40% INCREASE IN BIBRA GOLD RESOURCE TO 914,000OZ PAVES THE WAY FOR IMMINENT SCOPING STUDY

+60,000m in-fill, extensional and exploration drilling program set to commence within two weeks as part of Capricorn's strategy to rapidly advance Karlawinda Gold Project towards development

HIGHLIGHTS

- Updated JORC Mineral Resource estimate completed for the Bibra Gold Deposit, part of the 100%-owned Karlawinda Gold Project in WA's Pilbara. The updated resource, reported at a 0.5g/t Au cut-off grade, is (see Table 1 for details):

  25.5 million tonnes @ 1.1g/t Au for 914,000 ounces of gold

- This new resource is constrained within an optimized open pit shell using a gold price of A$1750/oz which extends to a depth of approximately 240m.
- This new resource represents a substantial (40%) increase in gold content (263,200z) from the previous Inferred Resource estimate of 18Mt at 1.1g/t for 650,800oz. These additional gold ounces are the product of significantly more tonnes (+7,500,000Mt) at the same grade.
- When directly compared with the previous Inferred Resource (650,800oz), reported at a A$1600/oz gold price, the resource has increased by approximately 154,000oz. The additional 109,000oz included in the new headline resource figure come from outside the original A$1600/oz pit shell, reflecting the success of extensional drilling in the recent drill program and the higher gold price environment expanding the optimised pit shell.
- The Bibra Inferred Resource has now been drilled on a 50m x 50m spacing or closer, and was estimated using 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 in Q2 2016.
- Importantly, the average gold endowment within the optimised pit shell is 3,800oz per vertical metre.
- The new Inferred Mineral Resource will underpin Scoping Study activities for the Karlawinda Gold Project, which have been advancing in parallel to the resource estimation process. The Scoping Study is on track to be completed by the end of July 2016.
- A major new program of up to 60,000m of in-fill drilling to upgrade the resource to Indicated status to underpin a Definitive Feasibility Study (DFS) is scheduled to commence at Karlawinda within two weeks, initially with three RC drill rigs. This upcoming program will also target potential extensions of the deposit which were identified in the recent drill program.
- Drilling activities will also commence to test a series of high-priority near-surface exploration targets in close proximity to the Bibra resource.

CAPRICORN METALS LTD

ASX ANNOUNCMENT

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4th July 2016: Capricorn Metals Ltd (ASX: CMM) is pleased to advise that it has taken an important step in its strategy to fast-track the development of its 100%-owned Karlawinda Gold Project in WA (Figure 1) with the completion of an updated Inferred Mineral Resource estimate for the Bibra open pit gold deposit.

The updated resource, comprising 25.5 million tonnes grading 1.1g/t Au for 914,000 ounces of contained gold, represents a 40% increase over the previously published Inferred Resource estimate for Bibra of 18Mt at 1.1g/t for 650,800oz.

This reflects the success of the Company's maiden 47-hole (9,642m) drill program at Karlawinda, completed last quarter and will form the foundation of ongoing Scoping Study activities, which have been progressing in parallel with the resource estimation process.

The Karlawinda Scoping Study remains on schedule for completion by the end of July, and will in turn pave the way for a Definitive Feasibility Study (DFS) commencing in the second half of 2016.

To that end, Capricorn will shortly 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 test numerous near-mine targets. Further details about this program will be provided shortly.

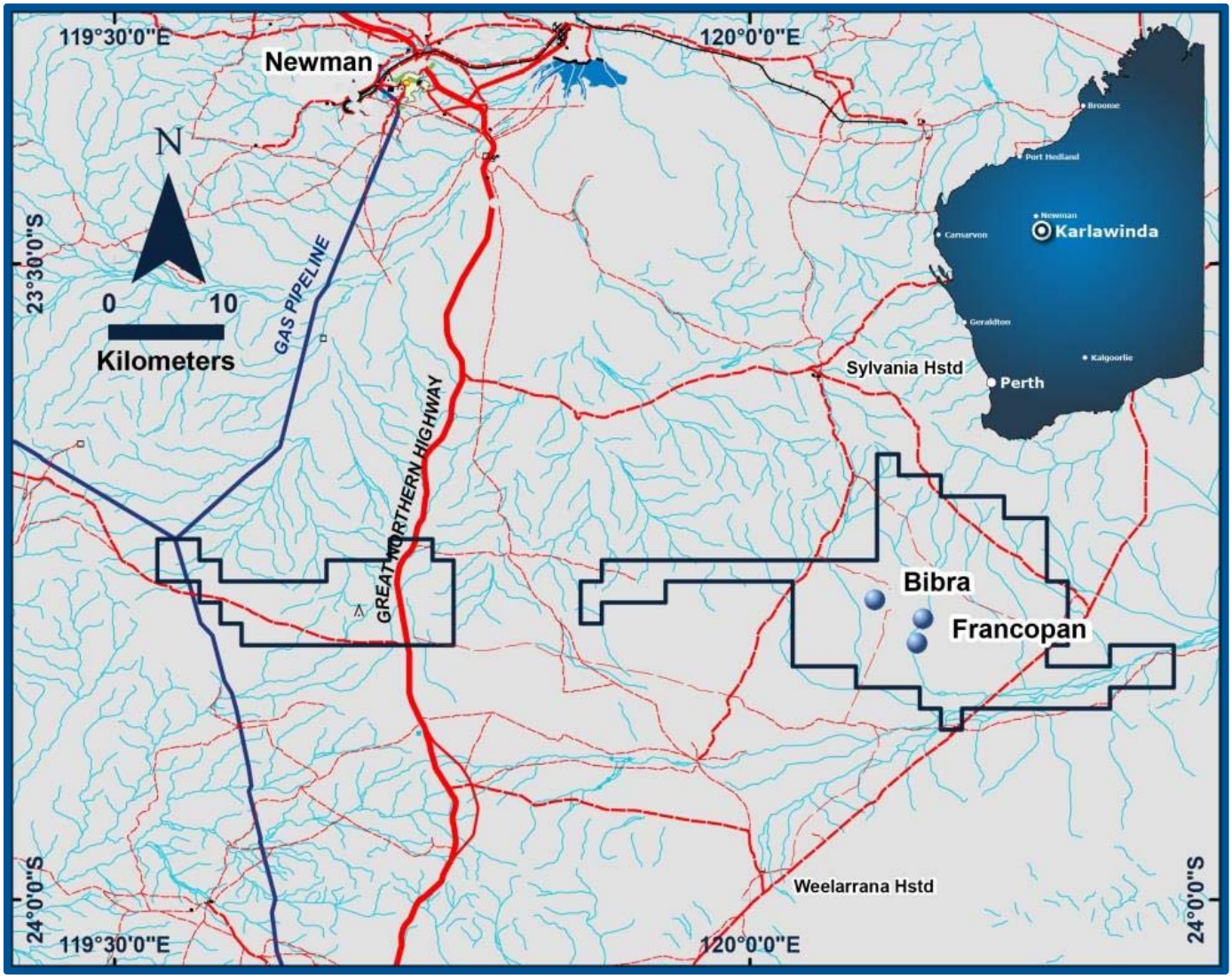

Figure (1): Karlawinda Gold Project Location Plan

CAPRICORN METALS LTD

RESOURCE SUMMARY

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).

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.

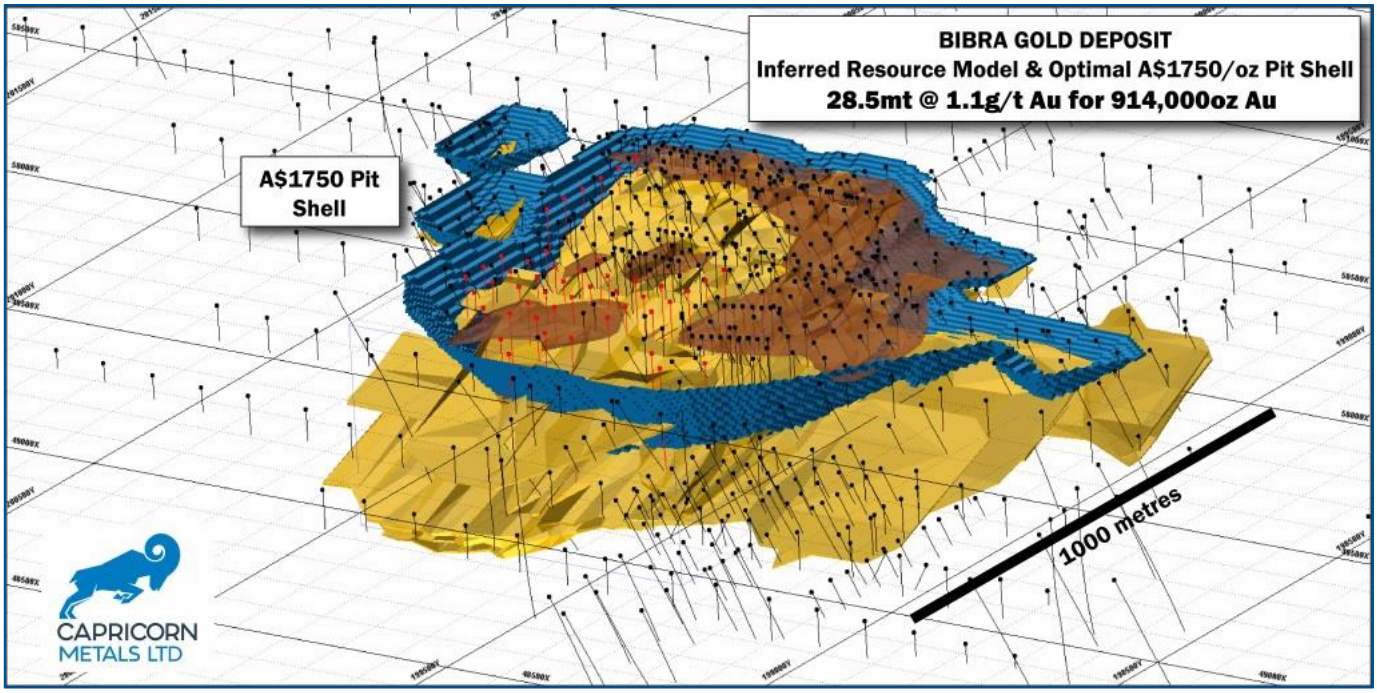

Figure (2): Bibra Gold Deposit – Resource Block Model
(Blue: $A1750 optimal pit shell, Brown: Laterite resource, Yellow: Saprolite and Fresh resource)

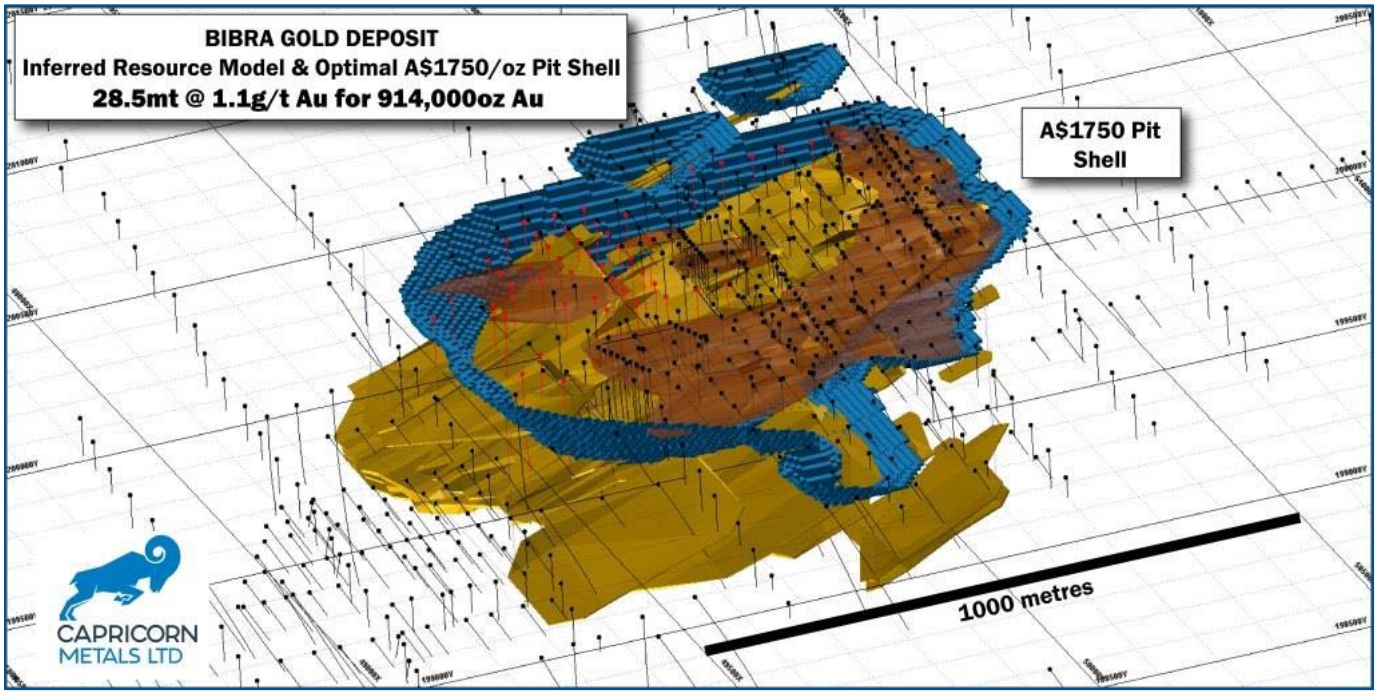

Figure (3): Karlawinda Gold Project Location Plan
(Blue: $A1750 optimal pit shell, Brown: Laterite resource, Yellow: Saprolite and Fresh resource)

SCOPING STUDY

This new Inferred Mineral Resource will underpin the Scoping Study activities that have been advancing in parallel to the resource estimation process. The Scoping Study is on track for completion by the end of July 2016, and will include components on Geology, Metallurgy, Open Pit design, Hydrology, Environment, Geotechnical, Process Plant design, Waste dump and Tailings Dam design, Tenure and Financing.

Highly regarded consultants have been selected for these Scoping Study elements, with Geology and Financing being done in-house with external peer reviews.

DFS RESOURCE DRILLING

In-fill drilling to upgrade the resource to Indicated status and underpin a Definitive Feasibility Study (DFS) is scheduled to commence within two weeks, initially with three RC drill rigs. The drilling is designed to provide greater confidence in the resource by closer spaced drilling and to better define extensions to the resource identified in the 2016 RC drilling.

Some close-spaced 'variography' drilling patterns will also be included to establish some constraints for future grade control drilling.

EXPLORATION OPPORTUNITIES

Evaluation of the existing drilling database has identified a series of near-surface targets within close proximity to the Bibra resource. Drilling programs will also be undertaken on a selection of these targets in parallel with the resource upgrade drilling. All targets have the potential to deliver near-surface additions to the resource base.

MANAGEMENT COMMENT

Capricorn's Managing Director, Peter Thompson, said the extensional drilling completed in March and April this year had demonstrated the outstanding continuity of the mineralisation from hole to hole, laying the foundations for a substantial increase in the Bibra Resource.

"This is a great result for shareholders, which has been achieved in a relatively short space of time," Mr Thompson said. "The updated Inferred Resource will form the foundation of our Scoping Study activities, due to be completed by the end of this month.

"Importantly, it also paves the way for the next phase of evaluation and development activity at Karlawinda, with a major in-fill and extensional drill programme due to kick off within the next fortnight to upgrade the Bibra resource to Indicated Resource status and to test a number of new, recently identified near-mine targets.

"This is an exciting time for Capricorn as our strategy to fast-track the development of the Karlawinda Project rapidly takes shape against the backdrop of a strengthening gold price and favourable investment environment for Australian gold development projects.

"Shareholders can look forward to a very busy second half with frequent news-flow from drilling activities and regular updates as we tick the various boxes required to advance the project to development."

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: 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

Criteria	JORC Code explanation	Commentary
		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 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

Criteria	JORC Code explanation	Commentary
		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 (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

Criteria	JORC Code explanation	Commentary
		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.* • *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. 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

Criteria	JORC Code explanation	Commentary
		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 (2009-2012), 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

Criteria	JORC Code explanation	Commentary
		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 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.*	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 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.

Criteria	JORC Code explanation	Commentary
		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 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

Criteria	JORC Code explanation	Commentary
		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.
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 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*	No exploration results have been reported

Criteria	JORC Code explanation	Commentary
	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 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	• *Other exploration data, if meaningful and material, should be reported including (but not*	Systematic metallurgical testwork programs over 2012/13 on master and variability composites from diamond core identifies mineralisation as

Criteria	JORC Code explanation	Commentary
data	*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.*	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

Section 3 Estimation and Reporting of Mineral Resources

Criteria	*JORC Code explanation*	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	Data from the latest drilling was collected in the field by geologists and field assistants using Micromine's Field Marshall program with in-built Validation. Once hole information was finalised on site the information was emailed to the Database Administrator in Perth to load into Datashed SQL database. Prior to 2014, data are collected by the geologists and field staff in either Excel spreadsheets or acQuire data entry objects on laptops for RC and diamond drilling and loaded into SQL acQuire software. Prior to completing the latest drill program the inherited validated data from IGO was imported into a Datashed SQL database by Maxwell Geoscience. Analytical data was received from the laboratories in electronic ASCII files of varying format, and were merged with sampling data already present in the database. Assays received from laboratories were imported by the Database Administrator into the database. Any data files which did not validate were investigated and rectified by field staff or Database Administrator
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been*	Site visits by the Competent Person were conducted on the 5th and 6th of April 2016, during the drilling program. While the competent person was on site they scrutinized the method of RC sample capture and sampling, site set up,

Criteria	JORC Code explanation	Commentary
	undertaken indicate why this is the case.	adherence to sampling and geological logging protocols, housekeeping and QAQC.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation* • *The factors affecting continuity both of grade and geology.*	Confidence in the geological interpretation is moderate, given the wide-spaced drilling. Stratigraphy seems consistent in that it can be correlated between holes and along strike. It is expected that refinements to the geological model will be made with increased density of drilling. Drillholes are wide-spaced and as such the interpretation has been kept simple. Geological logging and structural measurements from drillholes has been used to construct the geological model and northern fault. Sections were interpreted, digitised and a 3D wireframe model constructed. Geological continuity has been assumed along strike and down-dip. The interpretation will evolve as drilling spacing decreases and more information becomes available for modelling, however the overall impact on Mineral Resources is expected to be low. It is unlikely that an alternative interpretation will develop. There is currently sufficient drilling to broadly map the stratigraphic units and the supergene zone. The geological model has been used to guide mineralisation envelopes and subsequent mineralisation wireframe modelling. The interpreted fault zone in the north end has disrupted the stratigraphy and the mineralisation model was built to conform with the geological model. Geological continuity has been assumed along strike and down-dip based on reasonably 50m x 50m drilling data. Factors that might affect continuity are that with closer-spaced drilling the geological model could become more complex. In general, continuity both geologically and grade-wise within a 0.3ppm shell is good. Grades and thickness are more consistent down-dip than along strike.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The Bibra mineralisation wireframes have been projected down-dip based on wider spaced drilling intercepts; however, this extrapolation has been removed from the resource estimate by limiting the reported tonnes and grade to within a conceptual optimal pit shell ($1750/oz Au). The supergene zone modelled was 900m along strike and 230m wide in the NE widening to 560m in the southern half. It ranges from 1.7m to 14m in vertical thickness. The primary mineralisation extends below the supergene zone for a further vertical depth of 270m. The transition/fresh rock boundary is about 60m below surface. The primary mineralisation has 4 main sub-parallel zones and several smaller zones. The main zone is 900m long (N-S) and 980m wide (horizontal width) at its widest part in the north,

Criteria	JORC Code explanation	Commentary
		tapering to 300m wide (horizontal width) at the southern end. Note that only a portion of this mineralisation has been classified as resource (i.e. that portion within the region defined by the 50m x 50m spaced drilling or closer, and within the conceptual optimal pit shell). The thickness of the main primary mineralisation zone ranges from 1.7m vertical thickness to 30m in the thickest part.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	Higher grade wireframe domains were built for mineralisation above 1.0g/t Au in the supergene zone and 1.5g/t Au in the main zones in order to constrain the higher grade portions of the mineralisation. Variography was completed in Snowden's Visor geostatistical program 8.6.1. Block size, Search ellipses and discretisation and minimum and maximum samples were all determined using the variogram through a QKNA process in Visor The block dimensions were 25mY, 10mX and 5mZ for parent cells, sub-blocked to 6.25mY, 2.5mX and 1.25mZ. Ordinary Kriging was used for grade estimation utilising Surpac software v6.6.2. Grade estimation was constrained to blocks within each of the mineralisation wireframes. The major direction search distance in the supergene mineralisation was 65m. In the primary mineralisation the major search distance was 65m for pass 1 and 130m for pass 2 and 260m for the 3 pass. The search direction for the main zones of mineralisation was -20->280°. The main search direction of the super gene was 000->280°. These search direction was developed from variographic and geological analysis. The maximum number of samples used for grade interpolation was 36 with a min 6 for the first pass, reducing to a minimum of 3 samples for the second pass and 1 sample for the third pass. For the minimum number of drill holes for each block to estimate, the parameters were set to a minimum of 4 for the first pass, minimum of 2 for the second pass and minimum of 1 for the third pass. This estimate compares favourably in comparison to IGO's 2013 inferred resource. Grades are similar and some small local variation has occurred in tonnes due to refinements in the wireframes based on in the new drilling. No mining has occurred at Bibra. No assumptions have been made regarding by-products No deleterious elements are known or expected. Anisotropic searches were employed and were

Criteria	JORC Code explanation	Commentary
		based on variography. Only Au has been modelled. The geological interpretation was used to control mineralisation modelling and to assign densities to rock-types. Top-cuts were established after a study of statistics, histograms and log-probability plots for the main domains. Domains which had CV's above 2 were top cut, unit the CV for the domain was below a CV of 2,. 6 samples were cut. The block model is checked visually in Surpac and Micromine by comparing drillhole assays with block grades. Swath plots are generated to compare block grades with sample composite grades on a sectional and plan slice basis.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages have been estimated on a dry basis. Core samples in the oxide zone have been measured for density after drying and coating at an independent laboratory. Transition and fresh rock samples have been tested uncoated on site after sun-drying, and added to the database of samples tested by the independent laboratory. New measurements in 2012 confirmed earlier density measurements for rocktype and oxidation.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	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.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	Currently a medium-sized contractor-operated open-pit mining option is the basis for the cut-off grade. The shallow dip precludes using large bench heights without incurring significant dilution. Ore and waste would be paddock blast on 5m benches and subsequently excavated as 2.5m flitches utilising a conventional excavator and truck mining fleet to facilitate moderate ore excavation selectivity. Internal dilution to 2m has been included and external dilution has been applied to the estimate by re-blocking to a selective mining unit (smu) of 6.25 m x 5 m x 2.5 m.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the*	Systematic metallurgical testwork programs over 2012/13 were completed by IGO on master and variability composites from diamond core identifies mineralisation as free milling and amenable to cyanidation. Adoption of a conventional gravity and carbon in-leach process circuit design is likely to yield gold recoveries in the low 90%'s for both fresh and oxide material. The leach rates improved considerably in the Pre-

Criteria	JORC Code explanation	Commentary
	assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Feasibility Study testwork with the addition of gravity recovery to the flowsheet, with the gravity gold component being measured at between 34-53% for the Fresh mineralisation and 19-62% for the oxide mineralisation. Physical testwork indicates bond work indices of 13kWh/t to 20KWh/t and low to moderate abrasion indices.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	Waste rock from open pit operations would be placed in a waste rock landform adjacent to open pit operations, progressively contoured and revegetated throughout mine life. Process plant residue would be disposed of in a surface tailings storage facility (TSF). Adoption of an upstream, central decant design would utilise mine waste material for dam wall construction and facilitate water recovery to supplement process water requirements. It is expected that sufficient volumes of oxide material, able to be made sufficiently impermeable, will be available in the overburden stream to enable acceptable TSF construction. Geochemical testwork on mineralised and non-mineralised waste regolith and bedrock samples indicates the material to be non-acid forming.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	Densities were based on measured densities sorted by rock type and oxidation state. Outliers were removed and remaining measurements were averaged for each rock type and oxidation state domain. In the 2012 core drilling program, all samples sent for analysis from the transition or fresh rock zones were density measured. Density determination by the water immersion method. The density database has a total of 1585 measurements for Bibra Densities measured at the independent laboratory accounted for void spaces and moisture. Densities measured by IGO were in competent core that was sun-dried but uncoated. Natural moisture in the competent core is expected to be low. On-site testing in future will use improved methods and equipment. As noted above, rock type and oxidation state were the main divisors for density measurements and application to the block model No assumptions have been made for bulk density estimates. Bulk densities assigned to the block model are based on measured data
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.*	The Inferred classification reflects the relative confidence in the estimate, the wide-spaced drilling input data, the assay repeatability and the

Criteria	*JORC Code explanation*	Commentary
	• *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	assumed continuity of the mineralisation. The inferred mineralisation was further constrained to a $1750/oz AUD conceptual optimal pit shell. The remainder of the modelled mineralisation does not form part of the current resource estimate. The conceptual optimal pit shell has a pit base at 240m below surface The classification as Inferred reflects the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	The resource model has been reviewed for fatal flaws internally.
Discussion of relative accuracy/confidence	• • *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	The confidence level is reflected in the Inferred classification of the estimate. Mineralisation modelled but outside the criteria used for classification as Inferred has been excluded from the estimate. Potential for upgrading the classification exists if closer spaced holes are drilled, continuity is proven, and RC sampling issues and assay repeatability are addressed. The Mineral Resource estimate is an undiluted global estimate. There is no production data to compare the resource estimate with, as Bibra has not been mined.