CAPRICORN IDENTIFIES MAJOR GROWTH-OPPORTUNITY EXPLORATION TARGETS AT KARLAWINDA GOLD PROJECT

Project demonstrates potential to grow into a large–scale gold camp with multiple targets to be tested as part of major upcoming drilling programme

ASX ANNOUNCMENT

25 July 2016

Australian Securities Exchange Code: CMM

ABN: 84 121 700 105

Board of Directors:

Mr Guy LeClezio
Non-Executive Chairman

Mr Peter Thompson
Managing Director

Mr Peter Langworthy
Technical Director

Mr Heath Hellewell
Non-Executive Director

Issued Capital:

Shares 487M
Options 18.8M
Share Price A$0.14
Market Cap. A$68M

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HIGHLIGHTS

- Capricorn has identified its 100%-owned Karlawinda Gold Project as having the potential to be a large-scale Archaean aged gold camp in Western Australia, with the opportunity for the discovery of multiple gold deposits.
- A series of high potential exploration targets have been defined in close proximity to the Bibra Inferred Resource (25.5Mt @ 1.1g/t Au for 913,000oz). Capricorn believes this demonstrates the potential to delineate a significant, large-scale gold mineralized system with the delineation of supplementary resources in close proximity to Bibra.
- Five major targets have been identified within 500m of the Bibra optimised pit in near- surface positions. Initial drill testing of these targets will commence in parallel with the resource upgrade drilling program commencing in late July.
- This program will comprise over 60,000m of in-fill and extensional drilling, as well as a significant component of exploration drilling. It is scheduled to begin with three RC rigs and one diamond rig as soon as ground access conditions permit.
- The Francopan-K3 Prospect area (located 5km from Bibra) has been identified as a second major mineralized system with the potential to deliver high-grade zones of gold mineralisation. Limited historical drilling at Francopan has returned broad zones of mineralization that include very significant high-grade horizons. Results from previous wide spaced drilling include:
  - **KBD001:** **8 metres @ 5.1g/t Au**
    (includes 1 metre @ 21.8g/t Au)
  - **KBD009:** **6 metres @ 4.5g/t Au**
    (includes 1 metre @ 18.3g/t Au)
  - **KBD025:** **7 metres @ 3.5g/t Au**
    (includes 1 metre @ 20.3g/t Au)
    15 metres @ 3.0g/t Au
    6 metres @ 3.1g/t Au
- Limited reconnaissance drill testing of the Francopan-K3 Prospect area will also be undertaken as part of the upcoming program.

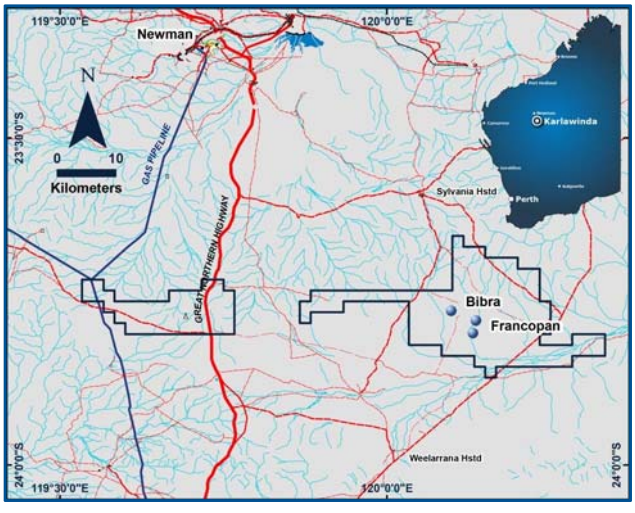

Figure (1): Karlawinda Gold Project Location Plan

25th July 2016: Capricorn Metals Ltd (ASX: CMM) is pleased to advise that it has significantly upgraded the exploration potential of its its 100% owned Karlawinda Gold Project in WA (Figure 1) after identifying a series of major growth-opportunity exploration targets both in close proximity to the existing Bibra deposit and within a 5km radius of the proposed mine development.

The Karlawinda Gold Project contains the recently expanded Bibra Gold Deposit which has a reported Inferred Resource of **25.5 million tonnes grading 1.1g/t Au for 914,000 ounces** of contained gold (see ASX announcement 4th July 2016 and Appendix 1).

The Company will commence a major new program of resource in-fill and extensional drilling at Karlawinda, initially with three RC drill rigs. This program, which will comprise up to 60,000m of RC and diamond drilling, will commence within two weeks and will also include exploration drilling to commence testing a series of new targets.

Capricorn has developed an exploration strategy that will target a significant expansion of the current resource base that has potential to extend the potential mine life and to target areas that have been identified as being prospective for high-grade gold mineralization.

BIBRA RESOURCE TARGET AREA

The Bibra Resource, as currently reported, is constrained within an A$1,750/oz optimal pit shell (Figure 2). However, it clearly forms part of a much larger mineralized gold system that remains to be fully evaluated through additional drilling and the application of other exploration methods.

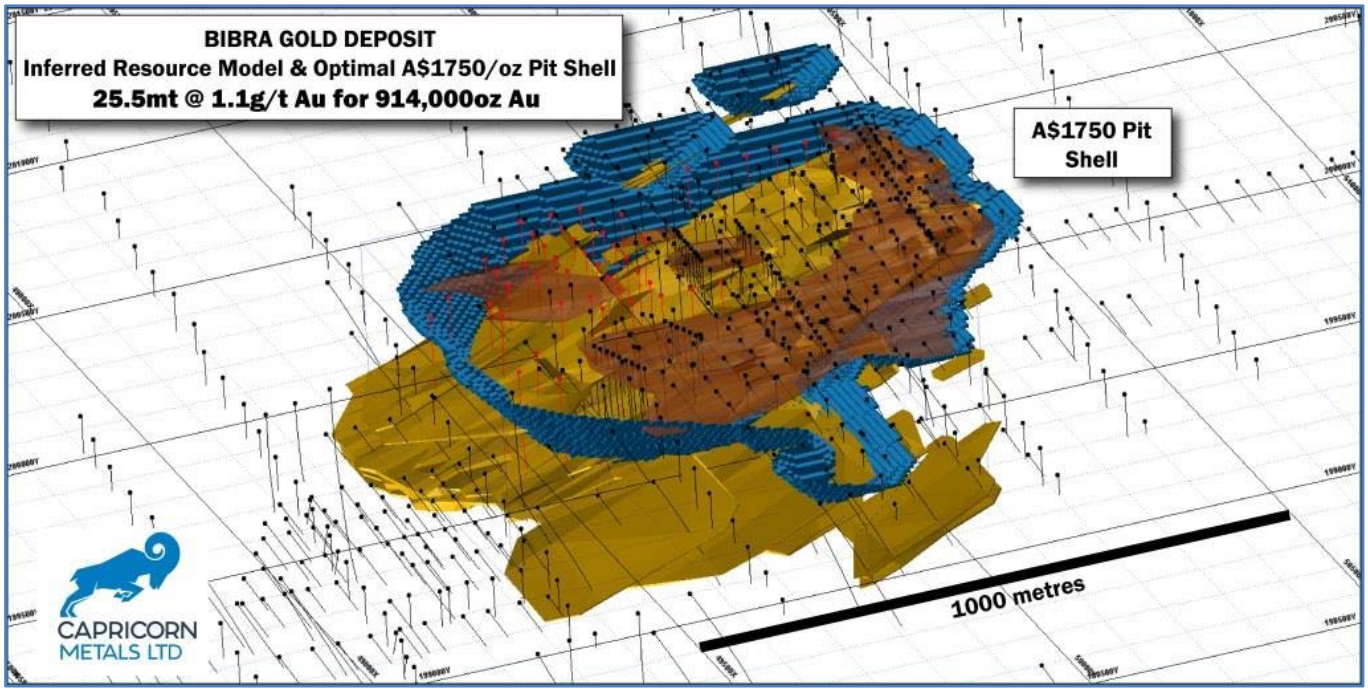

Figure (2): Bibra Gold Deposit – Resource Block Model
(Blue: $A1750 optimal pit shell, Brown: Laterite resource, Yellow: Saprolite and Fresh resource)

The immediate focus of drilling will be to test five high priority targets within 1km of the Bibra Deposit (Figure 3). Each one of these targets presents an opportunity to significantly increase the resource in the near term as well as providing information that will help develop concepts for the wider mineralising controls of the system. Full details for the resource are provided in Appendices 1 and 2.

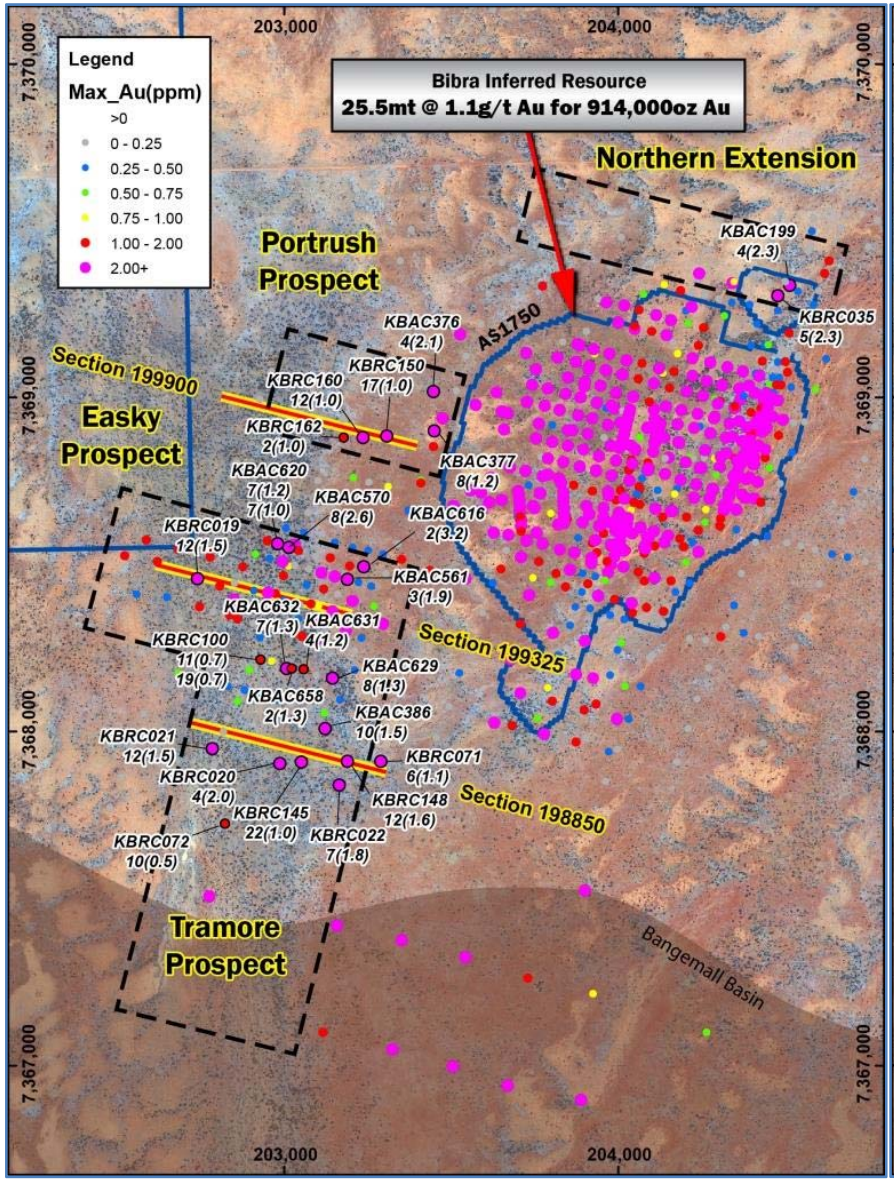

Figure (3a): Bibra Gold Deposit – Exploration Target Locations

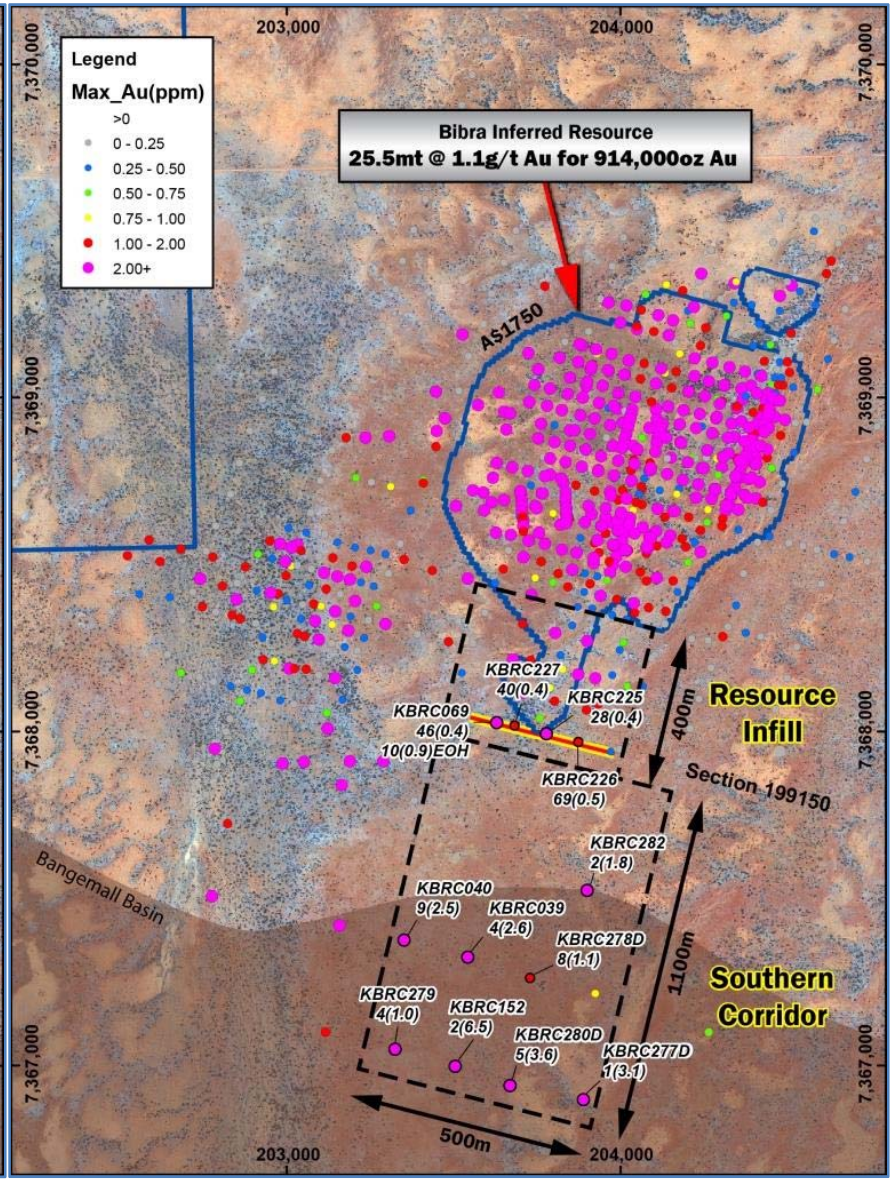

Figure (3b): Bibra Gold Deposit – Exploration Target Locations

TRAMORE PROSPECT

The Tramore Prospect is located to the immediate south-west of the Bibra Deposit. Previous drilling has been confined to a single traverse and has intersected a gold mineralized structure for at least 600m down-dip (-290m vertical) (Figure 4). The mineralization has an approximate 30 degree dip to the west and remains open in all directions. Importantly, it has not been tested in its near-surface position, where a lateritic zone of mineralization may occur. Historical drilling results from this area include (Table 1):

- **KBRC021: 12 metres @ 1.5g/t Au**
- **KBRC020: 4 metres @ 2.0g/t Au**
- **KBRC022: 7 metres @ 1.8g/t Au**
- **KBRC071: 6 metres @ 1.1g/t Au**
- **KBRC145: 22 metres @ 1.0g/t Au**
- **KBRC148: 17 metres @ 1.2g/t Au**

This prospect opens up a very large area within close proximity of the Bibra Deposit and could be semi-continuous. Initial drill testing will focus on the immediate near-surface extensions of the mineralization.

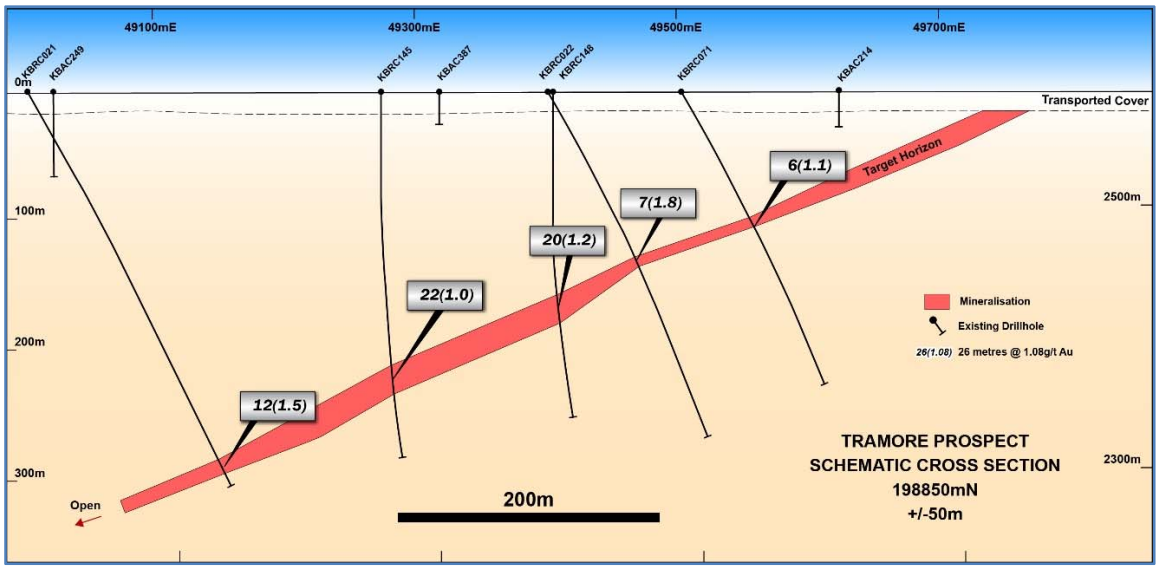

Figure (4): Tramore Prospect Interpreted Cross Section

PORTRUSH PROSPECT

The Portrush Prospect is located immediately west of the Bibra Deposit (Figures 3 & 5) and is interpreted to be a "stacked lode" repeat within the broader Bibra mineralized system. The mineralization has been intersected in near-surface positions and has been drilled down-dip for 300m (-100m vertical). There is additional potential for the development of a laterite gold horizon where this structure daylights.

The mineralization is largely unconstrained and is open down-dip and to the north.

Key results from this target are (Table 1):

- **KBAC377: 8 metres @ 1.15g/t Au**
- **KBAC376: 4 metres @ 2.14g/t Au**
- **KBRC150: 17 metres @ 1.00g/t Au**
- **KBRC071: 12 metres @ 1.02g/t Au**

Drilling in the first instance will test the near-surface expression of the mineralization to confirm its controls and then drill into deeper positions as the opportunities arise.

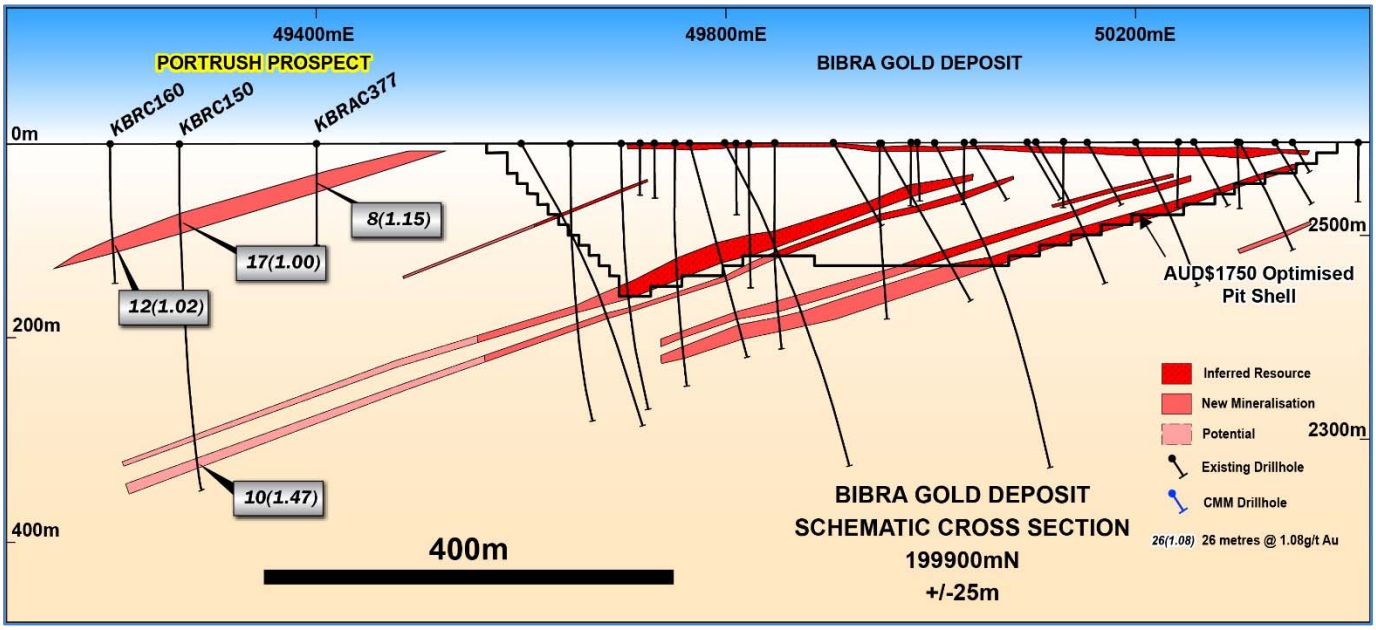

Figure (5): Portrush Prospect Interpreted Cross Section

EASKY PROSPECT

The Easky Prospect consists of a large zone of poorly-defined stacked gold lode structures to the west of the Bibra Deposit (Figure 3). Further drilling is required to fully understand the distribution and controls on the mineralization: In particular the nature of the flat-lying supergene component (Figures 6).

Significant results from this target zone include (Table 1):

- **KBRC019: 12 metres @ 1.5g/t Au**
- **KBAC570: 8 metres @ 2.6g/t Au**
- **KBRC150: 7 metres @ 1.3g/t Au**
- **KBAC386: 10 metres @ 1.5g/t Au**

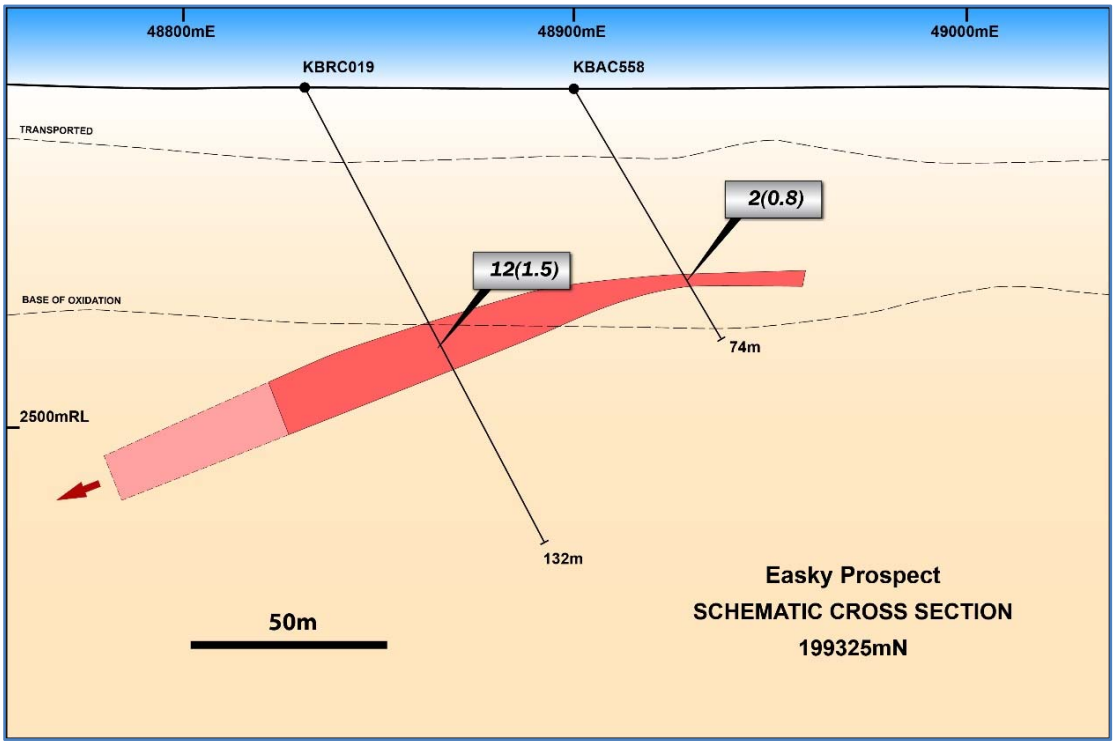

Figure (6): Easky Prospect Interpreted Cross Section

NORTH EXTENSION

The Northern Extension target is located at the north of the Bibra Resource in an area of apparent structural complexity (Figure 3). There is a distinct possibility that the mineralized structure in this location has been rotated into a north-south orientation and remains largely untested.

Based on the limited drilling results available there is potential for this zone to produce higher grades than are typical seen on average at Bibra. Key results to date are (Table 1):

- **KBRC035: 5 metres @ 2.30g/t Au**
- **KBAC199: 4 metres @ 2.30g/t Au**

SOUTHERN CORRIDOR

The Southern Corridor represents the immediate extension of the Bibra mineralized system (Figure 6) and as such presents as a major opportunity for a significant expansion of the resource. The drilling in this area, despite consistently intersecting strong zones of mineralization, is not sufficiently detailed for inclusion in the current resource at this point in time.

Immediately to the south of the optimised Bibra pit shell there is a ~400m strike length that has only been the subject of wide-spaced drill testing. Significant intersections have been recorded in the majority of these holes. In-fill drilling in this area has potential to add to the existing resource in the short term and will be tested as part of the forthcoming drilling program.

The large-scale potential recognized in this Southern Extension Target area (Figure 3) is based on the following:

- The presence of at least **1 kilometre** of largely untested prospective "mine" stratigraphy.
- The wide spaced drilling that has been undertaken has intersected multiple, stacked zones of significant gold mineralization. Results include (Table 1):
  - **KBRC040: 9 metres @ 2.5g/t Au**
  - **KBRC039: 4 metres @ 2.6g/t Au**
  - **KBRC278D: 8 metres @ 1.1g/t Au**
  - **KBRC279D: 4 metres @ 1.0g/t Au**
  - **KBRC152: 2 metres @ 6.5g/t Au**
  - **KBRC280D: 5 metres @ 3.6g/t Au**
- Of particular interest is the last drill section south of the optimised pit shell (Figure 6). Drilling in this position has intersected broad zones of low-grade gold mineralization suggesting the mineralization may be strengthening to the south (Figure 7). The gap in this position could easily fit a large zone of gold mineralization similar in size to the main Bibra Deposit. Results from this section include (Table 1):
  - **KBRC069: 24 metres @ 0.4g/t Au**
    46 metres @ 0.4g/t Au
  - **KBRC227: 40 metres @ 0.4g/t Au**
  - **KBRC226: 69 metres @ 0.5g/t Au**
  - **KBRC225: 28 metres @ 0.4g/t Au**
- The intersection of a deep footwall zone intersected in drill hole **KBRC069 (10 metres @ 1.0g/t)** highlights the potential for additional major structures to be identified (Figure 7). The projection of this mineralization to surface extends for ~600 metres and is totally untested in this near-surface position.

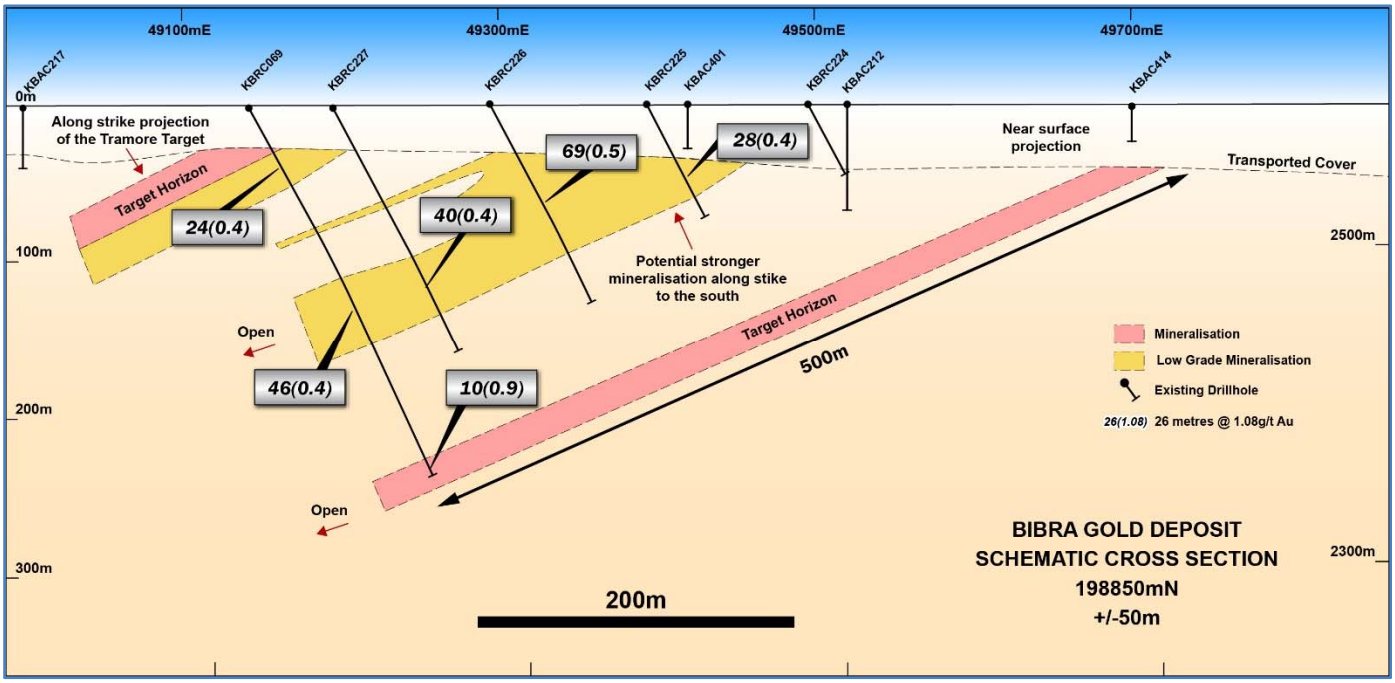

Figure (7): Southern Corridor Interpreted Cross Section

FRANCOPAN-K3 PROSPECT AREA

The Francopan-K3 Prospect area is a large-scale gold mineralization system that is highly prospective for high-grade gold zones. Gold mineralisation has been identified in limited, wide spaced diamond and RC drilling (~20 holes). The geological setting has distinct similarities with that at Bibra located some 5 kilometres to the west. Significant results include (Table 1):

- **KBD001: 37 metres @ 1.9g/t Au. Includes:**
  8 metres @ 5.1g/t Au and
  1 metre @ 21.8g/t Au
- **KBD009: 33 metres @ 1.0g/t Au. Includes:**
  6 metres @ 4.5g/t Au
  1 metre @ 18.3g/t Au
- **KBD025: 81 metres @ 1.2g/t Au. Includes:**
  7 metres @ 3.5g/t Au (includes 1 metre @ 20.3g/t Au)
  15 metres @ 3.0g/t Au
  6 metres @ 3.1g/t Au

In the Company's view the presence of such widespread gold mineralization, over an area of at least 5km x 2km at Fracopan-K3, is confirmation that a large-scale Archaean gold system is emerging at the Karlawinda Gold Project (Figure 8).

The initial focus of exploration will be to target the high-grade component of the already identified lodes to determine their extent, width and grade (Figure 9). Once the potential of these zones and the mineralising controls are understood initiatives will be taken to evaluate the wider gold system (figure 10 & 11).

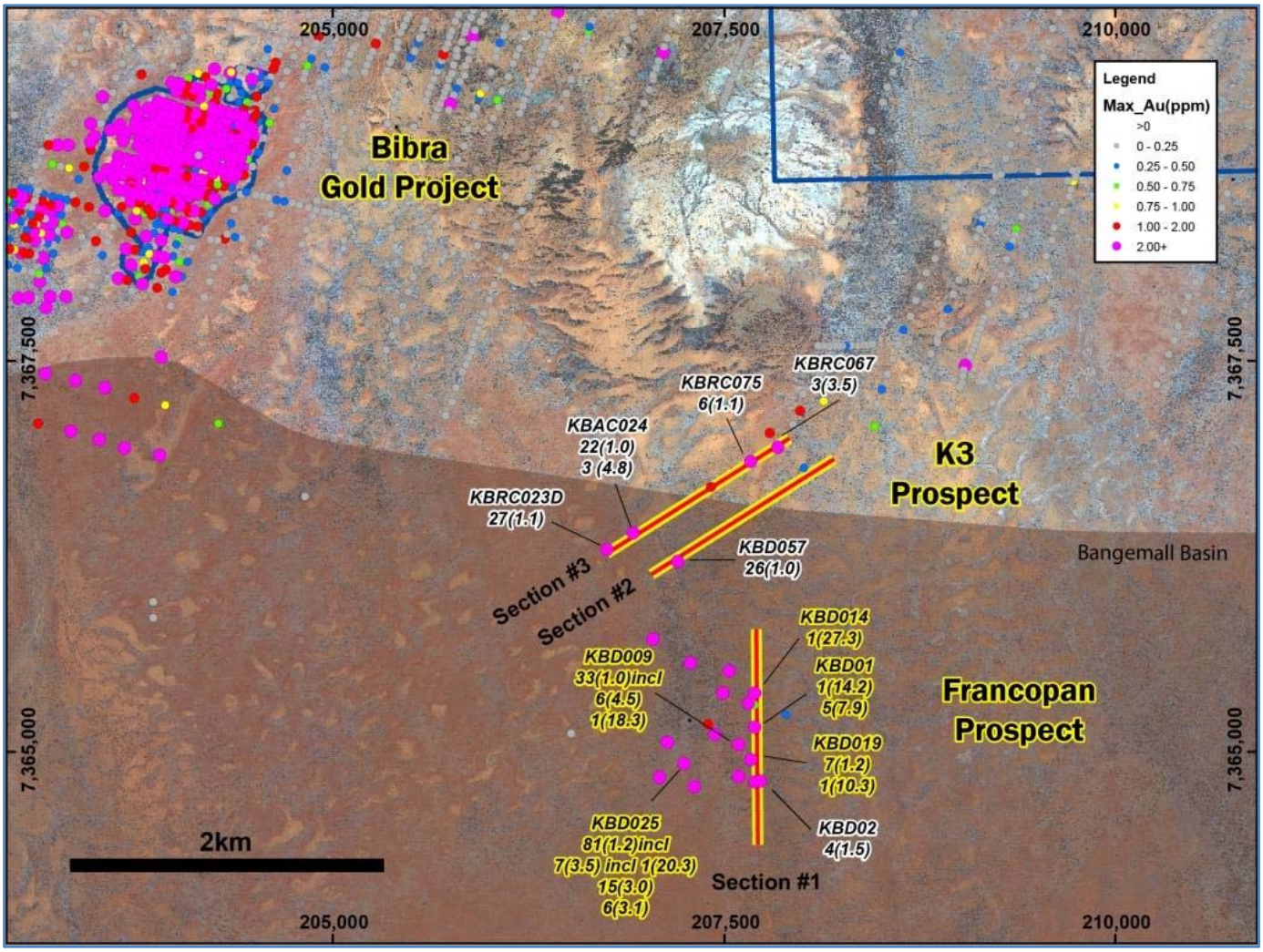

Figure (8): Francopan-K3 Location Plan

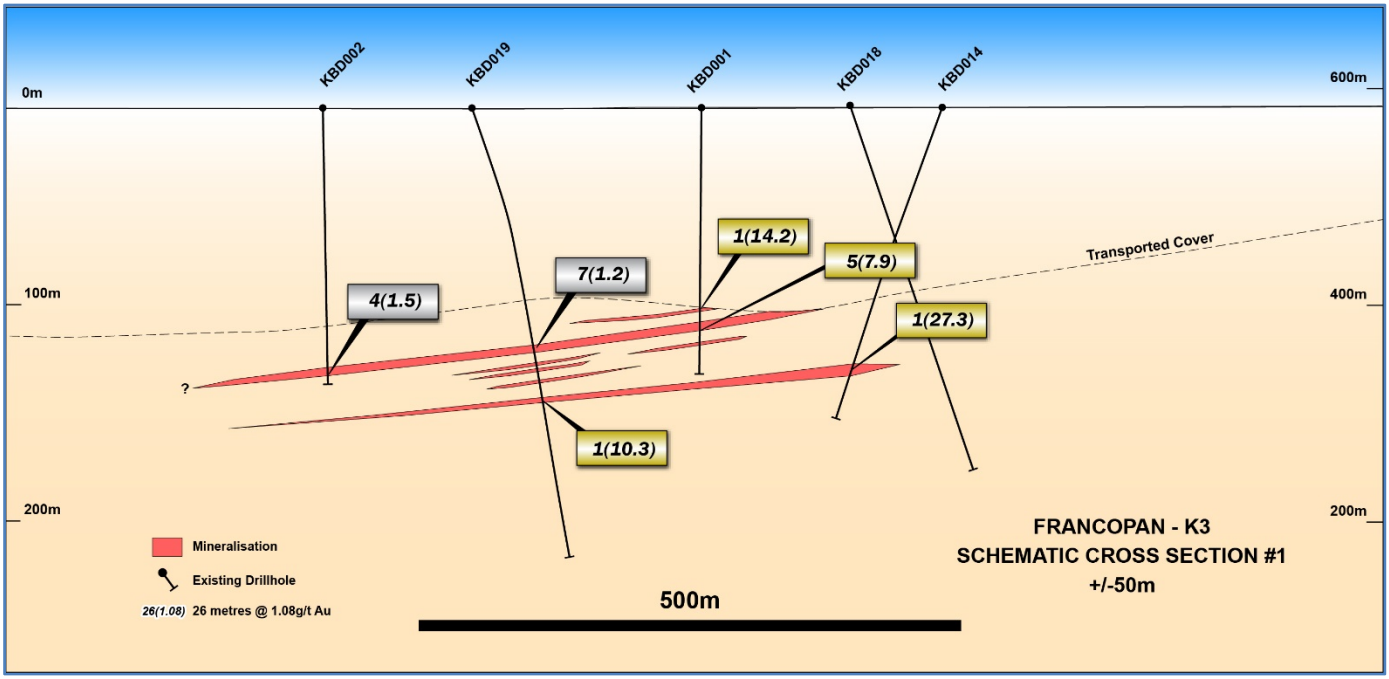

Figure (9): Francopan-K3 Interpreted Cross Section

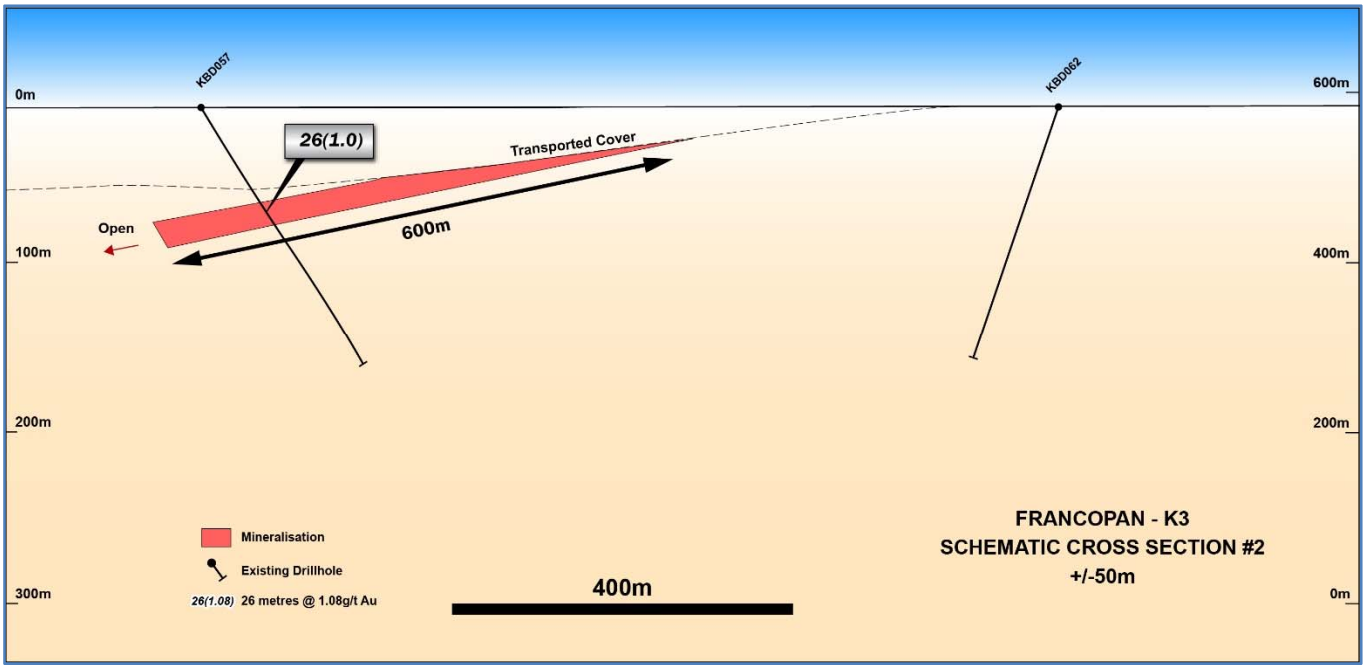

Figure (10): Francopan-K3 Interpreted Cross Section

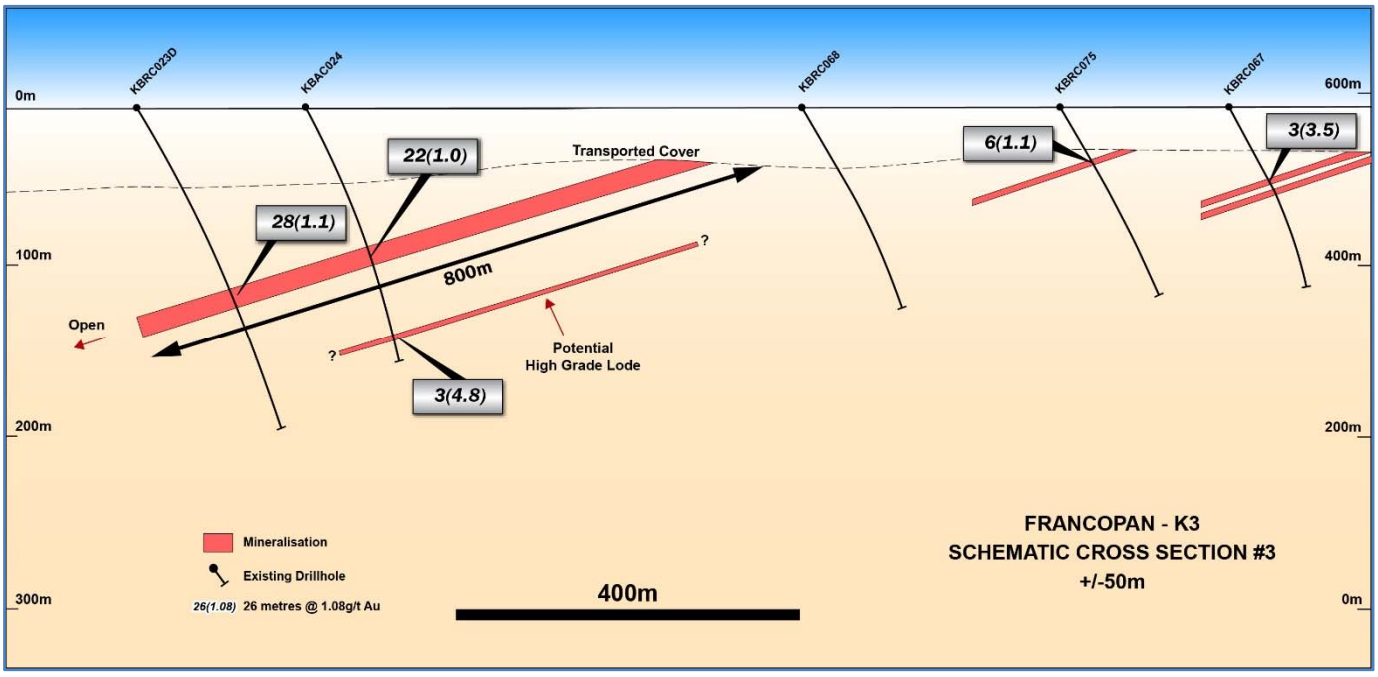

Figure (11): Francopan-K3 Interpreted Cross Section

DRILLING SCHEDULE

The Company is commencing a major drilling programme of 60,000m with 3 RC rigs (some double-shifted) and one diamond rig. This programme will commence as soon as ground conditions allow rig access following recent rains. Each of the targets described in this report will be drill-tested over the coming weeks and months, and the Bibra deposit will be in-fill drilled so that it can be re-estimated as a Measured and Indicated Resource.

MANAGEMENT COMMENT

Capricorn's Managing Director, Peter Thompson, said that the Company had completed a wide-ranging analysis of existing data from the Karlawinda Gold Project which provided strong support for its emerging potential as a large-scale, productive gold system.

"The identification of high-priority targets within close proximity to the large Bibra Resource is an important strategic development for the project. We have a high level of confidence that, with systematic exploration, we can generate additional shallow ounces in these areas relatively quickly which would significantly enhance the overall project economics.

"Our immediate focus is obviously to fast-track the development of the Karlawinda Project against the backdrop of a strengthening gold price and favourable investment environment for Australian gold development projects. We are very aware of the value drivers in exploration and the huge optionality this gives to the gold price.

"The exploration programs will be progressed continuously throughout the Bibra resource delineation process and we look forward to informing our shareholders of our progress and successes on a regular basis."

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.

Table (1): Summary of Reported Drilling Results

Hole ID	Easting	Northing	RL	From	To	Interval	Grade (g/t Au)
KBRC069	203,630	7,368,025	588	124	170	46	0.4
			588	252	262	10	0.9
KBRC227	203,683	7,368,017	588	108	148	40	0.4
KBRC225	203,875	7,367,966	589	43	68	25	0.5
KBRC226	203,779	7,367,992	589	37	106	69	0.5
KBRC282	203,902	7,367,524	588	91	93	2	1.8
KBRC040	203,352	7,367,372	587	114	123	9	2.5
KBRC039	203,543	7,367,323	587	166	170	4	2.6
KBRC278D	203,730	7,367,259	588	125	133	8	1.1
KBRC279	203,325	7,367,046	586	154	158	4	1
KBRC152	203,506	7,366,996	586	237	239	2	6.5
KBRC280D	203,671	7,366,937	586	156	161	5	3.6
KBRC277D	203,890	7,366,896	586	248	249	1	3.1
KBAC199	204,516	7,369,336	592	44	48	4	2.3
KBRC035	203,353	7,368,514	589	40	45	5	2.3
KBAC376	203,476	7,368,937	590	40	44	4	2.1
KBRC150	204,807	7,370,201	595	67	84	17	1
KBRC160	204,480	7,369,260	592	94	106	12	1

Hole ID	Easting	Northing	RL	From	To	Interval	Grade (g/t Au)
KBRC162	204,414	7,369,070	592	120	122	2	1
KBAC377	203,448	7,368,853	589	28	36	8	1.2
KBAC620	202,982	7,368,560	588	40	47	7	1.2
				55	62	7	1
KBAC570	203,014	7,368,549	588	50	58	8	2.6
KBAC616	203,240	7,368,492	588	43	45	2	3.2
KBAC561	203,191	7,368,454	588	61	64	3	1.9
KBRC019	202,740	7,368,458	588	69	81	12	1.5
KBRC100	202,930	7,368,213	587	51	62	11	0.7
				76	95	19	0.7
KBAC632	203,008	7,368,188	587	55	62	7	1.3
KBAC658	203,023	7,368,187	587	56	58	2	1.3
KBAC631	203,058	7,368,184	587	39	43	4	1.2
KBAC629	203,146	7,368,159	587	44	52	8	1.3
KBAC386	203,124	7,368,007	587	52	62	10	1.5
KBRC021	202,785	7,367,947	587	317	329	12	1.5
KBRC020	202,988	7,367,902	587	225	229	4	2
KBRC145	203,053	7,367,907	587	209	231	22	1
KBRC022	203,166	7,367,837	587	143	150	7	1.8
KBRC148	203,190	7,367,911	587	163	175	12	1.6
KBRC071	203,291	7,367,910	587	112	118	6	1.1
KBRC072	202,824	7,367,723	586	235	245	10	0.5
KBRC067	207,848	7,366,946	584	99	102	3	3.5
KBRC075	207,676	7,366,850	584	71	77	6	1.1
KBAC024	206,043	7,369,446	603	178	200	22	1
				288	291	3	4.8
KBRC023D	206,757	7,366,290	583	234	261	27	1.1
KBD057	207,207	7,366,215	582	132	158	26	1
KBD014	207,700	7,365,370	581	246.9	247.9	1	27.3
KBD001	207,700	7,365,150	580	182	183	1	14.2
				195	199	5	7.9
KBD009	207,600	7,365,035	580	223	230	7	1.2
incl				231.4	237.4	6	4.5
				231.4	232.4	1	18.3
				274	275	1	10.3
KBD019	207,677	7,364,941	580	223	230	7	1.2
				274	275	1	10.3
KBD025	207,249	7,364,917	579	290	297	7	3.5
incl				291	292	1	20.3
				402	482.9	81	1.2
incl				425	440	15	3
				448	454	6	3.1
KBD002	207,700	7,364,800	580	237	241	4	1.5

Appendix (1) BIBRA GOLD DEPOSIT INFERRED RESOURCE SUMMARY

(Extracted from ASX Announcement 4 July 2016)

The June 2016 Inferred Resource for the Bibra gold deposit now reports at **25,500,000 tonnes @ 1.1g/t for 914,000 ounces of contained gold**. The resource is reported at a 0.5g/t Au cut-off grade and is constrained within an optimized open pit shell using a gold price of A$1750/oz. Details of the resource are provided in Table (1) below.

Key points identified from this work include:

- The gold content of the Inferred Resource has increased by 263,000oz (or 40%) from the previous estimation.
- When directly compared with the previous Inferred Resource of 650,000oz, reported at a A$1600/oz gold price, the resource has increased by approximately 154,000oz. The additional 109,000oz has come from outside the A$1600/oz pit shell and is a product of the higher gold price environment expanding the optimised pit shell.
- The laterite, saprolite and transition zones have increased to a total of 285,000oz. This is an increase of 45,000oz in a near-surface position.
- The modelled mineralized zones that form the basis of the resource show good continuity and are based on data from 43 diamond holes (5,373m) and 313 Reverse Circulation holes (52,202m). This includes the 47-hole (9,642m) program completed by Capricorn earlier in the year. Drill spacing is now on a 50m x 50m spacing or closer.

TABLE (1): Bibra Gold JORC Open Pit Inferred Resource Estimate *(as at June 30, 2016)*

Domain	Tonnes	Grade (g/t Au)	Ounces
Laterite	2,100,000	1.3	85,000
Saprolite	4,300,000	1.0	142,000
Transition	1,500,000	1.2	58,000
Fresh	17,600,000	1.1	629,000
Total	**25,500,000**	**1.1**	**914,000**

Notes on the Inferred Mineral Resource:

1. Refer to JORC 2012 Table (1) in Appendix 1 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 resource estimate has been reported above a block grade of 0.5g/t Au.
4. The resource has been constrained by a A$1750/ounce conceptual optimal pit shell.
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 mineralisation wireframes.

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.*	Drilling in the Bibra deposit has been completed by two companies Independence Group (IGO) and Capricorn Group (CMM). The methods of collection have been very similar in terms of sampling procedures, drilling methods and sampling quality. For 2016 RC drilling the standard method of sample collection included the following: 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. In 2012, RC samples were collected for 1m intervals using a rig-mounted cone splitter that was not hydraulically adjustable. Samples were meant to be 12½% from each of the two sample chutes and 75% collection of the remainder in plastic bags. A system for measuring weights of bags to prove sample representivity commenced with the program, and showed that the splitter and collection system was not optimal for much of the RC drilling. Issues such as undersize and oversize samples were common, and bias between the paired samples was seen, particularly in the regolith as well as in the fresh rock

Criteria	JORC Code explanation	Commentary
		where the collection system had not been cleaned. These issues are discussed in the section on Drill Sample Recovery. Wet samples were grab sampled and recorded as such in the database, few were within mineralised zones. NQ core was half-core sampled and HQ/HQ3 core was initially quarter-core sampled. Issues with quarter-coring in the regolith with complete disintegration of the sample and loss of material were identified, and reverted to half-core sampling with less water for better sample quality. Standards, blanks and field duplicates were inserted into each batch of samples submitted to the laboratory. Prior to 2011 the standard method of sample collection included the following: Prior to 2011, RC samples were collected at the rig using a cone splitter that split the 1m cuttings into 87½% & 12½% splits. RC samples were originally composited to 2m by taking scoops from each of the 1m interval 87½% portions, and submitted to Genalysis for sample preparation and analysis. Samples that returned values >0.5g/t Au were submitted as 1m samples to Genalysis (the 12½% splits from the cone splitter). In 2011, RC samples were not composited and 1m interval samples were sent directly to Genalysis. A rigmounted cone splitter was used to split the samples into 87½% & 12½% splits. NQ2 core was half-core sampled and PQ and PQ3 core was quarter-core sampled using a manual core-cutting diamond saw without water in the oxide zone. The dry cutting was to prevent loss of clays for the metallurgical samples. Sample quality is considered to be good and all RC drilling within the resource area was dry.
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 in 2016 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. In 2012, 60 RC drillholes for 8409m and RC precollars for 534.8m were drilled by Blue Spec Mining using a KLBS900 Multipurpose rig with 4inch drill rods and face sampling 5inch bits. Two HQ3/NQ diamond holes were drilled by Blue Spec for 305.3m using the Multipurpose rig and 24 HQ/HQ3 diamond holes were drilled by Foraco for 3158.6m using a UDR1000 truck-mounted rig. Core from the Foraco drilling was oriented using an Ezymark orientation tool. Numerous aircore holes have been drilled into the project but these were not used in the resource estimate In 2009-2010, principally Reverse Circulation (RC) drillholes using face sampling bits (Ranger Drilling Services, Boart Longyear Pty Ltd or Profile Drilling Services) with 3 diamond holes that have RC precollars (precollars drilled by Ranger Drilling Services (70-202m downhole depth) and NQ2 diamond tails drilled by Boart Longyear Pty Ltd) and 2 other diamond holes (PQ3 sized core by Drill West for metallurgical testing purposes). Three core holes

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		(KBD026-028) were oriented using an Ace orientation tool. In 2011, 78 RC drillholes for 14,103m were drilled by Profile Drilling Services using a Schramm RC rig and 11 diamond holes (two with RC precollars, precollars drilled by Profile Drilling Services) drilled by Drill West using a Boart Longyear LF90D skid mounted rig. Core diameter was PQ3 and PQ to provide samples for metallurgical testwork and to also twin RC drillholes. Core was oriented (where possible) using a Reflex ACE orientation instrument.
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.*	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. 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. In 2012 RC sample recovery was variable, particularly in the regolith. Sample quality was recorded during logging and qualitative recovery codes were assigned to each sample. Sample weights were measured for each component of RC hole cuttings in mineralised zones, with results showing that regolith samples were generally poor quality (both under and over-weight samples) and quality was moderate in the other zones. Quantitative sample recoveries for RC samples can be calculated from the total recovered weights, and will be taken into consideration prior to any future change from an Inferred classification. Core was reassembled for mark-up and was measured, with metre marks and down-hole depths placed on the core. Depths were checked against driller's core blocks and discrepancies corrected after discussion with drillers. Core loss was recorded in the geological log Core recovery was generally good. RC sample recovery prior to 2012 has been logged as good with samples kept dry during drilling. There is no obvious relationship between sample recovery and grade. The poor precision in Bibra assays hinders this analysis to some degree, however the review was completed and no clear relationship observed
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.*	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.

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	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	Data on rocktype, deformation, colour, structure, alteration, veining, mineralisation and oxidation state were recorded. RQD, magnetic susceptibility and core recoveries were recorded. RC chips sample quality and weights were also recorded, including whether wet or dry Logging is both qualitative and quantitative or semi-quantitative in nature. Core was photographed both dry and wet
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 KBRC284 to KBRC330. 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 the samples All the samples were analysed for Au using the FA50/MS technique which is a 50g lead collection fire assay All core has been cut into half or quarter core for sampling. For early drillholes KBRC005-010, RC composite samples (2m) were submitted to Genalysis where they were sorted, dried and the total sample pulverised in a single stage mix and grind if the sample mass was <3kg. Samples >3kg mass were riffle split using a 50:50 splitter and one half pulverised. Samples were analysed for Au using an aqua regia digestion (AR10/OM) of a 10g pulp sample with ICP-MS determination. Samples that returned values >0.5g/t were submitted to Genalysis as 1m resplit samples and prepared in a similar manner as the composites. For drillholes from KBRC011 to KBRC283 (2009-

Criteria	JORC Code explanation	Commentary
		2012), no compositing took place, 1m split RC samples and core samples were submitted to Genalysis for fire assay. 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 (2012 drilling). Samples were then pulverised in LM5 mills to 85% passing 75µm. All the samples were analysed for Au using the FA50/AAS technique which is a 50g lead collection fire assay with analysis by Flame Atomic Absorption Spectrometry. The fire assay method is considered a suitable assaying method for total Au determination. The aqua regia digestion results (used for samples that were <0.5g/t Au) may not allow for total Au determination in the transition and fresh rock zones. These aqua samples are only present for 5 holes and therefore represent only a very small percentage of the samples. For 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 measuring, insertion of field duplicates and laboratory duplicates. Testwork during 2012 and 2013 by Independence Group involved assessing the cost and effectiveness of using multiple fire assays (up to 4, averaging the results) to simulate a larger sample mass, as well as 1kg LeachWell tests with fire assay of the tail, and screen fire assays. All methods would improve precision but at significant cost. Testwork on grind time to see if finer particles would improve precision showed that any increase in grind time over 5mins resulted in rolling and plating of the gold particles and did not reduce their size, whereas the gangue minerals were substantially reduced in size. The inability to comminute the nuggety gold particles is part of the poor precision problem when using 50g fire assay charges. Field duplicates were inserted, but review of results is hampered by the assay repeatability problem when using the 50g fire assay method. Field duplicate and primary sample pairs, whether assayed by screen fire assay or LeachWell assay (with tail assay), and which used much larger sample mass (1kg) for each of those methods, showed much better precision in comparison. Laboratory duplicates (50g fire assay) showed the effects of the nuggety gold at Bibra also, with poor precision seen in paired data plots. Screen fire assay data has shown that the sieved fraction below 75µm shows dramatically improved precision and that the fraction with the +75µm particles is causing the repeatability issue.
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*	In the 2016 drilling 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. For sample prior to 2016 only single fire assay determination occurred on each sample. The samples from 2016 drilling were determined for

Criteria	JORC Code explanation	Commentary
	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.*	gold, pt, pd and additional elements/base metals, using ICP optical emission spectrometry and ICP mass spectrometry. Samples prior to 2016, were analysed using AAS. 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. Twin holes from the 2011 drilling showed that over an intercept, the grades and lengths of mineralisation compared well, whereas at the individual assay level the results are highly variable
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. Analysis of the RC/diamond hole twinning up, showed that mineralised intervals above a cut-off grade of 0.3g/t Au were similar in length and moderately well correlated in grade. This suggests there has not been any significant downhole smearing in the RC drilling and sampling. It also shows that averaging of numerous assays over an interval gives repeatable results compared with poor repeatability at the individual assay level, as described above. From time to time assays will be repeated if they fail company QAQC protocols, however no adjustments are made to assay data once accepted into the database. Location
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.*	2009 - 2012 drillhole collar positions were surveyed by licensed surveyors MHR Surveyors of Cottesloe, WA. In 2016 the collar positions were surveyed by Survey group of Osbourne Park, WA The instrument used was a Trimble R8 GNSS RTK GPS (differential) system. Expected relative accuracies from the GPS base station were ±2cm in the horizontal and ±5cm in the vertical direction. Co-ordinates were surveyed in the MGA94 grid system Downhole surveys in 2009 & 2010 were carried out by the drillers at about 50m intervals using a Reflex EZ shot digital downhole camera. Readings were taken in a non-magnetic stainless steel rod near the bottom of the drill string. The depth, dip, azimuth and magnetic field were recorded at each survey point. In 2009 gyro surveys were attempted however most holes had collapsed and the gyro survey was successful to end of hole in only one drillhole. The top parts of other holes were surveyed using the gyro instrument (Downhole Surveys Australia, readings at 5m intervals) and given priority over Reflex surveys in the database. The gyro survey was not continued in 2010 due to the limited success of the 2009 program. Downhole survey readings have been checked by extracting the drillholes and displaying them in graphics in the Surpac software program, with

Criteria	JORC Code explanation	Commentary
		spurious readings removed by assigning them a lesser priority in the database. The lesser priority surveys were not used during the resource estimation. Drillholes KBRC101-105;107-123;125129;131-134 had only one survey downhole (near the bottom of the hole) due to their short lengths (<112m long). In the 2016 drill program the Downhole surveys were collected by driller operated in-rod reflex north seeking gyro at the end of each hole. The measurements were taken every 10 metres. Drillhole location data were initially captured in the MGA94 grid system and have been converted to a local grid for resource estimation work. Drillhole location data were initially captured in the MGA94 grid system and have been converted to a local grid for resource estimation work. The MGA94 ties to local grid were surveyed by independent surveyors MHR Surveyors. An elevation adjustment of +2000m was also conducted on the local grid co-ordinates The natural surface topography was modelled using a DTM generated from the 2012 airborne LiDAR survey conducted in November 2012 by AAM Pty Limited. The DTM was rotated in-house to the local grid coordinate system. Horizontal point accuracy is expected to be <0.33m and vertical accuracy to 0.15m. Ground control was established using RTK GPS and ALTM3100 Static GPS. The reference datum was GDA94 and the projection was MGA Zone 50, with the data supplied as 50cm and 1m contours in MGA Zone 51. Topographic control is of good quality and is considered adequate for resource estimation
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.*	No exploration results have been reported 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. Samples were collected in 1 metre intervals.
Orientation of data in relation to geological structure	• *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.*	Drill lines are oriented across strike on a local grid. Bibra orebody dips at 30 degrees to the North West. 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.
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.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Program reviewed by company senior personnel. Prior to commencement of the 2016 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. Prior to 2016, a review of practices documented in the IGO technical report supplied to Optiro Pty Ltd in 2012 as part of the resource estimate review did not highlight any significant issues.

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 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 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*	No exploration results have been reported

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	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.*	
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 drilling from 2016, 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. In the drilling prior to 2016, single fire assays were completed on each sample.
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*	The diagrams in the report provide sufficient information to understand the context of the drilling results.

Criteria	JORC Code explanation	Commentary
	of drill hole collar locations and appropriate sectional views.	
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.*	A program of RC and DDH is planned to commence shortly to infill the current drilling to upgrade the resource to the next level of classification