional resource drilling at the Bibra Gold Deposit continue to demonstrate strong continuity of the mineralisation outside of the currently reported Inferred Resource (18Mt @ 1.1 g/t gold containing 650,800 ounces - Table 1).
- Results of 36 drill holes have now been reported with the final 11 holes due by the end of May 2016. Numerous new thick intercepts returned, including (see Tables 2 and 3)**:**
  - **KBRC 299:** **18 metres @ 1.10g/t Au** from 129m
    3 metres @ 6.17g/t Au from 163m (EOH)
  - **KBRC 300:** **11 metres @ 1.12g/t Au** from 152m
    2 metres @ 7.45g/t Au from 177m (EOH)
  - **KBRC 305:** **18 metres @ 1.06g/t Au** from 133m
  - **KBRC 306:** **15 metres @ 1.01g/t Au** from 146m
  - **KBRC 307:** **16 metres @ 1.15g/t Au** from 157m
  - **KBRC 311:** **24 metres @ 1.01g/t Au** from 52m
  - **KBRC 315:** **11 metres @ 1.21g/t Au** from 212m
  - **KBRC 317:** **23 metres @ 1.08g/t Au** from 213m*
  - **KBRC 319:** **12 metres @ 1.64g/t Au** from 206m*
  - **KBRC 320:** **18 metres @ 1.01g/t Au** from 183m*

  (*Assays for hanging wall zones awaited)
- Results continue to match the anticipated widths and grades predicted by previously completed wide-spaced drilling, and are expected to add significantly to the existing Inferred Resource. As previously advised, a resource upgrade is planned for June 2016.
- A potentially significant new high-grade lode has been intersected in a number of holes in the footwall of the Bibra Main Lode. Intersections include **3 metres @ 6.17g/t Au** and **2 metres @ 7.45g/t Au**. Additional drilling will be required to fully delineate this position.
- Drilling results from the deeper extensions to the mineralisation (e.g. **12m @ 1.64g/t Au** in KBRC319) provide strong evidence that the resource will extend well beyond the current optimised pit boundary. Drilling on the northern margin has also intersected significant mineralisation (KBRC311), indicating that the resource may extend in this direction as well.

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13th May 2016: Capricorn Metals Ltd (ASX: CMM) is pleased to advise that it has received further excellent results from the recently completed in-fill and extensional drilling program at its 100%-owned Karlawinda Gold Project in WA's Pilbara, with the latest assays confirming significant extensions to the Bibra deposit and identifying a potentially significant new high-grade lode.

Assay results have now been received for 36 holes (with results from the final 11 holes due by the end of May), providing further evidence that the Company is **on track to deliver a significantly upgraded JORC resource estimate during June 2016**.

The majority of holes in the current programme are aimed at extending the known mineralisation at Bibra down-dip and are expected to increase the currently reported Inferred Resource of 18Mt @ 1.1g/t gold for 650,800 contained ounces (Table 1).

The Karlawinda Gold Project, is located in the Pilbara 65km south-east of Newman, W.A., within the Archaean aged Sylvania Dome Inlier (Figure 1). Karlawinda is an advanced gold project which includes the Bibra deposit and numerous outstanding exploration targets including the Francopan prospect.

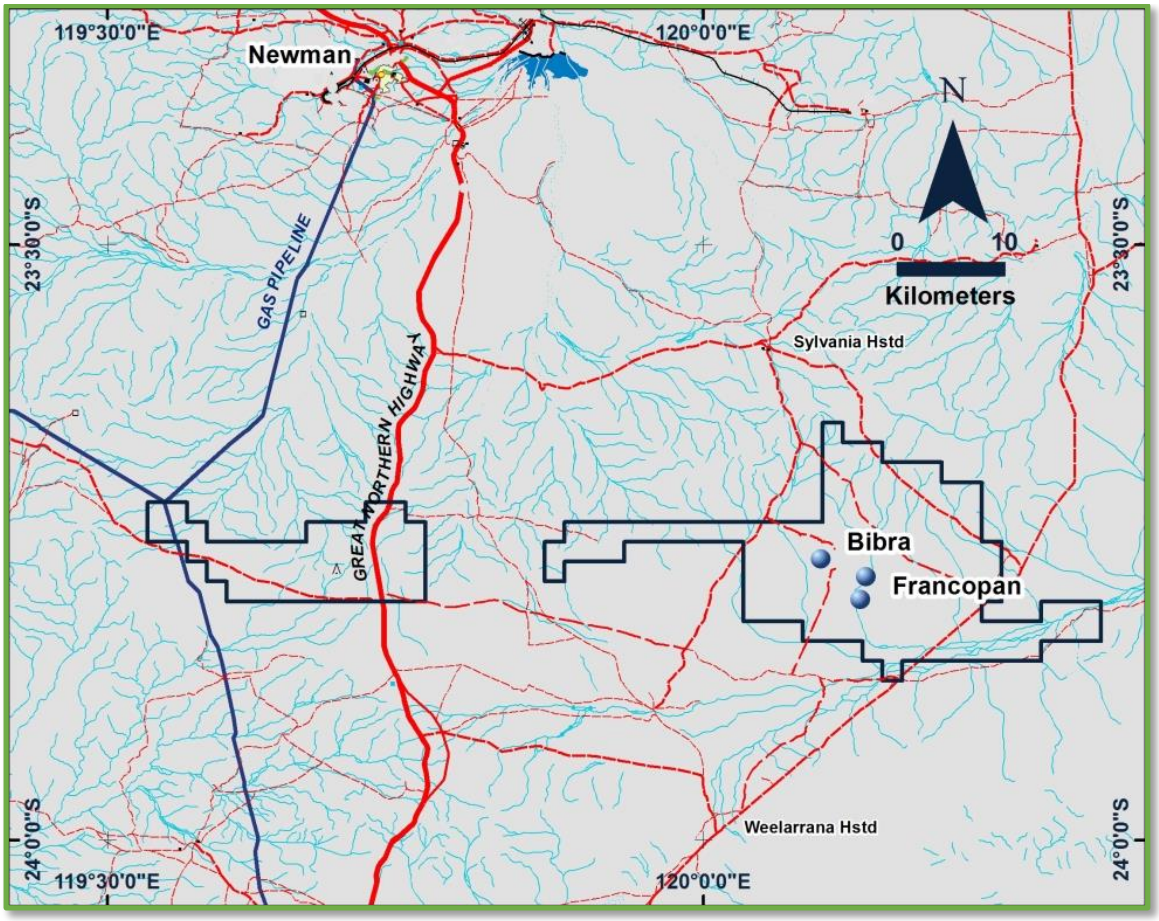

Figure 1: Location Map: Karlawinda Gold Project

KEY POINTS:

- A new higher-grade mineralised structure has been partially defined on section 200150N (Figure 3). This structure is positioned in the immediate footwall of the main lode mineralisation. The results to date that have intersected this structure over a down-dip extent of ~250m include **3 metres @ 6.21g/t Au** (EOH) and **2 metres @ 7.45g/t Au** from 177m (EOH). Further drilling is required to fully define this new structure, however the identification of a new high-grade zone within the conceptual Bibra pit shell represents a strategically important development for the project;
- As with the previously reported results, the new results continue to match the anticipated widths and grades predicted by previously completed wide-spaced drilling, and are expected to add significantly to the existing Inferred Resource (Tables 2 and 3);
- This drilling has been focused on the "Main Lode" in the northern area of the optimised open pit (Figure 2). These initial results indicate strong continuity of mineralisation outside

of the currently reported Inferred Resource and that the mineralised shear zone remains consistent at depth (Figure 3). The drilling remains wide spaced on a 50 metre by 50 metre grid;

- Deeper mineralisation now extends beyond the current base of the 2012 optimised pit shell and is now expected to extend the resource into these areas (Figure 4);
- A series of narrower, but potentially significant, mineralised lodes continue to be intersected in shallower, hanging wall positions. These will be better defined during in-fill resource drilling.

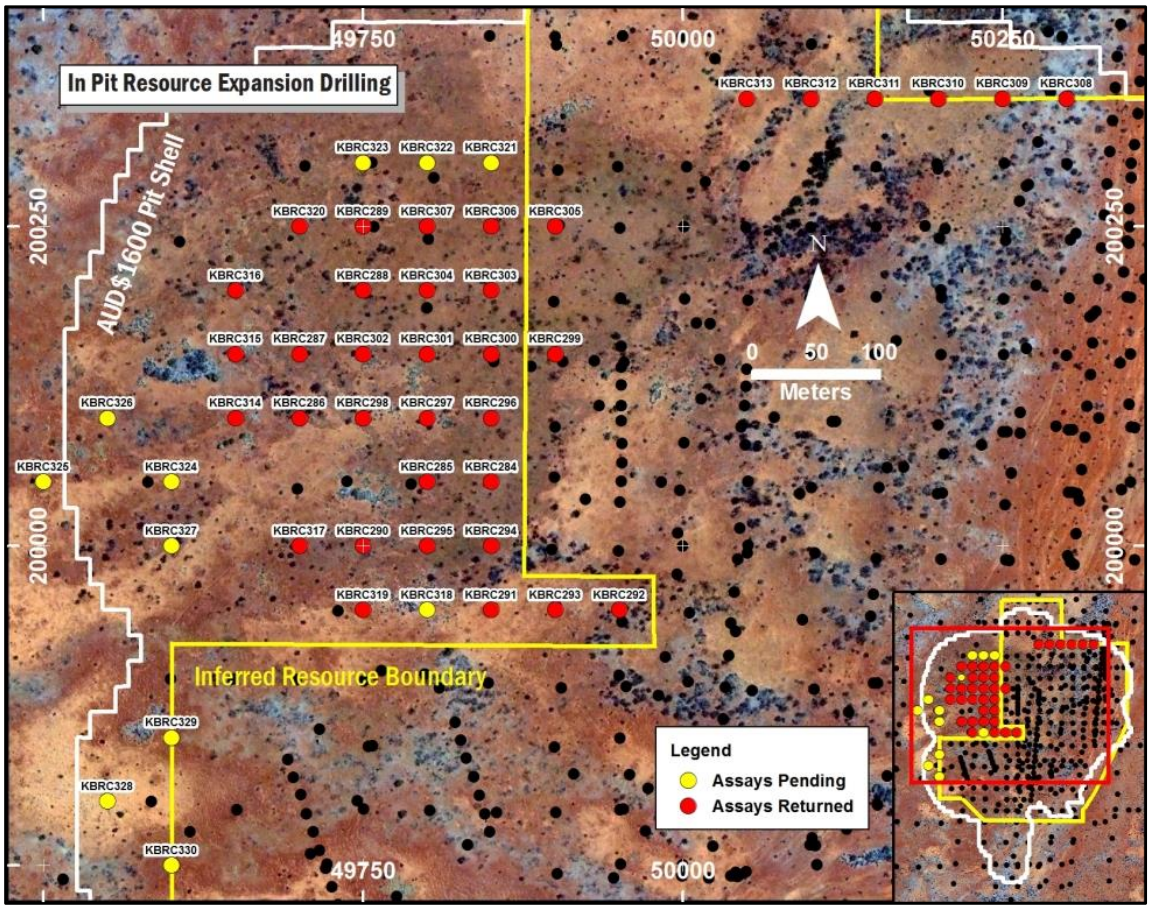

Figure 2: Plan Showing Current Drilling Status

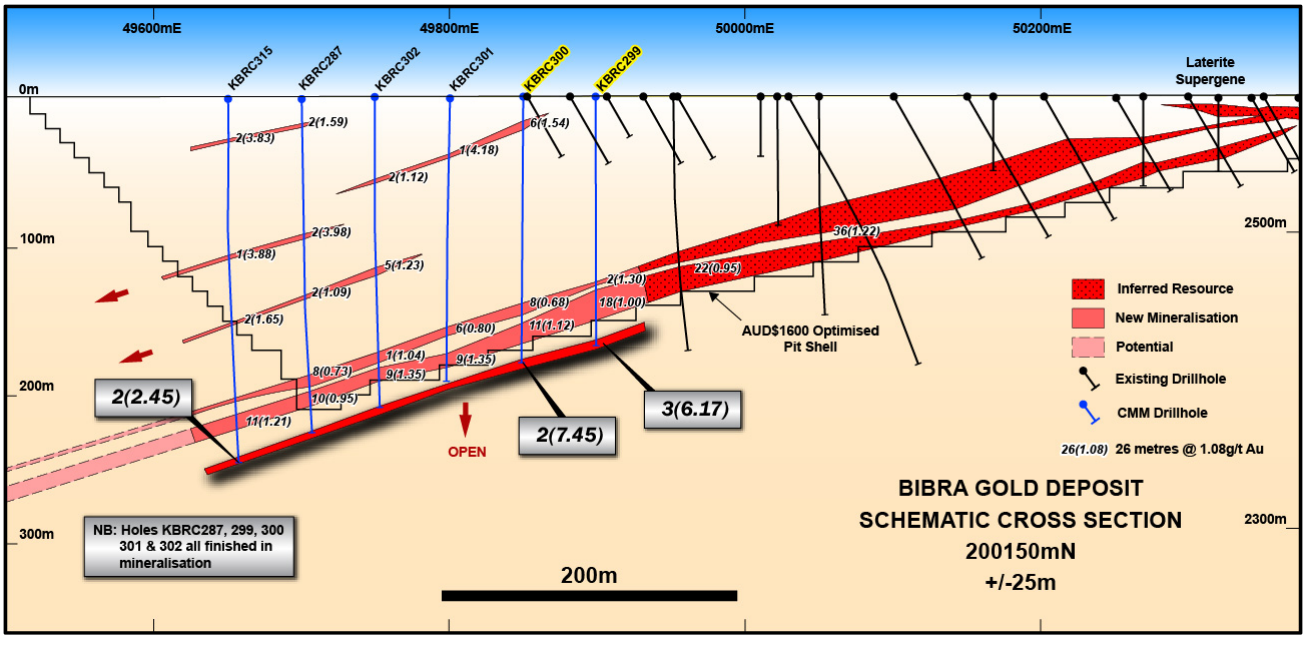

Figure 3: BIBRA GOLD DEPOSIT SCHEMATIC CROSS SECTION (200150N)

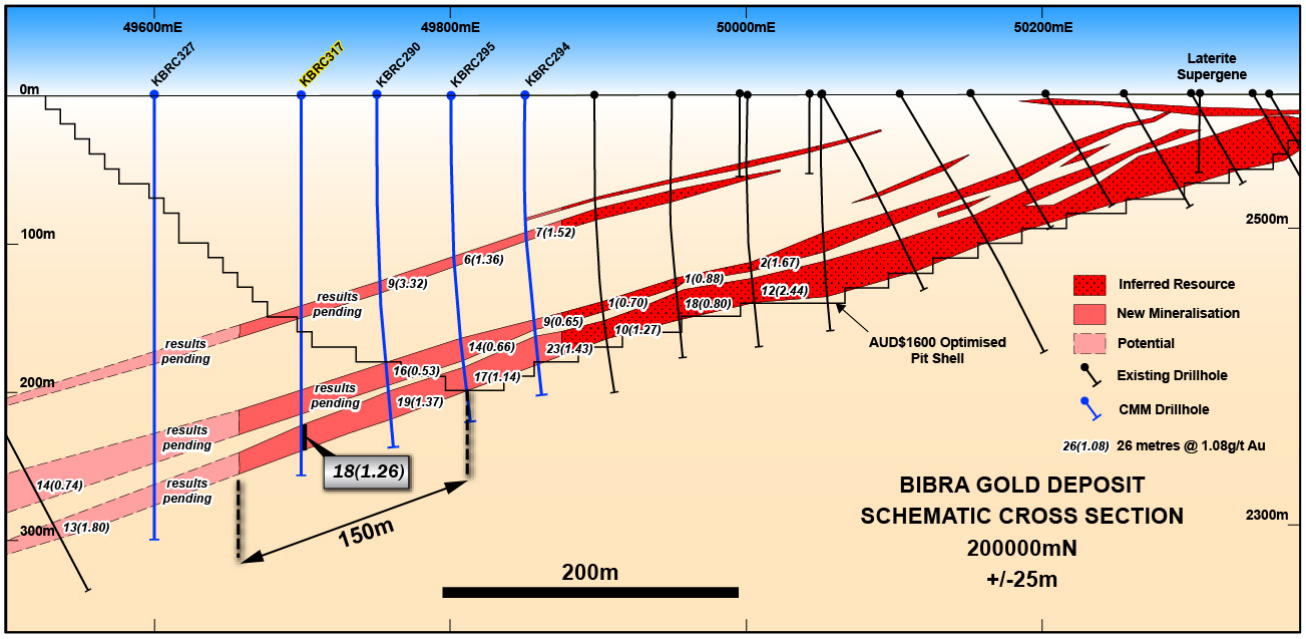

Figure 4: BIBRA GOLD DEPOSIT SCHEMATIC CROSS SECTION (200000N)

NEXT STEPS

Assay results have been received for 36 of the 47 holes with the remainder scheduled for completion by the end of the month. This drilling information will then be used as the basis for an updated resource estimation during June 2016.

MANAGEMENT COMMENT

Capricorn's Managing Director, Mr Peter Thompson, said the latest drilling results from Karlawinda had further increased the Company's confidence in the potential for a significant resource upgrade in June.

"We are very pleased with the latest results, which have continued to confirm significant extensions to the Bibra deposit with widths and grades in line with our expectations," he said. "At the same time, the discovery of a new high-grade position below the Main Lode and within the conceptual pit shell is an exciting new development that could contribute significantly to the project.

"Following our recent successful $12.6 million capital raising, we are moving ahead at Karlawinda at top speed, with the resource upgrade on track for June and Scoping Study activities progressing well and on schedule for completion in July."

For and on behalf of the Board

Peter Thompson
Managing Director

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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. Peter Langworthy, Technical Director, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full time Director of Capricorn Metals Limited and has sufficient experience, whi1ch 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. Peter Langworthy 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 – RESOURCE TABLE AND DRILLHOLE DATA

Table 1 – Karlawinda Gold Project – Bibra Gold Deposit – June 2014 Resource Table

Mineral Resource 30 June 2014* - Reported at a 0.5g/t Au cut off grade			
Classification	***Tonnes (Mt)***	***Au g/t***	***Contained Au (Oz)***
Measured	--	--	--
Indicated	--	--	--
Inferred	18	1.1	650,800
GRAND TOTAL	**18**	**1.1**	**650,800**

Notes:

1. The Mineral Resource estimate was estimated within a conceptual A$1,600/oz Au pit shell completed in 2012 and for the area of drill coverage at 100m x 50m spacing or less. Contained gold (oz) figures have been rounded to the nearest one hundred ounces.
2. The Mineral Resource has been unchanged since 2013.
3. Mostly RC drilling with 1m cone split samples analysed by 50g fire assay.
4. Mineralisation was wireframed at a cut-off grade of 0.3g/t Au and Mineral Resources were reported above a cut-off grade of 0.5g/t Au.
5. Block modeling used ordinary kriging grade interpolation methods for composites that were top-cut to 10g/t Au in the supergene zone and 16g/t Au for the remaining mineralization. Top cuts are not severe, trimming no greater than 0.5% of the samples.
6. There are no Ore Reserves for Karlawinda.

Table 2 – Karlawinda Gold Project: Drilling Results

HOLE No	From	To	Intercept	Grade
KBRC284	151	163	12	0.96
	176	189	13	1.02
KBRC285	169	178	9	5.10
	190	211	21	1.33
KBRC286	189	197	8	0.86
	203	218	15	1.07
KBRC287	92	94	2	3.98
	97	99	2	1.20
	133	135	2	1.09
	187	195	8	0.73
	198	208	10	0.95
KBRC288	23	25	2	3.55
	86	89	3	1.07
	160	172	12	0.70
	197	200	3	0.89
KBRC289	40	43	3	1.40
	163	176	13	0.59
	177	185	8	1.16
KBRC290	126	135	9	3.32
	183	199	16	0.53
	200	219	19	1.37
KBRC291	95	101	6	0.78
	154	166	12	0.83
	171	181	9	1.07
KBRC292	67	74	7	1.24
	124	132	8	0.95
	144	155	11	1.33
KBRC293	73	84	11	0.99
	138	149	11	1.12
	164	172	8	1.13
KBRC294	93	100	7	1.52
	142	151	9	0.65
	160	183	23	1.13
KBRC295	111	117	6	1.36
	167	181	14	0.66
	183	200	17	1.14
KBRC296	89	94	5	3.71
	138	154	16	0.87
	160	179	19	1.35

HOLE No	From	To	Intercept	Grade
KBRC297	160	170	10	1.09
	171	193	22	1.58
KBRC298	174	192	18	0.89
	195	207	12	0.55
	209	214	5	1.04
KBRC299	32	35	3	1.65
	124	126	2	1.30
	129	147	18	1.00
	163	166	3	6.17
KBRC300	15	21	6	1.54
	138	146	8	0.68
	152	163	11	1.12
	173	174	1	2.05
	177	179	2	7.45
KBRC301	38	39	1	4.18
	154	160	6	0.80
	172	181	9	1.35
KBRC302	55	57	2	1.12
	114	119	5	1.23
	175	176	1	1.04
	182	191	9	1.35
KBRC303	100	103	3	3.29
	131	134	3	1.45
	151	152	1	1.84
KBRC304	119	121	2	1.98
	147	152	5	0.87
	163	167	4	0.68
	183	184	1	6.78
KBRC305	62	64	2	0.72
	133	151	18	1.06
KBRC306	75	78	3	2.42
	86	88	4	1.38
	146	161	15	1.01
KBRC307	42	45	3	1.83
	151	155	4	1.01
	157	175	16	1.15
KBRC308	30	41	11	0.61
KBRC309	46	50	4	1.43
	59	64	5	1.20
KBRC310	29	30	1	1.93
	33	34	1	1.04
	54	56	5	0.75
	85	87	2	5.86
KBRC311	52	76	24	1.01
KBRC312	67	68	1	1.25
	74	76	2	2.97
	93	95	1	1.31
KBRC313	76	77	1	0.74
	90	91	1	0.55
KBRC314	213	225	12	0.7
	244	245	1	8.15
KBRC315	18	20	2	1.77
	27	29	2	3.83
	107	108	1	3.88
	151	153	2	1.65
	157	161	4	1.34
	212	223	11	1.21
	233	234	1	1.41
	239	241	2	2.45
KBRC316*	191	200	9	1.08
	227	238	11	0.81

HOLE No	From	To	Intercept	Grade
KBRC317*	203	208	5	1.34
	213	236	23	1.08
KBRC319*	206	218	12	1.64
KBRC320*	183	201	18	1.01

(Note: See Appendix (2) JORC Code (2012) Table 1 Parameters).

(*Note: Additional assays awaited for hanging wall zones)

Table 3: Drill Collar Summary

Hole_ID	Drilling Status	MGA_E	MGA_N	Local_N	Local_E	RL	Azi	Dip	Depth
KBRC284	Complete	203912	7368888	200050	49850	600	0	-90	209
KBRC285	Complete	203864	7368901	200050	49800	600	0	-90	227
KBRC286	Complete	203780	7368975	200100	49700	600	0	-90	250
KBRC287	Complete	203793	7369024	200150	49700	600	0	-90	226
KBRC288	Complete	203854	7369059	200200	49750	600	0	-90	226
KBRC289	Complete	203867	7369107	200250	49750	600	0	-90	208
KBRC290	Complete	203803	7368866	200000	49750	600	0	-90	239
KBRC291	Complete	203886	7368792	199950	49850	600	0	-90	203
KBRC292	Complete	203983	7368766	199950	49950	600	0	-90	173
KBRC293	Complete	203935	7368779	199950	49900	600	0	-90	185
KBRC294	Complete	203899	7368840	200000	49850	600	0	-90	203
KBRC295	Complete	203851	7368853	200000	49800	600	0	-90	221
KBRC296	Complete	203925	7368936	200100	49850	600	0	-90	209
KBRC297	Complete	203877	7368949	200100	49800	600	0	-90	221
KBRC298	Complete	203829	7368962	200100	49750	600	0	-90	233
KBRC299	Complete	203986	7368972	200150	49900	600	0	-90	166
KBRC300	Complete	203938	7368985	200150	49850	600	0	-90	179
KBRC301	Complete	203890	7368998	200150	49800	600	0	-90	191
KBRC302	Complete	203842	7369011	200150	49750	600	0	-90	209
KBRC303	Complete	203951	7369033	200200	49850	600	0	-90	191
KBRC304	Complete	203903	7369046	200200	49800	600	0	-90	209
KBRC305	Complete	204012	7369068	200250	49900	600	0	-90	167
KBRC306	Complete	203964	7369081	200250	49850	600	0	-90	179
KBRC307	Complete	203916	7369094	200250	49800	600	0	-90	191
KBRC308	Complete	204425	7369061	200350	50300	600	0	-90	71
KBRC309	Complete	204376	7369074	200350	50250	600	0	-90	77
KBRC310	Complete	204328	7369087	200350	50200	600	0	-90	95
KBRC311	Complete	204280	7369100	200350	50150	600	0	-90	107
KBRC312	Complete	204231	7369113	200350	50100	600	0	-90	113
KBRC313	Complete	204183	7369126	200350	50050	600	0	-90	125
KBRC314	Complete	203732	7368988	200100	49650	600	0	-90	251
KBRC315	Complete	203745	7369036	200150	49650	600	0	-90	245
KBRC316	Complete	203758	7369085	200200	49650	600	0	-90	251
KBRC317	Complete	203754	7368879	200000	49700	600	0	-90	251
KBRC318	Complete	203838	7368804	199950	49800	600	0	-90	215
KBRC319	Complete	203790	7368817	199950	49750	600	0	-90	233
KBRC320	Complete	203819	7369120	200250	49700	600	0	-90	221
KBRC321	Complete	203977	7369130	200300	49850	600	0	-90	173
KBRC322	Complete	203929	7369143	200300	49800	600	0	-90	191
KBRC323	Complete	203880	7369155	200300	49750	600	0	-90	203
KBRC324	Complete	203671	7368953	200050	49600	600	0	-90	299
KBRC325	Complete	203574	7368979	200050	49500	600	0	-90	335
KBRC326	Complete	203635	7369014	200100	49550	600	0	-90	293

Hole_ID	Drilling Status	MGA_E	MGA_N	Local_N	Local_E	RL	Azi	Dip	Depth
KBRC327	Complete	203657	7368905	200000	49600	600	0	-90	222
KBRC328	Complete	203557	7368724	199800	49550	600	0	-90	230
KBRC329	Complete	203619	7368760	199850	49600	600	0	-90	210
KBRC330	Complete	203593	7368663	199750	49600	600	0	-90	200

Note: See Appendix (2) JORC Code (2012) Table 1 Parameters.

Appendix 2: Bibra RC Drilling Program
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.*	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 and hanging wall zones 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, however approximately 10% of the holes drilled had the whole hole weighed. 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.
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.).*	All Drilling has been completed by reverse circulation using a DRA600 RC rig with 1350cfm@500psi compressor with a 1800cfm x 800psi booster and 900cfm, 350psi auxiliary. The hole was drilled using a nominal 135mm diameter face sampling bit, and to limit the hole deviation 4metre thick wall rod and top and bottom stabilisers were used.
Drill sample	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	During the sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples

Criteria	JORC Code explanation	Commentary
recovery	• *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.*	were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones, however approximately 10% of the holes drilled had the whole hole weighed. 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.
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 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.
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.*	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. 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 was selected based on grade populations and economic grade ranges The duplicate and CRM's were submitted to the lab using unique sample ID's. A 2kg – 3kg sample were submitted to Intertek laboratory in Maddington in WA. Samples were oven dried at 105°C then jaw crushed to -10mm followed by a Boyd crush to a nominal -2mm. Samples were rotary split to 2.5kg. Samples 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

Criteria	JORC Code explanation	Commentary
		the samples All the samples were analysed for Au using the FA50/AAS technique which is a 50g lead collection fire assay
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.*	• Samples were submitted to the Intertek laboratory in Perth. In the waste zones, analysis has been completed by a single fire assay. In the main mineralised zone four fire assays from the sample pulp were completed and then averaged to determine, the assay grade of the sample to reduce the impact of the nugget effect in each ore zone sample The samples were determined for gold, pt, pd and additional elements/base metals, using ICP optical emission spectrometry and ICP mass spectrometry. • 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.
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. • In the current program no twin holes have been completed.
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.*	• The drill collars were positioned using a Garmin hand held GPS. The coordinates were plotted and marked in GDA94 / MGA zone 51. • Downhole surveys were collected by driller operated in-rod gyro at the end of each hole. Measurements were taken every 10 metres
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.*	• Drilling is being completed on a 50x50m grid. Drill spacing is sufficient for current resource classification • Samples collected and analysed for each metre down the hole. Whole hole is analysed.
Orientation	• *Whether the orientation of sampling*	• Drill lines are oriented across strike on a

Criteria	JORC Code explanation	Commentary
of data in relation to geological structure	*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.*	local grid. Bibra orebody dips at 30 degrees to the North West. Hole in the current programs are being drilled at inclination of 90 degrees and intersect the ore body at an angle less than 10 degrees from perpendicular.
Sample security	• *The measures taken to ensure sample security.*	• 5 calico sample bags were sealed into green 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 review by company senior Geologist. • Prior to commencement of drill program a meeting of industry specialists was held to discuss the sampling and analytical techniques to get consensus and or improvements on the drilling and sampling protocol

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 Bibra deposit is located in EPM52/1711 held by INDEPENDENCE KARLAWINDA PTY LTD. Capricorn Metals is currently in a purchase agreement with Independence Group Ltd, where acquisition will be finalised in 2016. Please see Capricorn Metals ASX at http://capmetals.com.au/ for further details • The Bibra mineralisation is within the granted E52/1711 exploration tenement in the Pilbara region of Western Australia. E52/1711 was acquired from BHPB in 2008. BHPB retain a 2% NSR and a claw-back provision whereby BHPB 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. A mining lease sufficient in size to cover the Bibra resource area and potential associated infrastructure for a future mining operation has been applied for, and IGO is currently in negotiation with the Nyiyaparli group over this application. • No other known impediments exist to

Criteria	JORC Code explanation	Commentary
		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 who undertook exploration between 2008 & 2014. Prior to Independence group, WMC 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 lineations identified as controlling higher-grade shoots. The deposit is oxidized sSto 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.*	• Refer to Tables 1 & 2 in Appendix 1 and the text for drill hole information.
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 ore zone four separate fire assays were completed for each 1m sample to reduce the nugget effect. The four assays were then averaged to calculate the final assay grade.
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*	• 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.

Criteria	JORC Code explanation	Commentary
	lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	
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 considered to be 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 2012/13 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.*	• The drillhole reported are part of a larger drill program at Bibra. To date 11 holes have been completed out of 40 holes planned. • Further work will involve drilling (RC and Diamond) to upgrade and expand the Bibra resource. In addition work will involve large scale (regional) step-out drilling for determination of additional mineralisation.