



**CAPRICORN
METALS LTD**

ASX Code: CMM

THE COUNTDOWN TO KARLAWINDA

Building a new mid-tier gold producer

*Precious Metals Symposium, Sydney
10th October 2016*

Disclaimer & Competent Person Statement

CAUTIONARY STATEMENT - FORWARD LOOKING STATEMENTS

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation of belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. The detailed reasons for that conclusion are outlined throughout this announcement and all Material Assumptions are disclosed.

However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements.

Such risks include, but are not limited to resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as governmental regulation and judicial outcomes.

For a more detailed discussion of such risks and other factors, see the Company’s Annual Reports, as well as the Company’s other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any “forward looking statement” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

CAUTIONARY STATEMENT - PRELIMINARY NATURE OF STUDY

This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules. The Company advises that the Scoping Study results contained in this announcement are preliminary in nature as the conclusions are based on low-level technical and economic assessments, and are insufficient to support the calculation of Ore Reserves or to provide an assurance of economic development at this time. There is a low level of geological confidence associated with Inferred Mineral resources as used in this report and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the outcomes of the Scoping Study will be realised. Accordingly, these Inferred Resources should not be relied on by investors when making investment decisions.

ASX announcements are available on the Company’s website at www.capmetals.com.au

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Michael Martin who is Principal Resource Geologist at Perth based consultant group OMNI GeoX Pty Ltd and is a current Member of the Australian Institute of Geoscientists. Mr. Michael Martin acts as a consultant for Capricorn Metals Limited and has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Martin consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Exploration Results or Mineral Resources is based on information reviewed by Mr. Peter Langworthy, Technical Director, who is a current Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full-time Executive Director of Capricorn Metals Limited and has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr. Martin consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

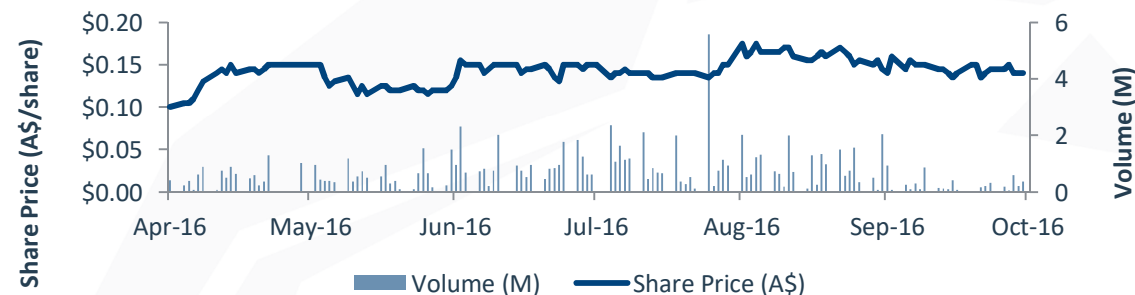
Corporate Overview

Corporate Information

ASX Code	CMM
Shares on Issue	487m
Share Price as at 7 th October 2016	13c
Market Cap 7 th October 2016	\$63.3m
Cash as at 30 June 2016	\$11.7m
Unlisted options	18.8m

6 Month Share Price

CMM - 6 Month Share Price Performance



Source: IRESS

Board of Directors

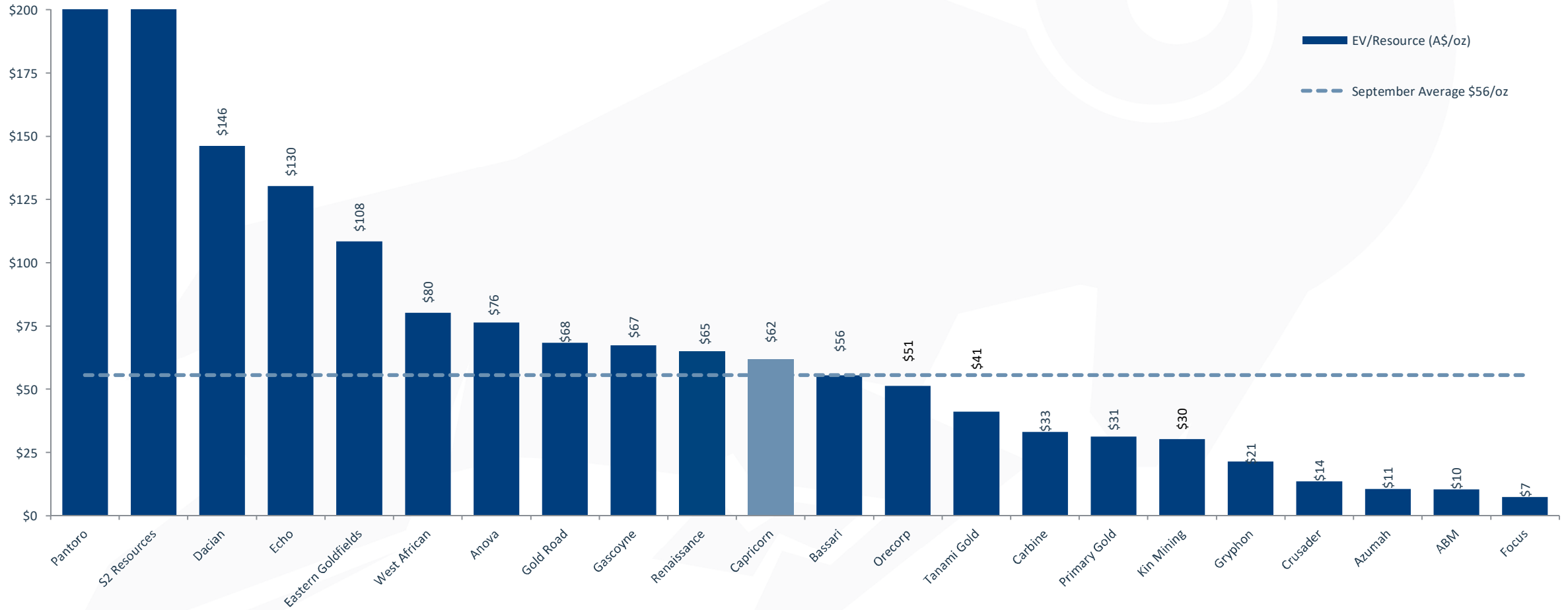
Guy Le Clezio	Non-Executive Chairman <i>(World Titanium Resources / Eyres Reed)</i>
Peter Thompson	Managing Director <i>(WMC / St Barbara / Jubilee / Anaconda)</i>
Heath Hellewell	Non-Executive Director <i>(Doray / IGO / Resolute)</i>
Peter Langworthy	Technical Director <i>(Jubilee / WMC / Pacmin)</i>

Major Shareholdings

Regis Resources	9%
Greenmount	35%
Institutional	12%
Free Float	12%

Capricorn Metals

Value Comparison – EV per Resource Ounce



PROJECT FAST TRACKING

Developing a significant new Australian gold project

MAJOR PROJECT BENCHMARKS

February 2016	Project acquired
April 2016	Funding in place
May 2016	Resource expansion drilling program completed
June 2016	Upgraded inferred resource (25.5mt @ 1.1g/t for 914,000oz)
July 2016	Scoping study complete – STRONGLY POSITIVE OUTCOME
July 2016	GO AHEAD - definitive feasibility study
August – September 2016	DFS progressing on-time and on-budget





PROJECT FAST TRACKING

Developing a significant new Australian gold project

DEFINITIVE FEASIBILITY STUDY ACTIVITY UPDATE

Resource drilling – convert to measured & indicated status	50,000m program	28,000m complete	<ul style="list-style-type: none">• Completion – mid November
Resource Estimation	High confidence resource	Construct and audit	<ul style="list-style-type: none">• Commence November
Metallurgy	30 diamond holes (2,633m)	Drilling complete	<ul style="list-style-type: none">• Test work programs underway.• Build on current comprehensive datasets• Confirmation of ave. 91% recoveries
Geotechnical	5 diamond holes (895m)	Drilling complete	<ul style="list-style-type: none">• Logging underway• Confirming slope design parameters
Hydrogeology	7 RC holes 656m program	1 st Stage assessment complete Drilling & pump tests	<ul style="list-style-type: none">• Adjacent borefield confirmed• Good quality water• Pit dewatering parameters
Engineering	<ul style="list-style-type: none">• Detailed plant design studies to be staged once comminution testwork is complete• Tailings Storage Facility Design commenced		
Environmental	<ul style="list-style-type: none">• Survey requirements identified and in progress		
Mining Lease	<ul style="list-style-type: none">• Single Claimant Group established• Access agreement discussions advancing		

Bibra Gold Deposit



Bibra Gold Deposit



Fast Tracking to Production

Bibra Inferred Resource – 25.5mt @ 1.1g/t for 914,000 ounces gold

Mineralisation Type	Tonnes (Mt)	Au (g/t) Cut	Ounces
Laterite	2.1	1.3	85,000
Saprolite	4.3	1.0	142,000
Transitional	1.5	1.2	58,000
Fresh	17.6	1.1	629,000
Total Inferred	25.5	1.1	914,000

Resource Estimation based on:

43 diamond drill holes: 5,373 metres

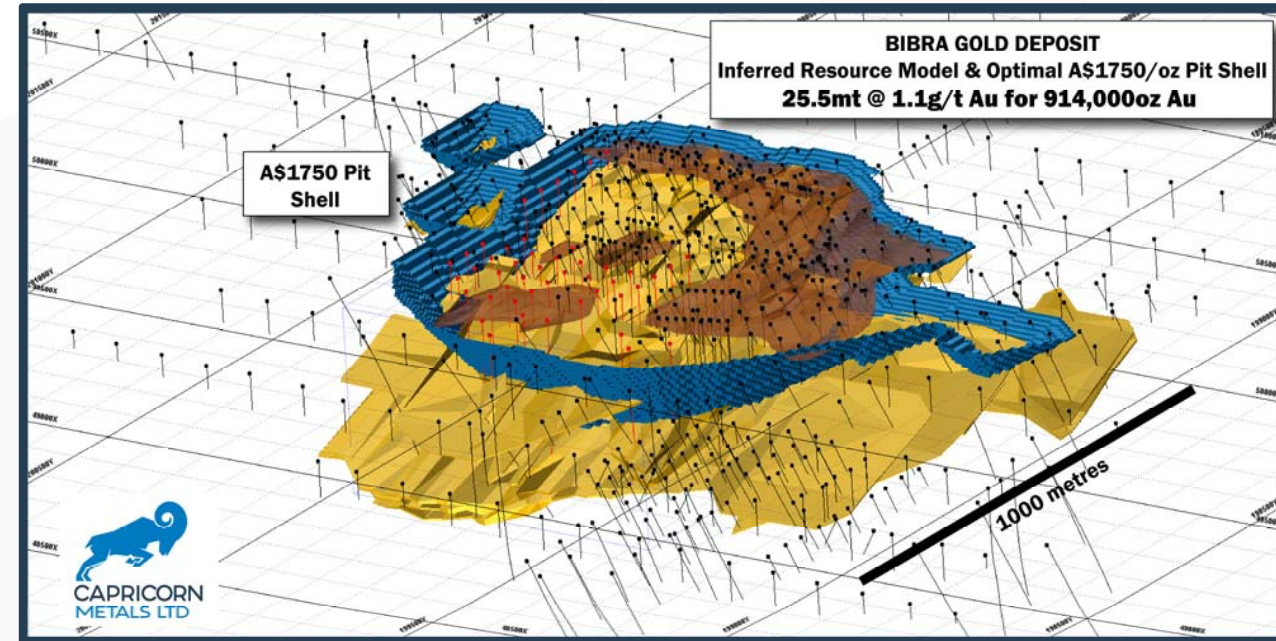
313 RC drill holes: 52,202 metres

Drill spacing: Inferred boundary 50 x 50 metres

Top cut: 10g/t laterite / 16g/t main ore body

Lower cut: 0.5g/t

Pit Constraint: A\$1750/oz optimal pit shell

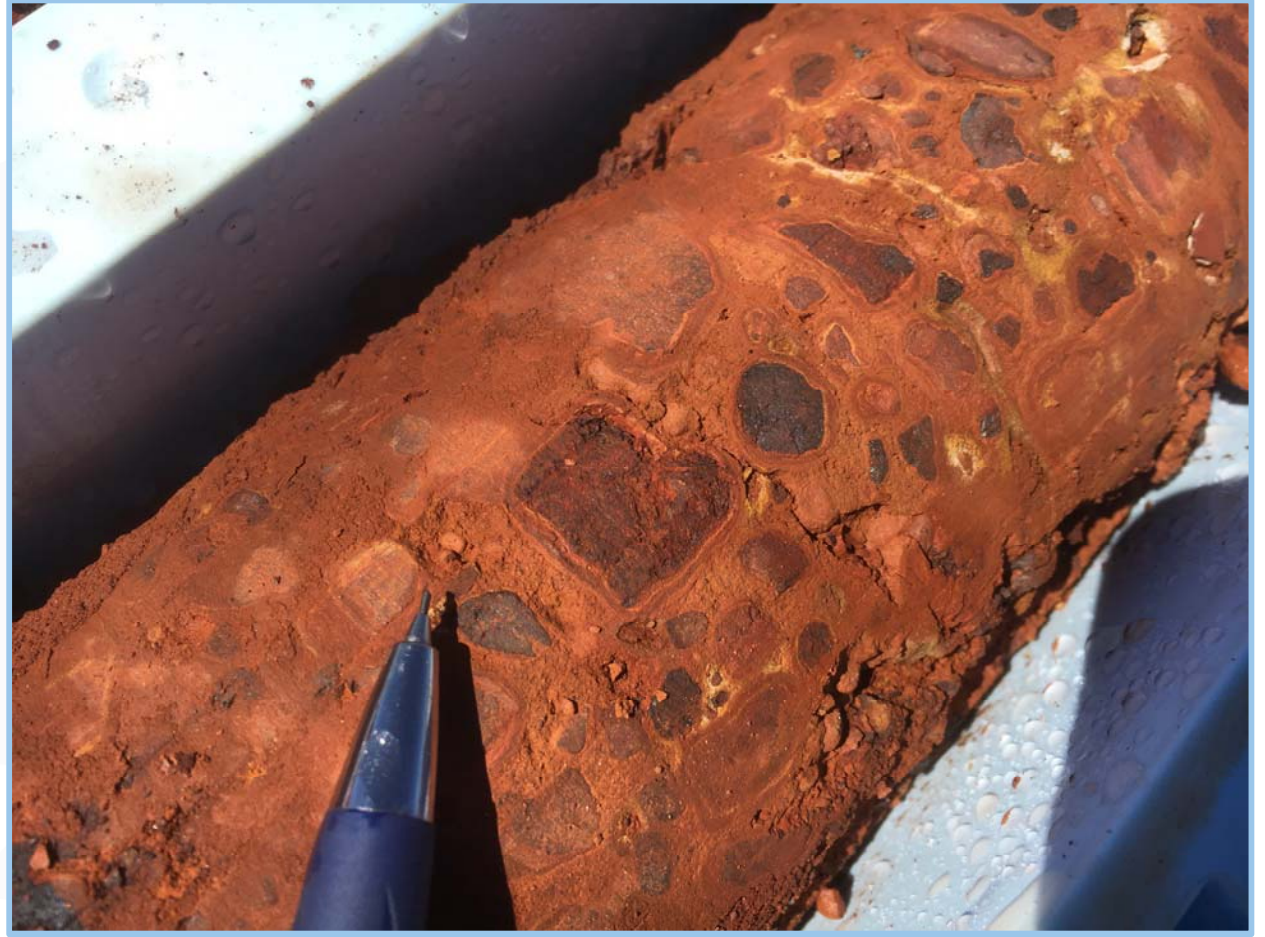


Fast Tracking to Production

Bibra Inferred Resource – 25.5mt @ 1.1g/t for 914,000 ounces gold



Primary Gold Mineralisation



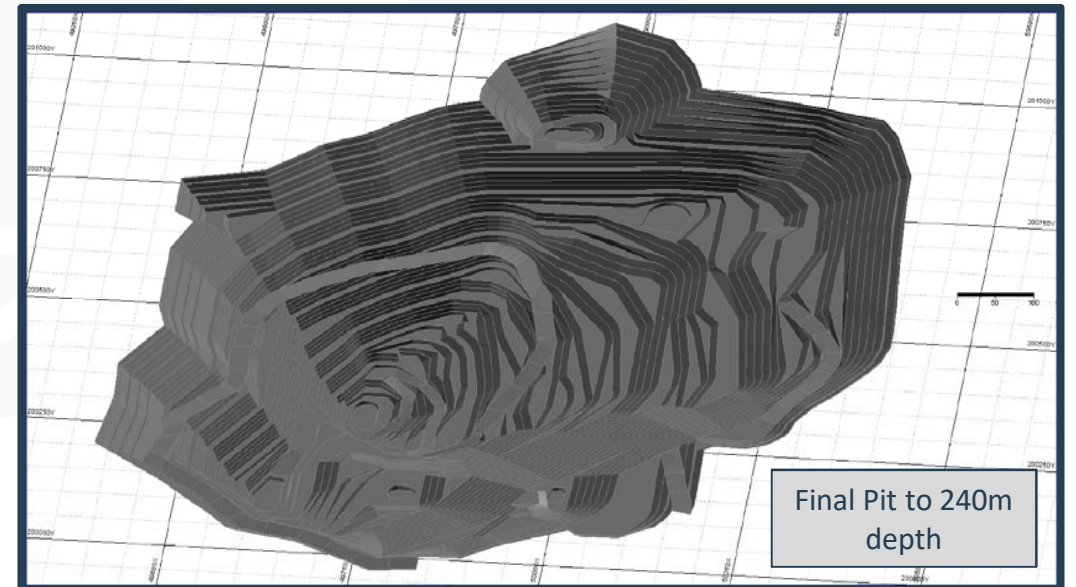
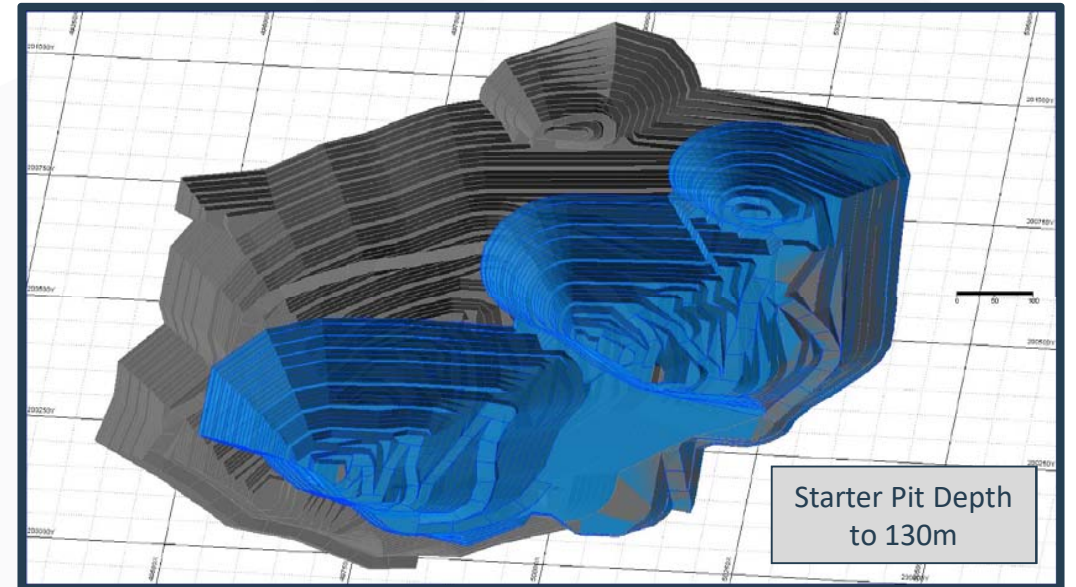
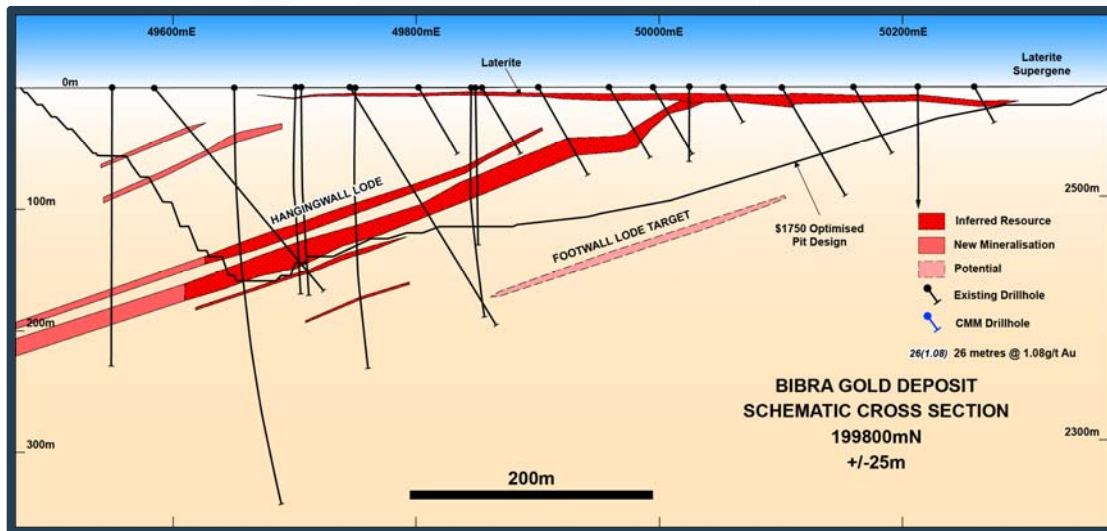
Laterite Gold Mineralisation

Straight to Definitive Feasibility Study

Strong, positive results of scoping study

MINING STUDIES

- Large-scale open pit: staged pit opportunity
- Near surface ounces
 - Laterite and saprolite: 220,000 ounces
- Attractive modelled stripping ratios
 - Flat dipping geometries
 - Multiple stacked lodes
 - Favourable geotechnical conditions

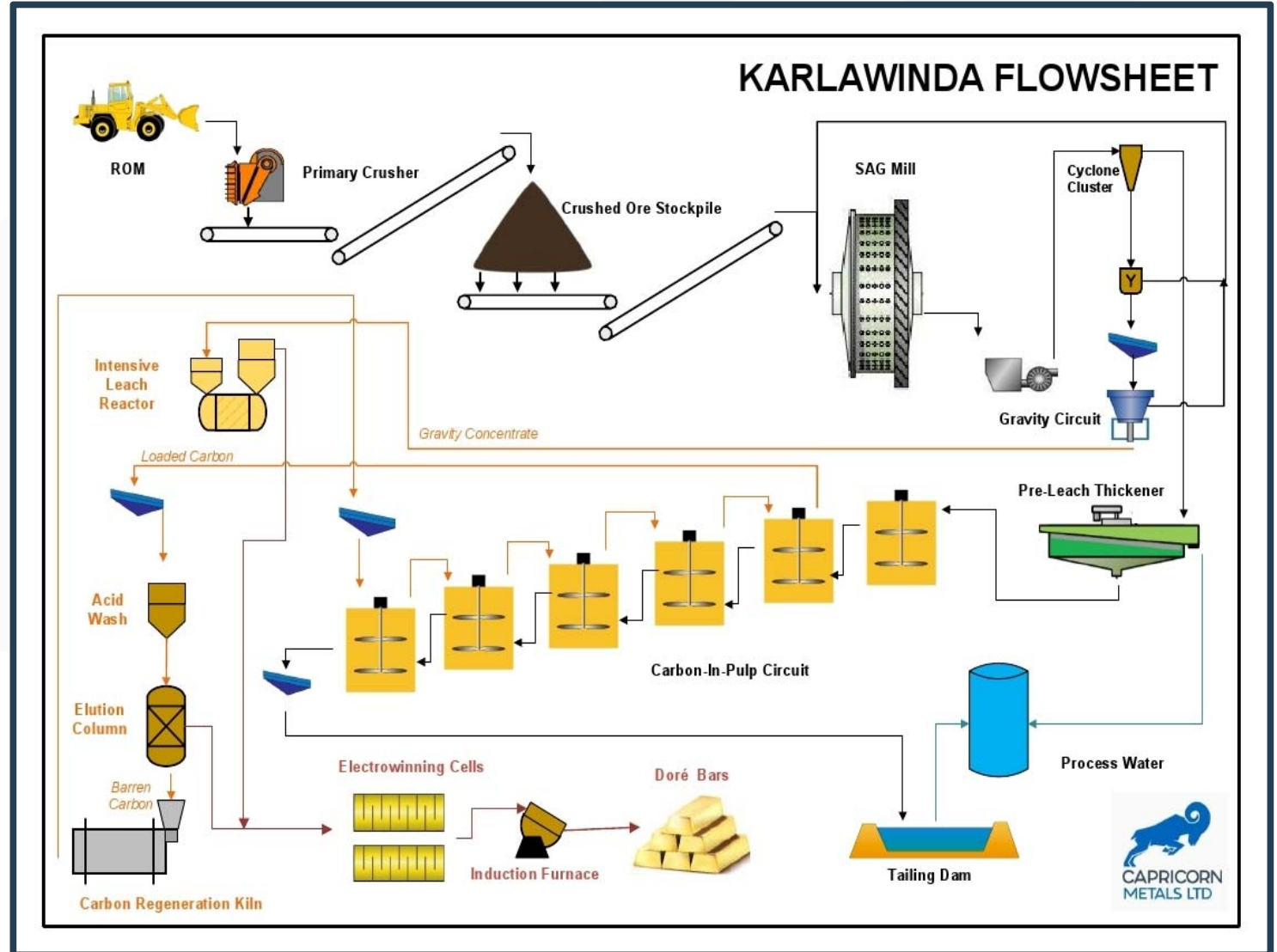


Straight to Definitive Feasibility Study

Strongly Positive Results of Scoping Study

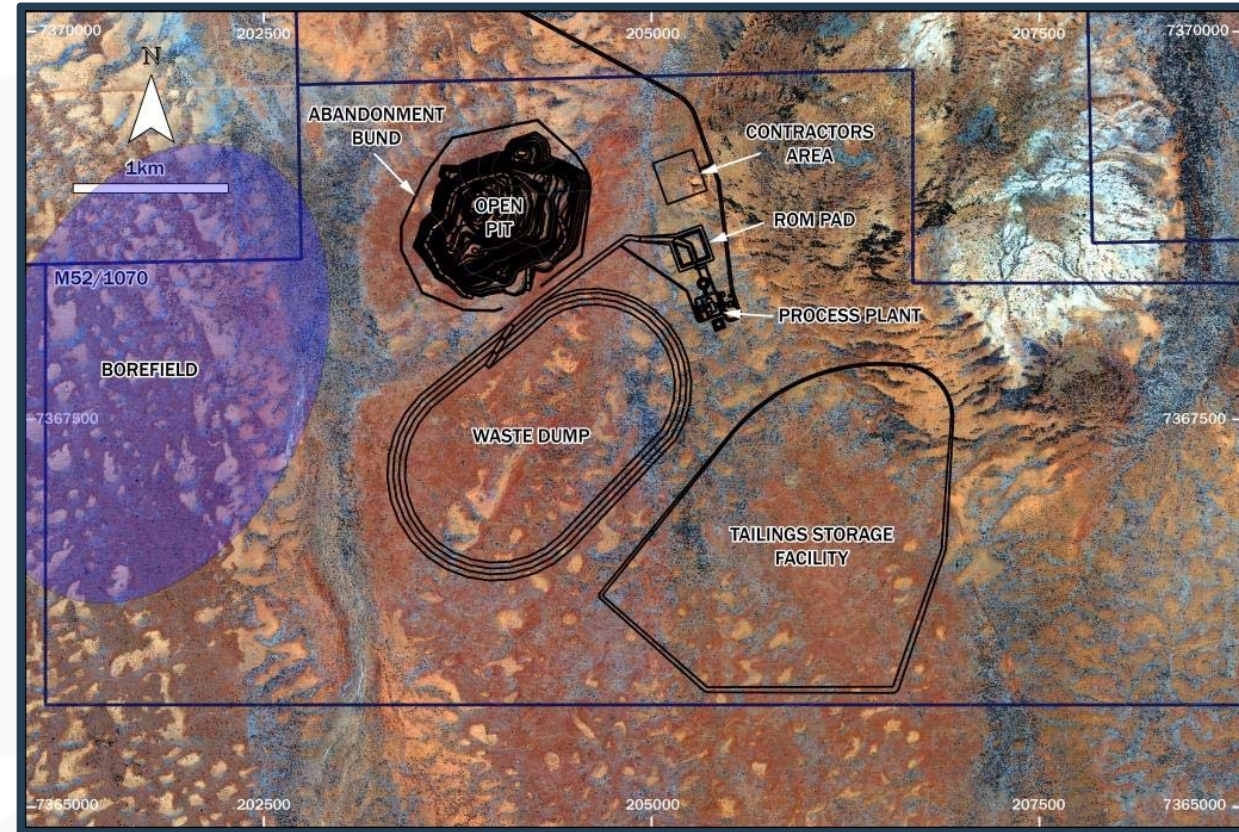
PROCESSING STUDIES

- Metallurgy is simple
- Conventional processing
- 91-93% recoveries
- Coarse grind size (106 micron)
- 30% of gold gravity recoverable
- Economy of scale:
 - 3.0Mtpa plant
- Plant design work by Mintrex
- Good quality water



ENVIRONMENT AND PERMITTING

- Studies indicate low environmental impact
 - Flora and Fauna
 - Subterranean species
 - Water systems
- Mining Lease Application (M52/1070)
 - recommended for grant subject to NT process
- Single registered NT Claimant Group
 - Positive discussions commenced



Conceptual site layout plan



- Commenced*

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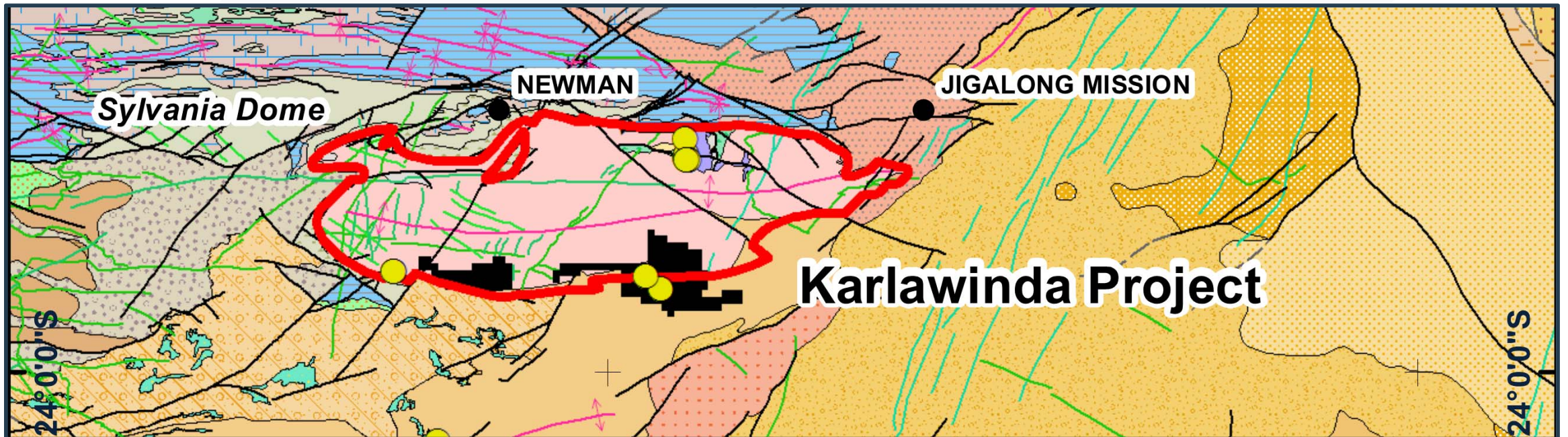
Exploration Strategy

Major Growth Project

- Target significant expansion of current resource base
- Extension of potential mine-life
- Target areas identified as prospective for high-grade gold mineralisation
 - Open Pit
 - Underground
- Well funded: dedicated exploration budget

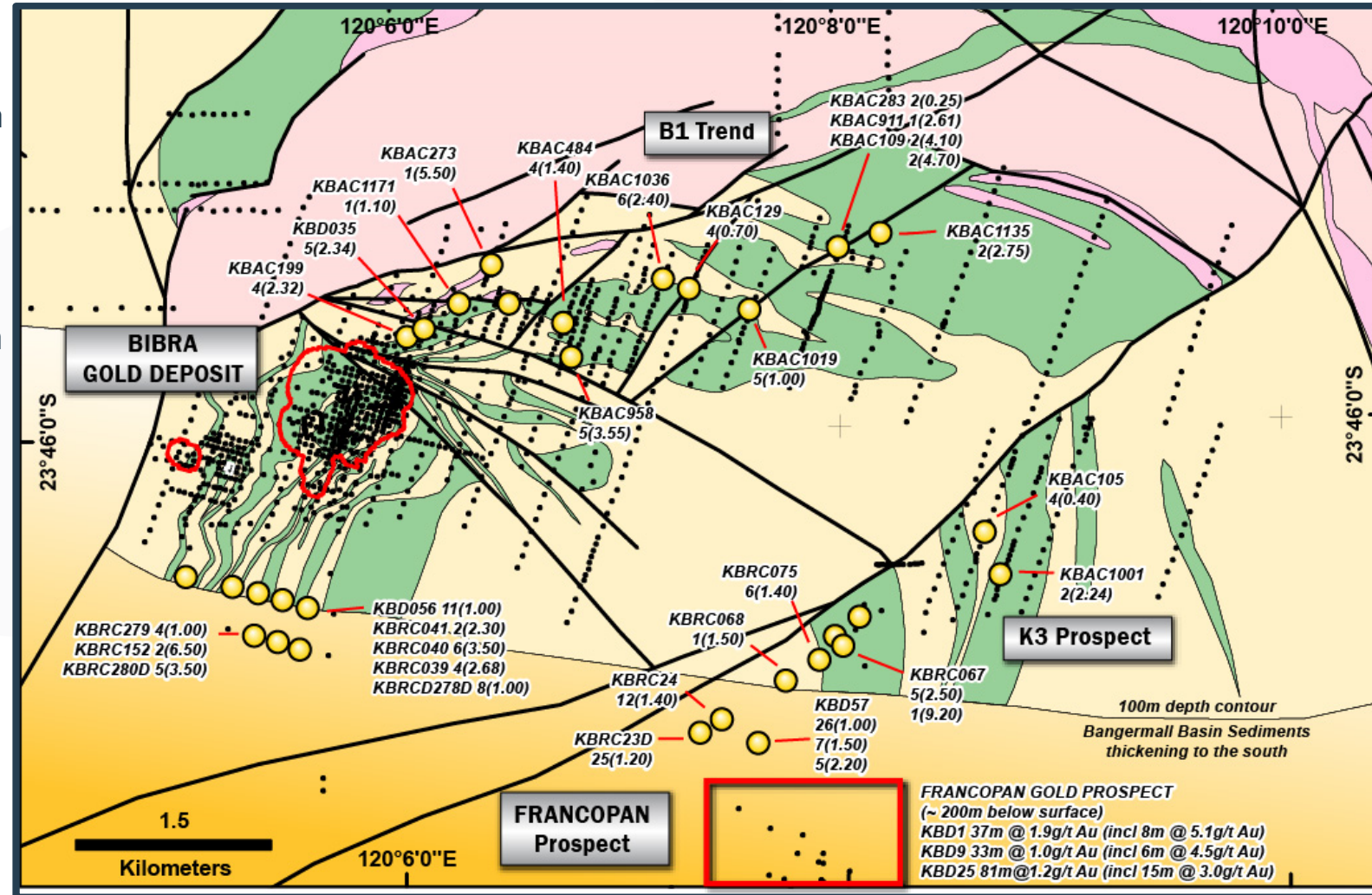


- New gold province
 - Recent discovery (2005)
 - Large-scale Archaean gold system rapidly emerging
 - Dominant land position



High Potential Exploration Targets

- 5 major near-surface targets within 500m of Bibra Resource
- Targeting open pit and underground locations within 8km zone
- Systematic, effective exploration to run in parallel with ongoing resource work
- Initial 10,000m program commenced
- Strong results from Portrush Prospect
- Assays awaited from 4 more targets



Exploration Targets

Near Pit Satellites

Portrush Prospect

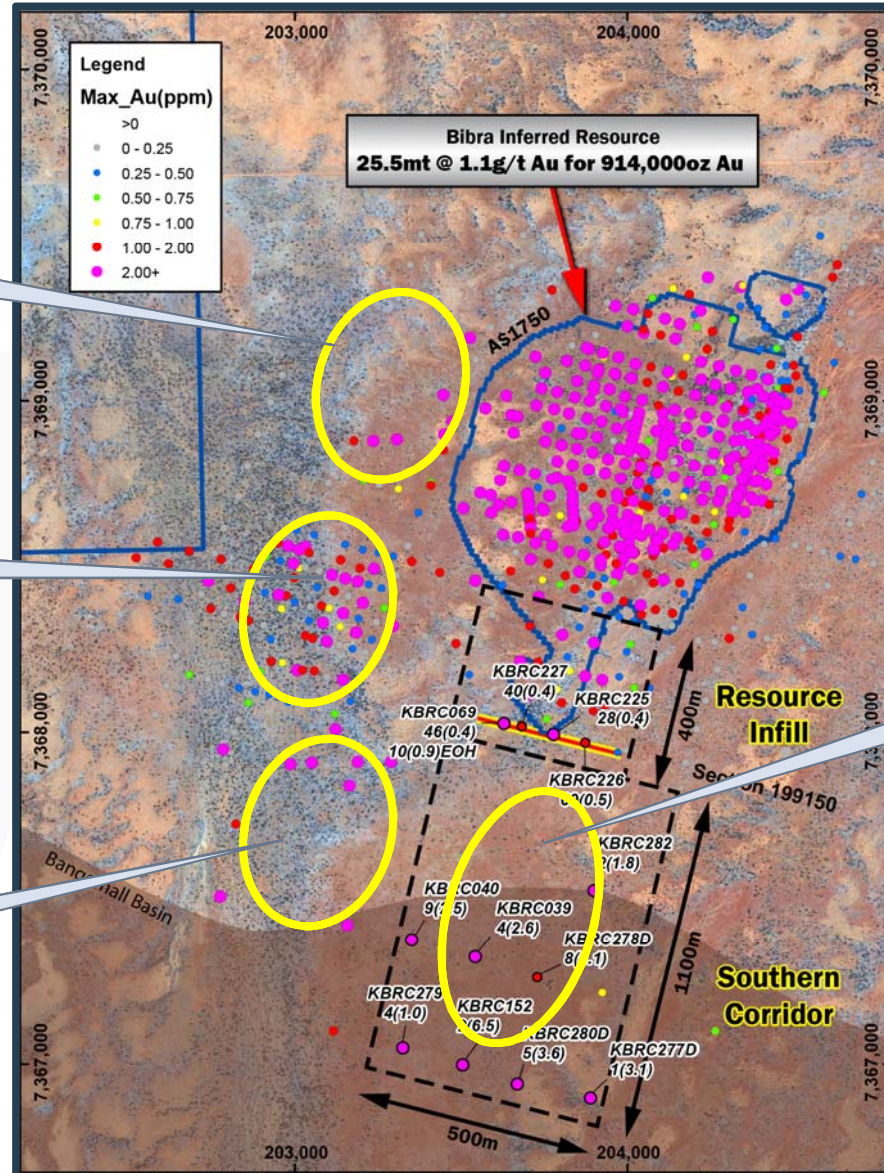
- KBRC366: 11m @ 1.00g/t Au
- KBRC367: 7m @ 1.40g/t Au
- KBAC377: 8m @ 1.15g/t Au
- KBRC150: 17m @ 1.00g/t Au
- KBRC071: 12m @ 1.02g/t Au

Easky Prospect

- KBRC019: 12m @ 1.5g/t Au
- KBRC570: 8m @ 2.6g/t Au
- KBRC150: 7m @ 1.3g/t Au
- KBAC389: 10m @ 1.5g/t Au

Tramore Prospect

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



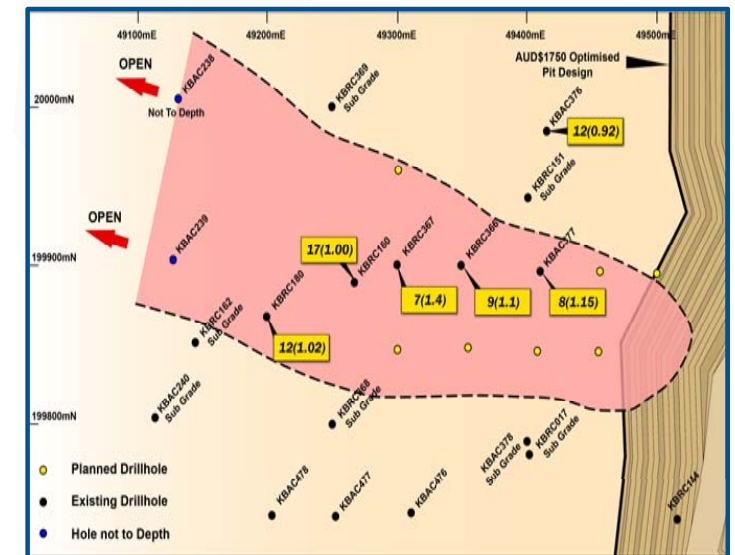
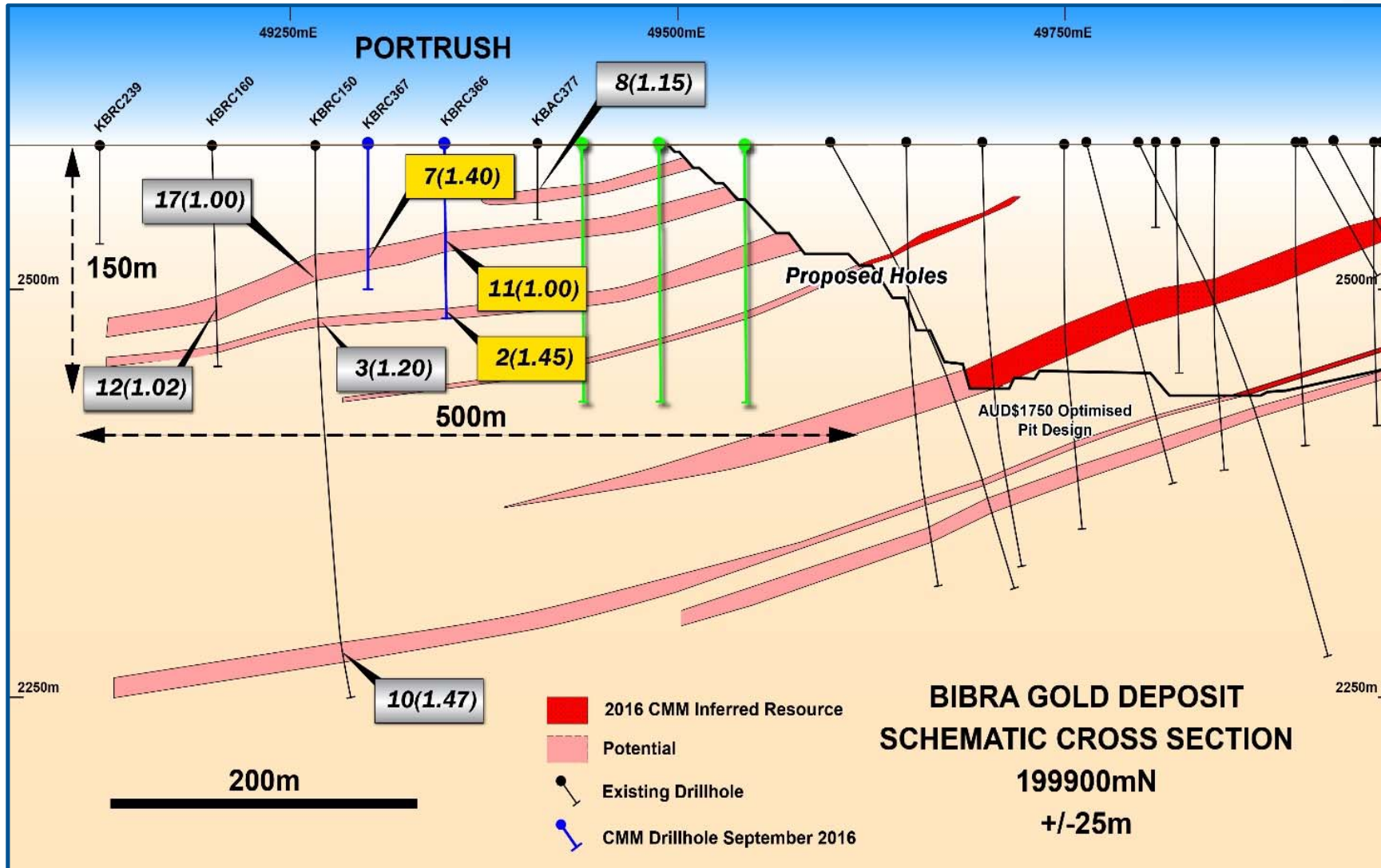
Southern Corridor

- KBRC040: 9m @ 2.5g/t Au
- KBRC039: 4m @ 2.6g/t Au
- KBRC278D: 8m @ 1.1g/t Au
- KBRC279D: 4m @ 1.0g/t Au
- KBRC152: 2m @ 6.5g/t Au
- KBRC280D: 5m @ 3.6g/t Au

Portrush Prospect

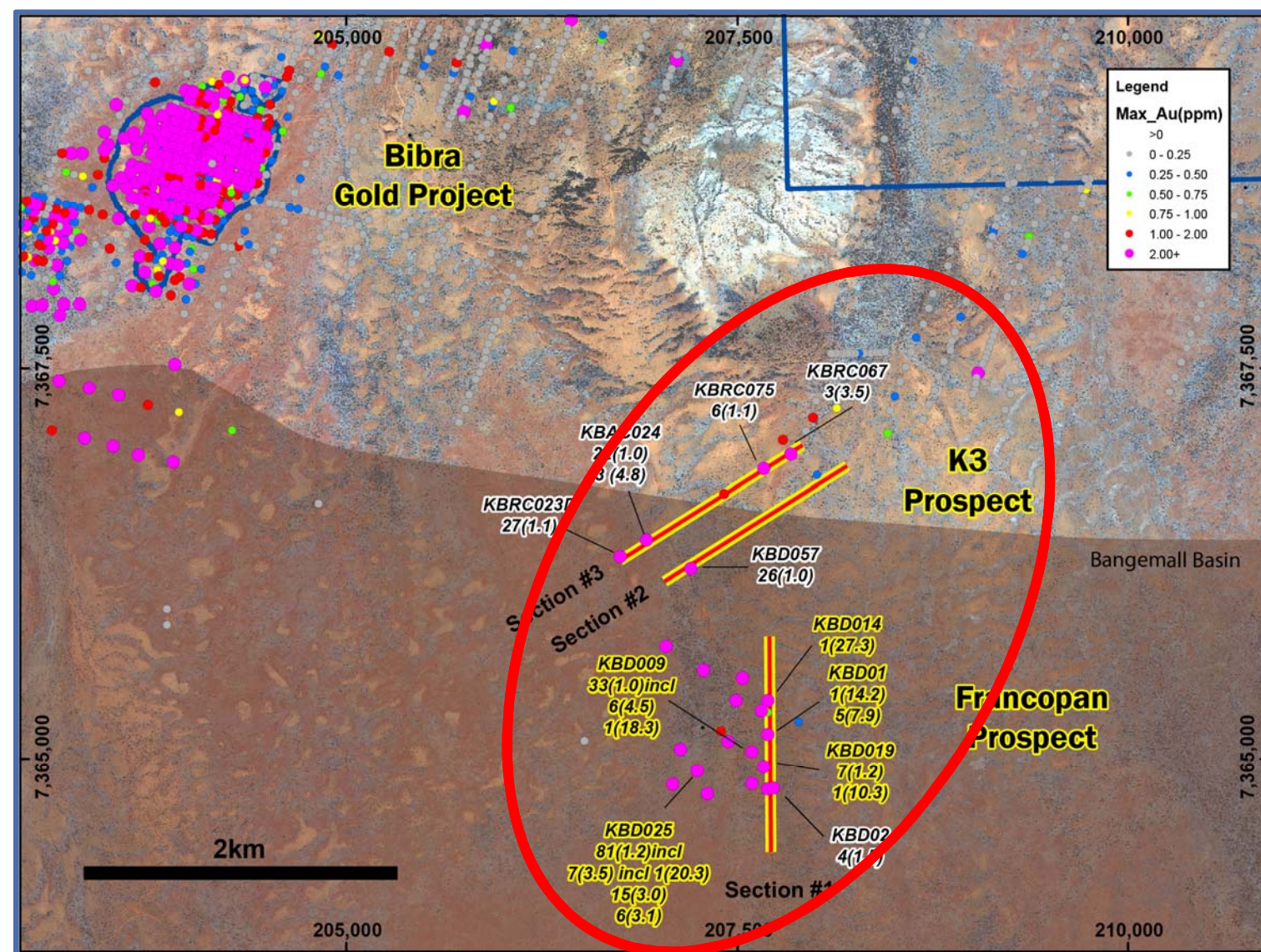
Early Exploration Success

- Confirms potential for stacked lodes
- Flat-lying, stacked geometry highly favourable for inclusion within an expanded open pit shell
- Potential strike extent of 200m and untested down-dip



Exploration Targets

Francopan-K3 Prospect



- Repeat of the Bibra Gold System??
- Large-scale mineralised system 5km from Bibra Deposit
- Strong potential for high grade mineralisation over large area defined by wide-spaced drilling
- 5km x 2.5km target area
- Stacked lodes

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

FAST-TRACKING TO SUCCESS

- Continue to grow a large scale gold system
 - Resource to reserve, resource expansion and exploration
- DFS Project activities being executed on time and budget
- DFS continues on track for 2Q 2017
- Significant project de-risking
 - Resource, metallurgy, geotechnical, project scope and design, and permitting
- Pipeline of positive news flow