



Karlawinda Gold Project Investor Update

A compelling opportunity in the Australian gold sector

May 2018

Disclaimer & Competent Persons 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.

The Company has concluded it has a reasonable basis for providing the forward looking statements that relate to the Bibra Feasibility Study that are included in this presentation, the details of this study are outlined in an ASX announcement dated 23 October 2017, which has been prepared in accordance with the JORC code (2012) and ASX Listing Rules.

The Company confirms that all material assumptions underpinning the production target and forecast financial information contained in the Company’s ASX announcement released on 23 October 2017 continue to apply and have not materially changed

COMPETENT PERSON’S 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 Ore Reserves for Karlawinda 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 Resources (10/4/2017) and Metallurgy (19/6/2017) 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.



Corporate

Corporate Information

ASX Code	CMM
Shares on Issue	747.9M
Share Price as at 4 th May 2018	\$0.08
Market Cap 4 th May 2018	~\$59.8M
Cash as at 31 st March 2018	\$7.2M
Unlisted options	55.7M

Board of Directors

Heath Hellewell (BSc (Hons)) – Executive Chairman

- Geologist with +23 years experience in gold, base metals and diamonds
- Co-founding Executive Director of Doray Minerals, and previous senior positions with Independence Group, Resolute Mining and DeBeers Australia
- Co-winner of the 2014 AMEC “Prospector of the Year” award

Stuart Pether (BEng) – Non-Executive Director

- Mining Engineer with +25 years’ experience, COO Sheffield Resources
- Formally Vice President, Project Development with Evolution Mining
- Previous senior positions with Kula Gold, Catalpa Resources, CBH Resources, PacMin Mining, Dominion Mining and Western Mining Corporation

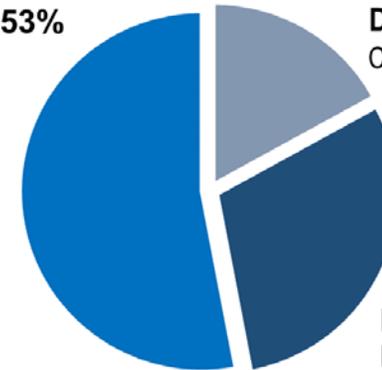
Peter Langworthy (BSc (Hons)) – Non Executive Director

- Geologist with 28 years’ experience in mineral exploration and project development in Australia and Indonesia
- Senior management roles with WMC Resources, PacMin Mining, Jubilee Mines and Talisman Mining
- Part of the corporate team responsible for the growth of Jubilee Mines until it was taken over by Xstrata for \$23/share

Debra Bakker (MAppFin., BBus. (FinAcc), Grad Dip FINSIA, GAICD) – Non Executive Director

- Project financier with more than 25 years’ experience in the resources industry.
- Previously senior positions with Commonwealth Bank of Australia, Standard Bank London Group and Barclays Capital
- Currently the Western Australian Representative for Auramet Trading and a non-executive director for Access Housing Australia, Non-executive Director of Independence Group

Retail & HNW 53%



Directors & Officers 17%

Centrepeak Resources Group 9.94%

Institutional 30%

Hawkes Point Capital 18.8%

Senior Management

Peter Thompson (BSc (Hons) MSc) – Chief Operating Officer

- Geologist with extensive experience in gold, nickel and copper
- Previous senior roles with WMC, Anaconda Nickel, Jubilee Mines, St Barbara, Beaconsfield Gold and Central Asia Resources
- Significant experience in operating deep underground gold and heap leach start-up operations

Jonathan Shellabear (BSc (Hons) MBA) – Chief Financial Officer

- 30 years’ experience as a senior corporate executive and investment banker specialising in the mining sector
- Senior investment banking positions with NM Rothschild & Sons, Deutsche Bank and Resource Finance Corporation
- Former Managing Director of Dominion Mining and Heron Resources

Michael Martin (BSc (Hons)) – Chief Geologist

- 21 years’ experience as a Geologist in exploration, resource estimation and development and mine geology
- Senior positions with Pacmin Mining, Sons of Gwalia, Jubilee Mines, Xstrata and Talisman Mining



The Opportunity at Karlawinda

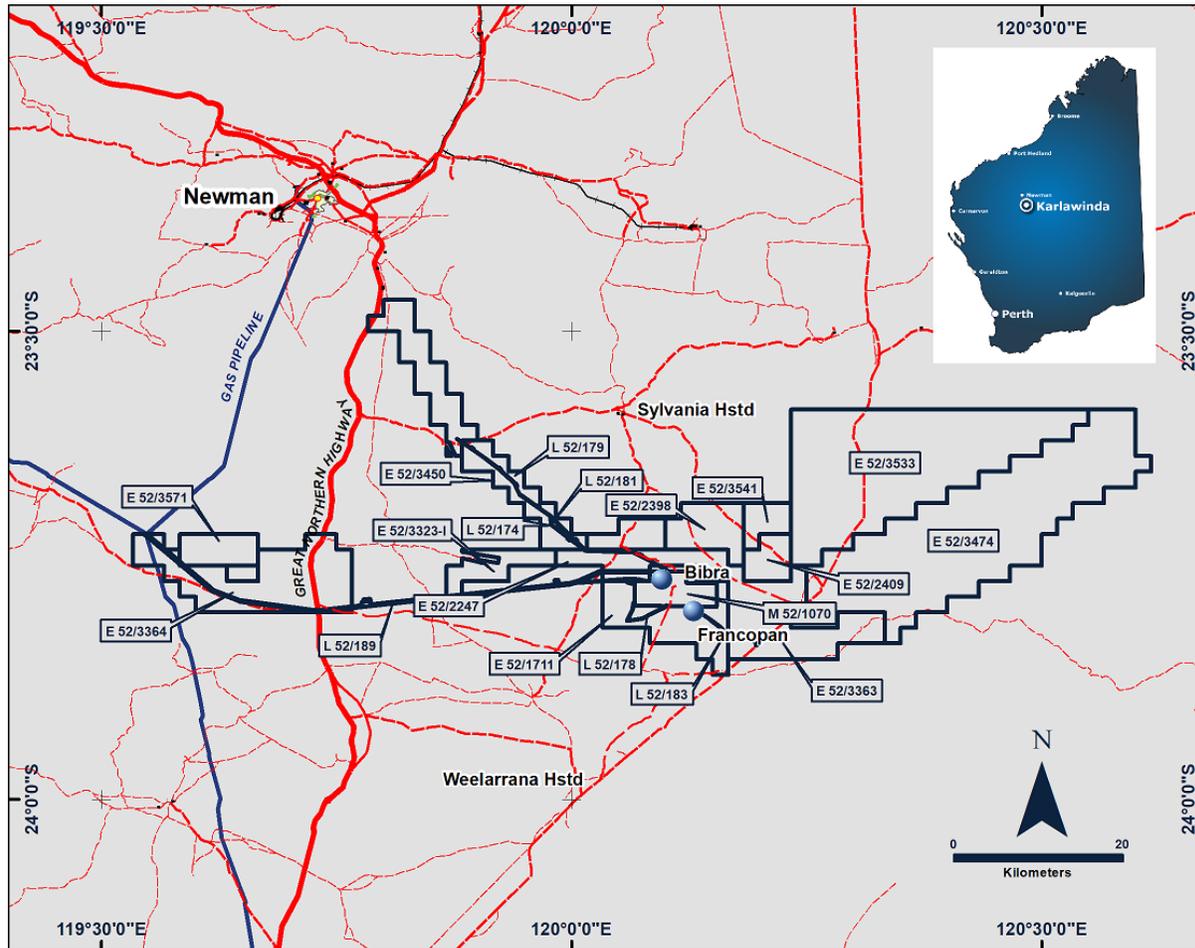
1. Premier “low risk” mining jurisdiction with proven geological endowment
 - Two large scale gold mineralised systems discovered at Karlawinda to date
2. Ongoing Resource/Reserve growth from active exploration programs
 - Resource - 1.3Moz (38.3Mt @ 1.1 g/t Au)¹ - **100% growth since acquisition**
 - Current Bibra Reserve - 713koz (21Mt @ 1.06 g/t Au)¹ - **Reserve update May 2018**
3. Regional and conceptual exploration ramping up
4. Positive Feasibility Study (Nov 2017) ~100,000oz/pa stand-alone gold project
 - Single low strip ratio open pit
 - 3Mtpa CIL Processing Plant
 - LOM AISC A\$1025/oz
5. Ongoing project optimisation and permitting
 - **\$27.7M in capital savings realised plus operational improvements**
 - **Mine reschedule (May 2018) and mining tender process**
 - **Optimised project power solution**
 - **Permitting advancing to schedule**



1. Capricorn report that it is not aware of any new information or data that materially affects the information included in the Reserve announcement dated 7th August 2017 or the Resource announcement dated 7th November 2017 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and there have been no adverse material changes.

Karlawinda, First Class WA Location

Premier mining jurisdiction



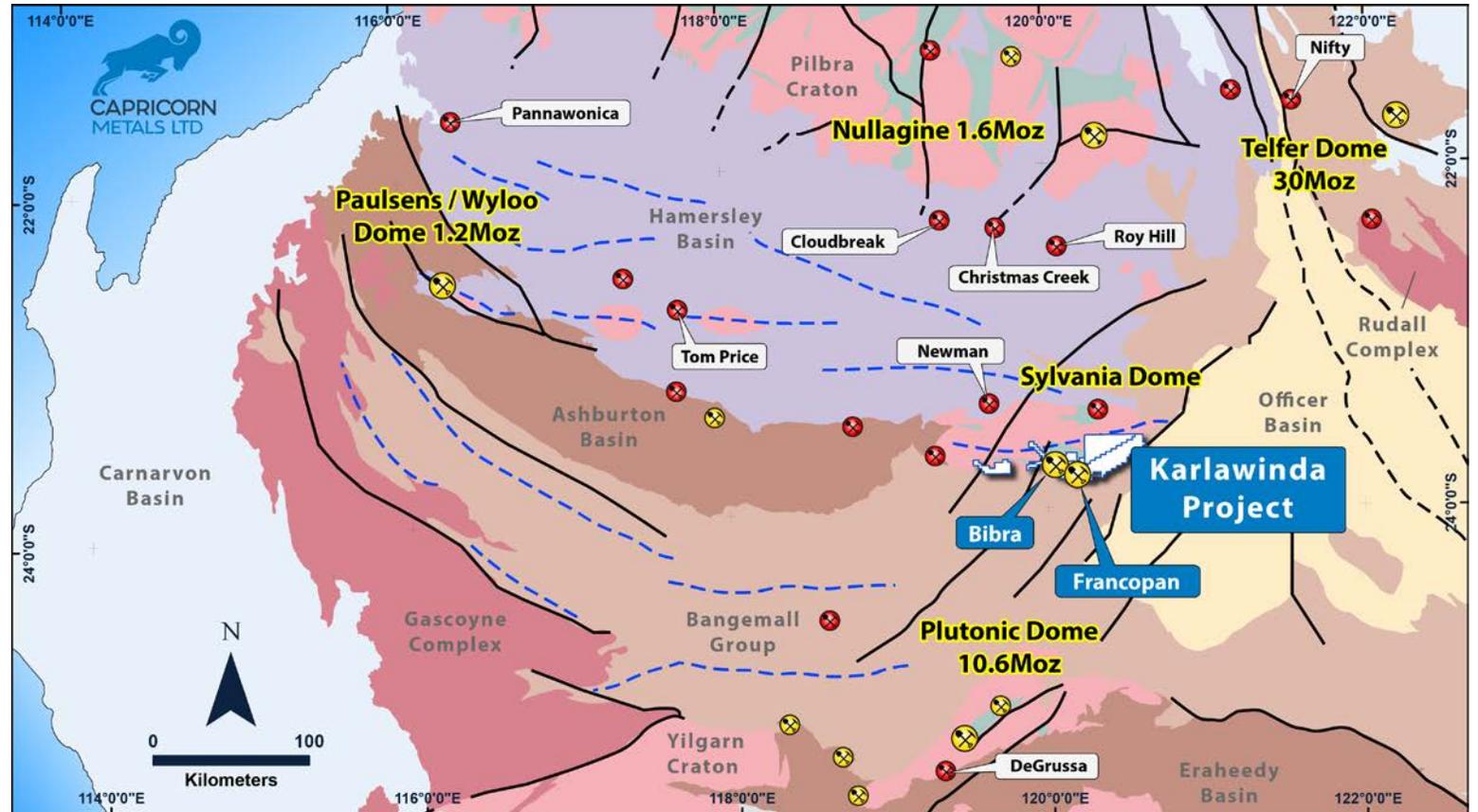
- 60km south east of Newman in Western Australia
- 1400km² of 100% owned exploration and mining tenements
- Road access via the Great Northern Hwy
- 45 minute drive to services and logistics
- Multiple flights per day Perth to Newman
- Mining engineering, suppliers, services
- Granted Mining Lease, NT Access Agreement and NVCP



Capricorn Orogen - Regional Geology

Karlawinda – A new gold discovery in a premier mining district

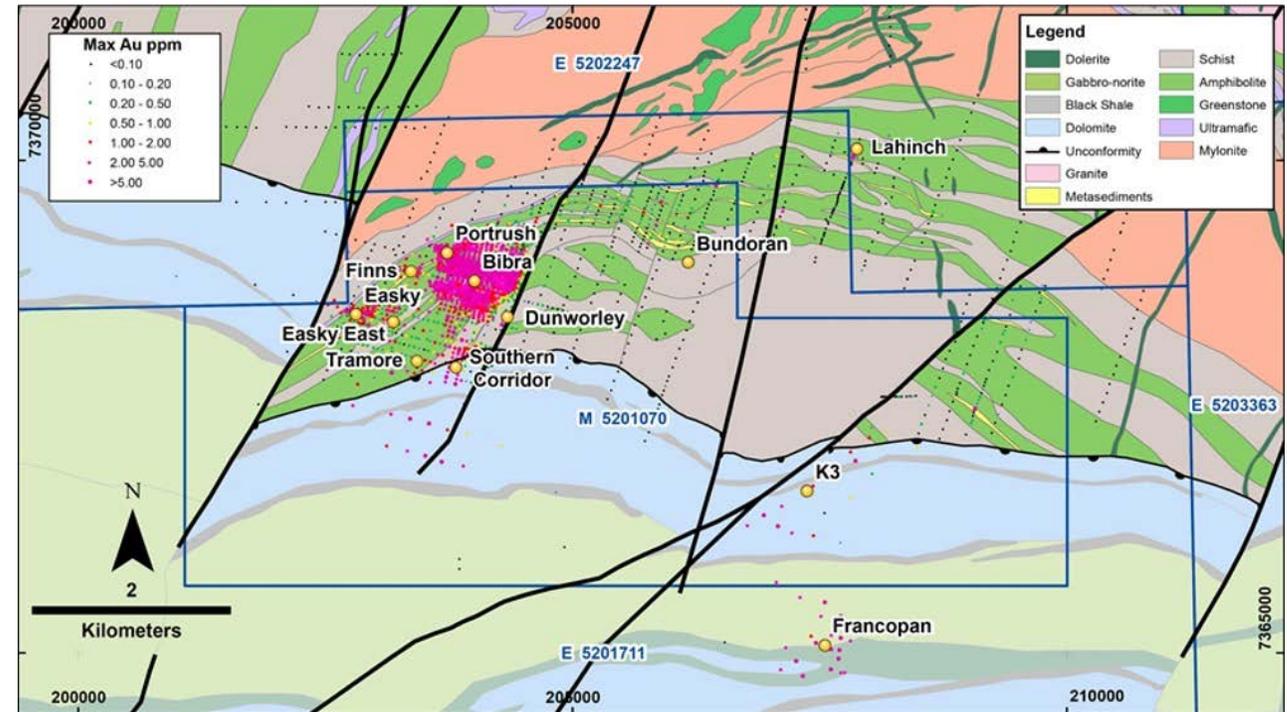
- First-mover opportunity in emerging Archaean greenstone belt
 - Analogous with Plutonic Dome (+10Moz)
- Long-lived structural domain, with key major structures
- Operationally and logistically simple exploration, development and production
- Geological understanding to crystallise into further discovery



Karlawinda Project - Geology

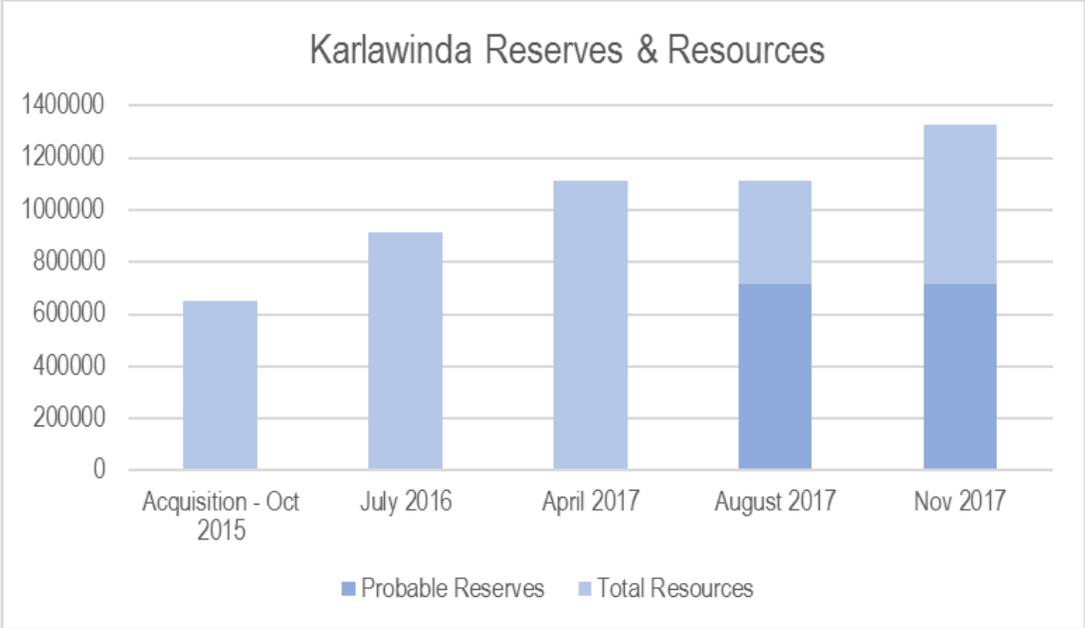
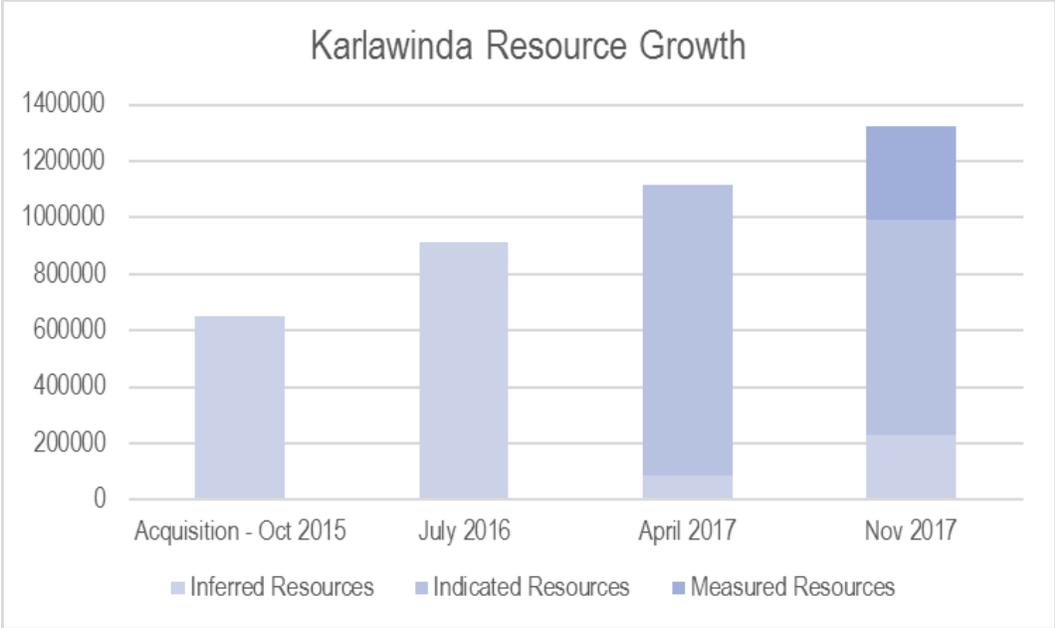
Unlocking the potential of a new gold camp

- Proven camp-scale multi million ounce potential, partially obscured by thin 1-10m of sand cover
- Limited early stage exploration outside the immediate 1.3Moz Bibra Deposit
 - K3 Prospect, up-plunge projection of Francopan
 - 26m @ 1.08 g/t Au from 132m
 - 21m @ 1.31 g/t Au from 230m
 - Francopan, wide-spaced drilling, high grade zones
 - 37m @ 1.9 g/t Au incl. 8m @ 5.1 g/t Au from 179m
 - 81m @ 1.2 g/t Au incl. 15m @ 3.0 g/t Au from 400m



Bibra Resource and Reserve Growth

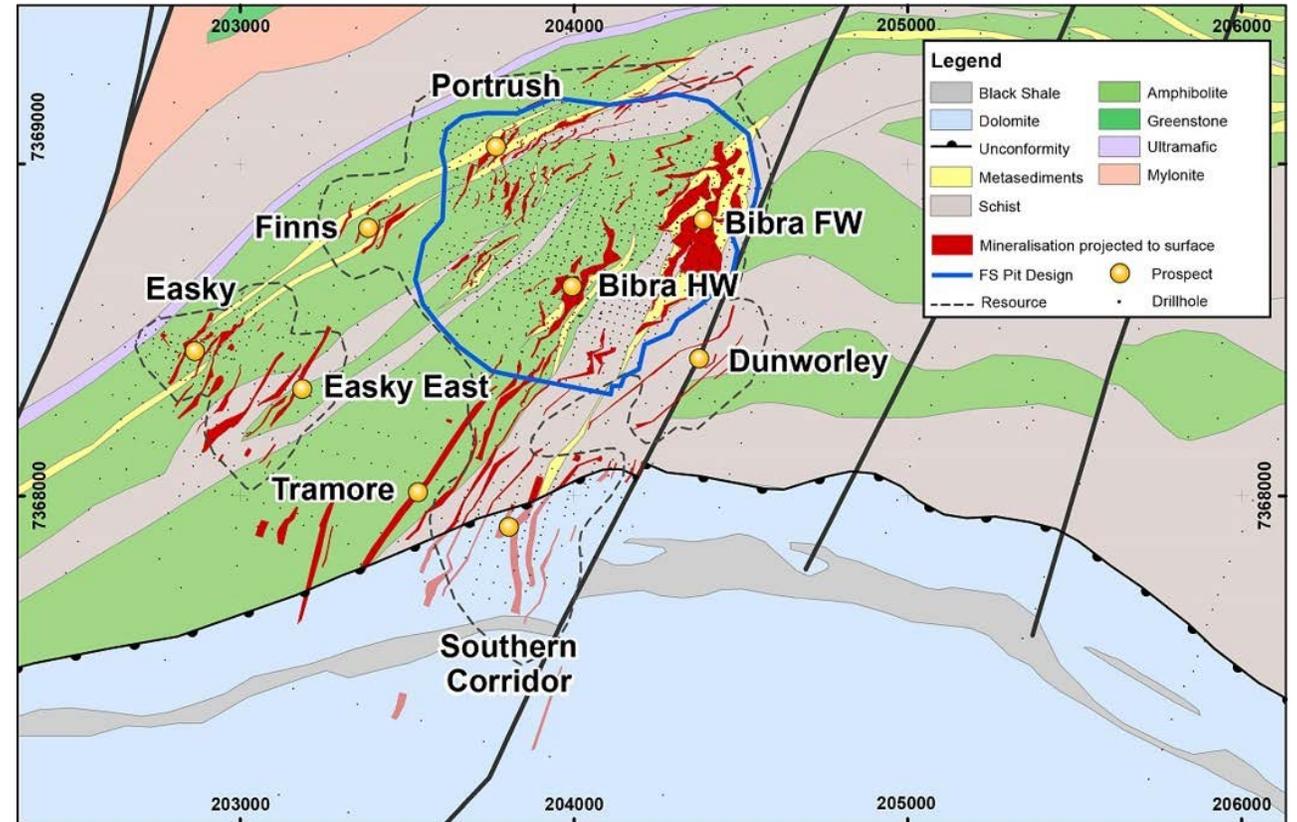
Drilling yielding high value results



Bibra Gold Deposit - 1.3Moz and Growing

Predictable, structurally controlled mineralised system

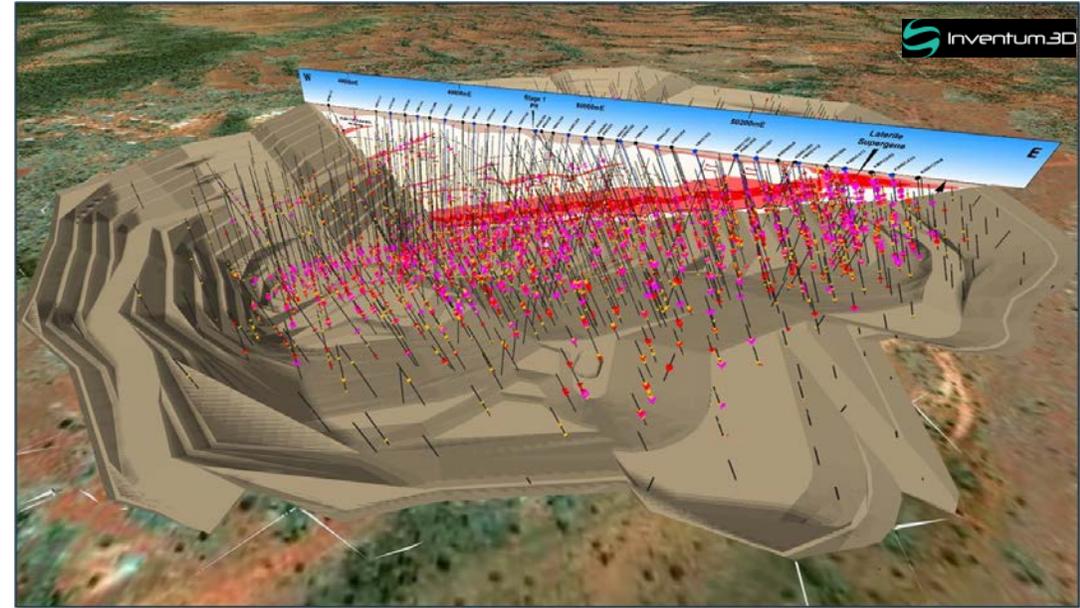
- Major Archaean mineralised system comprising multiple large scale ore zones
- Broad (up to 50m thick) "shoots" developed as low angle mineralised zones
- Multiple trends only partially drill tested
- Shoots are continuous down plunge



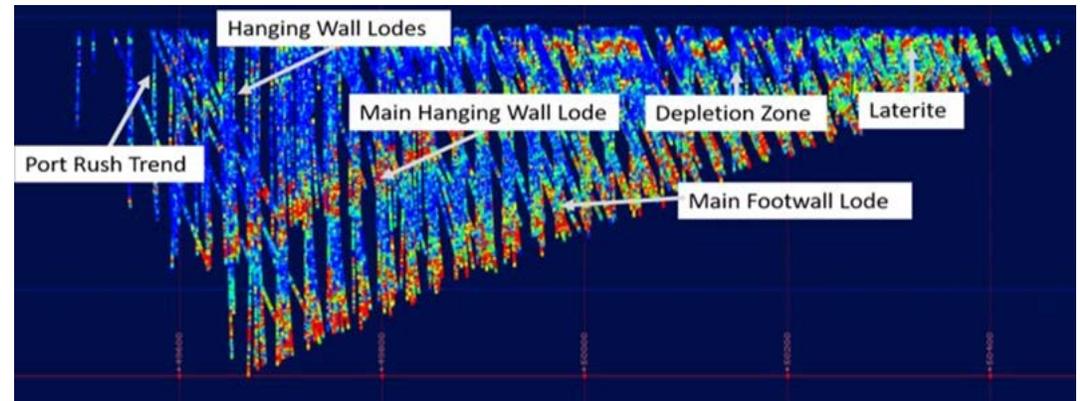
Bibra Gold Deposit -1.3Moz and Growing

Predictable, structurally controlled mineralised system

- Bibra Deposit currently defined over a 2km strike length
- Drilled +800m down-dip and remains open
 - Positive deep drilling results (April 2018)
- Mineralisation best developed in large dilational shoots within a shear/fold system
 - Biotite, carbonate, magnetite alteration
 - Silica, pyrite, gold mineralisation
 - Amphibolite facies metamorphic overprint
- Large laterite and oxide zone near surface

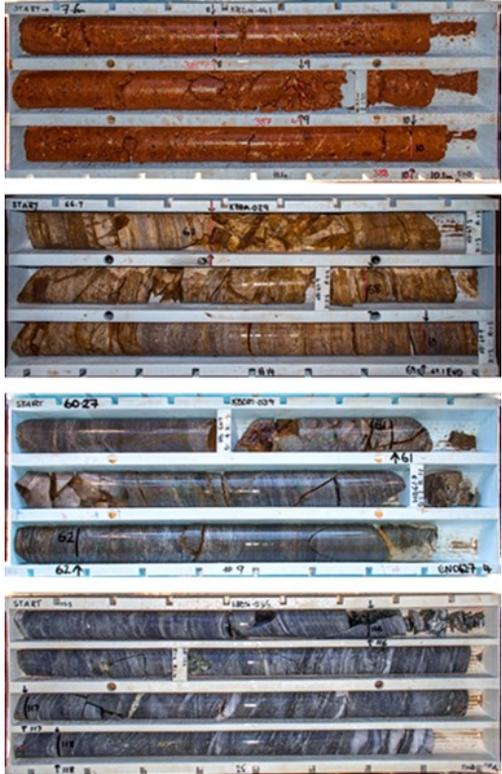
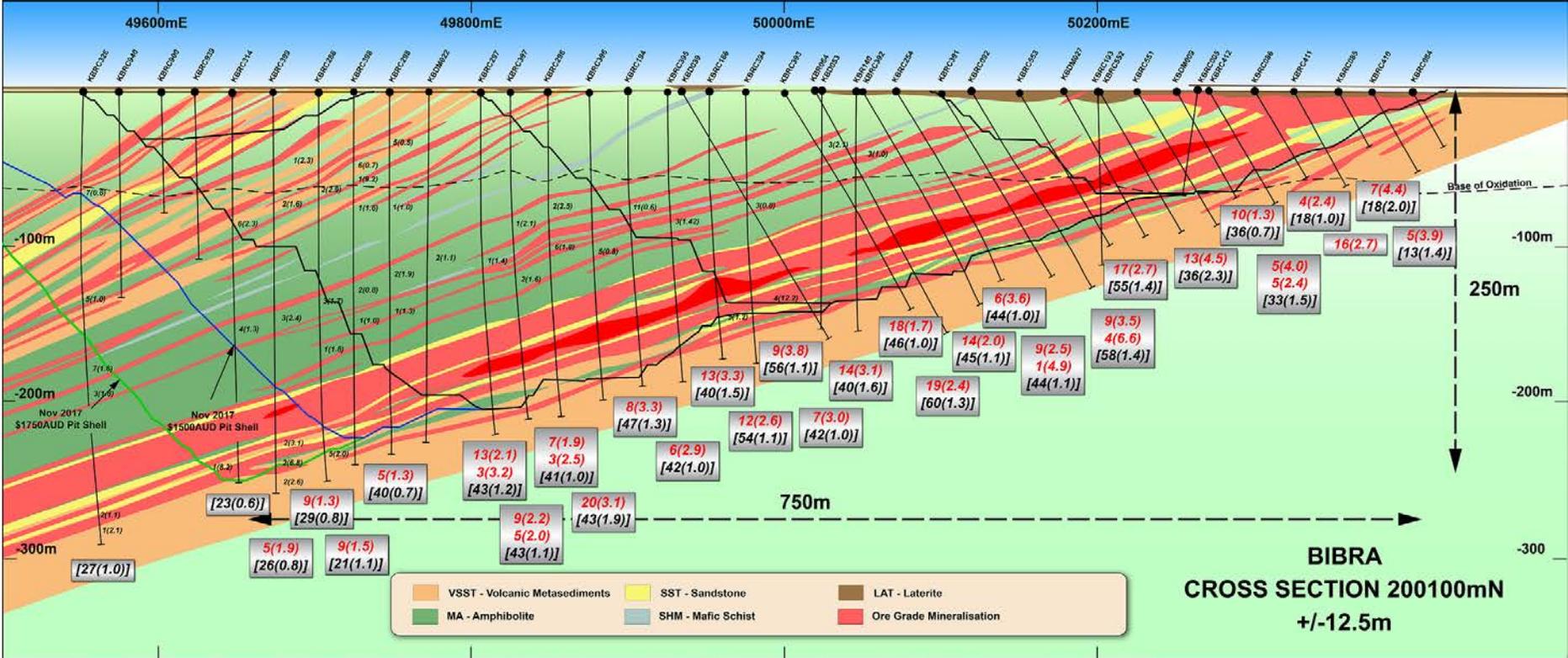


mapability



Bibra Gold Deposit – 1.3Moz and Growing

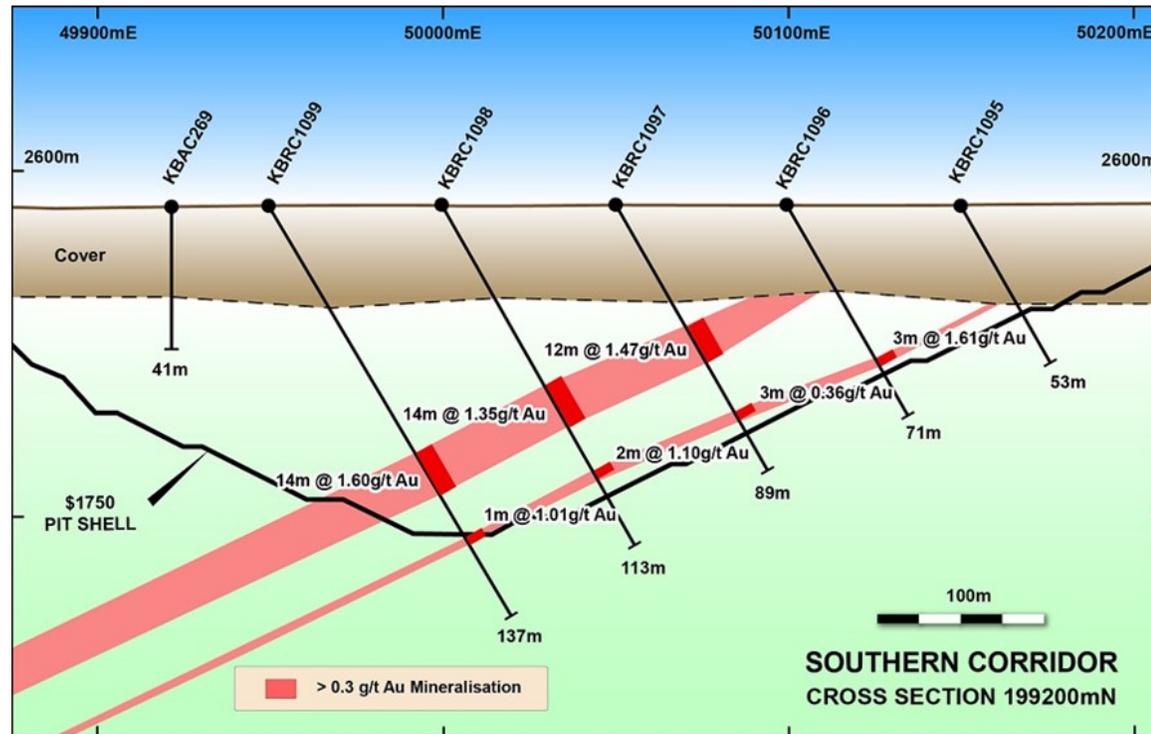
Continuous shoots down plunge



Reserve Expansion Targets

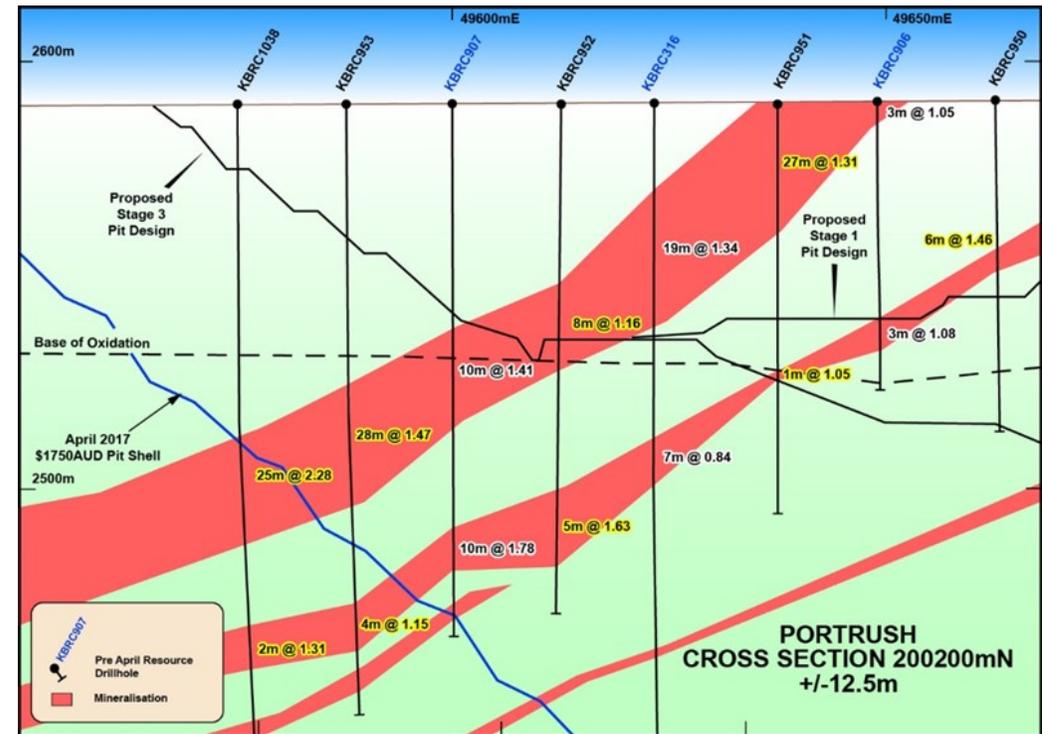
Southern Corridor

Resource upgrade and evaluation



Portrush Zone

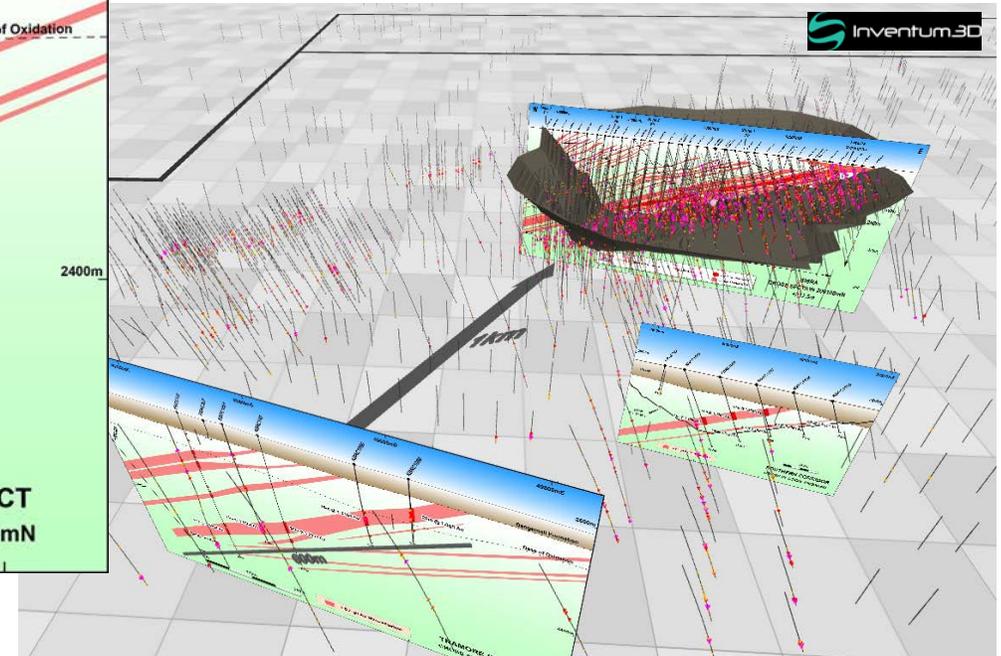
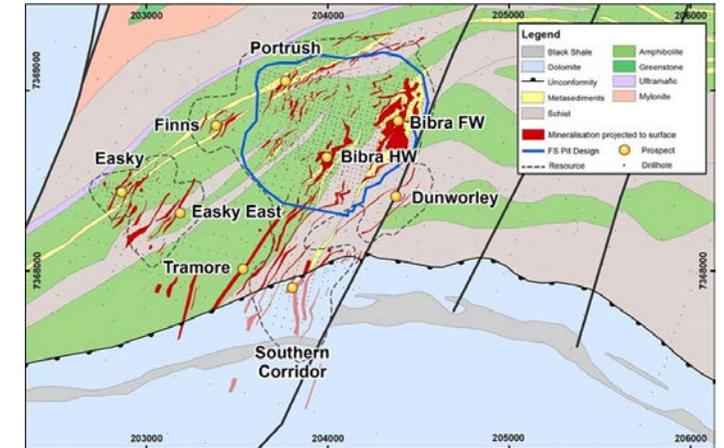
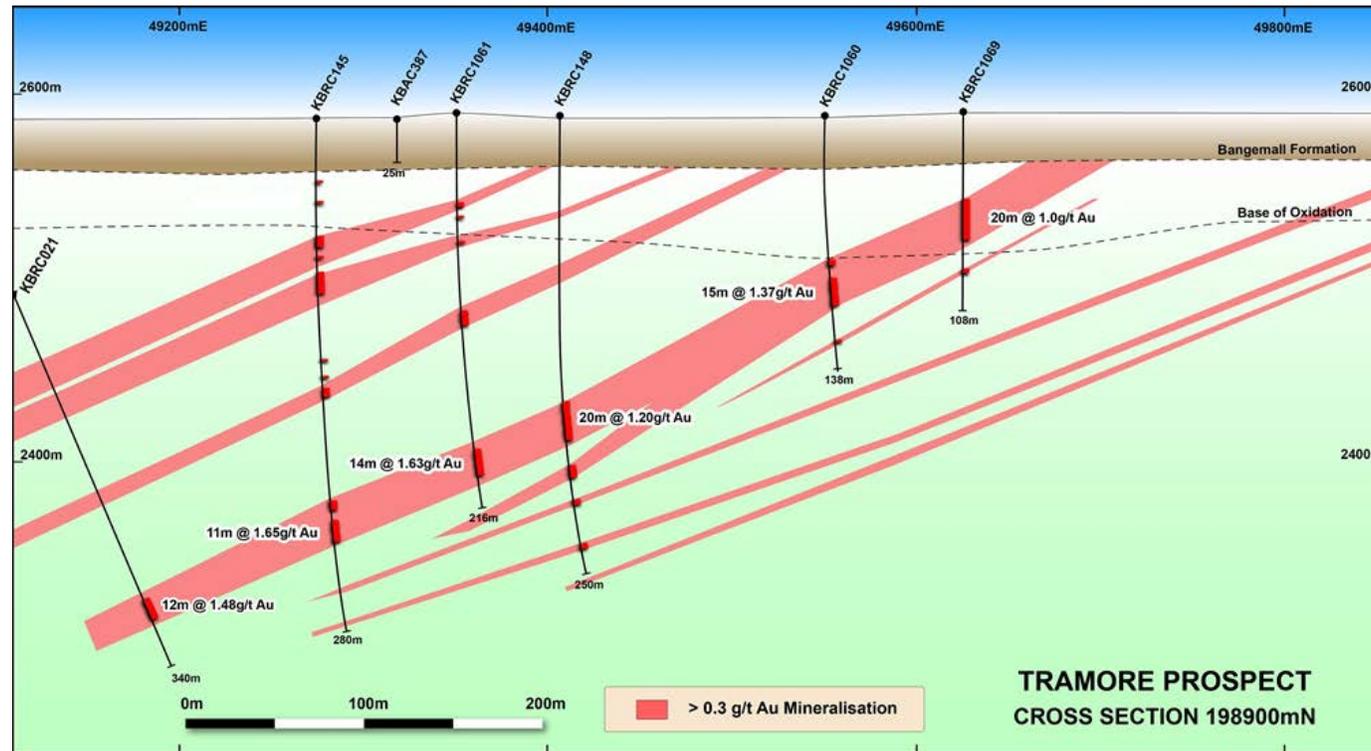
Near surface extensions



Resource Growth Target

Tramore

Potential major new zone – Oxide potential

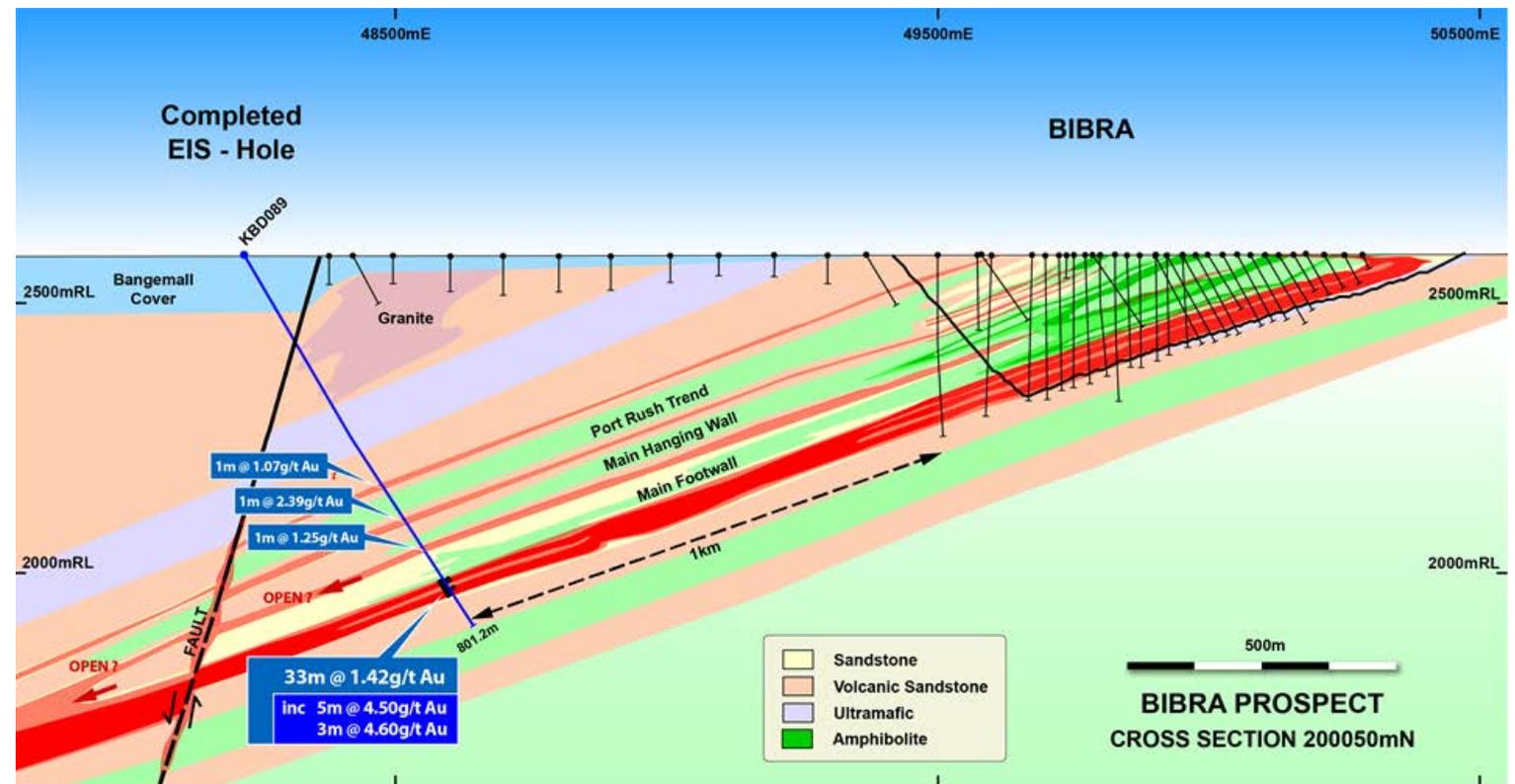


Conceptual Upside

Bibra Gold Deposit - Multi-million oz Exploration Target

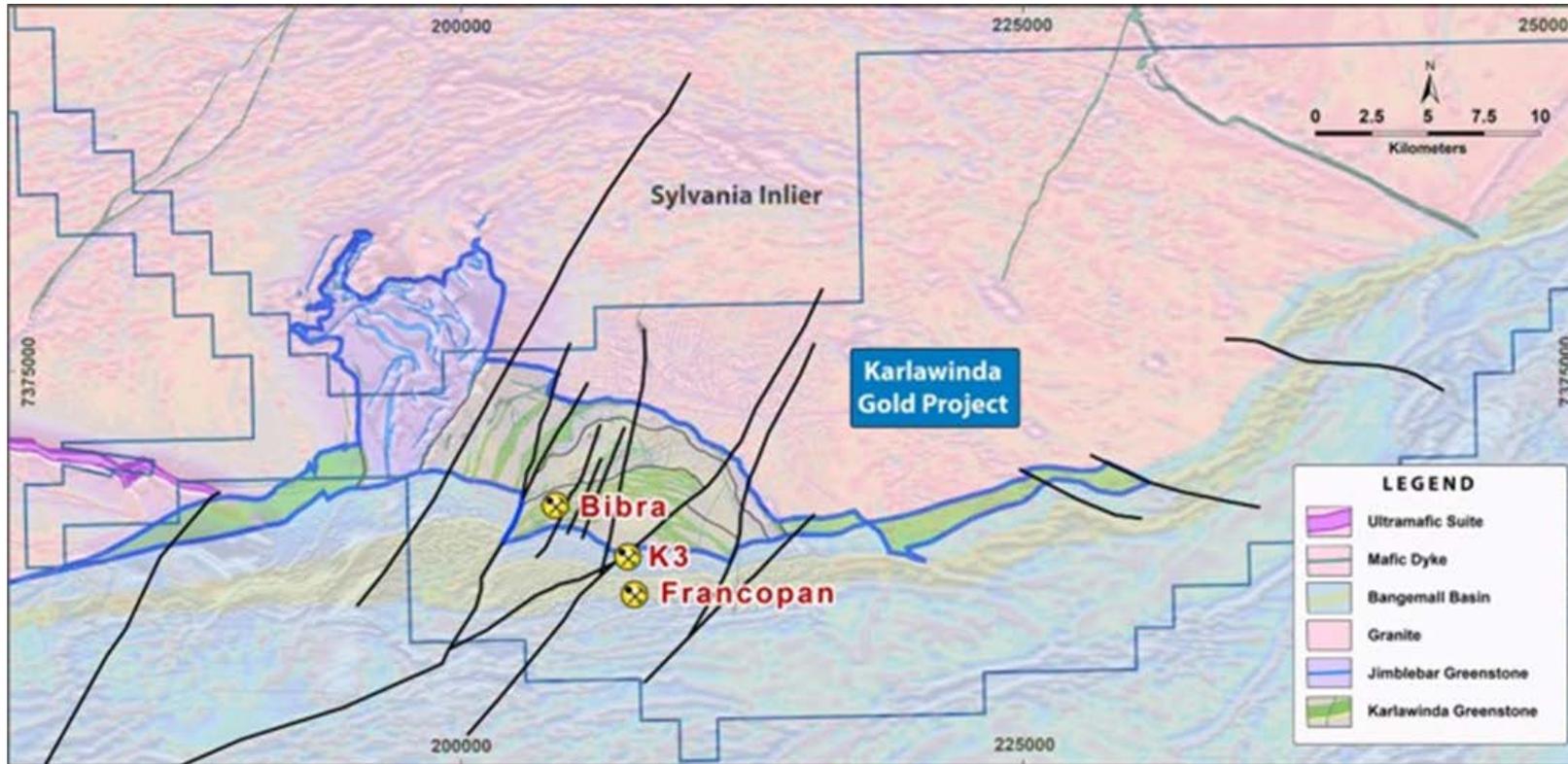
Geological understanding crystallising

- Litho-geochemical studies provide the catalyst for recent breakthroughs in geological interpretation
- Large scale geological concepts tested by government co-funded drilling
- Bibra & Francopan high grade concept



Regional Exploration

Ramping-up Activities



- Bibra "Mine Sequence" targets
- Regional geochemical programs have commenced

A Compelling Development Opportunity

De-risked by Feasibility Study (Oct 2017)

Bibra Deposit – Current Open Pit Ore Reserve (Aug 2017)

Ore Reserve 21Mt @ 1.06 g/t Au for 713,000oz (Probable)

- Ore Reserve conversion rate 70% at A\$1500/oz
- Ore Reserve based on previous 1.1M oz Resource (Apr 2017)
- Current Resource of 1.3M oz (Nov 2017) - [Reserve update May 2018](#)

Firm “Base Case” Feasibility Economics

3.0Mtpa plant to produce 100,000oz pa over an initial 6.5 year mine life (based on current Ore Reserves)

- Project revenue of A\$1,091M, pre-tax operating surplus of A\$413M
- AISC of A\$1025/oz over LOM
- NPV₍₈₎ (pre tax) of A\$144M, IRR 31%, ~3 year payback

Revised Capital Expenditure Estimate

Total initial plant and infrastructure capex estimate of \$A127M (plus contingency of A\$4M)

- 3.0Mtpa CIP processing plant and Infrastructure A\$93.1M – [Fixed price contract](#)
- Other Infrastructure A\$20.5M
- Owners Costs A\$13.4M

Mining fleet equipment leasing of \$40M implemented over three Quarters at start of production (mid 2019)

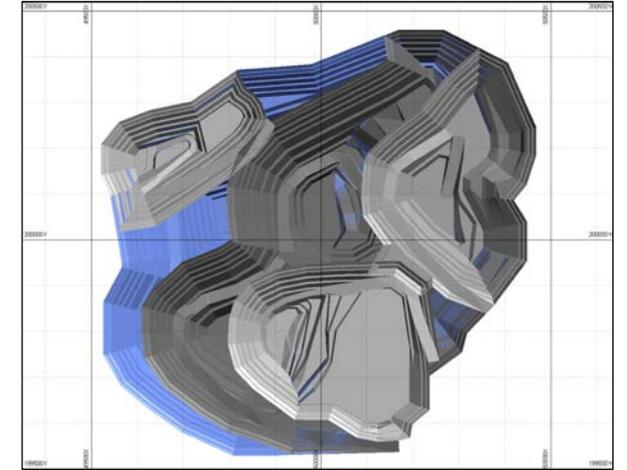
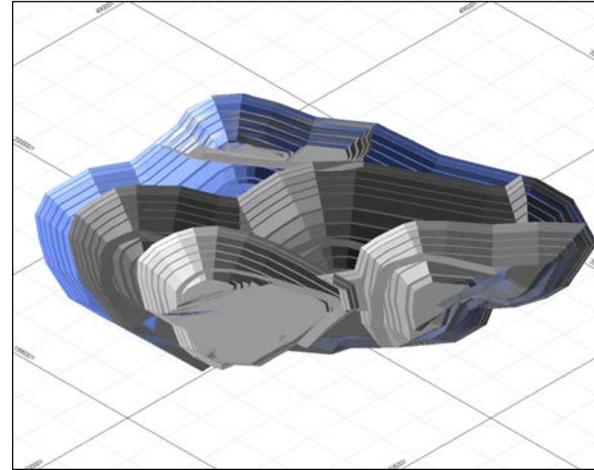


Updated Ore Reserve estimate in May 2018

Open Pit Mining

Bibra Deposit- Large tonnage, low strip ratio

- Single large-scale, multi-staged open pit (1km x 1km)
- Very attractive stripping ratios:
 - LOM - 4.7:1
- Higher value, near surface laterite and oxide ore in Stage One
- Thick, continuous and consistent ore zones
- Comfortable mining rates, consistent material movement
- Favourable geotechnical conditions, HW overall slope $\sim 47^\circ$, FW $\sim 25^\circ$



Opportunity with additional Reserves to optimise mining schedule and significantly enhance project value

Pit Stage	Tonnes	Grade (g/t Au)	Ounces	Strip Ratio (Waste : Ore)
1A	554,000	0.9	16,000	5.4 : 1
1B	1,630,000	1.2	63,000	3.1 : 1
1C	2,892,000	1.05	98,000	2.4 : 1
2	8,172,000	1.03	271,000	4.9 : 1
3	7,777,000	1.06	266,000	5.5 : 1
TOTAL	21,025,000	1.06	713,000	4.7 : 1

Open Pit Mining

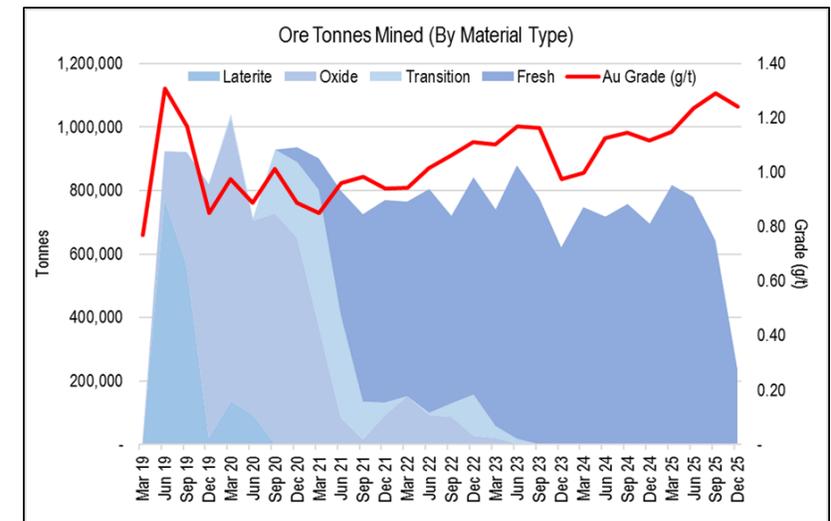
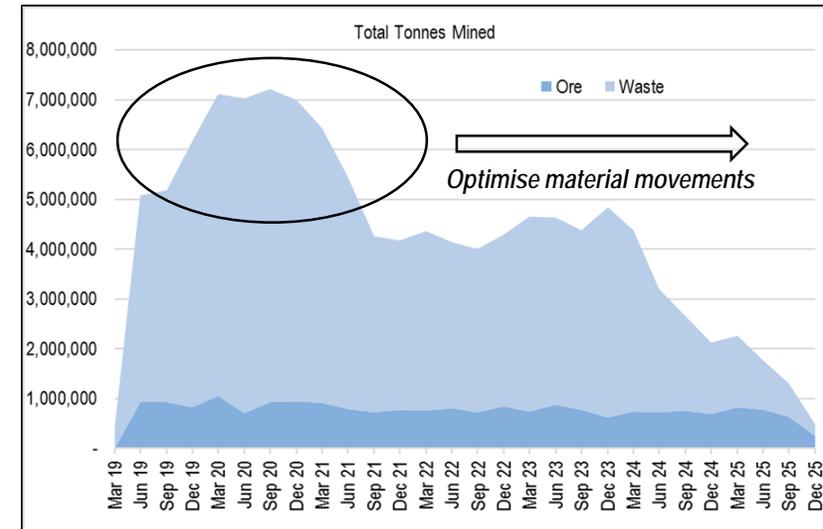
Bibra Deposit- Contract/Owner Operator FS assumptions

- Contract grade control
 - RC -10m x 10m, 5m x 8m
- Contract drill and blast
 - 5m benches, 10m benches in some areas of bulk waste
 - Detailed fragmentation studies to:
 - Optimise powder factors and blast patterns
 - Ensure material delivered to crusher is optimal
- Owner operator load and haul is the FS assumption due to:
 - Material operating cost savings
 - Simple large-scale, single open pit mine
 - Broad ore zones
 - Consistent scheduled material movement over LOM
 - Attractive new equipment leasing opportunities
 - Service and supply logistics due to proximity to Newman

Formal mining tender process to commence following Reserve update and pit redesign and schedule



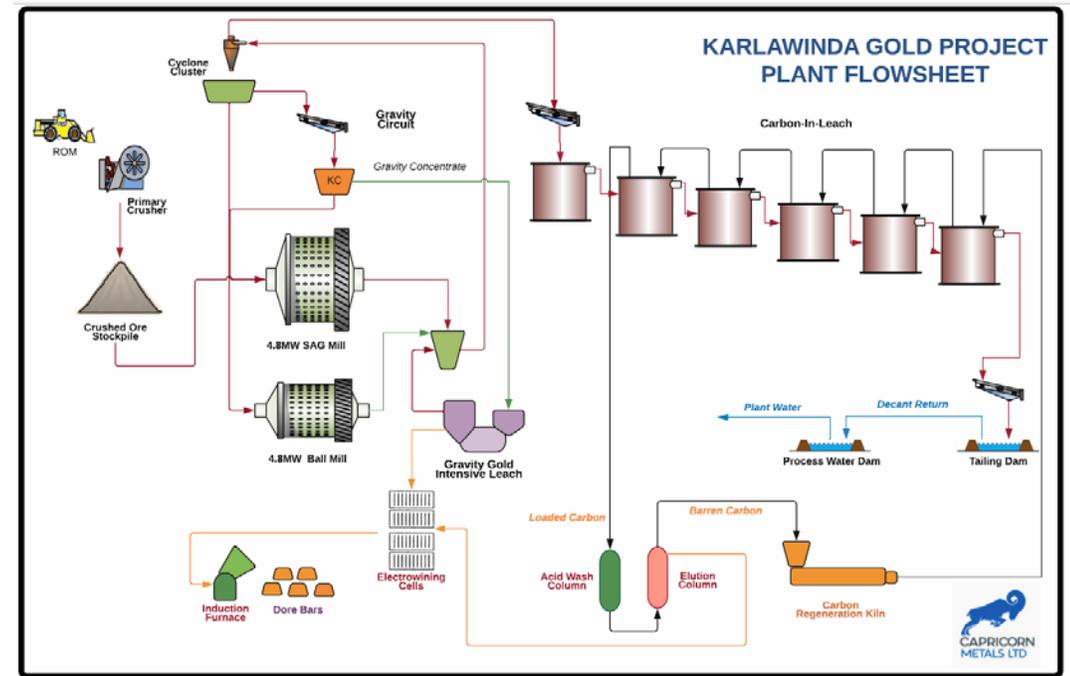
CAPRICORN
METALS LTD



Metallurgy & Processing

Conventional processing, high recoveries

- Conventional 3Mtpa CIL circuit – **New flowsheet**
 - 3.7Mtpa throughput during oxide/laterite processing
 - Single stage crushing
 - SAB milling - 4.8MW SAG, 4.8MW Ball
 - Large gravity circuit
- 92.6% LOM recovery, with 45% gravity recoveries in primary ore
 - Coarse grind size (P80 150µm oxide and 120µm primary)
 - Low reagent consumptions

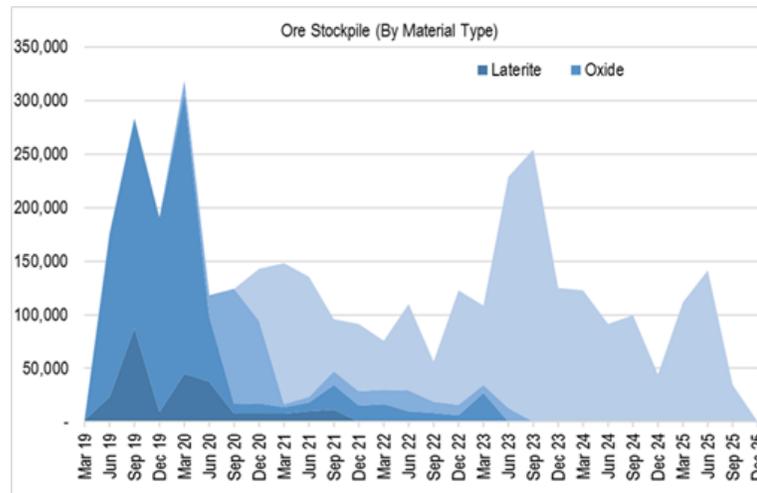
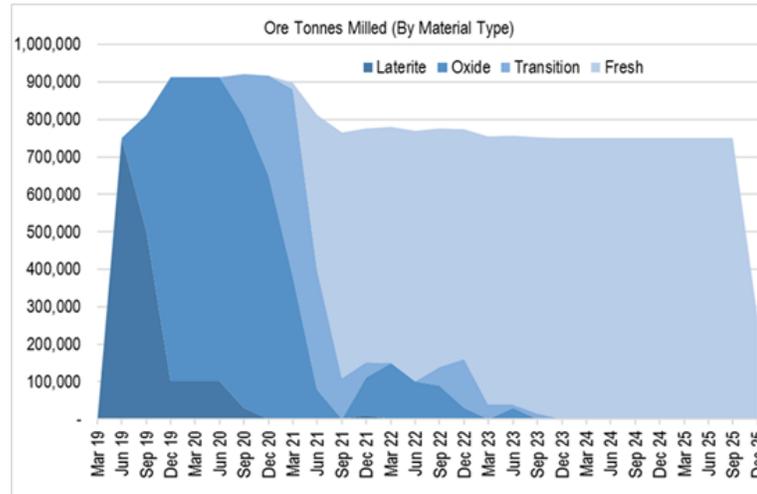


Optimised Flowsheet

Optimised comminution circuit will reduce operating risk and increase flexibility

Metallurgy & Processing

Conventional Processing, High Recoveries



Test	Ore Type	Units	Grade (g/t)	Recovery Testwork	
				Scoping Study Recovery (%) (P80 grind size)	FS (June 2017) Recovery (%) (P80 grind size)
Gravity	Laterite	%	1.4	-	< 10
	Oxide	%	1.0	-	25
	Transition	%	1.0	-	45
	Fresh	%	1.1	24	45
Overall	Laterite	%	1.4	92.1 (125 μ)	94.1 (150 μ)
	Oxide	%	1.0	89.0 (125 μ)	92.8 (150 μ)
	Transition	%	1.0	90.0 (125 μ)	91.8 (150 μ)
	Fresh	%	1.1	91.4 (106 μ)	92.5 (106 μ)*
Average		%	1.09	90.4	92.6

*primary ore subsequently optimised to 120μ with no recovery impact

Comminution Testwork				
Test	Ore	Units	Scoping	FS
SMC (A*b)	Oxide		87	89
	Fresh		28	30
BBWI	Oxide	kWh/t	16.7	13.0
	Fresh	kWh/t	15.8	14.5
UCS	Fresh	Mpa	150	54
Abrasion Index	Oxide	g	0.08	0.07
	Fresh	g	0.25	0.23

Infrastructure

Standard West Australian gold mine

- Long-term power purchase agreement (BOO).
 - Preferred optimised solution
 - Onsite gas-fired power station
 - Fuelled by natural gas from a new lateral off the GGP
- Integrated Waste Landform (IWL) Tailings Storage facility (TSF)
- New 40km access road linking site to Great Northern Highway (along proposed new natural gas pipeline route)
- Borefield - water abundant and excellent quality. Pump testing complete
- Second-hand accommodation camp (with potential Newman residential option)
- FIFO via Newman airport (60km by road)

Optimised project power solution to provide operating cost savings



Upfront Capital Cost Summary

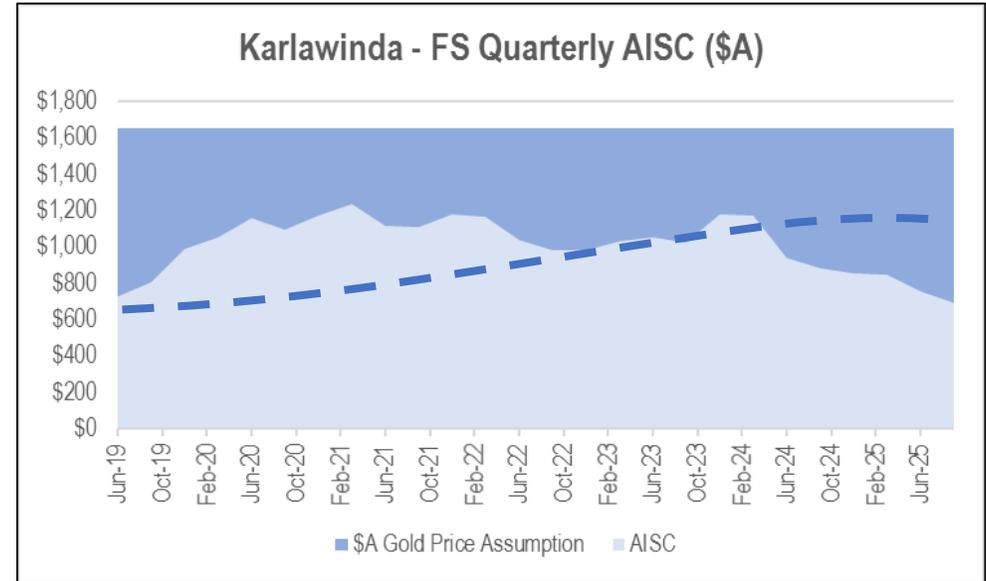
Item	October 2017 Feasibility Estimates	May 2018 Estimates
	(A\$)	(A\$)
Processing Plant (EPC) (3.7Mtpa oxide/ 3.0Mtpa primary ore)	\$90.7M	\$93.1M (fixed price)
Plant Infrastructure (EPC) (Plant buildings and workshops, borefield)	\$8.7M	
Other Infrastructure (TSF, accommodation village, access road, communications)	\$20.5M	\$20.5M
Owners Costs (temporary construction facilities, capital spares, first fills, personnel costs, insurance, establishment costs)	\$13.4	\$13.4M
Estimated Capital Costs	\$133.3M	\$127.0M
Contingency allowance	\$13.1M	\$4.0M
Total Capital Cost Estimate (includes rounding adjustments)	\$146.3M	\$131.0M

- Formal tender process completed
- GR Engineering Services preferred contractor
- Lump sum turnkey price
- 23% Reduction on comparable feasibility study cost estimates including \$9.6M in reduction in sustaining capital



Feasibility Operating Cost Estimates

Item	LOM Cost (A\$M)	LOM Cost / Tonne (processed) (A\$/t)	LOM Cost / Ounce (recovered) (A\$/oz)
Mining	\$290.9	\$13.8	\$440.1
Processing & Maintenance	\$251.9	\$12.0	\$381.1
General & Admin.	\$54.3	\$2.6	\$82.2
Realisation Costs	\$3.0	\$0.1	\$4.5
Sustaining Capital (incl. closure costs)	\$22.8	\$1.1	\$34.5
	\$622.9	\$29.6	\$942.4
Royalties & Charges	\$54.8	\$2.6	\$82.9
AISC	\$677.7	\$32.1	\$1025.3



Operating cost improvements and sustaining capital reductions

Project Financing

Conventional debt and equity Project Financing

- Combination of Debt (55-65%) and Equity (35-45%)
- Debt process to be finalised and completely de-risked prior to equity
 - Formal process underway, debt solution by June/July 2018
 - Preference is for traditional bank project financing
 - Prudent gold hedging to underwrite debt facility
- Sensible approach to equity at the “right time”
 - Underpinned by supportive long term shareholders
 - Ongoing exploration and project optimisation to crystallise value



Premier Mining Jurisdiction

Permitting progressing to schedule

- ☑ Niyiyaparli Heritage Agreement
- ☑ Mining Lease - M52/1070
- ☑ NVCP- Mine Area
 - 5C Water Licence (June 2018)
 - Detailed pump testing complete
 - Works Approvals and Mining Proposal (early July 2018)



Timeline

A simple, straightforward development and growth opportunity

Timeline	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4												
Scoping Study	█															
Resource Drilling	█			█	█			█	█							
Mining Lease Application			█													
Native Title Agreement			█													
Feasibility Study			█		█											
Optimisation									█							
Approvals								█		█						
Financing								█								
Construction & Comissioning											█		█			
Gold Production															█	
Exploration Drilling					█			█	█			█				



Key Investment Takeaways

A compelling opportunity in the Australian gold sector

- Karlawinda Gold Project is an economically robust Western Australian gold development opportunity
- Straight forward development pathway
 - Single large open pit mine (from surface)
 - CIL processing
 - Ongoing optimisation will continue add significant project value
- High impact extensional exploration opportunities adjacent to existing Ore Reserves
- Camp-scale multi million ounce potential from multiple known mineralised systems and new targets





Appendices – Resources & Reserves

Resource – Karlawinda Project

November 2017 upgrade

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

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

Notes on the November 2017 Mineral Resource Estimate:

- Discrepancy in summation may occur due to rounding.
- 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.
- The Mineral Resource has been constrained by a A\$1750/ounce optimised pit shell.
- Ordinary kriging was used for grade estimation utilising Surpac software v6.6.2.
- Grade estimation was constrained to blocks within each of the mineralised wireframes.
- See ASX announcements dated 4th July 2016 and 10th April 2017 for previous resource announcements.
- See ASX announcement dated 7th August 2017 for previous Ore Reserve announcement.

Drilling Techniques

In total 143,943 metres of drilling has been completed within the constraints of the Bibra resource consisting of 85 diamond holes (12,211m/9%) and 880 Reverse Circulation drillholes (131,732m/91%). The drilling database consists of good quality RC and diamond drillholes with holes drilled at approximate spacings of 25m x 25m in the measured category area, 25m x 50m in the indicated category area and 50m x 50m to 100m x 100m in the inferred category area. Deeper holes and wider spaced drilling targeting along strike, downdip and down plunge extensions of the Bibra mineralisation has also been completed outside of the classified resource area and included in the model. However, currently this material remains unclassified/not reported and is target for future resource development drilling.

Reserve – Bibra Deposit

August 2017

BIBRA GOLD DEPOSIT JORC (2012) ORE RESERVE ESTIMATE (as of AUGUST 2017)									
DATE	PROVEN			PROBABLE			TOTAL		
	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)
AUGUST 2017	---	---	---	21	1.06	0.713	21	1.06	0.713

- A\$1500/ounce Pit Constraint
- 0.4 g/t - 0.47g/t Au lower cut (dependent on ore type)
- 70% Conversion
- 5 x 6.25 x 2.5 (SMU)
- Mining dilution applied results in:
 - 11% reduction in ore tonnes
 - 2% reduction in in-situ grade
 - 13% reduction in contained metal

Notes on the November 2017 Mineral Resource Estimate:

- Discrepancy in summation may occur due to rounding.
- 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.
- The Mineral Resource has been constrained by a A\$1750/ounce optimised pit shell.
- Ordinary kriging was used for grade estimation utilising Surpac software v6.6.2.
- Grade estimation was constrained to blocks within each of the mineralised wireframes.
- See ASX announcements dated 4th July 2016 and 10th April 2017 for previous resource announcements.
- See ASX announcement dated 7th August 2017 for previous Ore Reserve announcement.

“To create superior shareholder value through the discovery, acquisition and development of mineral deposits using industry leading practice.”



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