

MAIDEN RC DRILLING PROGRAMME COMMENCES AT KARLAWINDA GOLD PROJECT, WA

Key Points

- 48-hole, 8000m RC drill program underway at Bibra deposit
- Key objective is to expand the existing 650,000oz Inferred Resource
- Work also underway on an updated Scoping Study, due by mid-year

1st March 2016: Capricorn Metals Ltd (ASX: CMM - "the Company") is pleased to announce that its maiden drilling programme has commenced today at the recently-acquired Karlawinda Gold Project, located 65km south-east of Newman in the Pilbara region of Western Australia.

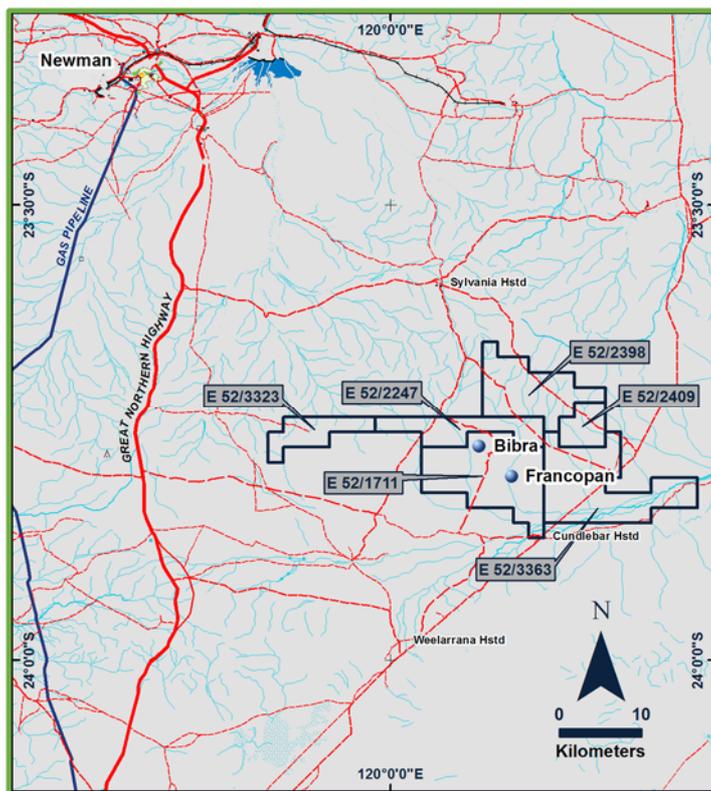


Figure 1: Location Map, Karlawinda Gold Project

A Reverse Circulation (RC) drill rig is on site, with the initial drilling programme to comprise 48 RC holes for 8,000m at the Bibra deposit.

The Bibra deposit was the subject of a high-quality 2012 Scoping Study completed by previous project owner, Independence Group Ltd (ASX: IGO), which indicated the deposit could be mined by open pit to a depth of 230m with a low life-of-mine stripping ratio of 4:1.

The majority of drill holes in the current drilling programme are targeted to extend the known mineralisation at Bibra down-dip, but still within the A\$1600/ounce open pit shell identified by IGO. The optimised pit shell contains a previously reported Inferred Resource of 18Mt @ 1.1g/t gold for 650,800 contained ounces to a maximum depth of 230m.

Positive results from this programme, at a grid spacing of 50 x 50m, are expected to deliver an increase in the reported Mineral Resource (Fig 2).

The drilling contractor engaged for this programme has undertaken most of the previous RC drilling at Bibra, and the Company has put in place safety and quality control procedures of the highest standards.

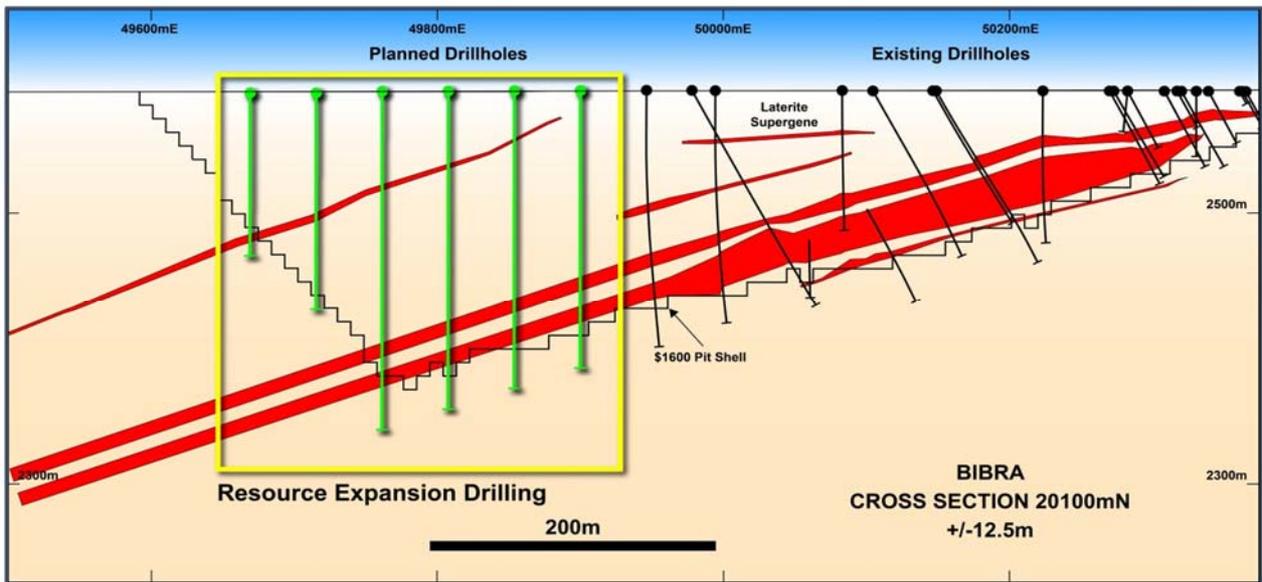


Figure 2: Cross section – Bibra Gold deposit, showing planned RC holes

Results from this drilling programme will be reported as they are received and compiled.

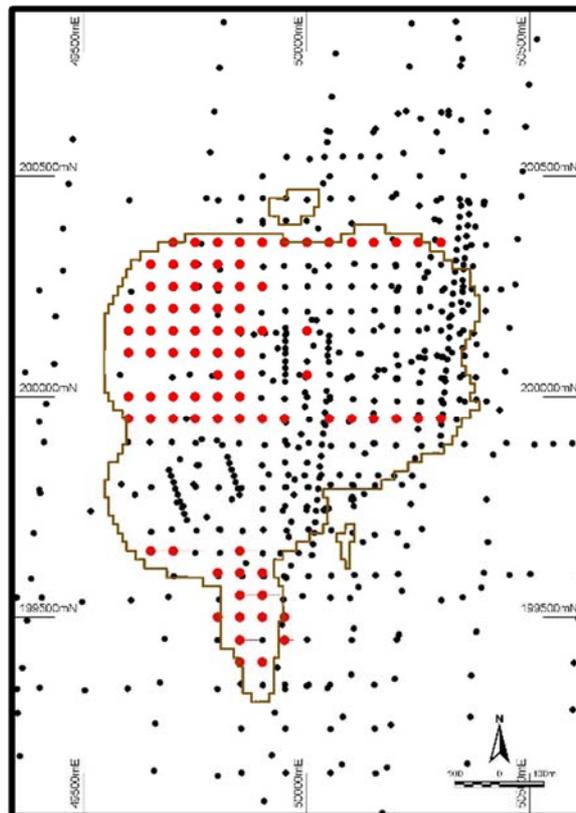


Figure 3: Plan view, Bibra Gold deposit, showing optimised A\$1600 pit shell and all drill collars. Planned RC holes shown in red.

In parallel with the resource drilling, a Gap Analysis of the IGO Scoping Study is also underway, with the intention of completing an updated Scoping Study by mid-year.

Capricorn's Managing Director, Mr Peter Thomson, said the Company was pleased to be on the ground at Karlawinda with the commencement of the maiden drilling program marking a significant milestone following its repositioning this year as a focused Australian gold company.

"Karlawinda is an advanced gold development opportunity with established JORC resources, significant resource expansion upside and the potential for 'camp-scale' exploration success," he said.

"The aim of this initial drilling campaign is to test some of the obvious extensions to the known Bibra mineralisation. The Main Lode at Bibra is a continuous surface of mineralisation dipping at 30 degrees to the west and containing significant gold endowment per vertical metre."

"This RC programme should allow us to flesh out the mineralisation below 150m and get a good understanding of the grade distribution and controls. This will lay the foundations for an updated Mineral Resource estimate for Bibra which will in turn provide the foundation for the updated Scoping Study," he said.

For further information, please contact:

Mr Peter Thomson, Managing Director
Email: pthompson@capmet.com.au
Phone: 0417 979 169

Mr Nicholas Read
Read Corporate
Phone: 0419 929 046