



# FIVE RIGS DRILLING AT KARLAWINDA

**Major resource in-fill and extensional drill program well underway at Karlawinda Gold Project with 88 holes already completed**

## ASX ANNOUNCEMENT

26 August 2016

Australian Securities  
Exchange Code: CMM

ABN: 84 121 700 105

### Board of Directors:

Mr Guy LeClezio  
*Non-Executive Chairman*

Mr Peter Thompson  
*Managing Director*

Mr Peter Langworthy  
*Technical Director*

Mr Heath Hellewell  
*Non-Executive Director*

### Issued Capital:

Shares 486M  
Options 18.3M  
Share Price A\$0.15  
Market Cap. A\$73M

### EXPLORATION OFFICE:

1 Coventry Parade  
North Fremantle, WA 6159

### REGISTERED OFFICE:

15 Lovegrove Close  
Mount Claremont, WA 6010

T +61 8 9384 3284

F +61 8 9284 3801

E [enquiries@capmetals.com.au](mailto:enquiries@capmetals.com.au)

[www.capmetals.com.au](http://www.capmetals.com.au)

**26<sup>th</sup> August 2016:** Capricorn Metals Ltd (ASX: CMM) is pleased to advise that a major drilling campaign is well underway at its 100%-owned Karlawinda Gold Project (Figure 1) as part of its strategy to fast-track the development of a significant new mid-tier Australian gold project.

The key objectives of the current program, which is being undertaken with five rigs currently operating, are to underpin the recently approved Definitive Feasibility Study ("DFS") and to provide initial tests of a series of high priority resource expansion and exploration targets.

The centrepiece of the Karlawinda Project is the Bibra Gold Deposit (**Inferred Resource of 25.5Mt at 1.1g/t Au for 914,000 ounces** – see ASX announcement 4th July 2016) and a key objective of the current drilling program is to in-fill the drill-hole pattern and elevate that resource to Measured and Indicated status.

This drilling is an important component of the Definitive Feasibility Study on the Karlawinda Project, following the completion of a positive Scoping Study (see ASX Announcement 29th July 2016).

### KEY POINTS:

- Drilling is progressing ahead of schedule with four shifts of reverse circulation ("RC") drilling and 4 shifts of diamond drilling underway.
- To date, 78 RC holes (9,500m) and 10 diamond holes (1,276m) have been completed. Assay results are expected to start flowing back from the laboratory in the short term.
- 50,000m of Reverse Circulation drilling is being undertaken to upgrade the resource classification from Inferred to Indicated and Measured.
- An initial 10,000m RC drilling program will test a series of high priority resource expansion and exploration targets.
- The first exploration drilling has been completed at the Portrush Prospect, which is located immediately to the west and in the hangingwall of the Bibra Deposit (Figure 2).
- A 5,000m diamond core drilling program has been designed to collect key resource, geotechnical and metallurgical data. An allocation of this drilling will also be used to target a number of deeper high grade gold exploration targets.
- Capricorn has mobilized a team of 40 personnel (staff and contractors) to undertake the program.
- Drilling is scheduled to continue until early November and the Company will provide regular updates with drill hole results on these programs over the coming weeks.

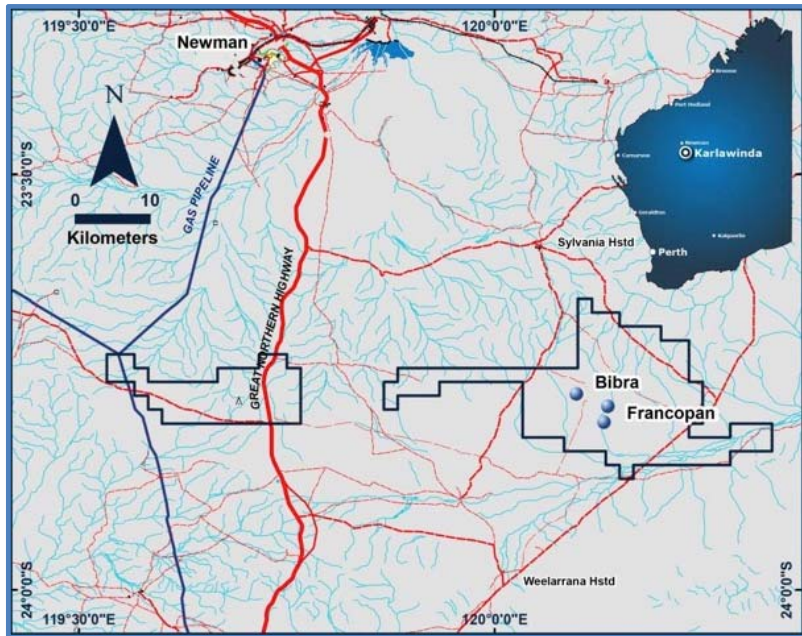


Figure 1: Karlawinda Gold Project Location Plan

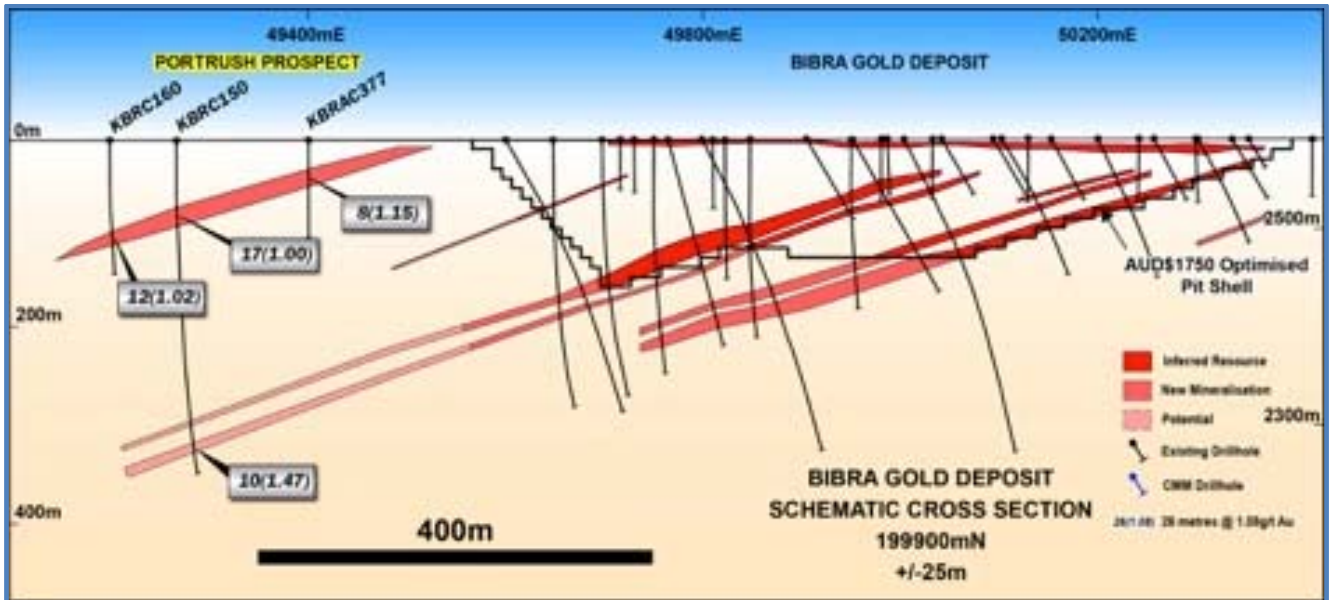


Figure 2a: Portrush Prospect Cross Section

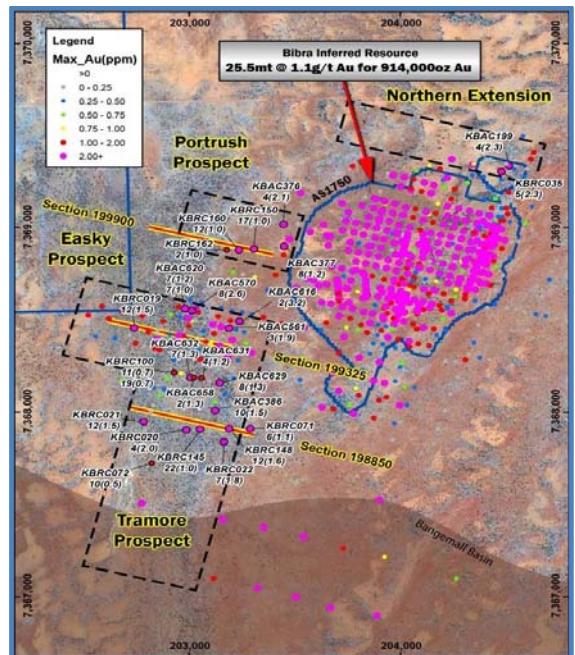


Figure 2b: Portrush Prospect Plan



*Bibra RC Drilling Operations*



*Bibra RC Drilling Operations*



*RC Sampling*



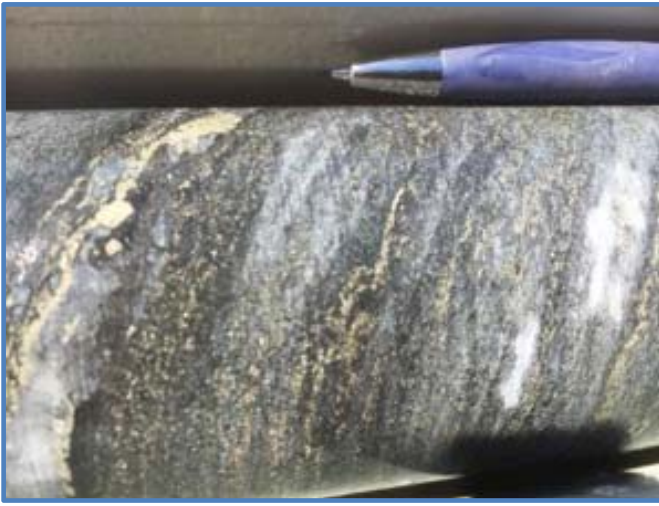
*Diamond Core Processing*



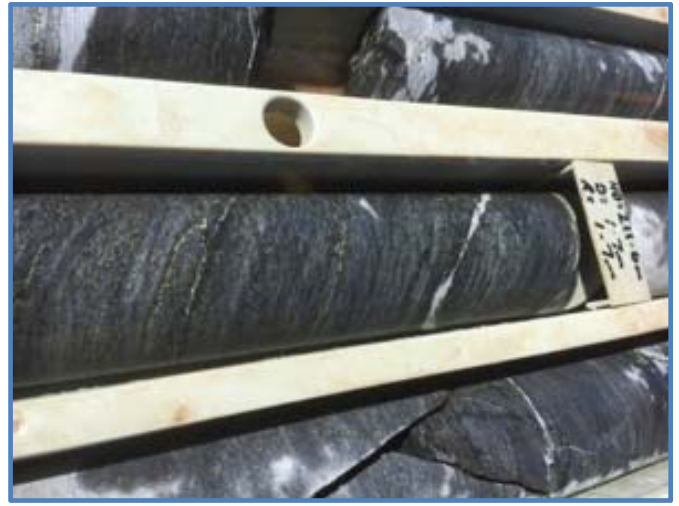
*Mobile Field Camp*



*Field Office*



***Bibra Diamond Core***



***Bibra Diamond Core***



Example of Bibra primary gold mineralization.

Gold is associated with sulphide (pyrite) that has formed in stringers and disseminations within the rock foliation.

Quartz veining and silica flooding is typical of higher grade mineralized zones.


Host lithology is sandstone metamorphosed to lower amphibolite facies.



Example of Bibra laterite gold mineralization.

Intersection is approximately 5 metres below surface.

***For and on behalf of the Board***



***Peter Thompson  
Managing Director***

***For further information, please contact:***

Mr Peter Thompson, Managing Director  
Email: [pthompson@capmet.com.au](mailto:pthompson@capmet.com.au)  
Phone: 0417 979 169

Mr Nicholas Read  
Read Corporate  
Phone: 0419 929 046

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