



ACTIVITIES REPORT DECEMBER QUARTER 2017

ASX ANNOUNCEMENT

31 January 2018

ASX Code: CMM

ABN: 84 121 700 105

Board of Directors:

Mr Heath Hellewell
Executive Chairman

Mr Guy LeClezio
Non-Executive Director

Mr Stuart Pether
Non-Executive Director

Issued Capital:

Shares 747.9M
Options 56.7M
Share Price A\$0.08
Market Cap. A\$59.8M

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HIGHLIGHTS

- Feasibility Study work was finalised on the 100%-owned Karlawinda Gold Project, located near Newman in the Pilbara region of Western Australia.
 - The study outlined a financially and technically robust project with a mine life of 6.5 years based on the current Ore Reserve of **21 million tonnes @ 1.06g/t Au containing 713,000 ounces** of gold.
 - Average life of mine production of approximately 100,000oz per annum with estimated all in sustaining costs (ASIC) of A\$1,025/oz.
- Ongoing Project optimisation and development studies have focused on operational and capital cost savings for the Project.
 - EPC construction tenders received by the Company during the quarter are significantly lower than estimates in the Feasibility Study.
 - Discussions are ongoing with the two remaining tenderers and a preferred contractor will be selected during the March 2018 quarter.
- Significant growth in the total Mineral Resource estimate for the Project to **38.3 million tonnes @ 1.1g/t Au containing 1,326,000 ounces** of gold.
- Exploration drilling currently focused on resource extension and infill targets as the Company works towards an updated Ore Reserve estimate in the June Quarter 2018.
 - RC and aircore drilling of resource extension targets at the Tramore target has defined a new zone of significant mineralisation over a strike length of 600m.
- A A\$9.13 million capital raising was completed, ensuring the Company is well funded to continue its development and exploration activities in 2018.

DECEMBER QUARTER ACTIVITIES SUMMARY

During the Quarter the Company released its Feasibility Study for the Karlawinda Gold Project (see ASX announcement on 23/10/2017) and following its release has continued to pursue capital and operational cost savings for the Project, which remains on schedule for first gold production in mid-2019. Guaranteed Maximum Price (GMP) Engineering Procurement Construction (EPC) tender submissions were received during the Quarter. All the GMP tenders submissions were significantly lower than the feasibility study estimate for the construction of the processing plant and associated infrastructure.

An updated Mineral Resource estimation was also completed. Mineral Resources for the Project now totals **38.3 million tonnes @ 1.1g/t Au for 1,326,000 ounces of gold**¹, which represents a 20% increase in contained ounces compared to the previous estimation and highlights the significant resource growth potential at Karlawinda.

Exploration activities at Karlawinda ramped-up during the Quarter, with two drill rigs on site actively testing resource expansion targets based on extensions to the main Bibra mineralised system. At Tramore significant mineralisation was intercepted by reverse circulation (RC) and aircore drilling (AC), with the mineralised zone being defined over a strike length of 600m. Drilling was also focused on resource infill targets, with the aim of improving the resource classification to enable the estimation of an updated Ore Reserve by the Company in the June Quarter 2018.

An equity raising was completed, with a total of A\$9.13 million (before costs) raised through a share placement and Share Purchase Plan (SPP) in December. The raising was strongly supported by existing shareholders along with several new institutional and sophisticated investors joining the register.

Karlawinda Gold Project Development

FEASIBILITY STUDY

The Karlawinda Feasibility Study was released to the ASX on 23rd October 2017. The study provides a detailed base case understanding of operational and cost structures over the initial 6.5-year life of the Project. The study confirms the potential for a high-margin gold project at Karlawinda with an attractive life of mine (LOM) average annual production of approximately 100,000 ounces of gold per year and a low forecast average production costs (AISC) per oz of A\$1025.

The study is based on the maiden JORC 2012 compliant Ore Reserve estimate of **21 million tonnes @ 1.06g/t Au for 713,000 ounces**² for the Bibra deposit as released to the ASX on the 7th August 2017 (Table 1).

The Project is based on open pit mining, from a single large multi-stage open pit, with contract grade control drilling, contract drill and blast and owner operator load and haul. Ore will be treated through a 3Mt/pa plant using standard "off the shelf" processing technology including single stage crushing, SAG/SABC grinding and gravity recovery along with conventional cyanide leaching and recovery.

The Company has obtained a granted Mining Lease for the Project along with a signed Native Title access agreement, base line and detailed environmental studies have been completed and the process of obtaining other key permits and approvals has commenced, with no obvious impediments to permitting the Project.

¹ Capricorn report that it is not aware of any new information or data that materially affects the information included in the Resource update announcement dated 17th November 2017 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

² Capricorn report that it is not aware of any new information or data that materially affects the information included in the Ore Reserve announcement dated 7th August 2017 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

TABLE 1: BIBRA DEPOSIT JORC OPEN PIT ORE RESERVE ESTIMATE
(A\$1500/ounce assumption)

DATE	PROVED RESERVES			PROBABLE RESERVES			TOTAL RESERVES		
	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)
July 2017	-	-	-	21	1.06	0.713	21	1.06	0.713

Notes:

- Ore Reserves are a subset of Mineral Resources
- Ore Reserves conform with and use the JORC 2012 Code definitions
- Ore Reserves are calculated using a gold price of A\$1500/ounce
- Ore Reserves are calculated using a cut-off grade between 0.40g/t and 0.47g/t Au
- Mining dilution methods applied result in a reduction of 13% of reportable Au ounces
- All figures are rounded to reflect appropriate levels of confidence which may result in apparent errors of summation

TABLE 2: KARLAWINDA FEASIBILITY STUDY RESULTS

Karlawinda Gold Project Total Mineral Resources			
Indicated	28.9Mt	1.10 g/t	1.03 Moz
Inferred	2.4Mt	1.06 g/t	0.084Moz
Total Resources	31.3Mt	1.10 g/t	1.114Moz
Bibra Ore Reserves			
Probable Reserve	21.0Mt	1.06 g/t	0.713Moz
Processing Plant & Infrastructure Capital Costs ³			
3.0 Mtpa Process Plant		A\$M	90.7
Plant Infrastructure		A\$M	8.7
Other Infrastructure		A\$M	20.5
Owners Costs		A\$M	13.4
Contingency		A\$M	13.1
Total		A\$M	146.4
Capital Cost / LOM Gold Production		\$A/oz	221
Capital Cost / Pre-Tax NPV			1.02
LOM Sustaining Capital Costs ⁴		A\$M	22.8
Production Summary			
Life of Mine (LOM)		Years	6.5
LOM Strip Ratio		Waste:Ore	4.7:1
LOM Gold Production		oz	660,955
LOM Average Annual Gold Production ⁵		oz	101,685
Processing Rate - oxide		Mtpa	3.75
Processing Rate - primary		Mtpa	3.0
LOM Average Gold Recovery		%	92.6

³ Excludes mining fleet, may include errors due to rounding

⁴ Includes mine rehabilitation and closure costs

⁵ Excludes final quarter of production

Life Of Mine Operating Costs		
Mining	A\$/t milled	13.8
Processing (oxide)	A\$/t milled	9.9
Processing (primary)	A\$/t milled	13.0
Processing (average LOM)	A\$/t milled	12.0
Administration	A\$/t milled	2.6
C1 Costs ⁶	A\$/oz	991
AISC ⁷	A\$/oz	1025
Project Economics		
LOM Revenue (A\$1650/oz)	A\$M	1091
LOM Pre-Tax Operating Cashflow (A\$1650/oz)	A\$M	413
NPV ₈ (Pre-Tax)	A\$M	144
IRR (Pre-Tax)	%	31
Payback (Post-Tax)	Years	3.1

Following completion of the Feasibility Study the Capricorn Board has approved the development of the Karlawinda Gold Project. Subject to suitable financing arrangements and a final investment decision, construction of the Project is anticipated to take around 56 weeks. It is expected that construction will be undertaken by way of a fixed price EPC contract.

The total Feasibility Study capital cost estimate for the 3.0Mtpa plant, project infrastructure and owner's costs, including a contingency allowance of A\$13.1 million, is A\$146.4 million. Capricorn is currently targeting first gold production from Karlawinda in the first half of 2019.

PLANT CONSTRUCTION TENDER PROCESS

During October Capricorn shortlisted four experienced, contractors seeking GMP tender submissions for the construction of the Karlawinda Gold Project ore processing plant and associated infrastructure. Capricorn requested tenders based on a GMP EPC contractual structure. Tender submission presentations and an initial review of the tenders were completed during December. The initial GMP tender prices received by Capricorn were all significantly lower than the capital cost estimates for the equivalent scope of works in the Feasibility Study. These savings are very important for the Project and will be detailed when further review is completed, and a final EPC contract is awarded.

During the March 2018 Quarter, Capricorn and the two remaining tenderers will continue negotiations, complete several trade-off studies and assess various modifications to the proposed design and contract scope of works, with the aim of selecting a preferred EPC contractor and a final GMP EPC price before the end of the March 2018 Quarter.

PROJECT POWER SUPPLY

Further potential cost improvements in Project power supply have been identified, which are expected to flow through into lower overall operating costs. Negotiations continue with several power/fuel providers and a formal process to finalise the preferred power solution for the Project will be completed in the first half of 2018.

⁶ Includes royalties equating to A\$82.90/oz

⁷ Includes sustaining capital costs equating to A\$34.50/oz

PROJECT FINANCING

During the Quarter indicative proposals, including a marked-up draft term sheet, were received from a number of banks and debt providers. Based upon these written proposals Capricorn has selected a number of short-listed banks to complete their project due diligence.

RESOURCE UPDATE

An updated Mineral Resource for the Karlawinda Gold Project was released on the 17th November 2017. The Mineral Resource, reported at a 0.5g/t Au cut-off grade and a A\$1750/oz gold price is **38.3 million tonnes @ 1.1g/t Au for 1,326,000 ounces of gold** (see Tables 3 and 4).

TABLE 3: BIBRA GOLD DEPOSIT JORC OPEN PIT RESOURCE ESTIMATE
(as of November 2017)

Date	MEASURED			INDICATED			INFERRED			TOTAL		
	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)
Nov 2017	8.3	1.25	334	22.6	1.05	765	7.3	1.0	227	38.3	1.1	1.326

Notes on the November 2017 Mineral Resource Estimate:

1. Refer to JORC 2012 Table (1) in Appendix 2 of the announcement dated 17th November 2017 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 Mineral Resource estimate has been reported above a block grade of 0.5g/t Au.
4. The Mineral Resource has been constrained by a A\$1750/ounce optimised pit shell for indicated and A\$2000/ounce for Inferred.
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 mineralised wireframes.
7. See ASX announcements dated 4th July 2016 and 10th April 2017 for previous resource announcements.
8. See ASX announcement dated 7th August 2017 for previous Ore Reserve announcement.

TABLE 4: BIBRA GOLD DEPOSIT JORC OPEN PIT RESOURCE ESTIMATE BY DOMAIN
(as of November 2017)

DOMAIN	Tonnes	Grade (g/t Au)	Ounces
Laterite	1,503,732	1.4	67,355
Oxide – upper saprolite	2,877,007	1.0	86,244
Lower saprolite	4,493,495	1.0	137,279
Transitional	3,018,783	1.0	91,314
Fresh	26,381,740	1.1	934,969
TOTAL	38,274,757	1.1	1,326,160

The updated estimate represents a 20% increase on the previous (April 2017) resource estimate and 100% increase in resources since acquisition of the Project in February 2016. Approximately 25% of the Mineral Resource is now in the highest confidence Measured Resource category. A key result of the estimation was a significant increase in Mineral Resources within the November 2017 A\$1500/ounce optimised pit shell, compared to the April 2017 A\$1500/ounce optimised pit shell, which guided the FS open pit mine design and the August 2017 Ore Reserve estimate. The A\$1500/ounce optimised pit shell for the November 2017 Mineral Resource now contains a total **27.35 million tonnes @ 1.12g/t Au for 985,600 ounces**.

PERMITTING

Permitting of the Project is progressing to schedule, with the grant of all Miscellaneous Licenses for the Project's water supply borefield granted during the Quarter. A Native Vegetation Clearing Permit (covering the key open pit, waste dumps, tailings dam and accommodation camp areas) was also received during the Quarter. Other permit applications are in preparation and consultation with various Government departments has to date not identified any potential impediments to Project development.



Figure 1. Karlawinda Gold Project – Nyiyaparli Heritage Survey Team



Figure 2. Karlawinda Gold Project – Borefield Pump Testing

Exploration

During the Quarter exploration drilling activities were once again ramped up at Karlawinda, the increased activity followed a period of data collection and consolidation and benefits from an improved understanding of the geology and controls of mineralisation at Karlawinda.

A total of 53 RC holes (6,500m) and 83 AC holes (5,100m) were completed. Final assay results are still yet to be received for a significant proportion of the completed drilling.

RC drilling was predominantly focused on resource expansion targets along the southern extension of the Bibra mineralised system. At the Tramore Prospect located approximately 600m southwest of the main Bibra open pit (**Figure 3**), RC drilling targeted on a prominent magnetic target and intersected significant results including (see ASX announcement on 25th January 2018):

- 15m @ 1.37g/t Au from 88m (KBRC1060)
- 14m @ 1.63g/t Au from 184m (KBRC1061)
- 20m @ 1.00g/t Au from 49m (KBRC1069)

A program of shallow aircore drilling was completed to further define the potential southern extensions of the Bibra mineralised system and in particular the Main Footwall Lode. A portion of this drilling targeted the 600 metres of strike between the Bibra Mineral Resource and the Tramore Prospect. This drilling consistently intersected gold mineralisation and demonstrates strong continuity of the mineralisation along the Tramore target zone. Results include:

- 2m @ 1.46g/t Au from 61m (KBAC1217)
- 5m @ 1.12g/t Au from 60m (KBAC1204)
- 14m @ 1.15g/t Au from 36m (KBAC1205)
- 14m @ 0.65g/t Au from 51m (KBAC1197)
- 3m @ 1.29g/t Au from 42m (KBAC1178)

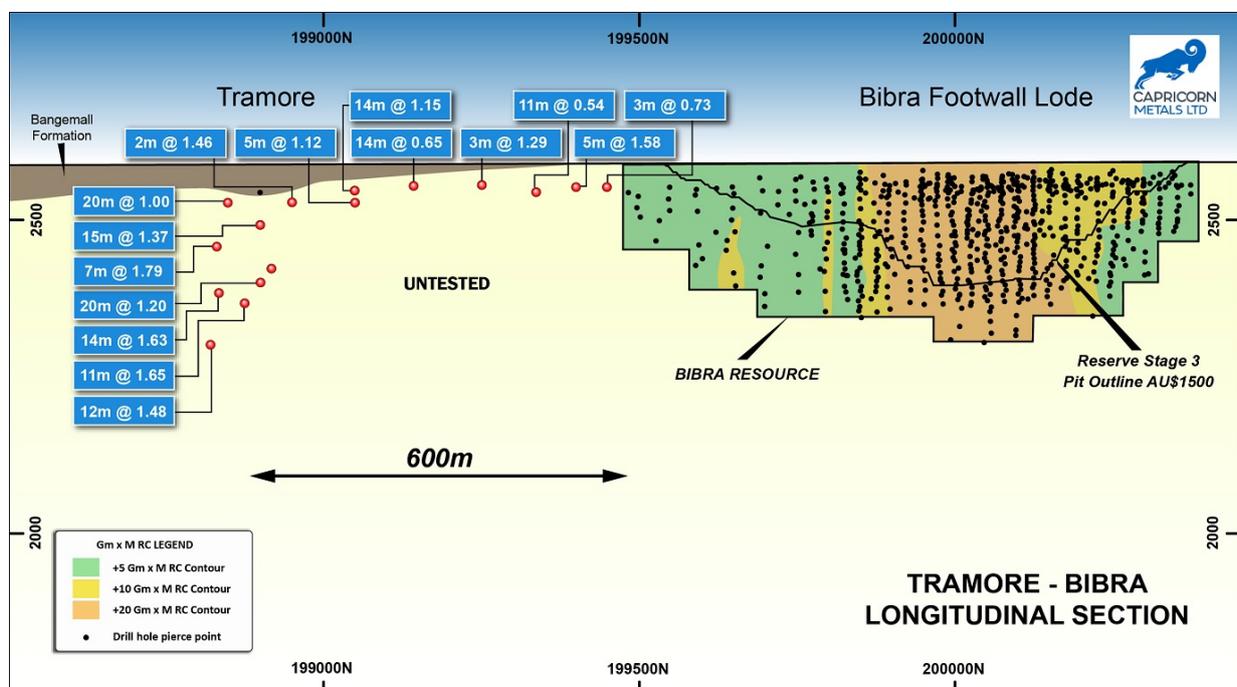


Figure 3. Bibra Gold Deposit to Tramore Prospect, Longitudinal Section

Corporate

During the Quarter the Company completed a A\$9.13 million (before costs) capital raising. The raising consisted of placement to new and existing institutional and sophisticated investors for a total of A\$7.13 million and a Share Purchase Plan which raised A\$2 million from existing shareholders.

Capricorn received very strong interest in both components of the capital raising which was very well supported by existing shareholders and heavily oversubscribed. The Company also welcomes a number of new institutional and sophisticated shareholders from the placement. An updated list of the Company's Top 20 shareholders is now available on the Company's website.

Funds raised will be used to advance the Company's Karlawinda Gold Project, including:

- Ongoing exploration activities, including an updated Ore Reserve estimate expected to be released in June Quarter 2018;
- The completion of pre-development activities, including Project optimisation, finalisation of permitting, detailed engineering and Project debt financing; and
- General working capital purposes.

MARCH QUARTER PLANNED ACTIVITIES

Activities planned for the March quarter include:

- Ongoing development and Project optimisation work.
- Ongoing financing discussions with short-listed debt financiers.
- Finalisation of the formal tender process and selection of the preferred EPC construction contractor.
- Ongoing exploration and resource extension drilling including;
 - Follow up drilling along the Tramore target
 - Infill drilling with the aim of improving resource classification to enable the estimation of an updated Ore Reserve by the Company in the June Quarter 2018.

TENEMENTS

A full listing of the Company's current tenement holdings, as at the date of this release, is included as Appendix 1.

During the Quarter, the following changes have occurred:

- Miscellaneous License Applications L52/182 and L52/183 were lodged.
- Miscellaneous Licenses L52/177 and L52/178 were granted.

There have been no changes subsequent to the end of the Quarter.

For and on behalf of the Board



Heath Hellewell
Executive Chairman

For further information, please contact:

Mr Heath Hellewell,
Executive Chairman
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Phone: (08) 9212 4600

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 Chief Geologist and a full-time employee of the Company. Mr. Michael Martin is a current Member of the Australian Institute of Geoscientists 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 who is Executive General Manager Geology, and a full-time employee of the Company. Mr. Peter Langworthy is a current Member of the Australian Institute of Mining and Metallurgy 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. Langworthy 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 Ore Reserves for Bibra is based on information compiled by Quinton de Klerk. Mr de Klerk is an employee of Cube Consulting PL and is a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM, #210114). Mr de Klerk has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being 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. de Klerk consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Capricorn Metals confirms that it is not aware of any new information or data that materially affects the information included in the previous ASX announcements on Mineral Resources (10/4/2017), Metallurgy (19/6/2017) and Ore Reserves (7/08/2017) and, in the case of estimates of Mineral Resources, Ore Reserves, Plant operating costs and Metallurgy, all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed from previous market announcements.

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.

The Company has concluded it has a reasonable basis for providing the forward-looking statements that relate to the Karlawinda Feasibility Study that are included in this announcement and which has been prepared in accordance with the JORC code (2012) and ASX Listing Rules.

APPENDIX 1 – TENEMENT SCHEDULE

Australia:

Lease	Project	Company	Blocks ¹	Status	Date of Grant/ Application	Expiry
Tenements						
E52/1711	Karlawinda	Greenmount	33	Granted	05/08/2004	04/08/2018
E52/2247	Karlawinda	Greenmount	16	Granted	21/07/2009	20/07/2019
E52/2398	Karlawinda	Greenmount	15	Granted	28/04/2010	27/04/2020
E52/2409	Karlawinda	Greenmount	8	Granted	15/06/2010	14/06/2020
E52/3323	Karlawinda	Greenmount	11	Granted	11/03/2016	10/03/2021
E52/3363	Karlawinda	Greenmount	36	Granted	13/01/2017	12/01/2022
E52/3364	Karlawinda	Greenmount	44	Granted	07/03/2017	06/03/2022
E52/3450	Karlawinda	Greenmount	16	Granted	13/01/2017	12/01/2022
E52/3474	Karlawinda	Greenmount	128	Granted	03/07/2017	02/07/2022
E52/3533	Karlawinda	Greenmount	109	Application	23/03/2017	-
E52/3541	Karlawinda	Greenmount	7	Application	19/04/2017	-
E52/3543	Karlawinda	Greenmount	8	Application	20/04/2017	-
E52/3554	Karlawinda	Greenmount	19	Application	29/05/2017	-
E52/3562	Karlawinda	Greenmount	20	Application	16/06/2017	-
E52/3571	Karlawinda	Greenmount	10	Application	10/08/2017	-
Total Blocks			480			
Miscellaneous Licences						
L52/174	Karlawinda	Greenmount	22.17 ha	Application	25/08/2017	-
L52/175	Karlawinda	Greenmount	39.07 ha	Application	25/08/2017	-
L52/177	Karlawinda	Greenmount	12.20 ha	Granted	08/12/2017	07/12/2038
L52/178	Karlawinda	Greenmount	21.41 ha	Granted	08/12/2017	07/12/2038
L52/179	Karlawinda	Greenmount	127.83 ha	Application	25/08/2017	-
L52/180	Karlawinda	Greenmount	20.63 ha	Application	14/09/2017	-
L52/181	Karlawinda	Greenmount	1.00 ha	Application	15/09/2017	-
L52/182	Karlawinda	Greenmount	14.60 ha	Application	06/11/2017	-
L52/183	Karlawinda	Greenmount	28.46 ha	Application	08/12/2017	-
Mining Lease						
M52/1070	Karlawinda	Greenmount	2975.07 ha	Granted	23/11/2016	22/11/2037

Note:

- The area measurement for one block can vary between 2.8 – 3.2 km²

Madagascar:

Title Number	Permit Type	Grant Date	Expiry Date	Term (Years)	Project Name	Total Carres (New - 0.391km ²)	Interest %	Note
3432	PR	21-Sep-15	20-Sep-18	3	Ampanihy - Central (Big 'S')	48	100%	5
5391	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Ianapera	16	100%	5
5392	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Ianapera	16	100%	4,5
5393	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Ianapera	16	100%	5
5394	PE	20-Nov-02	19-Nov-42	40	Ampanihy - Maniry	48	100%	3,5
19932	PE	10-Mar-06	09-Mar-46	40	Ampanihy - Maniry	112	100%	
25093	PE	18-Jan-07	17-Jan-47	40	Ampanihy - Ianapera	16	100%	5
25094	PE	18-Jan-07	17-Jan-47	40	Ampanihy - Ianapera	16	100%	5
25095	PE	18-Jan-07	17-Jan-47	40	Ampanihy - Maniry	48	100%	2
25605	PR	18-Jun-01	17-Jun-11	10	Ampanihy - Maniry	80	100%	1,5
25606	PR	18-Jun-01	17-Jun-11	10	Ampanihy - Maniry	16	100%	1,5
39750	PR	21-Sep-15	20-Sep-18	3	Ampanihy - Central (Big 'S')	16	100%	5
39751	PR	21-Sep-15	20-Sep-18	3	Ampanihy - Central (Big 'S')	160	100%	5
Total Carres						608		

Note:

- Renewal awaiting confirmation from BCMM. All annual fees have been paid up to 31 December 2017.
- Leased to SONY – Royalty and partial tenement fees payable to subsidiary Mada-Aust SARL.
- Leased to Jupiter Mines and Minerals – Royalty and annual tenement fees payable to MDA.
- Leased to Hery Lala Alain Raharinavio – Royalty on small blocks.
- Subject to sale to Blackearth Minerals NL upon the completion of the sale of Madagascar Graphite Ltd under the Share Sale & Purchase Agreement.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CAPRICORN METALS LTD

ABN

84 121 700 105

Quarter ended ("current quarter")

31 DECEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	17	45
1.2 Payments for		
(a) exploration & evaluation	(866)	(2,756)
(b) development	-	-
(c) production	-	-
(d) staff costs	(342)	(638)
(e) administration and corporate costs	(172)	(404)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other: GST (Paid)/ Refunded	58	139
1.9 Net cash from / (used in) operating activities	(1,294)	(3,586)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(5)
(b) tenements (see item 10)	-	-
(c) investments (deferred instalments)	(9)	(32)
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	(331)
2.6	Net cash from / (used in) investing activities	(9)	(368)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	9,129	9,129
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(372)	(372)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	8,757	8,757

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,891	5,542
4.2	Net cash used in operating activities (item 1.9 above)	(1,294)	(3,586)
4.3	Net cash from/ (used) in investing activities (item 2.6 above)	(9)	(368)
4.4	Net cash from financing activities (item 3.10 above)	8,757	8,757
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10,345	10,345

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	10,345	2,891
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,345	2,891

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	85
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	1,100
9.2	Development	-
9.3	Production	-
9.4	Staff costs	500
9.5	Administration and corporate costs	250
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	1,850

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer to Covering Quarterly Activity Report attached hereto		
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer to Covering Quarterly Activity Report attached hereto		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


(Company secretary)

Date: 31 January 2018

Print name: Natasha Santi

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.