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CAPRICORN METALS LTD

Karlawinda Gold Project

2018 Precious Metals Summit, Beaver Creek, Colorado

A compelling opportunity in the Australian gold sector

September 2018

Disclaimer & Competent Persons Statement

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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 bee 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

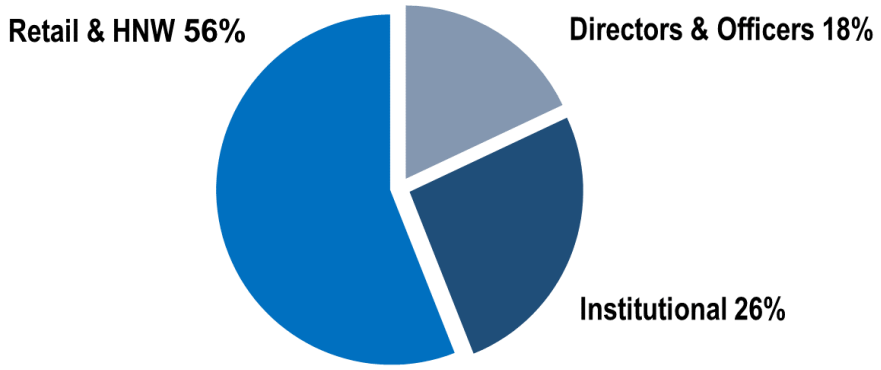
COMPETENT PERSON'S STATEMENT

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 Bibra is based on information compiled by Mr Daniel Donald. Mr Donald is an employee of Entech Pty Ltd and is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM, #210032). Mr Donald 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. Donald 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 (29/5/2018) 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



Information

ASX Code	CMM
Shares on Issue	747.9m
Share Price as at 13th September 2018	$0.058
Market Cap 13th September 2018	$43.4m
Cash as at 30th June 2018	$5.0m
Total unlisted Options	55.7m
May 2020 $0.10 Options	*10.8m*
May 2020 $0.20 Options	*6.0m*
April 2021 $0.25 Options	*37.9m*
November 2021 $0.97 Options	*1.0m*

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Corporate

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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-Exec. 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-Exec. 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-Exec. 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

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 and start-up gold 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

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The Opportunity at Karlawinda

1. 1765km^2 of 100% owned tenure in premier "low risk" mining jurisdiction with proven geological endowment
   - Two large scale gold mineralised systems discovered at Karlawinda to date

2. Impressive Resource/Reserve growth from active exploration programs
   - 1.5Moz Total Mineral Resources [1] - **130% growth since project acquisition**
   - 893koz Open Pit Ore Reserve [1]

3. Positive Feasibility Study (Nov 2017) ~100,000oz/pa stand-alone gold project
   - Single large, low strip ratio open pit
   - 3Mtpa CIL Processing Plant

4. Project optimisation, key contracts and permitting
   - **10% reduction in upfront capital with significant operational improvements**
   - **25% increase in Reserves since Feasibility Study**
   - **Increased mine life 8.5yrs, Pre-tax NPV$_{(8)}$ increased by 69% to $243m, IRR 36%**
   - **LOI for fixed price process plant construction contract**
   - **Optimised project gas power solution, ~20% reduction in unit power costs**
   - **All key permits now in place**

1. Capricorn report that it is not aware of any new information or data that materially affects the information included in the Reserve and Resource announcement dated 29th May 2018 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.

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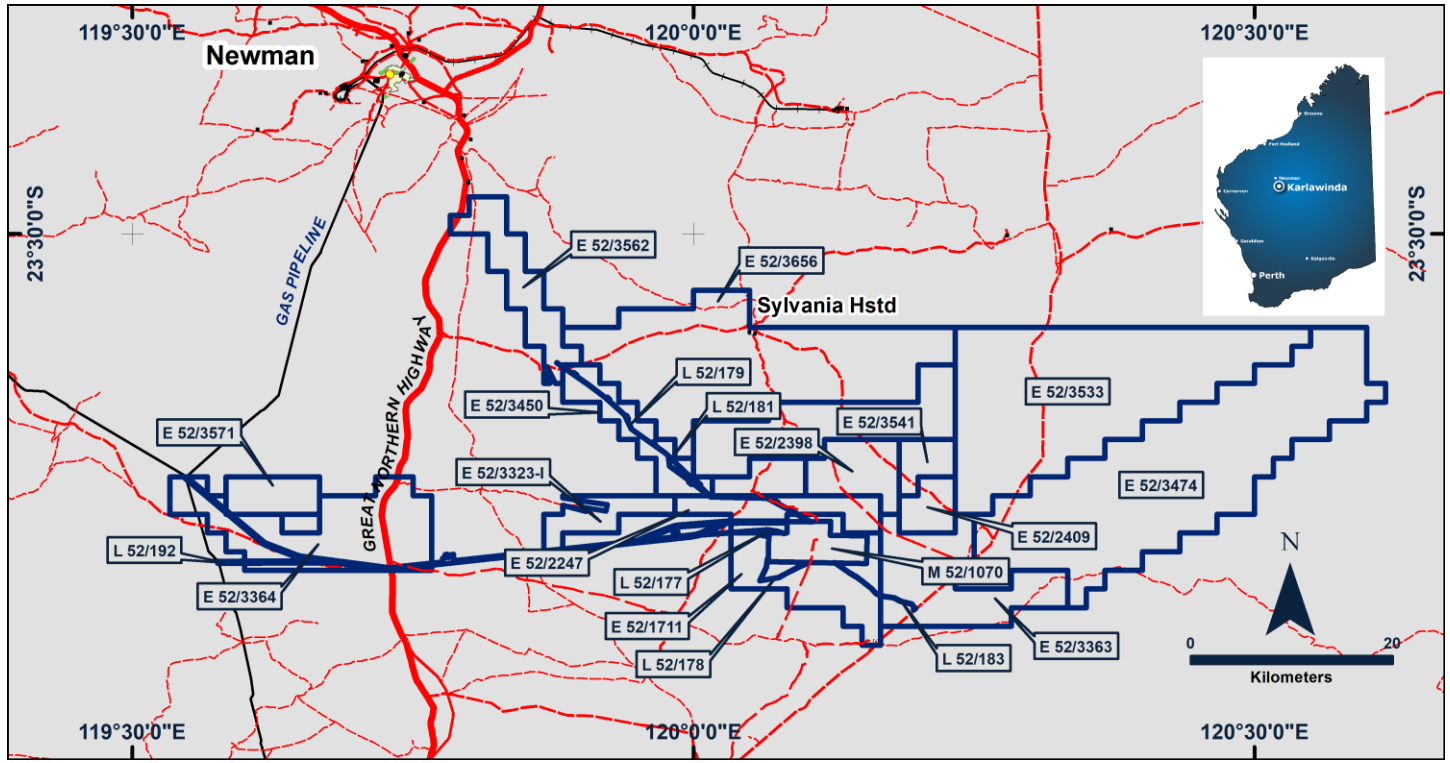
Karlawinda, First Class WA Location

Premier mining jurisdiction



- 60km south east of Newman in Western Australia
- 1765km^2 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

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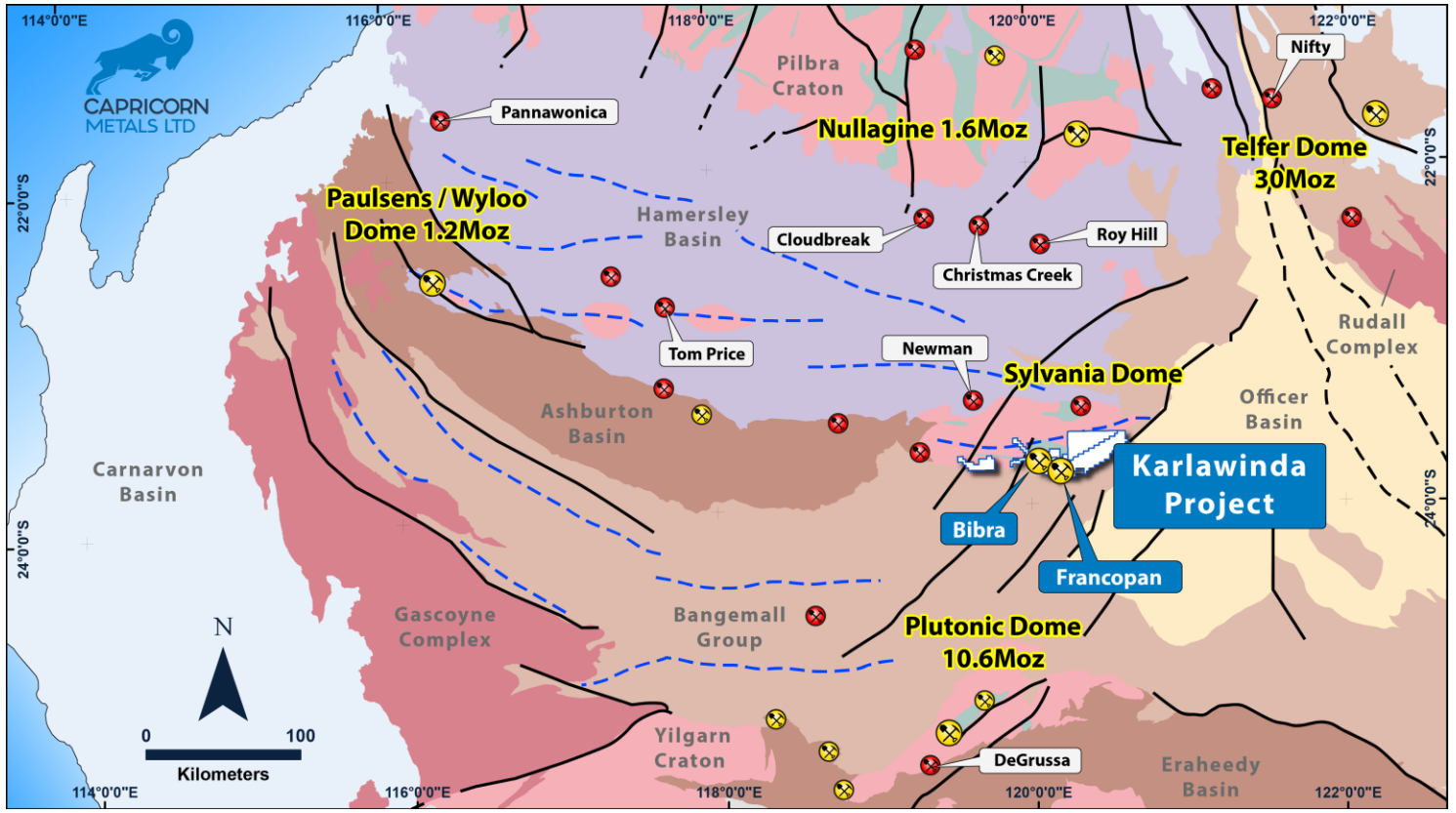
Capricorn Orogen - Regional Geology

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



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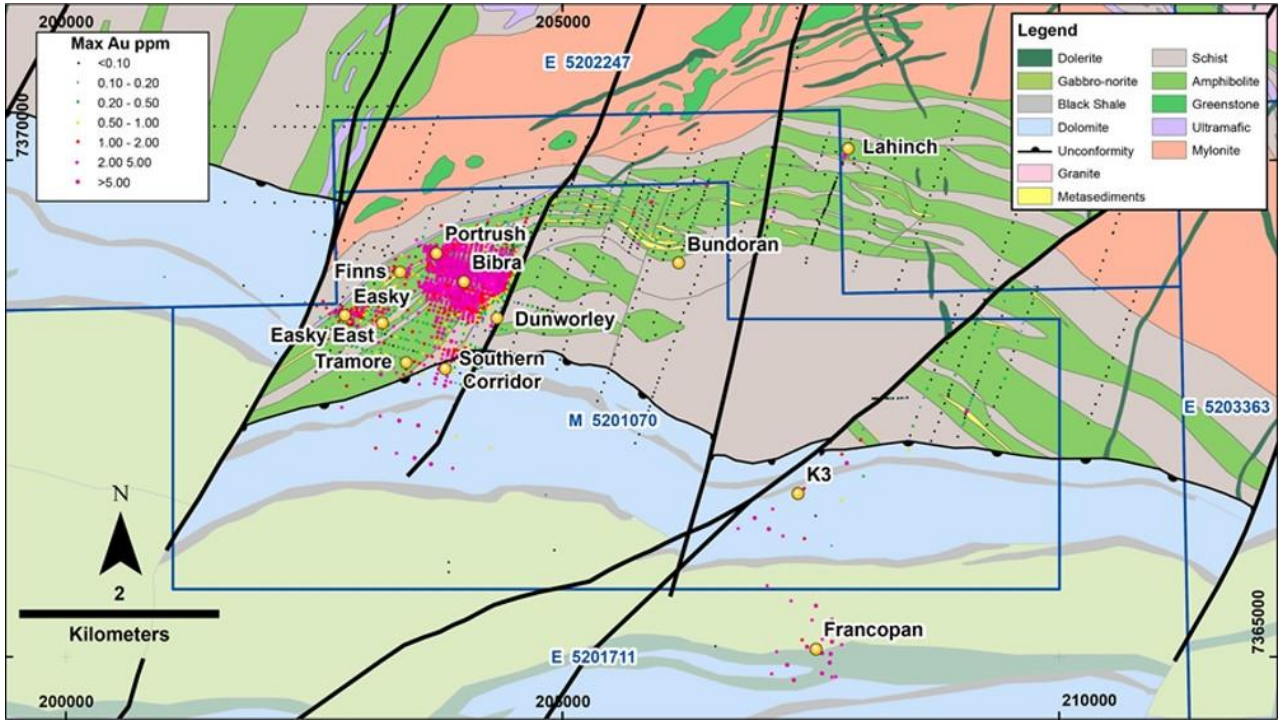
Karlawinda Project - Geology

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 1.5Moz 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



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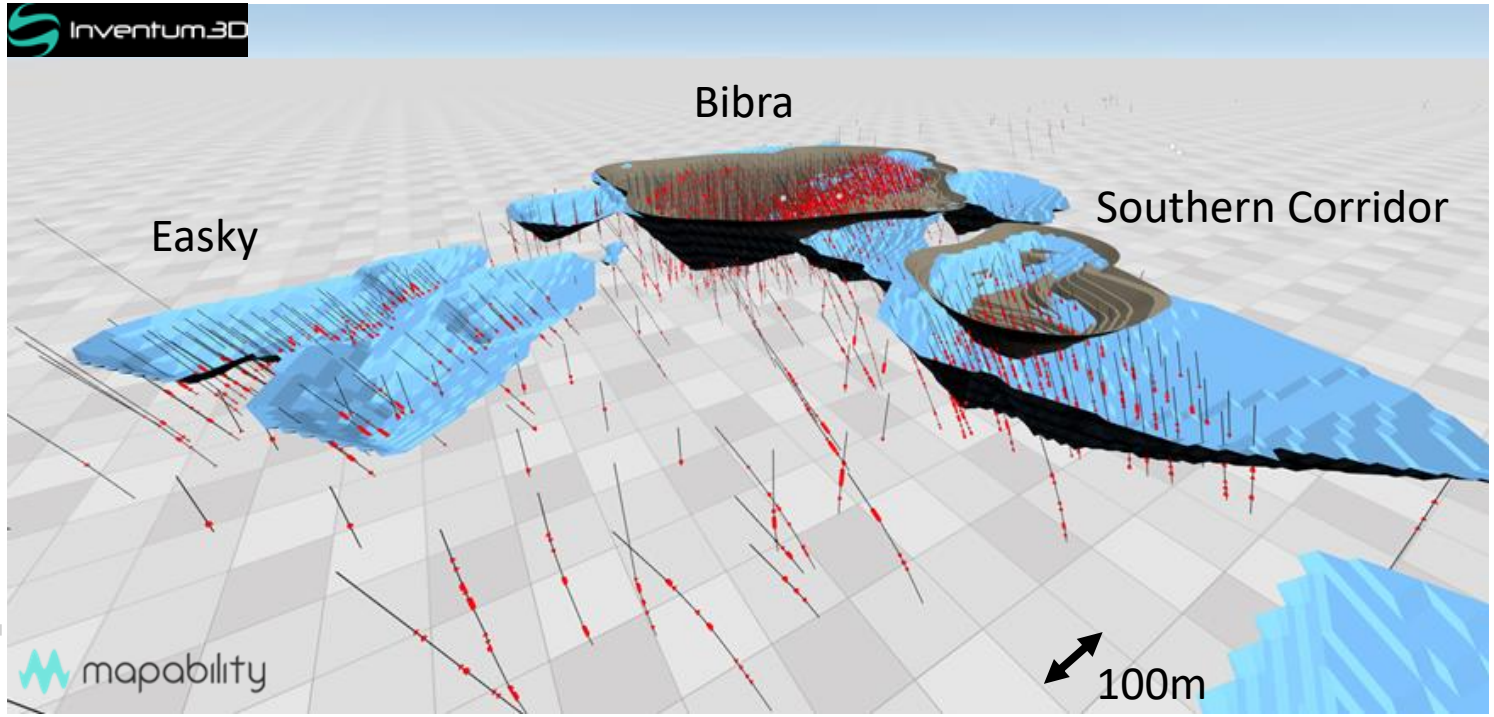
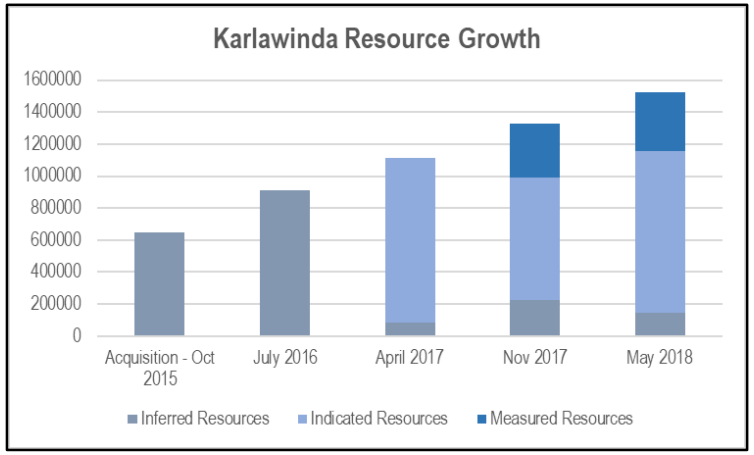
Bibra Resource and Reserve Growth

Drilling yielding high value results

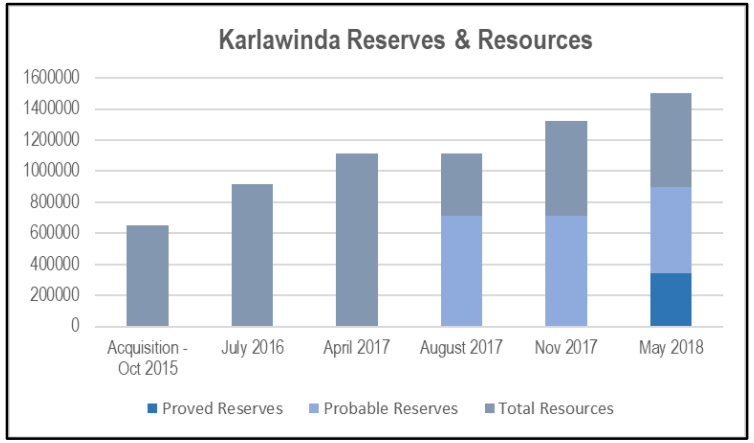




Measured & Indicated Mineral Resources - **44.8Mt @ 1.0 g/t 1,375,000oz**

Inferred Mineral Resources – **6.2Mt @ 0.7g/t 150,000oz**

Total Mineral Resources – **51Mt @ 0.9g/t 1,525,000oz**



Proved Reserves – **9.6Mt @ 1.1 g/t 337,000oz**

Probable Reserves – **17.9Mt @ 1.0 g/t 555,000zz**

Open Pit Ore Reserve – **27.5Mt @ 1.0 g/t 892,000oz**

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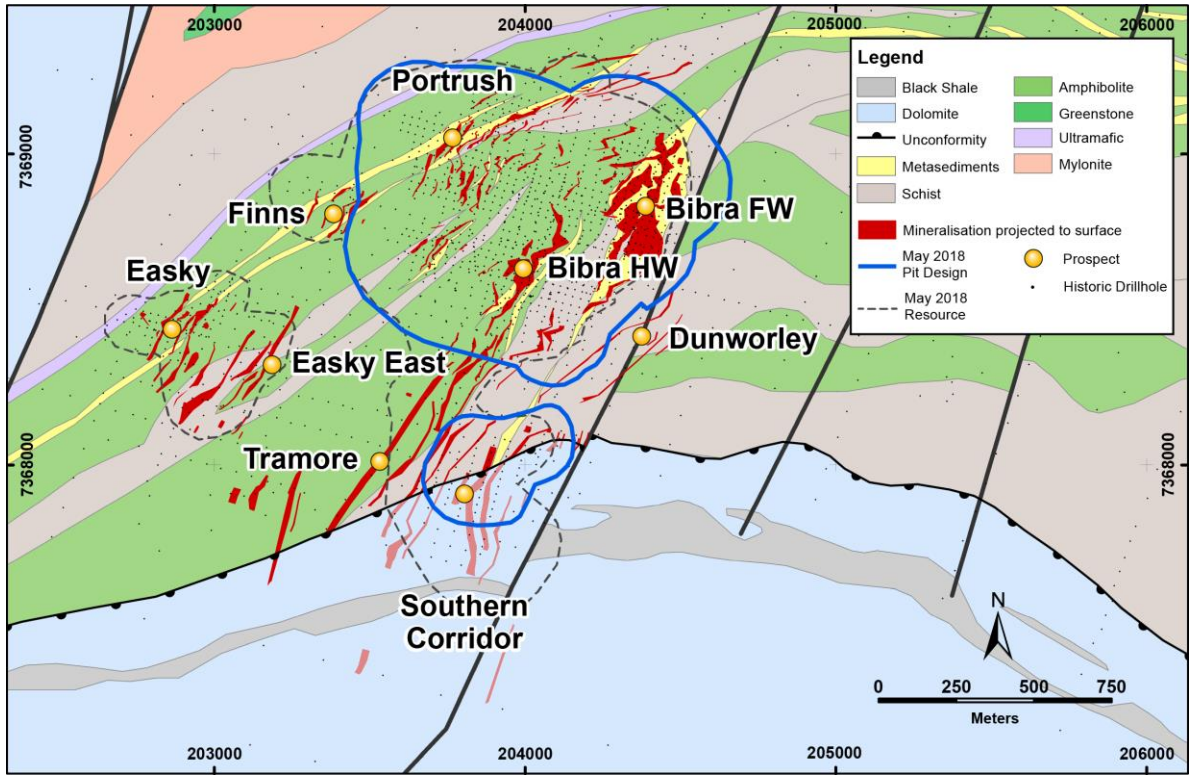
Bibra Gold Deposit - 1.5Moz and Growing

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



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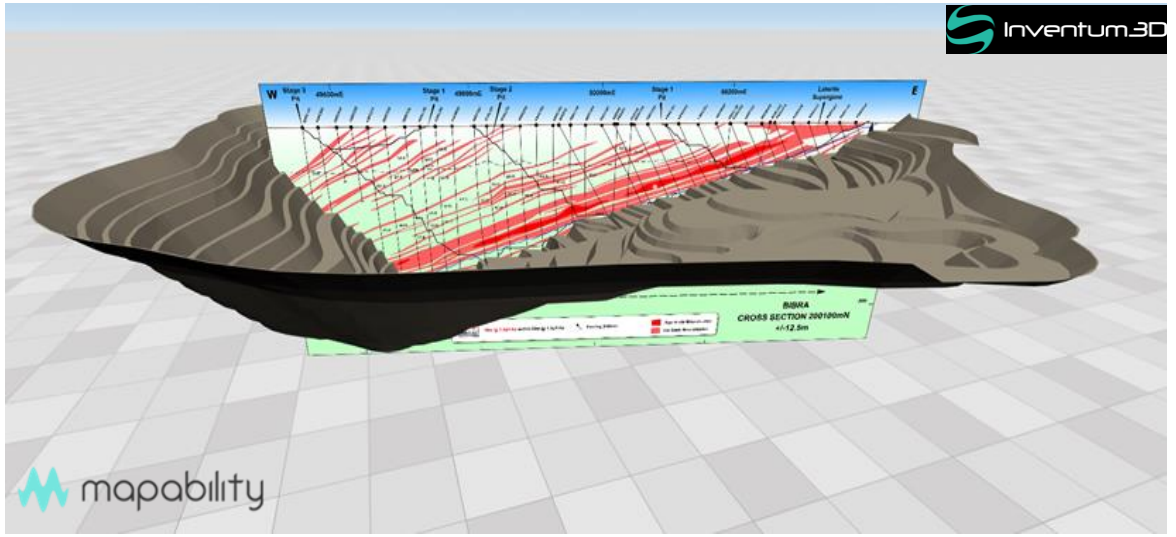
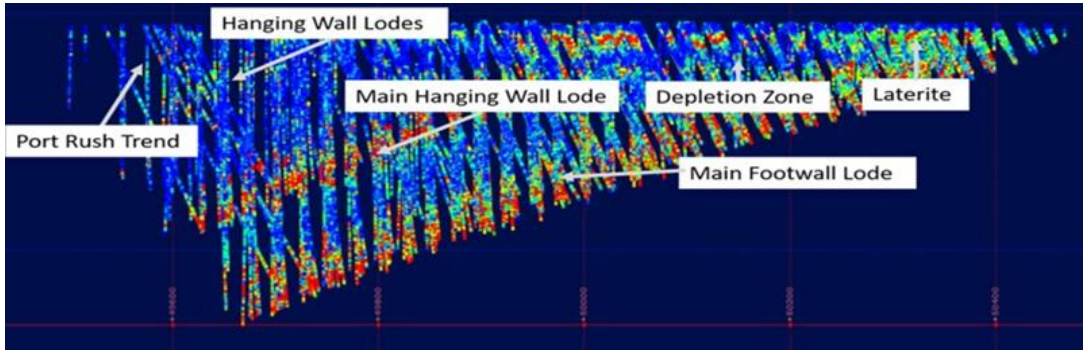
Bibra Gold Deposit -1.5Moz and Growing

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, high value laterite and oxide zone near surface





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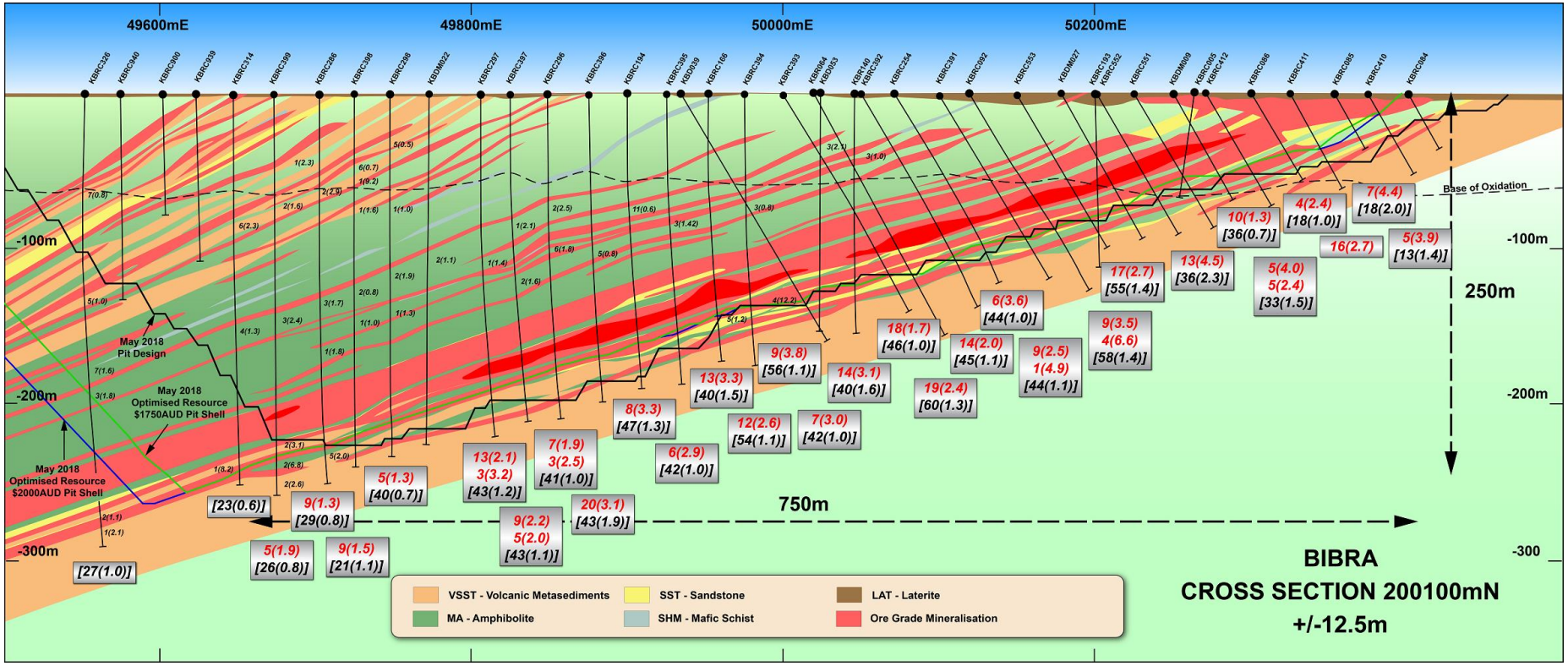
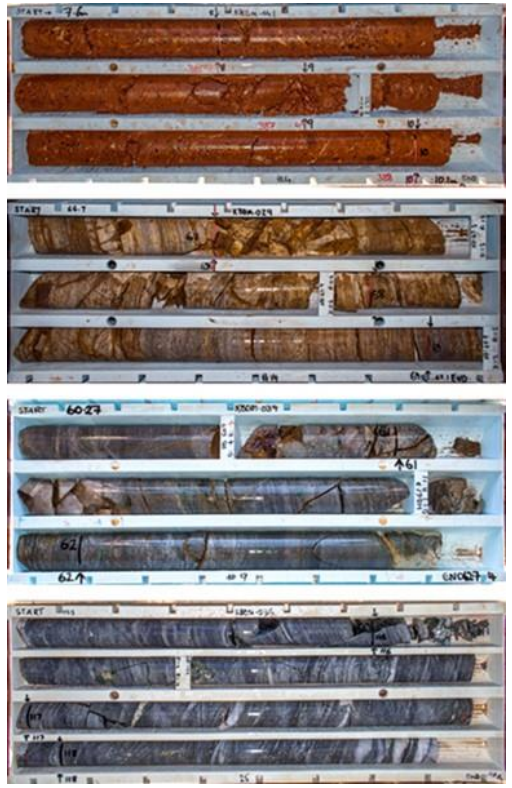
Bibra Gold Deposit – 1.5Moz and Growing

Continuous shoots down plunge





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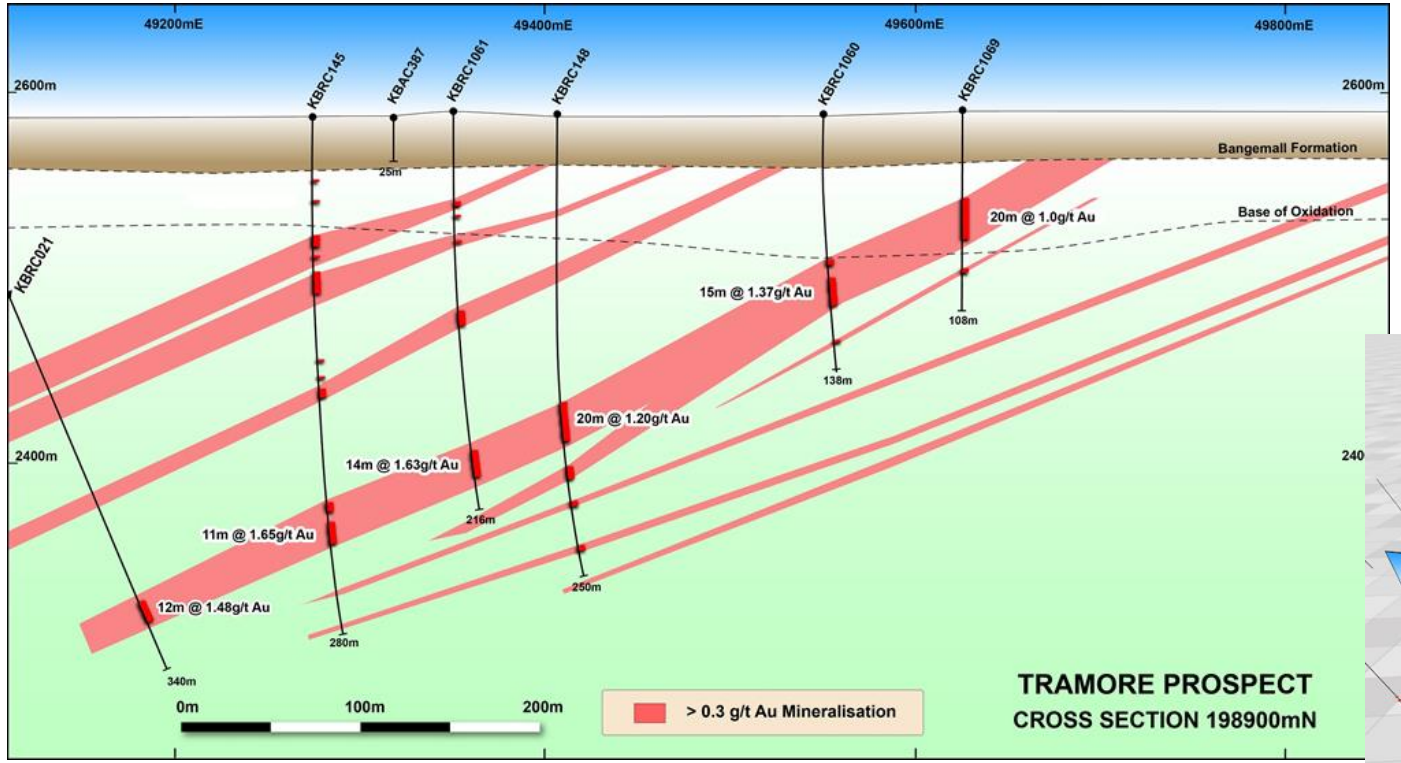
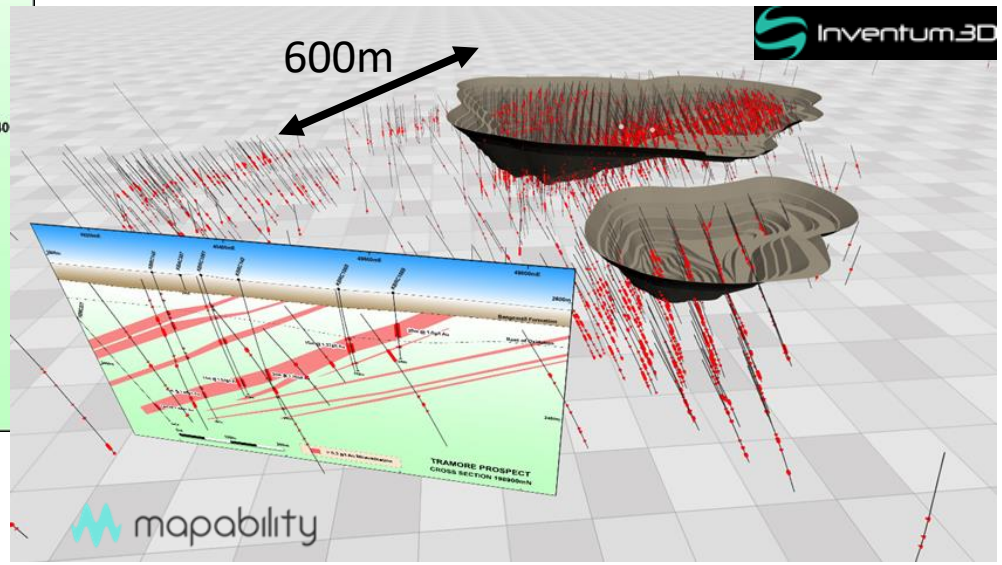
Resource Growth Target

Tramore

Potential significant new zone – Oxide potential



- 34m @ 1.07 g/t from 41m
- 19m @ 1.63 g/t from 78m
- 12m @ 2.54g/t from 129m
- 19m @ 1.51g/t from 119m
- 20m @ 1.20g/t Au from 155m
- 20m @ 1.00g/t Au from 49m
- 17m @ 1.27 g/t from 59m
- 14m @ 1.63g/t Au from 184m
- 15m @ 1.37g/t Au from 88m
- 12m@ 1.48g/t Au from 316m
- 18m @ 1.1g/t from 159m
- 11m @ 1.65g/t Au from 220m



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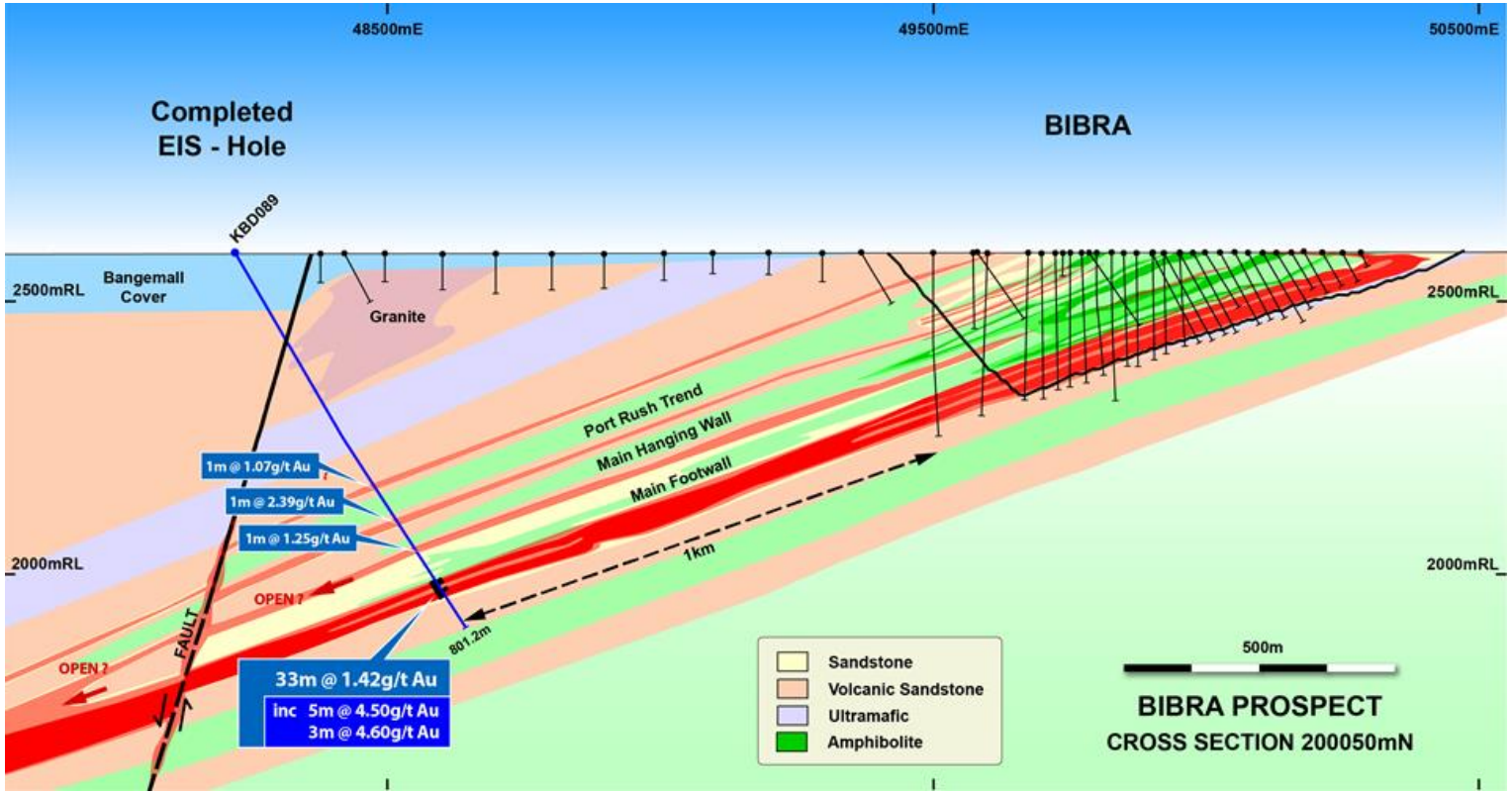
Conceptual Upside

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



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A Compelling Development Opportunity

De-risked by Feasibility & Optimisation Studies

Feasibility Optimisation Economics (June 2018)

3.0Mtpa plant to produce ~100,000oz pa over an initial 8.5 year mine life

- Project revenue of A$1,408m, pre-tax operating surplus of A$556m
- AISC of A$1038/oz over LOM
- $NPV_{(8)}$ (pre tax) of A$243m, IRR 36.4%, ~2.5 year payback

Updated Open Pit Ore Reserve (May 2018)

Ore Reserve 27.5Mt @ 1.0 g/t Au for 892,000oz (Proved & Probable)

- Ore Reserve conversion rate 64% at A$1600/oz
- 25% increase in LOM gold production to 823koz

Revised Capital Expenditure Estimate

Total initial plant and infrastructure capex estimate of **$A132m** (incl contingency)

- 3.0Mtpa CIP processing plant and Infrastructure A$93.1M – **Fixed price contract**
- Other Infrastructure A$31.7M
- Indirect Costs A$7.2

Mining fleet equipment leasing of A$46.7m implemented over two Quarters at start of production
(assumes owner/operator mining)

Optimisation Delivers 69% Increase in Pre Tax Project NPV to $243m

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Upfront Capital Cost Summary

Item	October 2017 Feasibility Estimates	May 2018 Estimates
	(A$)	(A$)
Processing Plant (EPC) (3.7Mtpa oxide/ 3.0Mtpa primary ore) & Infrastructure (Plant buildings and workshops, borefield)	$99.4m	$93.1m (fixed price)
Other Infrastructure (TSF, accommodation village, access road, communications)	$20.5m	$31.7m
Owners Costs (temporary construction facilities, capital spares, first fills, personnel costs, insurance, establishment costs)	$13.4m	$7.2M
Total Estimated Capital Costs **(Including Contingency)**	$146.3m	$132.0m
Contingency allowance	$13.1m	$4.0m

- Formal tender process completed
- GR Engineering Services (ASX:GNG) preferred contractor
- Lump sum turnkey price
- Processing Plant - 24% Reduction on comparable feasibility study cost estimates including A$9.6M in reduction in sustaining capital

GR ENGINEERING SERVICES
ENGINEERING CONSULTANTS AND CONTRACTORS

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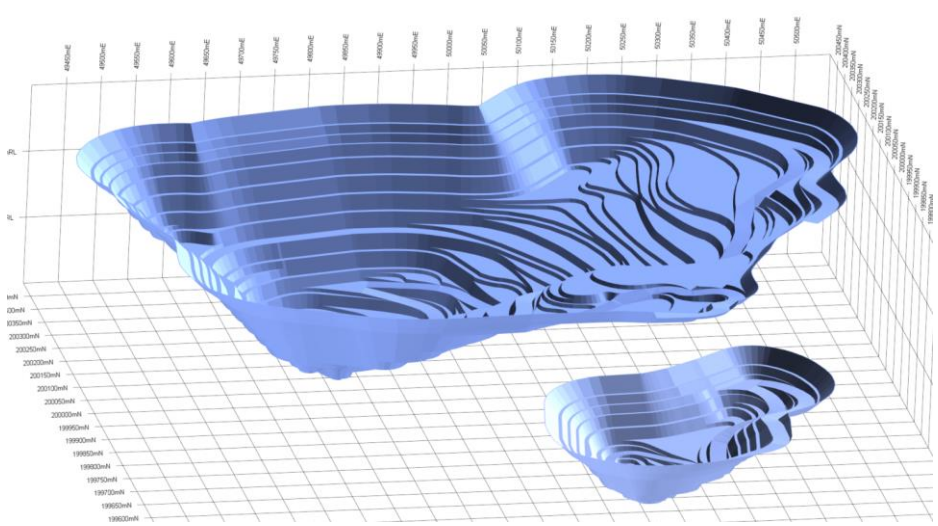
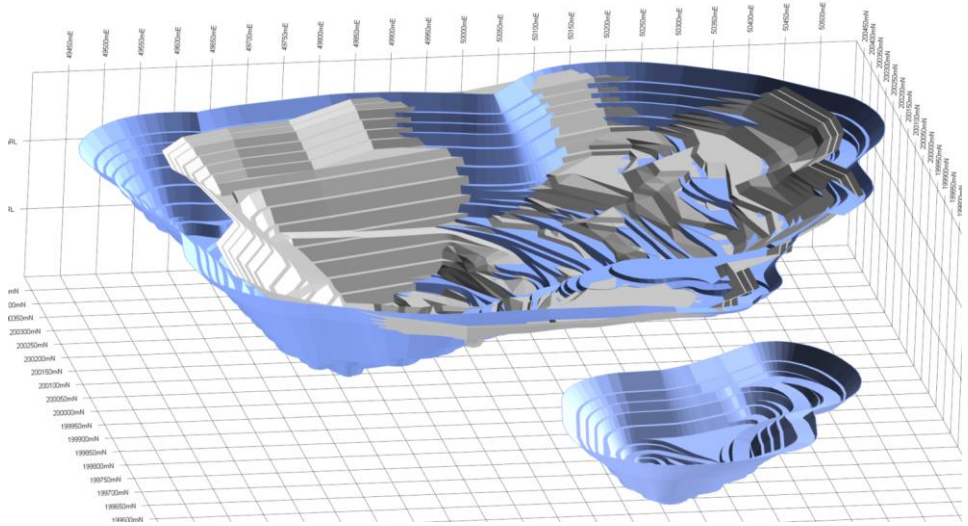
Open Pit Mining

Bibra Deposit- Large tonnage, low strip ratio



Bibra May 2018 final open pit design

- Improved 4-stage design
- LOM strip ratio 4.8:1
- Favourable geotechnical conditions, HW overall slope ~47°, FW ~25°

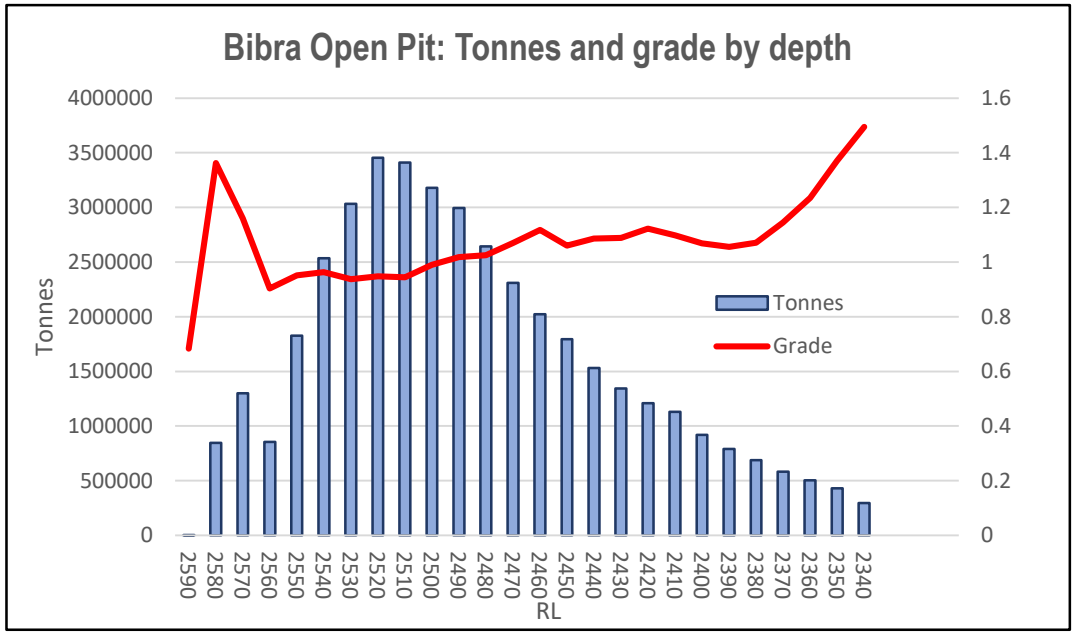


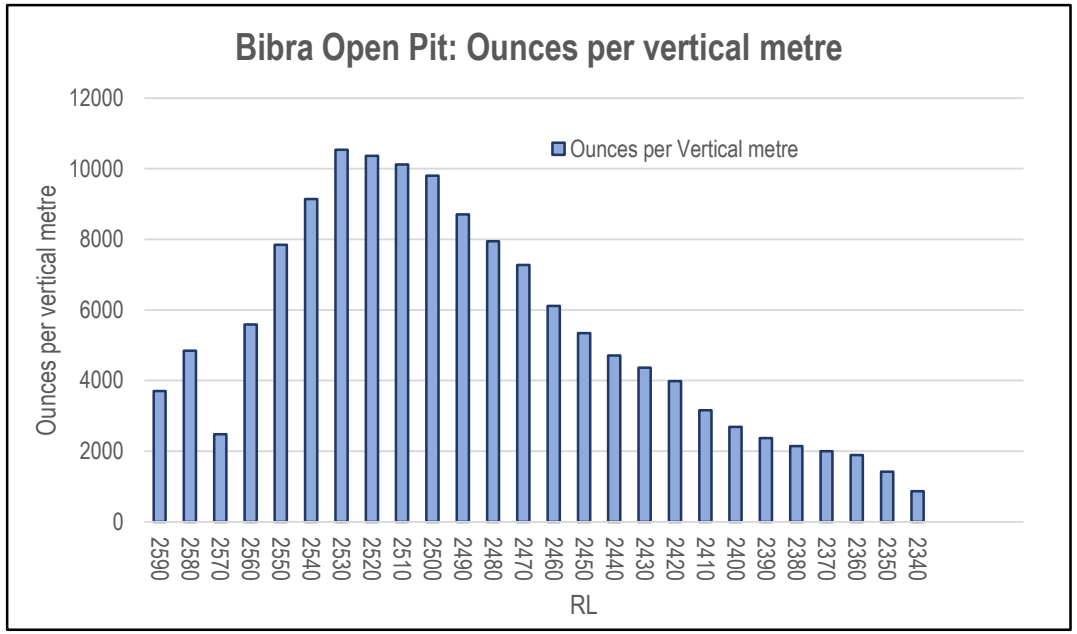
Bibra May 2018 open pit compared to FS final pit design

Formal mining contractor tender process currently being finalised

Open Pit Mining

Bibra Deposit- Large tonnage, low strip ratio





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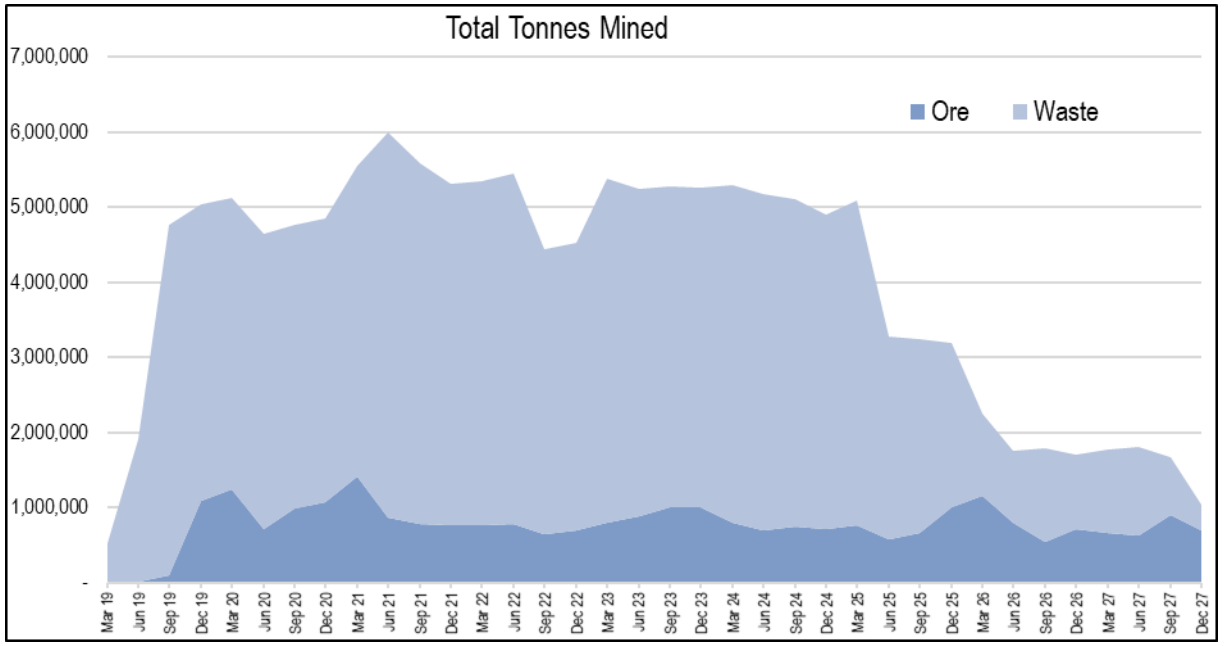
Open Pit Mining

Bibra Deposit- Large tonnage, low strip ratio

Optimised pit design and mining schedule significantly enhances project value



Optimisation Study Quarterly Material Movements

- Additional mine life allows a 4-stage pit design
- Feasibility scheduled “front-end” waste movements to achieve conservative rates of vertical advance can be moved back, “smoothing” material movements
  - Costs deferred – improved early cashflow/NPV
  - Improved fleet scheduling and sizing – lower costs

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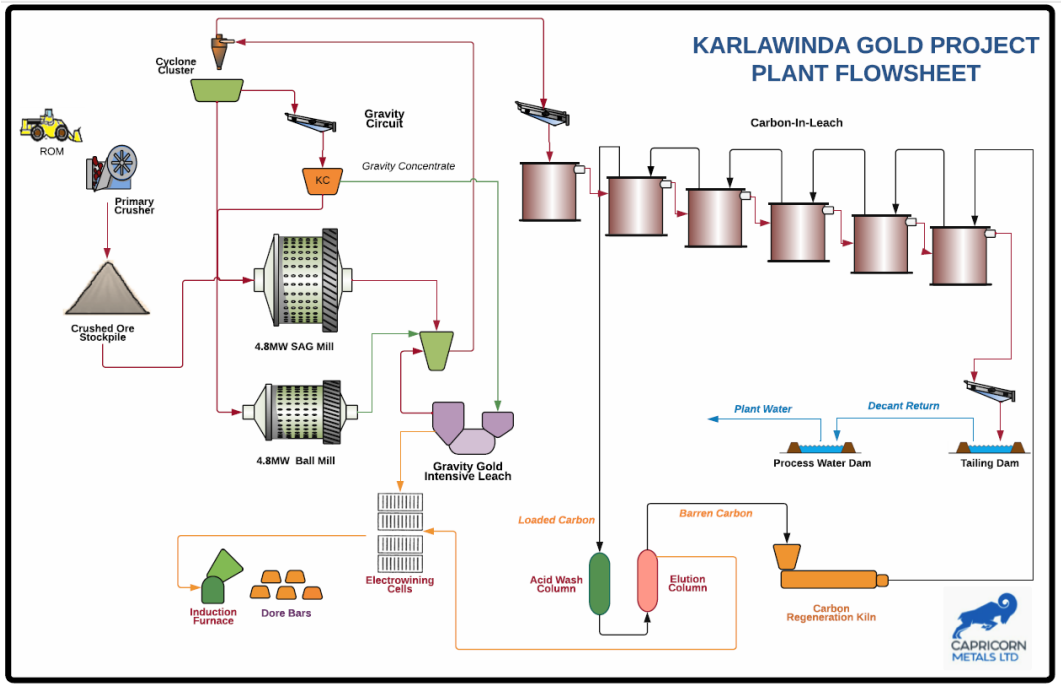
Metallurgy & Processing

Conventional processing, high recoveries

- Conventional 3Mtpa CIL circuit – New optimised flowsheet
  - 3.7Mtpa throughput during oxide/laterite processing
  - Single stage crushing
  - SAB milling - 4.8MW SAG, 4.8MW Ball
  - Large gravity circuit

- 92.1% 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

Feasibility Comminution Testwork			
Test	**Ore**	**Units**	**Result**
SMC (A*b)	Oxide		89
	Fresh		30
BBWI	Oxide	kWh/t	13.0
	Fresh	kWh/t	14.5
UCS	Fresh	Mpa	54
Abrasion Index	Oxide	g	0.07
	Fresh	g	0.23

Reagent Use	Units	Rate
Cyanide Oxide	kg/t	0.40 - 0.46
Cyanide Primary	kg/t	0.25 – 0.35
Lime Oxide	kg/t	1.60
Lime Primary	kg/t	0.30
Grind Media Oxide	kg/t	0.30 - 0.45
Grind Media Primary	kg/t	1.05
Oxygen	Kg/t	0.10

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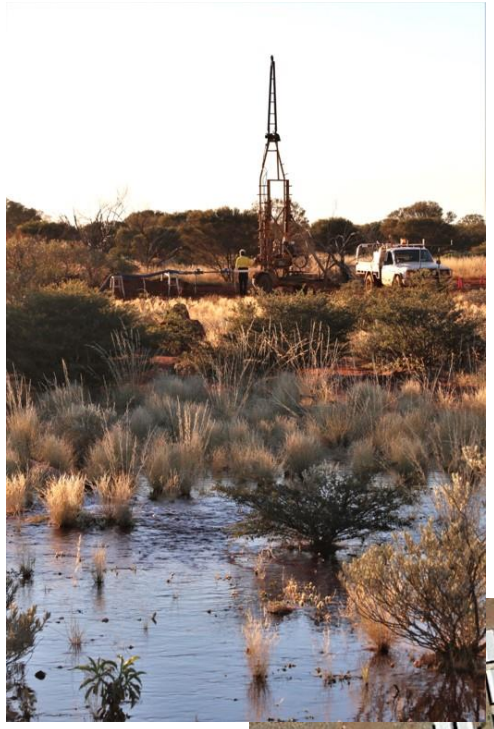
Infrastructure

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 acquired from FMG (with potential Newman residential option)
- FIFO via Newman airport (60km by road)

Optimised project power solution to provide operating cost savings



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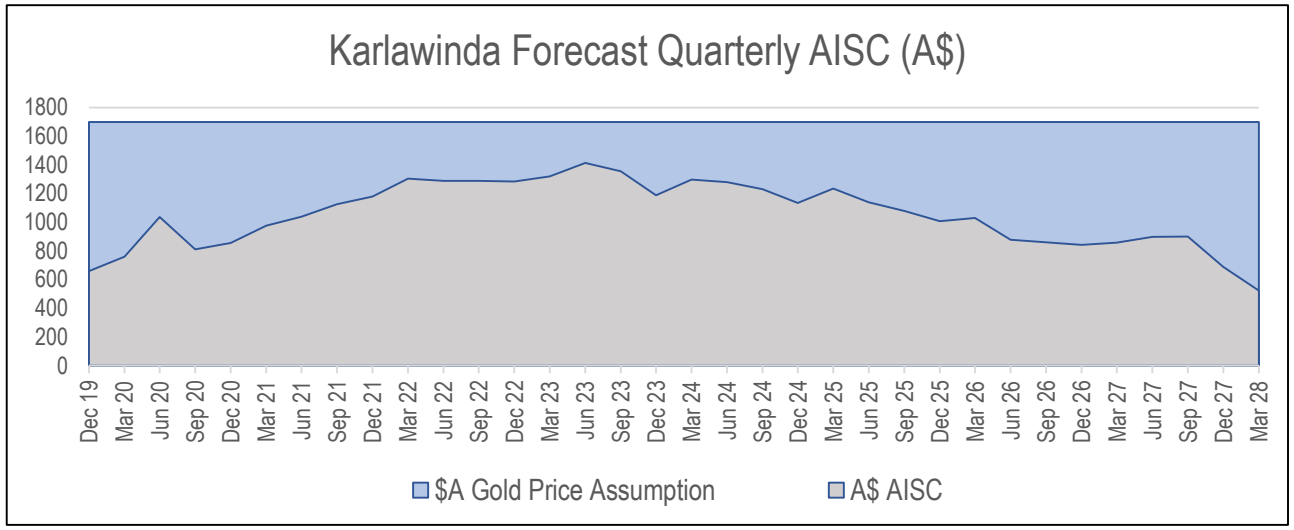
Optimised Operating Cost Estimates

Item	LOM Cost (A$M)	LOM Cost / Tonne (processed) (A$/t)	LOM Cost / Ounce (recovered) (A$/oz)
Mining	$389.6	$14.1	$473.1
Processing & Maintenance	$299.0	$10.8	$363.2
General & Admin.	$69.2	$2.5	$84.0
Realisation Costs	$3.2	$0.1	$3.9
Sustaining Capital (incl. closure costs)	$22.0	$0.8	$26.8
	$783.0	$28.3	$951.0
Royalties & Charges	$70.9	$2.6	$86.2
AISC	**$853.9**	**$30.9**	**$1037.2**



Operating cost improvements and sustaining capital reductions

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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 Oct 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

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Premier Mining Jurisdiction

All key permits now in place

- ☑ Nyiyaparli Heritage Agreement
- ☑ Mining Lease - M52/1070
- ☑ NVCP- Mine Area
- ☑ 5C Water Licence
- ☑ Works Approvals and Mining Proposal

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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 & Comissioning																
Gold Production																
Exploration Drilling																

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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)
  - Simple CIL processing
  - Targeting first gold production Dec 2019
- High impact extensional exploration opportunities adjacent to existing Ore Reserves
- Long-term camp-scale multi million ounce potential from multiple known mineralised systems and new targets

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Appendices – Resources & Reserves

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Resource – Karlawinda Project

May 2018 upgrade

BIBRA GOLD DEPOSIT JORC OPEN PIT RESOURCE ESTIMATE *(as of May 2018)*												
Date	MEASURED			INDICATED			INFERRED			TOTAL		
	Tonnes (Mt)	Grade (g/t)	Ounces (koz)	Tonnes (Mt)	Grade (g/t)	Ounces (koz)	Tonnes (Mt)	Grade (g/t)	Ounces (koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Moz)
May 2018	10.64	1.1	365	34.16	0.9	1,010	6.16	0.7	150	50.96	0.9	1.525

BIBRA GOLD DEPOSIT JORC OPEN PIT RESOURCE ESTIMATE BY DOMAIN *(as of May 2018)*			
DOMAIN	Tonnes (Mt)	Grade (g/t Au)	Ounces (koz)
Laterite	3.1	0.9	88
Oxide – upper saprolite	3.9	0.8	99
Oxide - lower saprolite	4.9	0.8	134
Transitional	5.5	0.8	142
Fresh	33.4	1.0	1,059
TOTAL	**50.96**	**0.9**	**1,525**

Capricorn Metals Limited has updated the Mineral Resource Estimate at its 100%-owned Karlawinda Gold Project in WA. The new resource has been updated to include a further 14,000m of drilling at Southern Corridor, moving the dominant JORC 2012 resource classification in this area from Inferred to Indicated status. The new May 2018 Resource is now reported using the reserve variable cut off grades of 0.29g/t for Laterite, 0.27g/t for Oxide, 0.31g/t for transitional and 0.36g/t for fresh material. The new cut off grades have been used to ensure the new Reserve sits wholly inside the reported Resource. Previously the resource was reported at a 0.5g/t cut off. Key points from the resource update are listed below:

- 90% of the Resource is now classified in the high confidence Measured and Indicated categories
- A Measured Resource and Indicated Resource totalling **45 million tonnes @ 1.0g/t Au for 1.4 million ounces**
- The classification of Southern Corridor resource has been elevated from Inferred to the Indicated classification
- Ounces per vertical metre peak at over 10,000 between 60 and 80m from surface (Fig 3 below)
- Resource expansion and exploration drilling programs are scheduled to re-commence in June 2018

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Reserve – Bibra Deposit

May 2018

Deposit	PROVED RESERVES			PROBABLE RESERVES			TOTAL RESERVES		
	Tonnes ('000 t)	Grade (g/t Au)	Ounces ('000 oz)	Tonnes ('000 t)	Grade (g/t Au)	Ounces ('000 oz)	Tonnes ('000 t)	Grade (g/t Au)	Ounces ('000 oz)
Bibra pit	9,603	1.1	337	16,915	1.0	529	26,518	1.0	866
Sth Corridor pit	7.9	0.6	0.2	1,027	0.8	26	1,035	0.8	26
Total	9,611	1.1	337	17,942	1.0	555	27,553	1.0	892

KARLAWINDA OPEN PIT ORE RESERVE STATEMENT
(A$1600/ounce assumption)
Notes:
- *Ore Reserves are a subset of Mineral Resources.*
- *Ore Reserves reported in conformance with the JORC 2012 Code definitions.*
- *Ore Reserves are calculated using a gold price of A$1600/ounce.*
- *Ore Reserves are calculated using a cut-off grade between 0.27g/t and 0.35g/t Au.*
- *Mining dilution and recovery, estimated by modelling to a Selective Mining Unit (SMU) with dimensions of 5m x 5m x 2.5m, are 5% and 94% respectively.*
- *All figures are rounded to reflect appropriate levels of confidence which may result in apparent errors of summation.*

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

Capricorn Metals Ltd (ASX: CMM)
Level 1, 28 Ord Street
West Perth, WA
enquiries@capmet.com.au
+61 8 9212 4600
www.capmetals.com.au
ABN: 84 121 700 105

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ASSOCIATION OF MINING AND EXPLORATION COMPANIES
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