



# KARLAWINDA: HIGH GRADE COMPONENT OF MAIN HANGING WALL LODE CONFIRMED

Latest in-fill drilling confirms presence of significant higher grade zones in southern area of the Bibra Deposit

## ASX ANNOUNCEMENT

16 January 2017

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*

Mr Jonathan Shellabear  
*Non-Executive Director*

### Issued Capital:

Shares 486.9M  
Options 17.8M  
Share Price A\$0.105  
Market Cap. A\$51.1m

### 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)

## HIGHLIGHTS

- Latest results from ongoing in-fill resource drilling continue to confirm the quality of the Bibra Deposit as a highly-continuous, large-scale open pit mining opportunity.
- Results are now being received from the drilling completed in the southern end of the Bibra Deposit that have tested one of the high-grade domains within the Main Hanging Wall Lode. Recent results from this area include:

- **KBRC720** 6m @ 3.3g/t Au from 134m  
10m @ 1.1g/t Au from 156m
- **KBRC719** 6m @ 5.4g/t Au from 126m  
9m @ 1.5g/t Au from 148m
- **KBRC718** 6m @ 2.4g/t Au from 118m  
14m @ 1.3g/t Au from 135m
- **KBRC174\*** 6m @ 5.0g/t Au from 107m
- **KBRC016\*** 6m @ 3.8g/t Au from 134m  
16m @ 1.2g/t Au from 171m
- **KBRC710** 17m @ 1.6g/t Au from 48m
- **KBDM028** 12m @ 2.4g/t Au from 50m
- **KBRC711** 12m @ 1.2g/t Au from 60m
- **KBRC712** 14m @ 1.5g/t Au from 66m
- **KBRC714** 9m @ 1.8g/t Au from 87m

(\*Previously reported drilling results)

- In addition to the results returned from the primary mineralised zone the drilling has also successfully in-filled the near-surface laterite resource and confirms the presence of significant zones of higher-grade mineralisation within the broader resource envelope. Results include:

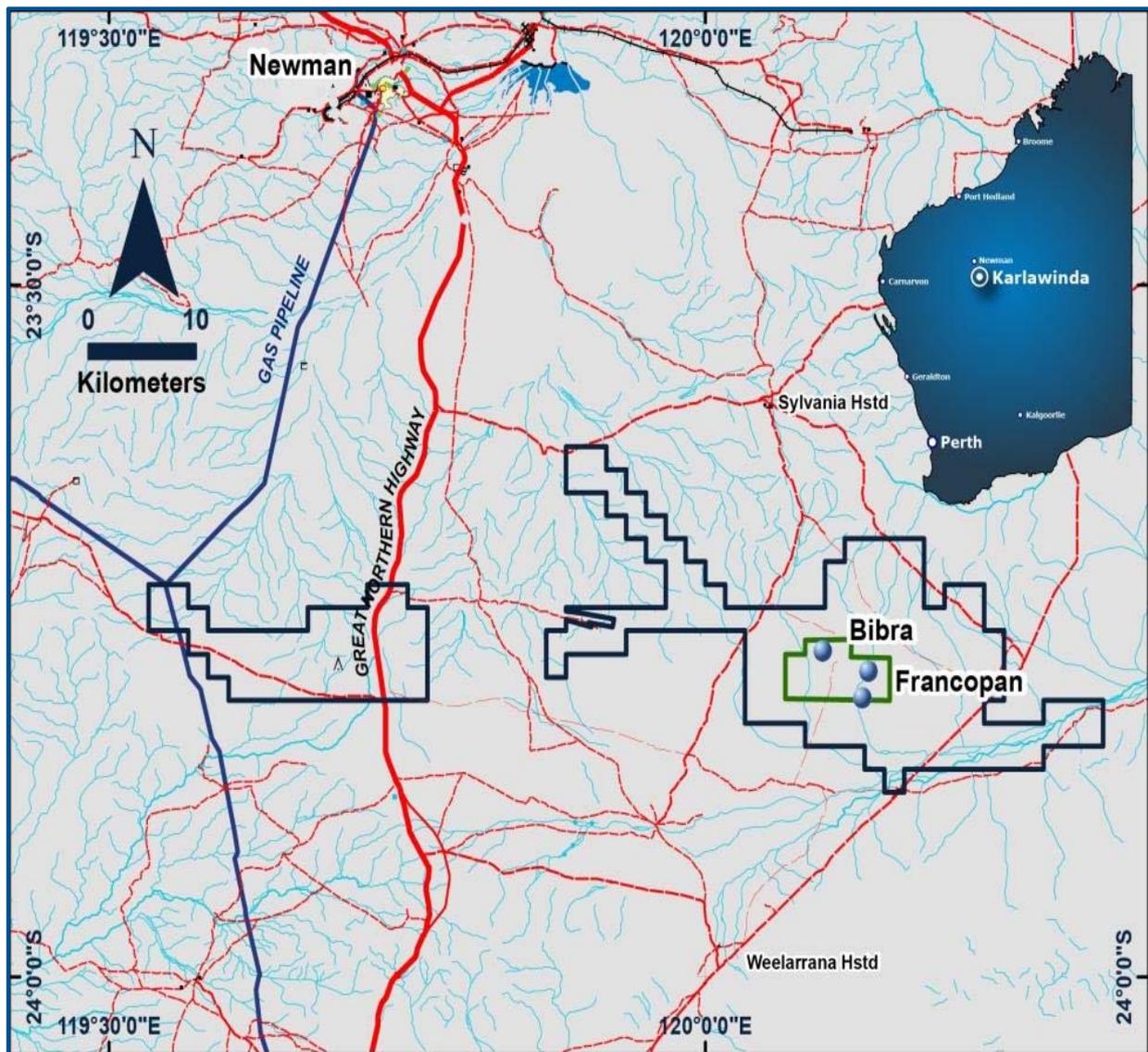
- **KBRC708** 19m @ 1.3g/t Au from 8m
- **KBRC707** 18m @ 1.1g/t Au from 8m
- **KBRC706** 10m @ 2.0g/t Au from 8m
- **KBRC705** 5m @ 3.0g/t Au from 9m
- **KBRC704** 8m @ 1.9g/t Au from 8m

**16<sup>th</sup> January 2017:** Capricorn Metals Ltd (ASX: CMM) is pleased to report the latest results from the resource in-fill drilling program at its 100%-owned Karlawinda Gold Project near Newman in WA (Figure 1). The results continue to confirm the scale, quality and continuous nature of the mineralisation at the Bibra Deposit.

The latest drilling results confirm the continuity and consistency of the Main Hanging Wall gold mineralisation in the southern area of the Bibra Deposit. In addition it confirms the presence of a distinct high-grade domain and very significantly, demonstrates impressive thickness and grade within the near-surface laterite-oxide domain.

The drilling results continue to confirm that the Bibra Deposit is a highly continuous, large-scale open pit mining opportunity which will underpin the Definitive Feasibility Study ("DFS") on the Karlawinda Gold Project due for completion in the second quarter of next year.

The resource drilling program has been the cornerstone activity for the fast-tracked DFS which includes approximately 60,000m of RC and diamond drilling both to expand and upgrade the classification of the Bibra Inferred Resource, which stands at 25.5Mt @ 1.1g/t Au for 914,000oz (see Appendix 1 for details).



*Figure 1: Location Map: Karlawinda Gold Project*

The resource drilling program was designed to upgrade the classification from Inferred to higher confidence Measured and Indicated and to provide key geological, metallurgical and geotechnical data for the DFS. Drill spacing has been consolidated to a 25 x 25m spacing to define key areas and 25 x 50m throughout the rest of the resource.

## KEY POINTS

A key component of the drilling program has been to fully evaluate the higher-grade gold domains that are prominent throughout the broader lower-grade parts of the deposit, both in the laterite/oxide and primary domains. Based on the results to date, it is clear that the high-grade domains are robust, extensive and show excellent continuity and predictability.

The cross-section 199,750mN (Figure 2), which is located within the southern part of the Bibra Deposit (Figure 4), demonstrates all of the key components of the deposit (see Appendix 2 for all drilling details). Section 200,100mN (Figure 3) which has previously been reported, is located 350m to the north and is included again for reference.

The primary mineralisation extends for 400m down-dip and has very consistent widths and grades. Importantly, in the base of the final design pit (Figure 2) a separate, parallel high-grade domain has been defined. This high-grade domain remains open down-dip and additional results along strike are yet to be returned from the assay laboratory. Results in this zone are:

- **KBRC720**                **6m @ 3.3g/t Au from 134m**
- **KBRC719**                **6m @ 5.4g/t Au from 126m**
- **KBRC718**                **6m @ 2.4g/t Au from 118m**
- **KBRC174\***               **6m @ 5.0g/t Au from 107m**
- **KBRC016\***               **6m @ 3.8g/t Au from 134m**

Systematic 25m spaced infill drilling of the laterite and oxide resource continues to confirm the extent and quality of this domain. Thick, high-grade mineralisation is consistently being defined at very shallow depth (<10m) within a broader envelope that extends for up to 600m across the section.

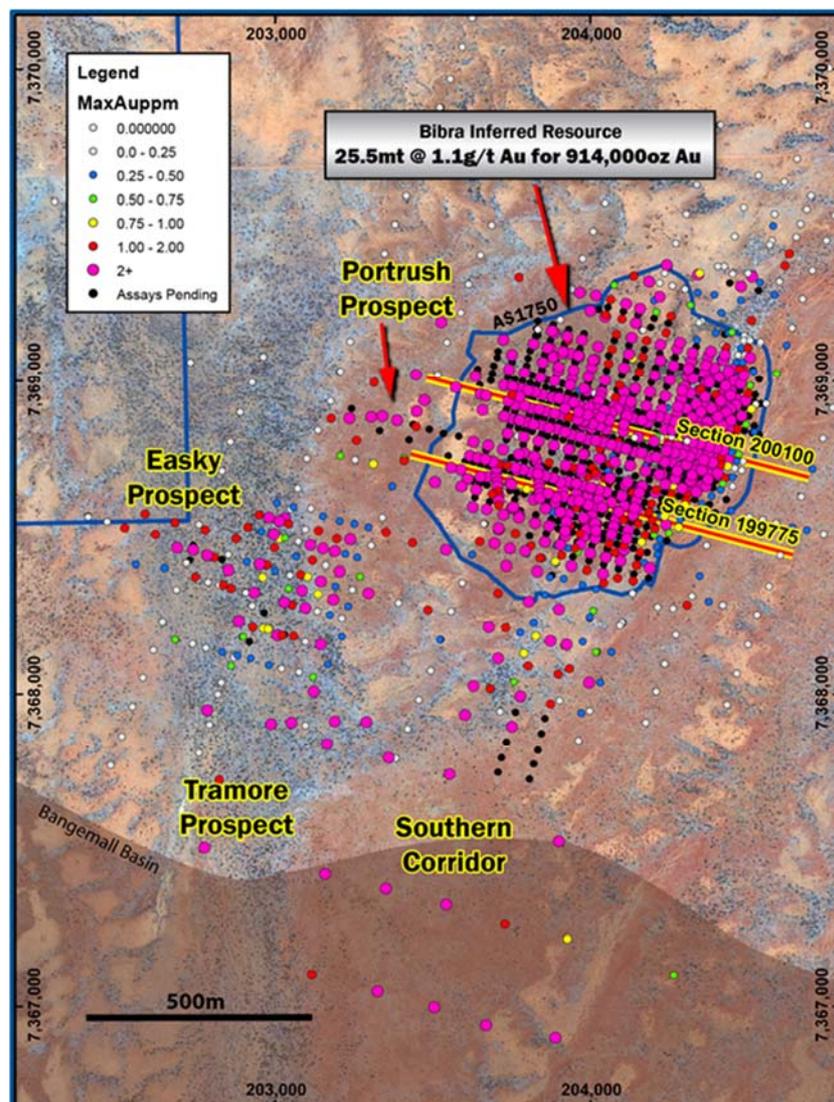


Figure 2: Location Map: Bibra Gold Deposit

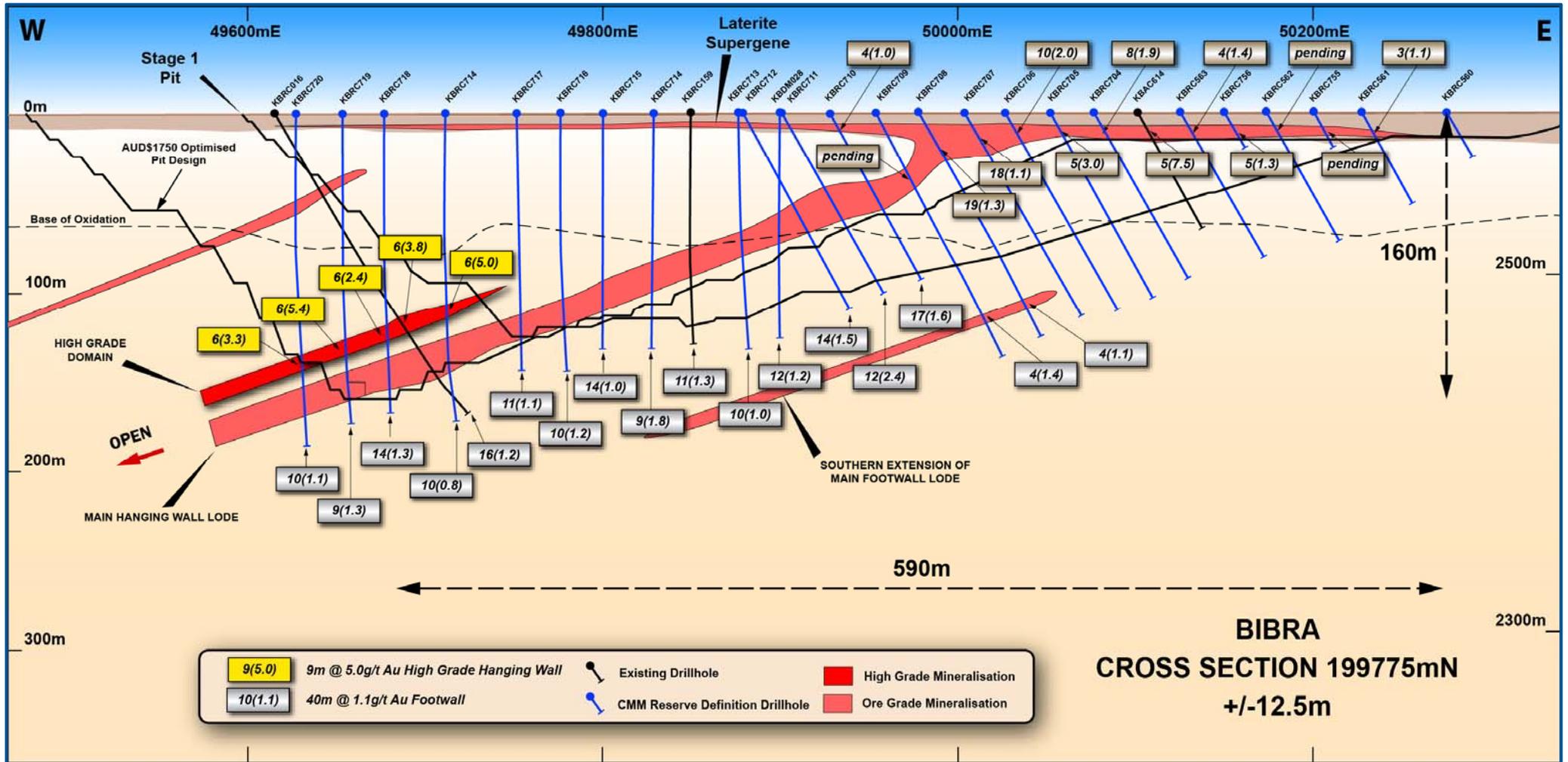


Figure 3: Bibra Cross Section 199,775mN

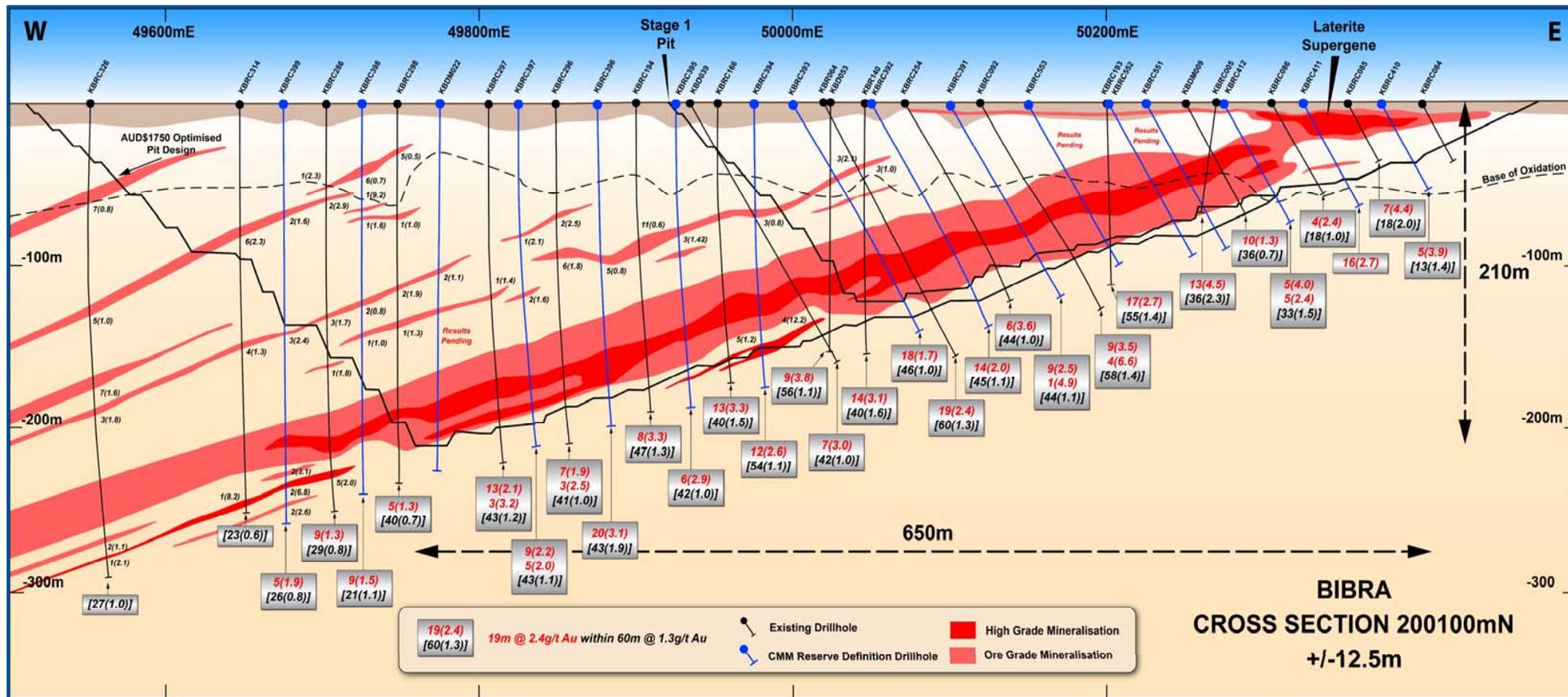


Figure 4: Bibra Cross Section 200,100mN

## MANAGEMENT COMMENT

Capricorn's Managing Director, Mr Peter Thompson, said the in-fill drilling programme continues to deliver impressive results, highlighting the scale, quality and consistency of the Bibra deposit.

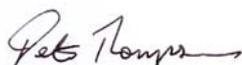
"We have always understood the quality of Bibra and have had high expectations that the infill drilling would firstly confirm and then enhance the deposit.

"The results so far continue to matched or exceed our expectations, highlighting the continuity of the deposit both in terms of geometry and gold grade," he said.

"Importantly, the high grade domains within both the primary and laterite oxide resources continue to be consolidated by the closer spaced resource drilling.

"As we have previously said the near-surface laterite zone, which includes some of the highest grades seen at Bibra – all within 20m of the surface – is proving to be uniform and consistent. We believe these results will prove to be strategically important – generating high-grade ounces in the early stages of the mine plan."

***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  
Phone: 0417 979 169

Mr Nicholas Read  
Read Corporate  
Phone: 0419 929 046

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### ***Competent Persons Statement***

*The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr. Peter Langworthy, Technical Director, who is a Member of the Australian Institute of Mining and Metallurgy. Mr. Peter Langworthy is a full time Director of Capricorn Metals Limited 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. Peter Langworthy consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

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## APPENDIX 1 – RESOURCE TABLE

The June 2016 Inferred Resource for the Bibra gold deposit now reports at **25,500,000 tonnes @ 1.1g/t for 914,000 ounces of contained gold**. The resource is reported at a 0.5g/t Au cut-off grade and is constrained within an optimized open pit shell using a gold price of A\$1750/oz. Details of the resource are provided in Table (1).

Domain	Tonnes	Grade (g/t Au)	Ounces
Laterite	2,100,000	1.3	85,000
Saprolite	4,300,000	1.0	142,000
Transition	1,500,000	1.2	58,000
Fresh	17,600,000	1.1	629,000
<b>Total</b>	<b>25,500,000</b>	<b>1.1</b>	<b>914,000</b>

### Notes on the Inferred Mineral Resource:

1. Refer to JORC 2012 Table (1) below for full details.
2. Discrepancy in summation may occur due to rounding.
3. The mineralisation has been wireframe modelled using a 0.3g/t Au assay cut-off grade. The resource estimate has been reported above a block grade of 0.5g/t Au.
4. The resource has been constrained by a A\$1750/ounce conceptual optimal pit shell.
5. Ordinary Kriging was used for grade estimation utilising Surpac software v6.6.2.
6. Grade estimation was constrained to blocks within each of the mineralisation wireframes.

## APPENDIX 2 – SIGNIFICANT DRILLING RESULTS

TABLE (2): Karlawinda Gold Project: Drilling Results								
Hole No	Northing	Easting	RL	Dip/Az	From	To	Width	Grade (g/t Au)
KBRC410	200,100	50,375	2590	-60/105	5	18	13	1.4
					(Includes)		5	3.9
KBRC085	200,100	50,353	2590	-60/105	6	24	18	2.0
					(Includes)		7	4.4
KBRC411	200,100	50,325	2590	-60/105	8	24	16	2.7
KBRC086	200,100	50,304	2590	-60/105	7	25	18	1.0
					(Includes)		4	2.4
KBRC412	200,100	50,275	2590	-60/105	23	56	33	1.5
					(Includes)		5	4.0
							5	2.4
KBRC005	200,100	50,264	2590	-60/105	38	74	36	2.3
					(Includes)		13	4.5
KBDM009	200,100	50,250	2590	-60/105	32	78	36	0.7
					(Includes)		10	1.3
KBRC193	200,100	50,200	2590	-60/105	31	86	55	1.4
					(Includes)		17	2.7
KBRC092	200,100	50,120	2590	-60/105	57	115	58	1.4
					(Includes)		9	3.5
							4	6.6
KBRC391	200,100	50,100	2590	-60/105	69	113	44	1.1
					(Includes)		9	2.5
							1	4.9
KBRC254	200,100	50,070	2590	-60/105	72	116	44	1.0
					(Includes)		6	3.6
KBRC392	200,100	50,050	2590	-60/105	79	124	45	1.1
					(Includes)		14	2.0
KBRC140	200,100	50,045	2590	-90/000	24	27	3	1.0
					87	135	40	1.6
					(Includes)		14	3.1
KBD053	200,100	50,021	2590	-90/000	29	32	3	2.1
					87	143	56	1.1
					(Includes)		9	3.8
KBRC064	200,100	50,014	2590	-60/105	85	145	60	1.3
					(Includes)		19	2.4
KBRC393	200,100	50,000	2590	-60/105	89	135	46	1.0
					(Includes)		18	1.7
KBRC394	200,100	49,975	2590	-90/000	66	69	3	0.8
					100	154	54	1.1
					(Includes)		12	2.6
KBRC166	200,100	49,950	2590	-90/000	104	144	40	1.5
					(Includes)		13	3.3
					156	160	4	12.2
KBD039	200,100	49,940	2590	-60/105	87	143	56	1.1
					(Includes)		9	3.8
KBRC395	200,100	49,924	2590	-90/000	112	154	42	1.03
					(Includes)		6	2.9
KBR194	200,100	49,900	2590	-90/000	80	91	11	0.6
					120	167	47	1.3
					(Includes)		8	3.3
KBRC396	200,100	49,875	2590	-90/000	93	98	5	0.8
					129	172	43	1.9
					(Includes)		20	3.1
KBRC296	200,100	49,849	2590	-90/000	66	68	2	2.5
					89	95	6	1.8
					138	179	41	1.0
					(Includes)		7	1.9
					(Includes)		3	2.5
KBRC397	200,100	49,825	2590	-90/000	78	79	1	2.1
					115	117	2	1.6
					145	188	43	1.1
					(Includes)		9	2.2
					(Includes)		5	2.0
KBRC297	200,100	49,805	2590	-90/000	116	117	1	1.4
					151	194	43	1.2
					(Includes)		13	2.1
					(Includes)		3	3.2
KBRC298	200,100	49,747	2590	-90/000	24	29	5	0.5

TABLE (2): Karlawinda Gold Project: Drilling Results								
Hole No	Northing	Easting	RL	Dip/Az	From	To	Width	Grade (g/t Au)
					68	69	1	1.0
					110	112	2	1.9
					131	132	1	1.3
					174	214	40	0.7
					(Includes)		5	1.3
KBRC398	200,100	49,725	2590	-90/000	35	41	6	0.7
					63	64	1	9.2
					69	70	1	1.6
					120	122	2	0.8
					139	140	1	1.0
					182	203	21	1.1
					(Includes)		9	1.5
KBRC286	200,100	49,702	2590	-90/000	50	51	1	2.3
					57	59	2	2.9
					127	130	3	1.7
					160	161	1	1.8
					189	218	29	0.8
					(Includes)		9	1.3
					222	227	5	2.0
KBRC399	200,100	49,675	2590	-90/000	64	66	2	1.6
					138	141	3	2.4
					195	221	26	0.8
					(Includes)		5	1.9
					224	226	2	3.1
					231	233	2	6.8
					243	245	2	2.6
KBRC314	200,100	49,647	2590	-90/000	74	80	6	2.3
					144	148	4	1.3
					202	225	23	0.6
					244	245	1	8.2
KBRC326	200,100	49,551	2590	-90/000	50	57	7	0.8
					123	128	5	1.0
					165	172	7	1.6
					186	189	3	1.8
					230	257	27	1.0
					265	267	2	1.1
					276	277	1	2.1

(Note: See Appendix (3) JORC Code (2012) Table 1 Parameters).

## APPENDIX 3: BIBRA RC DRILLING PROGRAM

### JORC Code, 2012 Edition Table 1

#### Section 1 Sampling Techniques and Data (Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<p>2kg - 3kg samples were split from dry 1m bulk samples. The sample was initially collected from the cyclone in an inline collection box with independent upper and lower shutters. Once the metre was completed, the drill bit was lifted off the bottom of the hole, to create a gap between sample, when the gap of air came into the collection box the top shutter was closed off. Once the top shutter was closed, the bottom shutter was opened and the sample was dropped under gravity thorough a Metzke cone splitter. Once drilling reached fresh rock a fine spray of water was used to suppress dust and limit the loss of fines thorough the cyclone chimney. A second 2kg-3kg sample was collected at the same time the original sample. This sample has been stored on site. These duplicate samples have been retained for follow up analysis and testwork.</p> <p>The bulk sample of the main ore zone was discharged from the cyclone directly into green bags. The bulk sample from the waste and hanging wall zones was collected in wheelbarrows and dumped into neat piles on the ground.</p> <p>During the sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones, however approximately 10% of the holes drilled had the whole hole weighed.</p> <p>Field duplicates were collected at a ratio of 1:20 through the mineralised zones and collected at the same time as the original sample through the B chute of the cone splitter. OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges.</p>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</li> </ul>	<p>All Drilling has been completed by reverse circulation using a DRA600 RC rig with 1350cfm@500psi compressor with a 1800cfm x 800psi booster and 900cfm, 350psi auxiliary. The hole was drilled using a nominal 135mm diameter face sampling bit, and to limit the hole deviation 4metre thick wall rod and top and bottom stabilisers were used.</p>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<p>During the sample collection process, the cone split, original and duplicate calico samples and the reject green bag samples were weighed to test for bias's and sample recoveries. The majority of the check work was undertaken through the main ore zones, however approximately 10% of the holes drilled had the whole hole weighed.</p> <p>Once drilling reached fresh rock a fine spray of water was used to suppress dust and limit the loss of fines thorough the cyclone chimney. At the end of each metre the bit was lifted off the bottom to separate each metre drilled.</p> <p>The majority of samples were of good quality with ground water having minimal effect on sample quality or recovery.</p>

Criteria	JORC Code explanation	Commentary
		From the collection of recovery data, no identifiable bias exists.
<b>Logging</b>	<ul style="list-style-type: none"> <li>• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</li> <li>• The total length and percentage of the relevant intersections logged.</li> </ul>	<p>Reverse circulation chips were washed and stored in chip trays in 1m intervals for the entire length of each hole. Chips were visually inspected and logged to record lithology, weathering, alteration, mineralisation, veining and structure.</p> <p>Data on rocktype, deformation, colour, structure, alteration, veining, mineralisation and oxidation state were recorded. RQD, magnetic susceptibility and core recoveries were recorded.</p> <p>RC chips sample quality and weights were also recorded, including whether wet or dry</p> <p>Logging is both qualitative and quantitative or semi-quantitative in nature. Core was photographed both dry and wet</p>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>• If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>• If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</li> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<p>Samples were split from dry, 1m bulk sample via a cone splitter directly from the cyclone.</p> <p>The quality control procedure adopted through the process includes:</p> <p>Weighing of both Calico samples and reject sample to determine sample recovery compared to theoretical sample recovery and to check sample bias through the splitter.</p> <p>Field duplicates were collected at a ratio of 1:20 through the mineralised zones and collected at the same time as the original sample through the B chute of the cone splitter.</p> <p>OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's was selected based on grade populations and economic grade ranges</p> <p>The duplicate and CRM's were submitted to the lab using unique sample ID's.</p> <p>A 2kg - 3kg sample were submitted to Intertek laboratory in Maddington in WA.</p> <p>Samples were oven dried at 105°C then jaw crushed to -10mm followed by a Boyd crush to a nominal -2mm. Samples were rotary split to 2.5kg. Samples were then pulverised in LM5 mills to 85% passing 75µm under sample preparation code EX03_05 which consists of a 5 minute extended preparation for RC/Soil/RAB. The extended time for the pulverisation is to improve the pulverisation of samples due to the presence of garnets in the samples</p> <p>All the samples were analysed for Au using the FA50/MS technique which is a 50g lead collection fire assay</p>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>• Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</li> </ul>	<p>Samples were submitted to the Intertek laboratory in Perth. In the waste zones, analysis has been completed by a single fire assay. In the main mineralised zone four fire assays from the sample pulp were completed and then averaged to determine, the assay grade of the sample to reduce the impact of the nugget effect in each ore zone sample</p> <p>The samples were determined for gold, pt, pd and additional elements/base metals, using ICP optical emission spectrometry and ICP mass spectrometry.</p> <p>Field duplicates were collected at a ratio of 1:20 through the mineralised zones and collected at the same time as the original sample through the B</p>

Criteria	JORC Code explanation	Commentary
		chute of the cone splitter. OREAS certified reference material (CRM) was inserted at a ratio of 1:20 through the mineralised zone. The grade ranges of the CRM's were selected based on grade populations and economic grade ranges.
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<p>Logging and sampling were recorded directly into a Micromine field marshal template, which utilises lookup tables and in file validation on a Toughbook by the geologist on the rig.</p> <p>Assay results when received were plotted on section and were verified against neighbouring holes.</p>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<p>Drillhole collars were positioned using a Garmin hand held GPS or by Survey group of Osbourne Park, WA</p> <p>Downhole surveys were collected by driller operated in-rod reflex north seeking gyro at the end of each hole. The measurements were taken every 30 metres. .</p>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<p>No exploration results have been reported</p> <p>Drilling is being completed on a 25x25m grid.</p> <p>Samples collected and analysed for each metre down the hole. Whole hole is analysed</p>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<p>Drill lines are oriented across strike on a local grid. Bibra orebody dips at 30 degrees to the North West.</p> <p>Holes in the drill programs have being drilled at inclination of -60 and -90 degrees. The orientation of the drilling is suitable for the mineralisation style and orientation of the Bibra mineralisation.</p>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<p>Calico sample bags are sealed into green bags/polyweave bags and cable tied. These bags were then sealed in bulka bags by company personnel, dispatch by third party contractor, in-company reconciliation with laboratory assay returns.</p>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<p>Program reviewed by company senior personnel.</p>

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<p>The Bibra deposit is located in EPM52/1711 held by Greenmount Resources PTY LTD. Capricorn Metals is currently in a purchase agreement with Independence Group Ltd, where acquisition will be finalised in 2016. Please see Capricorn Metals ASX at <a href="http://capmetals.com.au/">http://capmetals.com.au/</a> for further details</p> <p>The Bibra mineralisation is within the granted E52/1711 exploration tenement in the Pilbara region of Western Australia. E52/1711 was acquired from BHPB in 2008. BHPB retain a 2% NSR and a claw-back provision whereby BHPB can elect to acquire a 70% equity in the project only if JORC compliant reported resources of 5,000,000 ounces of gold and/or 120,000 tonnes of contained nickel have been delineated. The Nyiyaparli group are Native Title claimants covering an area including E52/1711. There is no known heritage or environmental impediments over the lease. A mining lease sufficient in size to cover the Bibra</p>

Criteria	JORC Code explanation	Commentary
		<p>resource area and potential associated infrastructure for a future mining operation has been applied for, and IGO is currently in negotiation with the Nyiyaparli group over this application.</p> <p>No other known impediments exist to operate in the area.</p>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<p>Prior to Capricorn Metals, the tenement was held by the Independence group (IGO) who undertook exploration between 2008 &amp; 2014. Prior to Independence group, WMC explored the area from 2004 to 2008</p>
<b>Geology</b>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<p>Bibra is part of a large-scale Archaean aged gold mineralized system. The resource is hosted within a package of deformed meta-sediments which has developed on at least two parallel, shallow dipping structures; supergene oxide mineralization has developed over the structures close to surface. The primary mineralization is strata-bound with lineation's identified as controlling higher-grade shoots. The deposit is oxidized to average depths of 50-70m.</p>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></li> </ul>	<p>Please refer to Tables in the text</p>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<p>In the ore zone four separate fire assays were completed for each 1m sample to reduce the nugget effect. The four assays were then averaged to calculate the final assay grade.</p>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i></li> </ul>	<p>At Bibra, the geometry of the mineralisation has already been defined from previous drilling programs. The intersection angle between drill angle and the perpendicular angle to the ore zone is less than 10 degrees.</p>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<p>The diagrams in the report provide sufficient information to understand the context of the drilling results.</p>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li><i>Where comprehensive reporting of all</i></li> </ul>	<p>The accompanying document is considered to be a</p>

Criteria	JORC Code explanation	Commentary
	<i>Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	balanced report with a suitable cautionary note.
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	Systematic metallurgical testwork programs over 2012/13 on master and variability composites from diamond core identifies mineralisation as free milling and amenable to cyanidation
<b>Further work</b>	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	Drilling Program is currently taking place