



Karlawinda Gold Project Feasibility Study

A compelling opportunity in the Australian gold sector

24 October 2017

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 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 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.

A Compelling Opportunity in the Australian Gold Sector

Robust Feasibility Study.....

Open Pit Ore Reserve and Mineral Resource Estimate

Bibra Deposit Ore Reserve 21Mt @ 1.06 g/t Au for 713,000oz (Probable)¹

- Mineral resource estimate of 31Mt @ 1.10g/t Au for 1.1Moz (Indicated and Inferred) at \$A1750/oz
- Ore Reserve conversion rate 70% at A\$1500/oz

Robust Project Economics in Premier Mining Jurisdiction

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

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

Capital Expenditure

Total initial capex estimate for plant & infrastructure of \$A133.3M (plus contingency of A\$13.1M):

- 3.0Mtpa CIP processing plant A\$90.7M
- Plant Infrastructure A\$8.7M
- Other Infrastructure A\$20.5M
- Owners Costs A\$13.4M

Board Approval to proceed to development subject to project financing

First gold production targeted in June Quarter of 2019



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 and, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not material changed.

A Compelling Opportunity in the Australian Gold Sector

Robust Feasibility Study.....

Ongoing Post-Feasibility Study Project Optimisation

- Process plant and associated infrastructure capex savings
 - Formal EPC tender process underway
 - Material improvement on FS anticipated
- Formal process to finalise preferred power solution
 - Gas - LNG, CNG, GGT pipeline
 - Newman Grid Power
- Ongoing mine schedule and fleet utilisation optimisation
 - Revised mine design and schedule following Resource update
 - Formal tendering process to finalise preferred mining solution



A Compelling Opportunity in the Australian Gold Sector

Bibra Gold System – expansion targets.....

Bibra

Additional 300koz of Indicated Resources at the base of the design pit and open at depth.

- 10-15% uplift in gold price or positive movement in operating costs will bring them into the production schedule
- Delineation of additional shallow ounces (e.g. Portrush) will bring them into the production schedule
- Obvious potential for increase in LOM ounces by approximately 50%

Portrush Zone

Recent exploration drilling has identified **additional ounces within and adjacent to the current design pit shell** (open at depth)

- 25m @ 2.28 g/t Au from 77m
- 14m @ 2.06 g/t Au from 2m
- 28m @ 1.47 g/t Au from 65m
- Resource update and review of Reserves and pit designs

Easkey, Southern Corridor and strike extensions

Currently 84koz Inferred Resources (SC and Easkey)

- 8m @ 3.74 g/t Au from 83m
- 22m @ 1.35 g/t Au from 52m
- Potential of “live” structures for shallow economic mineralisation



A Compelling Opportunity in the Australian Gold Sector

Regional exploration upside.....

Bibra is not the only potential multi-million ounce gold system at Karlawinda

Francopan and K3 (~5km from Bibra)

Francopan: Mineralised system of comparable in scale to Bibra, with a demonstrated higher grade component

- 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
- 21 holes within an area of 4km²

K3: Up-plunge, extension of the large Francopan system

- 26m @ 1.08 g/t Au from 132m
- 21m @ 1.31 g/t Au from 230m
- 13 holes within an area of 2.5km²
- Test for shallower up-dip zones

Bundoran

High priority geochemical/geophysical target

- Anomalous geology, geochemistry and aircore drill intercepts 5m @ 1.61g/t Au from 48m (EOH)
- Induced polarisation (IP) and magnetic geophysical anomalies comparable to Bibra

Regional Targets

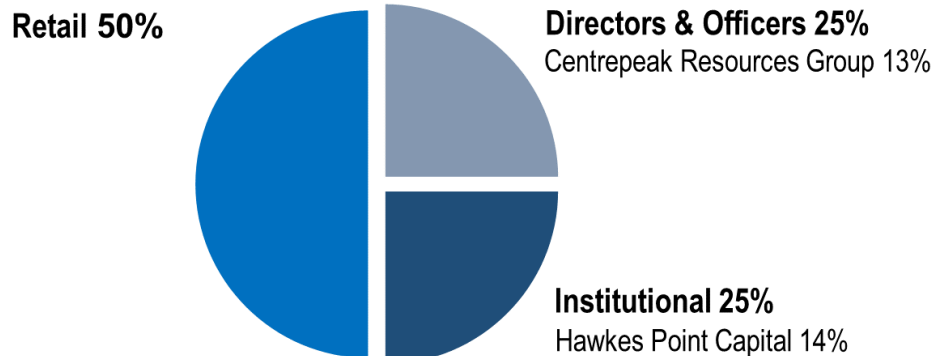
- ~300km² of underexplored interpreted greenstone belt, parts never geochem sampled
- Existing anomalies ready for infill geochem and aircore



Corporate

Corporate Information

ASX Code	CMM
Shares on Issue	572.4M
Share Price as at 23 rd October 2017	\$0.078
Market Cap 23 rd October 2017	~\$44.6M
Cash as at Sept 2017	\$2.9M
Unlisted options	55.7M



Board

Heath Hellewell (BSc (Hons)) – Executive Chairman

- Geologist with +23 years experience in gold, base metals & diamonds
- Co-founding Executive Director of Doray Minerals, and previous senior positions with Independence Group NL, 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
- Vice President, Project Development with Evolution Mining
- Previous senior positions with Kula Gold, Catalpa Resources, CBH Resources, PacMin Mining Limited, Dominion Mining and Western Mining Corporation

Guy LeClezio (BA) – Non-Executive Director

- Stockbroker and Mining Industry Executive, +20 Years Experience
- Eyres Reed, Canadian Imperial Bank of Commerce
- Founder Madagascar Resources NL

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 Ltd, 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

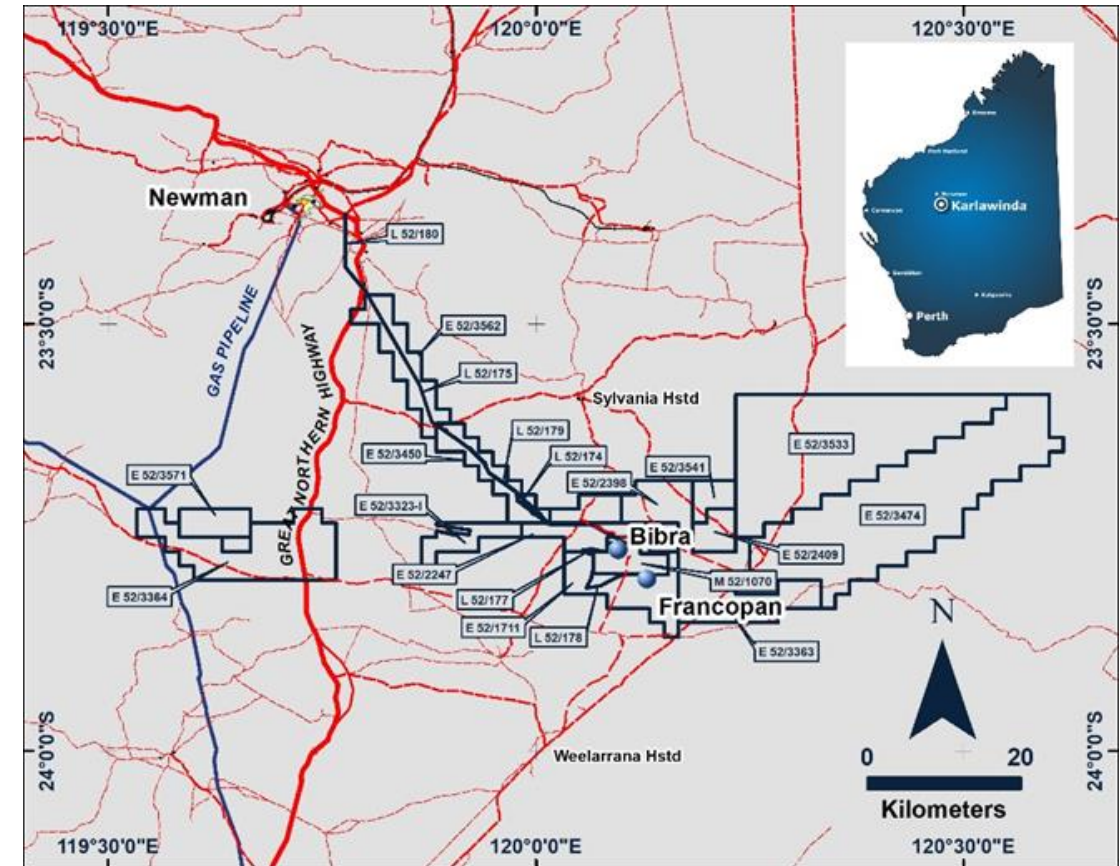
Peter Langworthy (BSc (Hons)) – General Manager Geology

- 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

Karlawinda: First Class WA Location

Low risk pathway to production

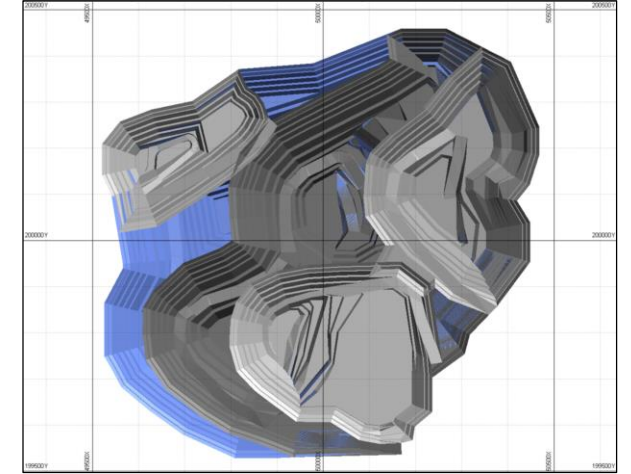
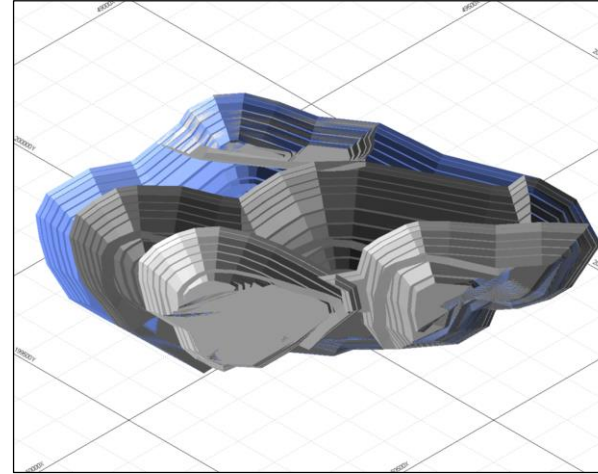
- 100% ownership (1,419km²)
- Low-risk Jurisdiction
 - 70km from Newman by road
 - Granted Mining Lease
 - Native Title agreement in place
 - Environmental baseline and detailed studies complete
 - Permitting framework well understood with no impediments
- World-class infrastructure and support services
 - Newman airport, road network, logistics base
 - Engineering and mining support services
 - Residential opportunities
- Ongoing Optimisation of Power supply options
 - LNG, CNG, GGP, Grid Power



Open Pit Mining

Bibra Deposit- large tonnage, low strip ratio

- Single large-scale, multi-staged open pit
- 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 ~47°, FW ~25°

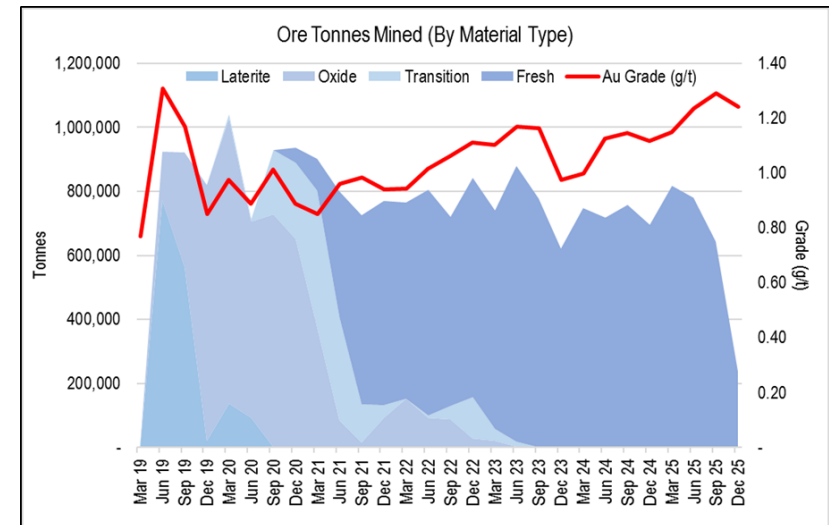
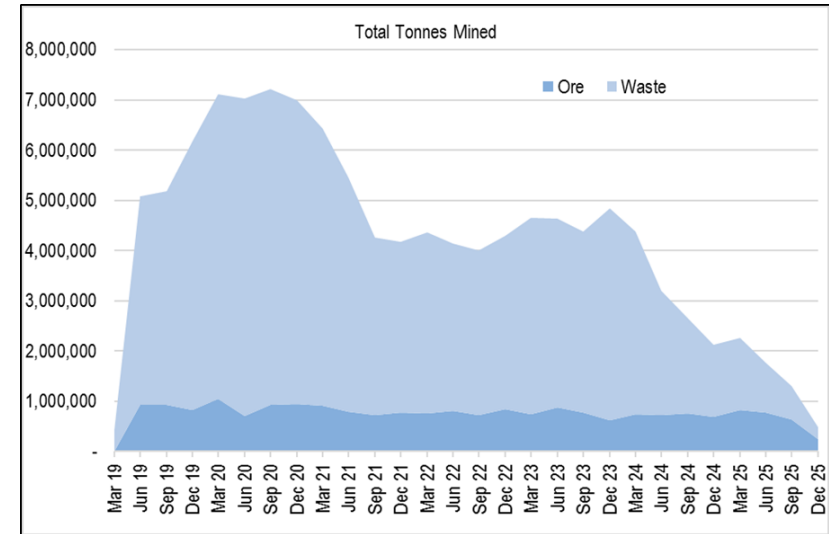


Pit Stage	Tonnes	Grade (g/t Au)	Ounces	Strip Ratio (Waste : Ore)
1A	554,000	0.9	16,000	5.4 : 1
1B	1,630,000	1.2	63,000	3.1 : 1
1C	2,892,000	1.05	98,000	2.4 : 1
2	8,172,000	1.03	271,000	4.9 : 1
3	7,777,000	1.06	266,000	5.5 : 1
TOTAL	21,025,000	1.06	713,000	4.7 : 1

Open Pit Mining

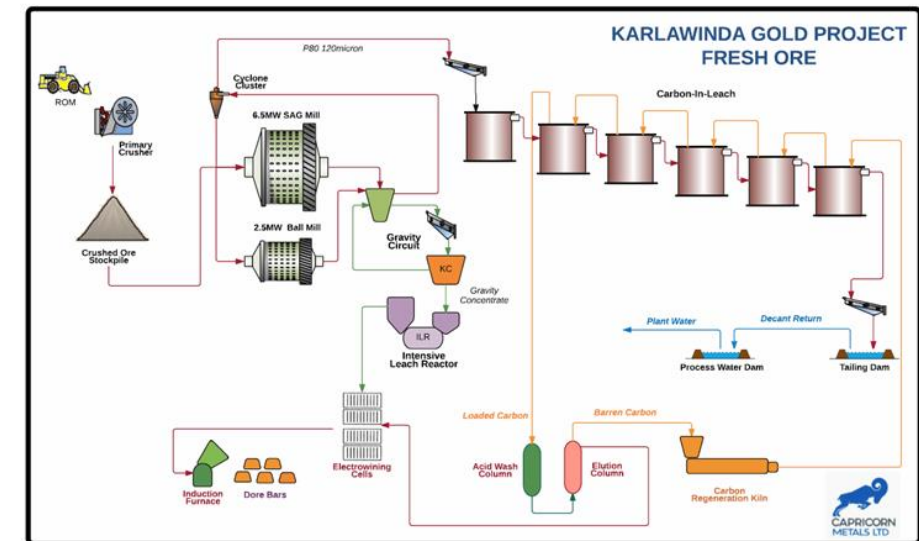
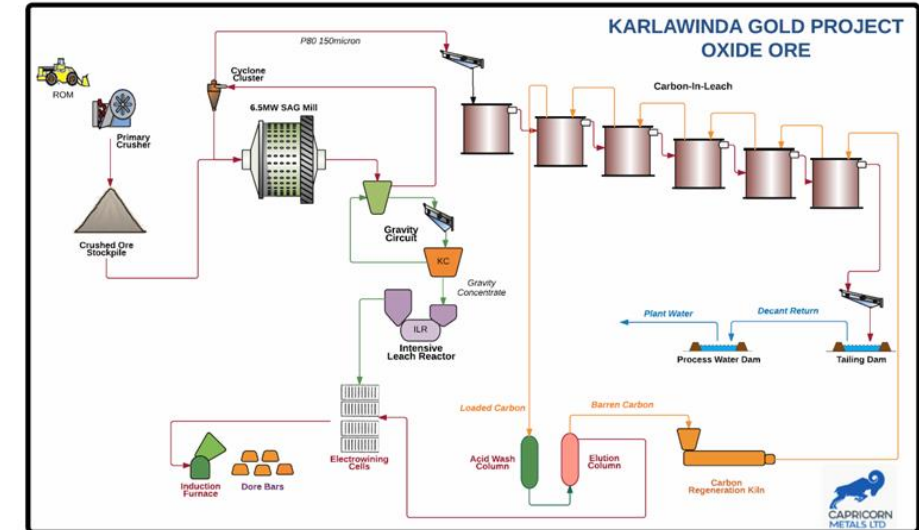
Bibra Deposit- Contract/Owner Operator FS Assumptions

- 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 preferred option due to:
 - Significant 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



Conventional Processing, High Recoveries

- Conventional 3Mtpa CIP circuit
 - 3.7Mtpa throughput in first 2 years (oxide)
 - Single stage crushing
 - 6.5MW SAG with upgrade to SAB (SABC) with ~2.5MW ball mill after 2 years
 - Potential to increase annual throughput in primary ore with larger ball mill
- 92.6% LOM recovery, with 45% gravity recoveries in primary ore
 - Coarse grind size (P80 150µm oxide and 120µm primary)
 - Low reagent consumptions
 - Consistent milling rates



Metallurgy & Processing

High Recoveries, Conventional Processing

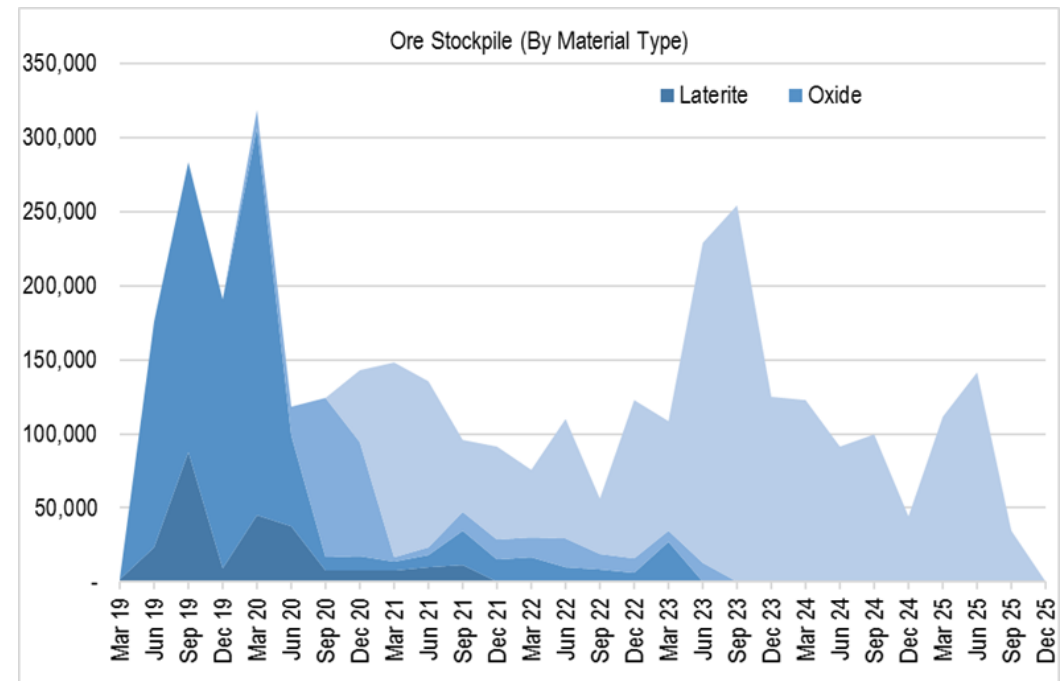
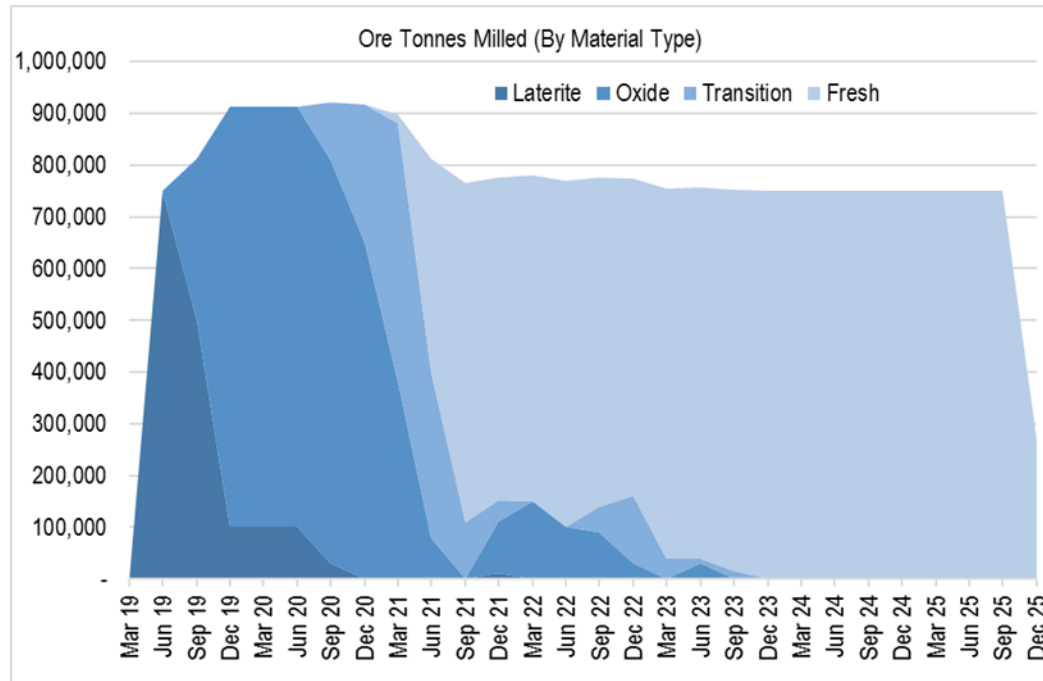
Test	Ore Type	Units	Grade (g/t)	Recovery Testwork	
				Scoping Study Recovery (%) (P80 grind size)	FS (June 2017) Recovery (%) (P80 grind size)
Gravity	Laterite	%	1.4	-	< 10
	Oxide	%	1.0	-	25
	Transition	%	1.0	-	45
	Fresh	%	1.1	24	45
Overall	Laterite	%	1.4	92.1 (125 µ)	94.1 (150 µ)
	Oxide	%	1.0	89.0 (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

Metallurgy & Processing

Conventional Processing/High Recoveries

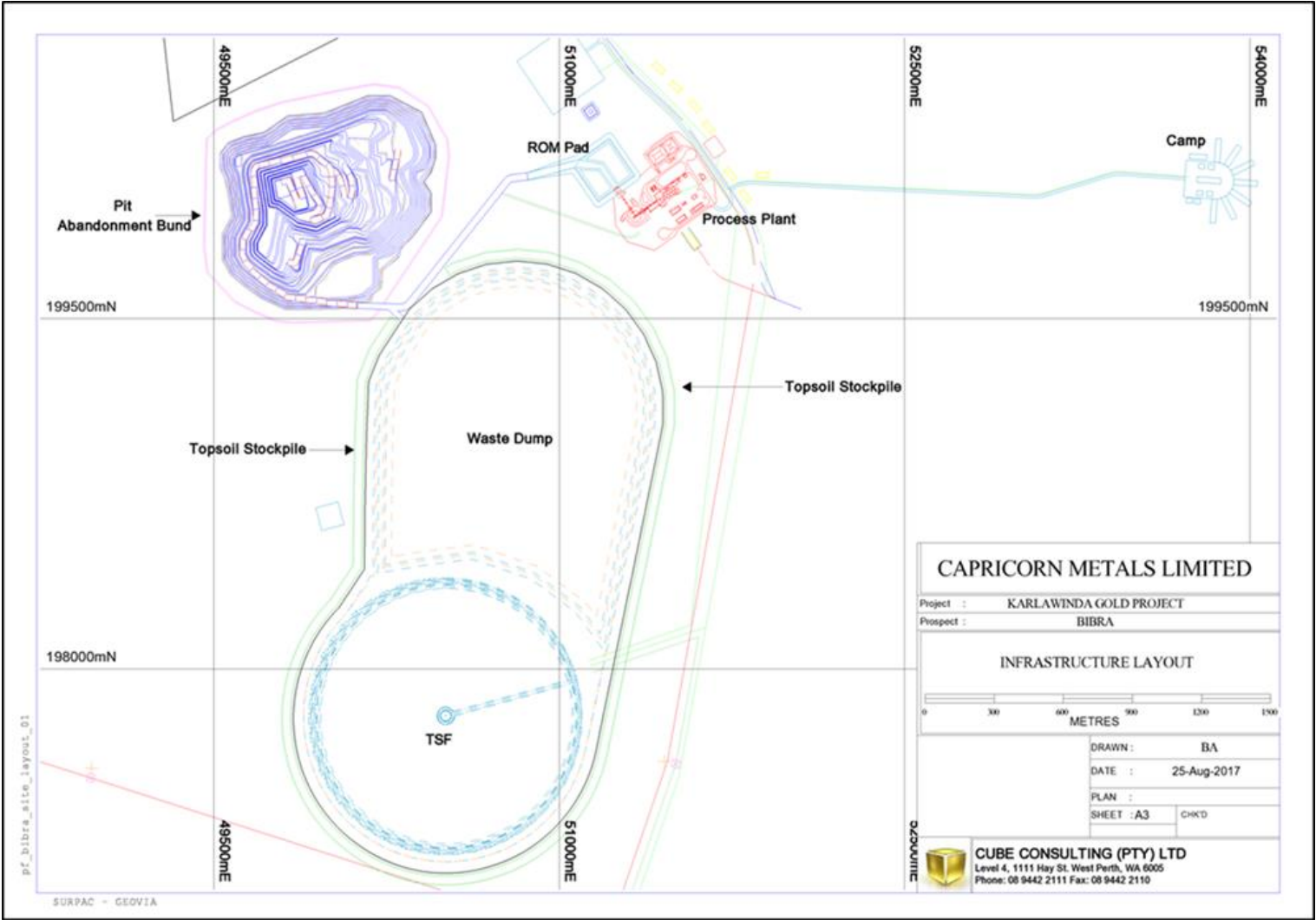


Infrastructure

Standard West Australian Gold Mine

- Long-term power purchase agreement (BOO).
 - Current FS assumption is:
 - Onsite gas-fired power station
 - Fuelled by LNG
- Integrated Waste Landform (IWL) Tailings Storage facility (TSF)
- New 31km access road linking site to all weather unsealed shire road (Coobina Road) and Great Northern Highway
- Borefield - water abundant and excellent quality
- Second-hand accommodation camp (with potential Newman residential option)
- FIFO via Newman airport (60km by road)

Infrastructure



Capital Cost Summary

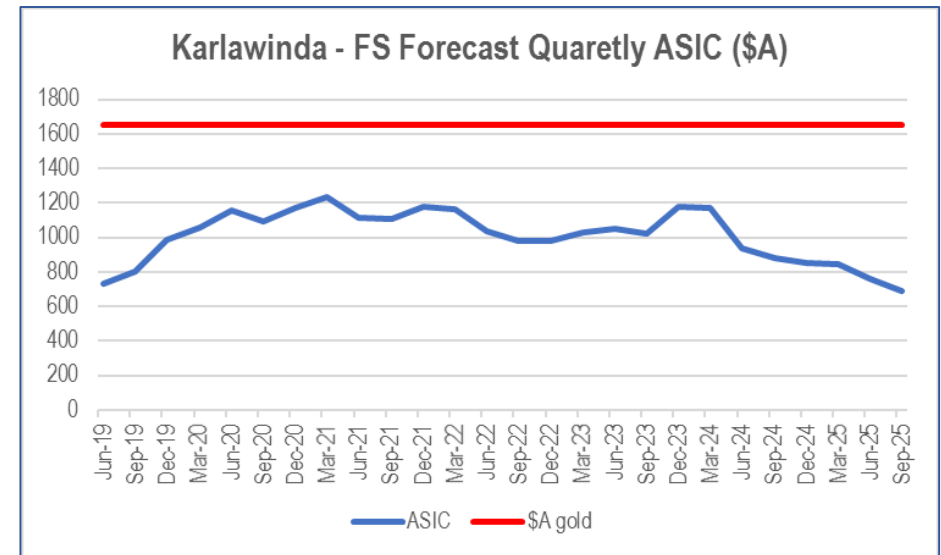
A simple, straightforward development and growth opportunity

Item	Feasibility Study (September 2017)
	3.7Mtpa Oxide/ 3.0Mtpa Primary
Processing Plant (EPC)	\$90.7M
Plant Infrastructure (EPC) (Plant buildings and workshops, borefield)	\$8.7M
Other Infrastructure (TSF, accommodation village, access road, communications)	\$20.5M
Owners Costs (temporary construction facilities, capital spares, first fills, personnel costs, insurance, establishment costs)	\$13.4
Estimated Capital Costs	\$133.3M
Contingency allowance	\$13.1M
Total Capital Cost Estimate (includes rounding adjustments)	\$146.3M

Operating Cost Summary

A simple, straightforward development and growth opportunity

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



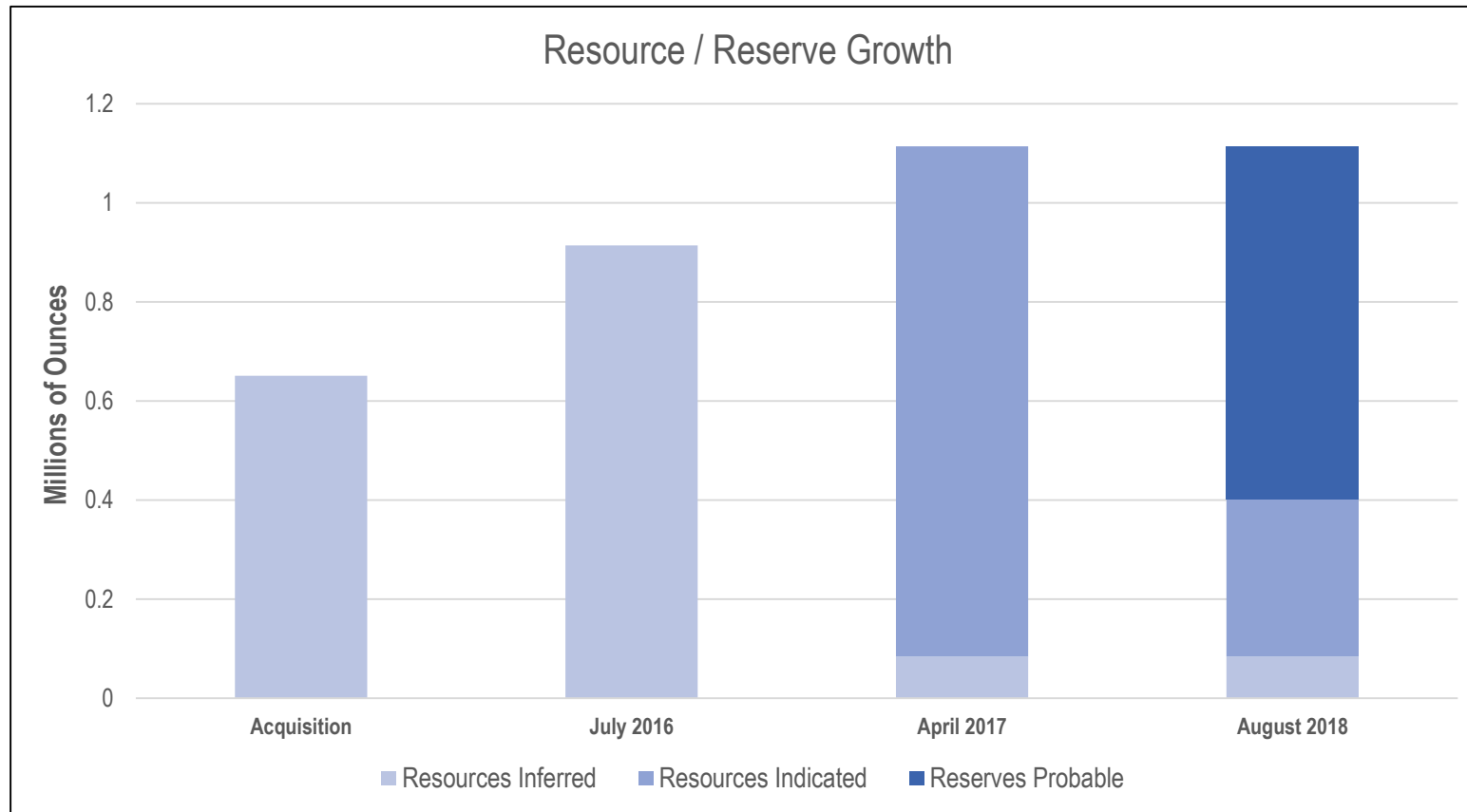
Timeline

A simple, straightforward development and growth opportunity

Timeline	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Scoping Study																
Resource Drilling																
Mining Lease Application																
Native Title Agreement																
Feasibility Study																
Decision to Proceed																
Approvals																
Financing																
Construction & Commissioning																
Gold Production																
Exploration Drilling																

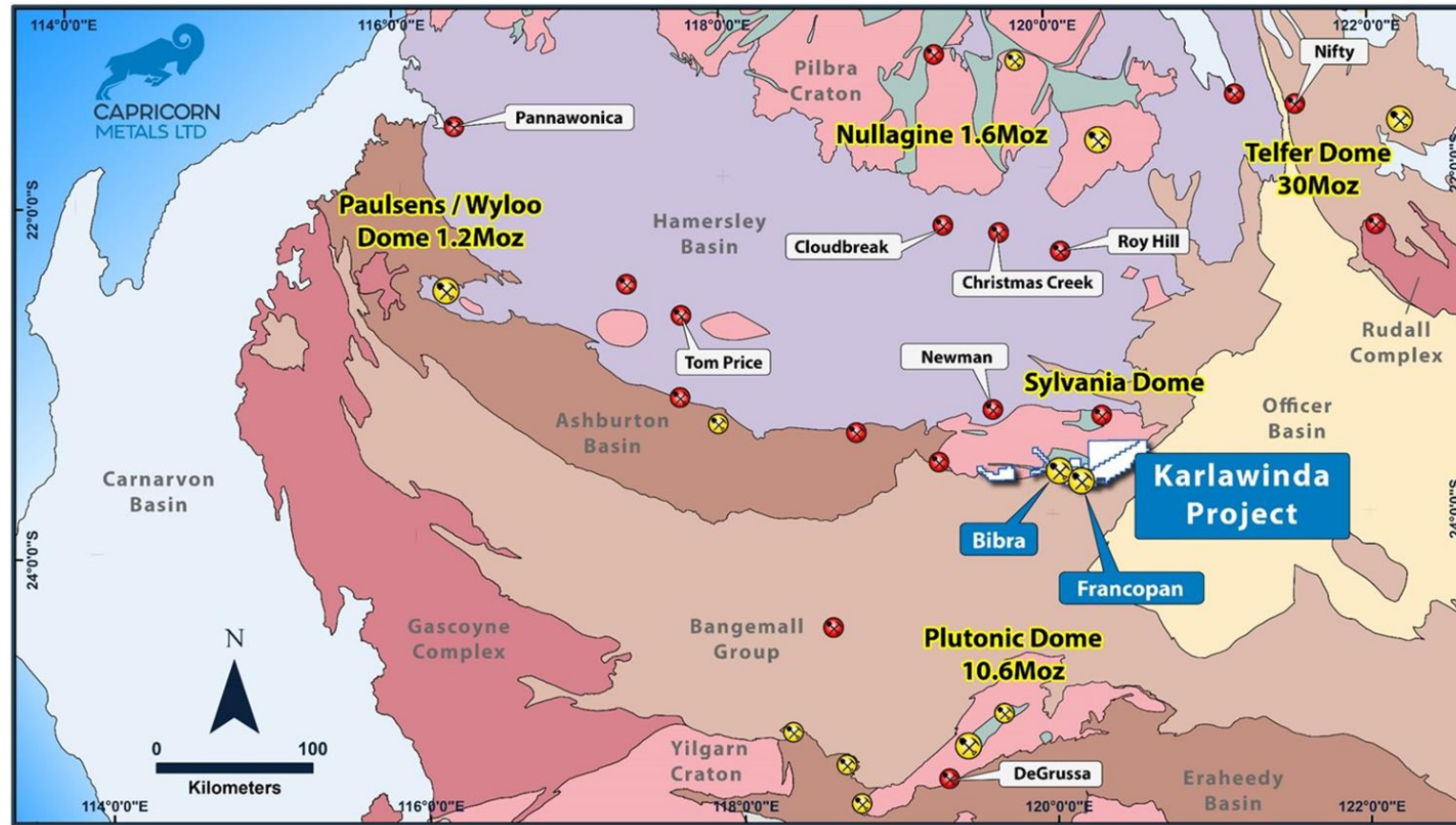
Resource and Reserve Growth

A simple, straightforward development and growth opportunity



Capricorn Orogen - Regional Geology

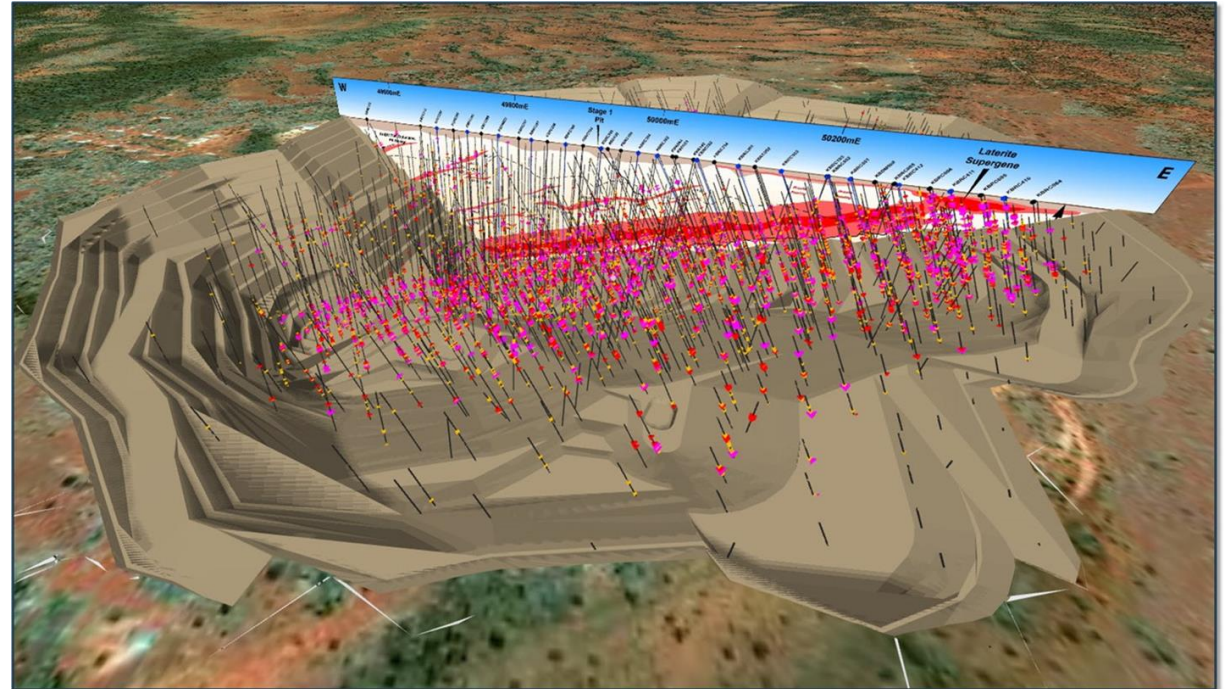
Karlawinda – A new gold discovery in a premier mining district



Bibra Gold Deposit

Predictable shear-hosted mineralised system

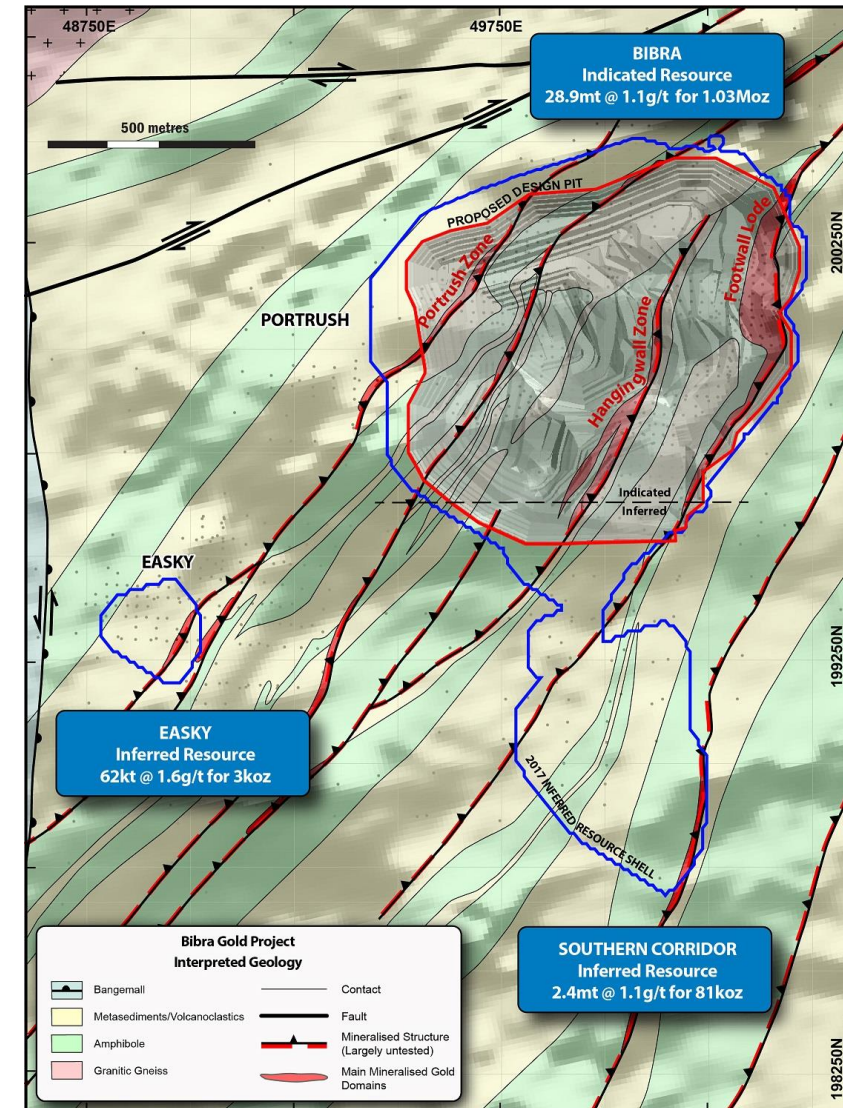
- Bibra Deposit defined over a 1.1km strike length
- Drilled 800m down-dip and remains open
- Broad ore zones up to 50m wide
- Mineralisation best developed in large “dilational” shoots/fold hinges within the shear system
 - Biotite, carbonate, magnetite alteration
 - Silica, pyrite, gold mineralisation
 - Amphibolite facies metamorphic overprint
- Large laterite and oxide deposit near surface



Bibra Gold System

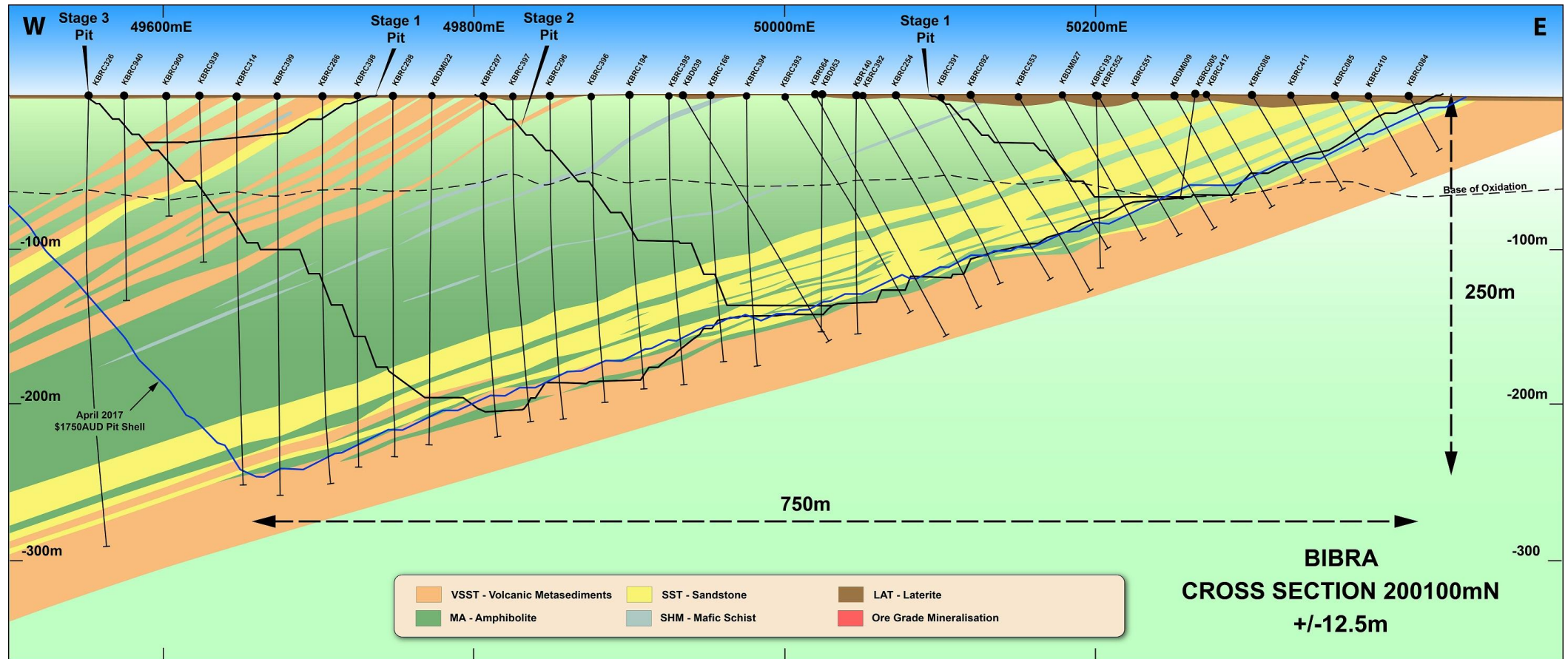
Predictable, structurally controlled mineralised system

- Large scale Archaean mineralised system comprising multiple large scale ore zones
- Broad shoots developed along low angle mineralised structures
- Multiple trends only partially drill tested
- Shoots are continuous down plunge

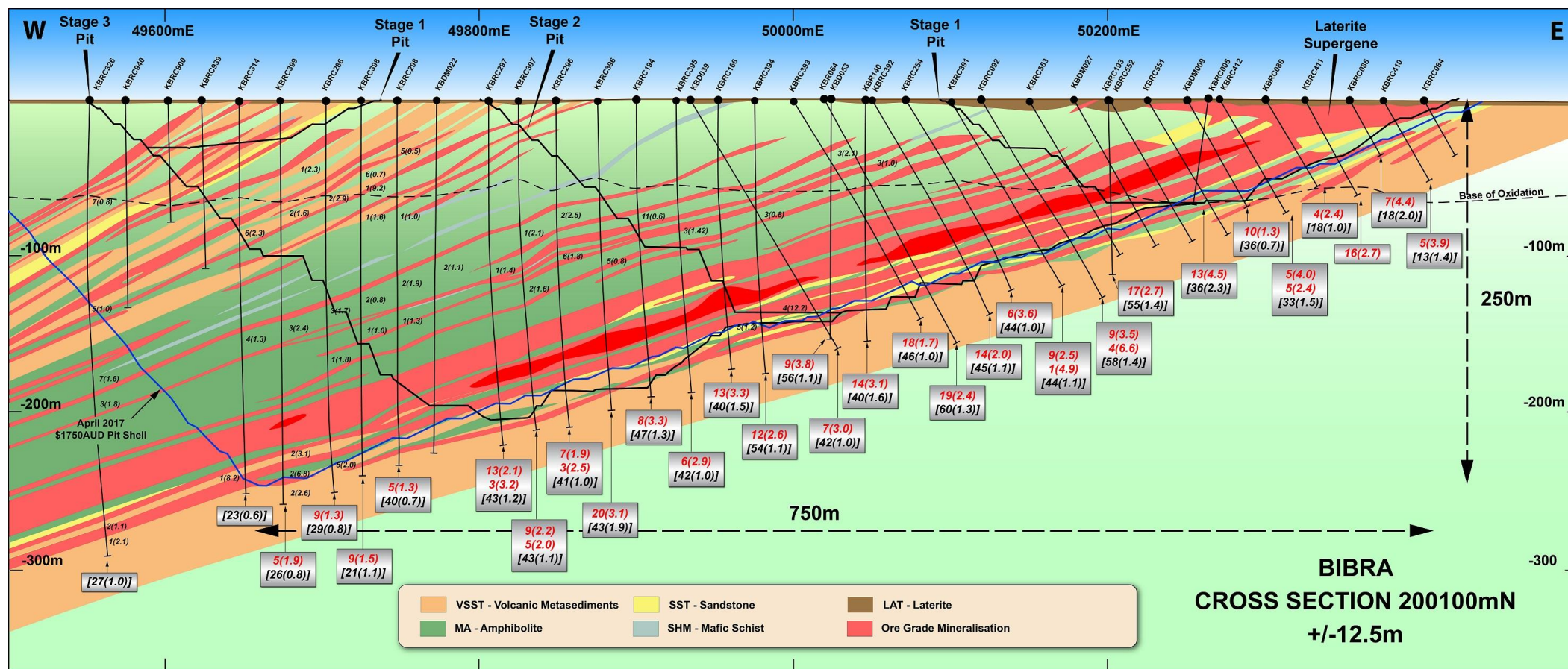


Bibra Gold Deposit

Continuous shoots down plunge

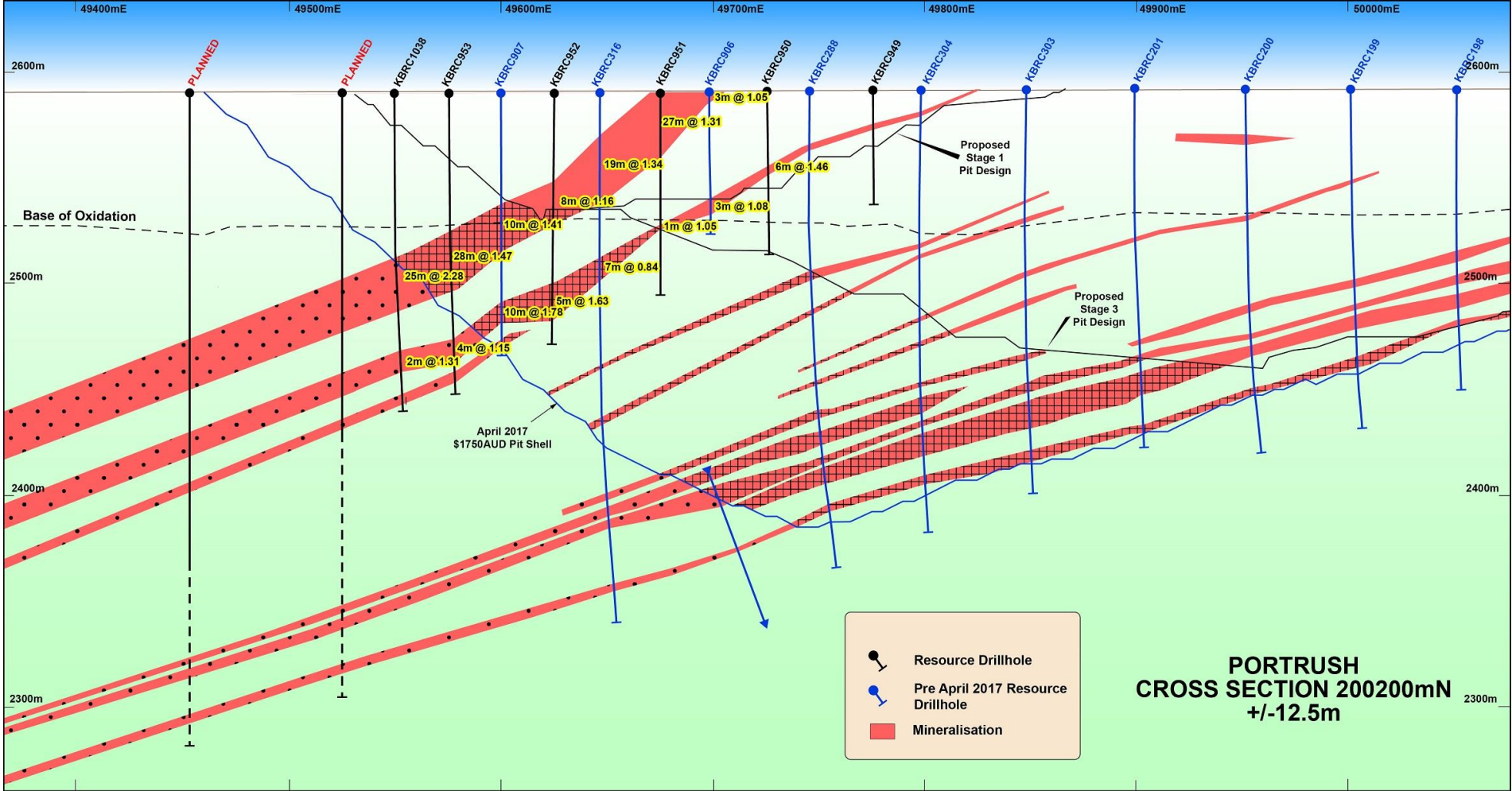


Continuous shoots down plunge



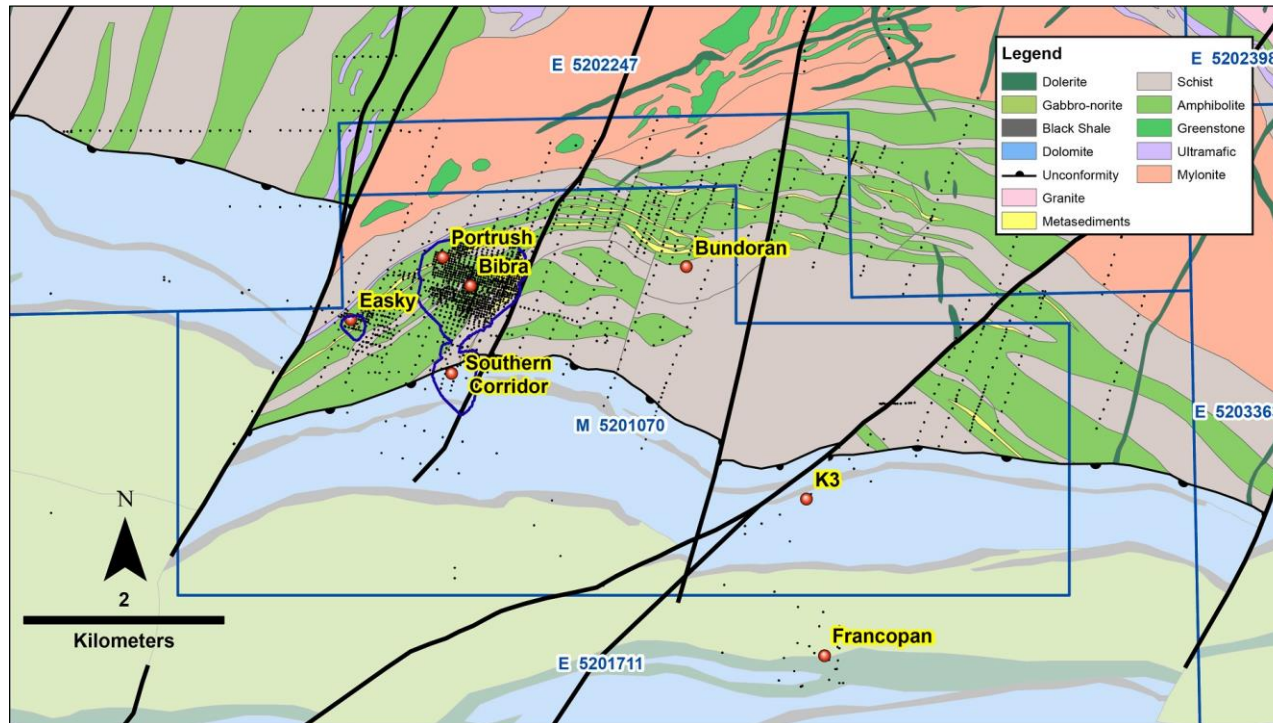
Portrush Zone

Near Surface Extensions



Exploration

Unlocking the potential of a new gold camp



- First-mover opportunity in emerging Archaean greenstone province
 - Analogous with Plutonic Dome (10.6Moz)
- Camp-scale multi million ounce potential
- Limited early stage exploration outside the immediate Bibra Deposit
 - K3 Prospect, up-plunge projection of Francopan
 - 26m @ 1.08 g/t Au from 132m
 - 21m @ 1.31 g/t Au from 230
 - 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
 - Bundoran IP Target, similar signature to Bibra
 - Undrilled coincident IP and magnetic target
 - 5m @ 1.61g/t Au from 48m(EOH)

Key Investment Takeaways

A compelling opportunity in the Australian gold sector

- Karlawinda Gold Project is an economically robust Western Australian development opportunity
- Straight forward development pathway
 - Single large open pit mine (from surface)
 - CIL processing
 - Ongoing optimisation
- 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 and Reserves

Resource – Karlawinda Project

April 2017 upgrade

KARLAWINDA GOLD PROJECT JORC (2012) OPEN PIT RESOURCE ESTIMATE (as of April 2017)												
DATE	MEASURED			INDICATED			INFERRED			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)	Tonnes (Mt)	Grade (g/t Au)	Ounces (Moz)
April 2017	---	---	---	28.9	1.10	1.03	2.4	1.06	0.084	31.3	1.10	1.114
July 2016	---	---	---	---	---	---	25.5	1.10	0.914	25.5	1.10	0.914

- A\$1750/ounce Pit Constraint
- 0.5g/t lower cut
- 92% Indicated
- 22% increase in ounces from July 2016
- 70% increase in ounces since project acquisition, Feb 2016

Resource – Karlawinda Project

April 2017 upgrade

April 2017 - Indicated & Inferred Resource

Laterite Domain

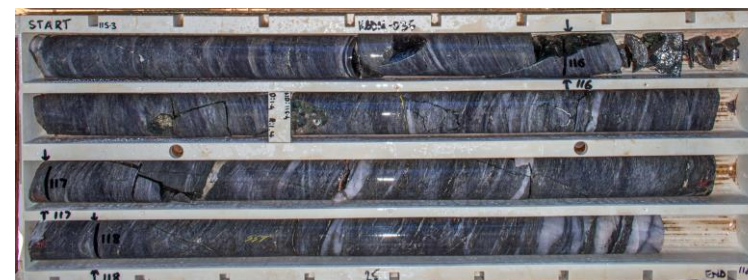
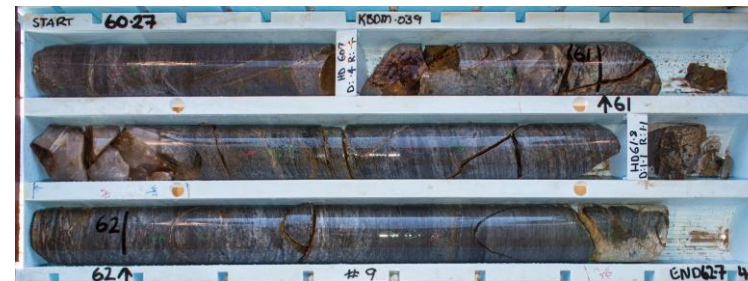
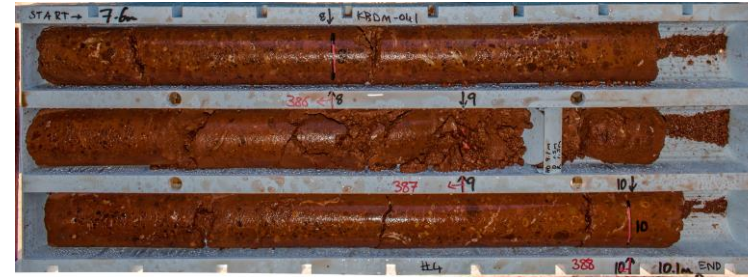
1.54 million tonnes @ 1.4g/t for 68,000oz

Oxide & Transitional Domain

7.5 million tonnes @ 1.0g/t for 238,000oz

Primary Domain

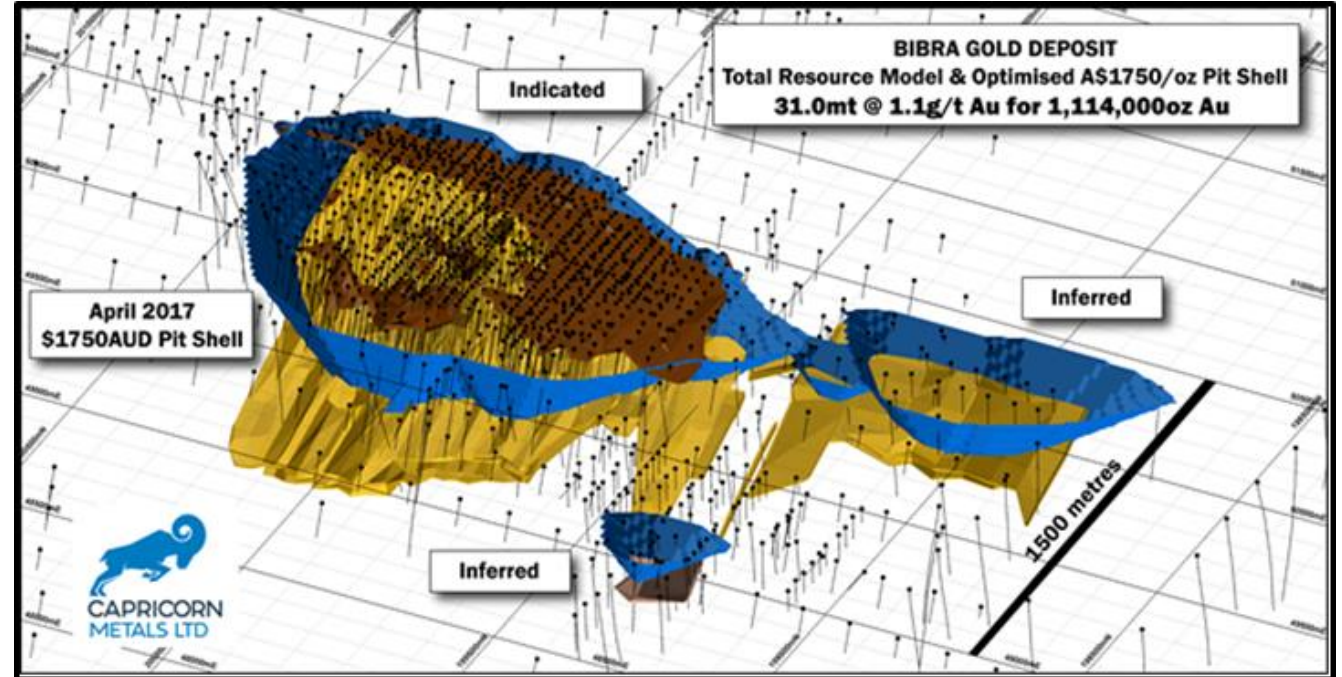
22.3 million tonnes @ 1.1g/t for 808,000oz



Resource – Karlawinda Project

April 2017 upgrade

- Drill spacing 25 x 25m and 25m x 50m
- 889 Reverse Circulation drill holes: 119,857m
- 84 Diamond drill holes: 12,211m (~10%) including
 - 41 metallurgical diamond holes: 4,174m
 - 5 geotechnical diamond holes: 1,115m
- CMM spend to date ~\$20M



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



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