
CAPRICORN METALS LTD

ACN 121 700 105

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00 am WST

DATE: Thursday, 23 November 2017

PLACE: Function Room
Celtic Club
48 Ord Street
West Perth WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm WST on 21 November 2017.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 9.00am (WST) on 23 November 2017 at:

The Function Room, Celtic Club, 48 Ord Street, West Perth WA 6005

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm (WST) on 21 November 2017.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9212 4600.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR STUART PETHER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 6.3(j) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Stuart Pether, a Director who was appointed on 14 March 2017, retires, and being eligible, is elected as a Director.”

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR GUY LE CLEZIO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 6.3(b) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Guy Le Clezio, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

6. RESOLUTION 5 – ADOPTION OF PERFORMANCE RIGHTS PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any Director except one who is ineligible to participate in any performance rights plan in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – MR STUART PETHER

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Options to Mr Stuart Pether (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Stuart Pether (or his nominee) and any of their associates (Resolution 6 Excluded Party). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 18 October 2017

By order of the Board



Natasha Santi
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.capmetals.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES

3.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and

- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$53 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 27 September 2017).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: CMM).

If Shareholders approve Resolution 2, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 2 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

3.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 2:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 3.2(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 18 October 2017.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.040 50% decrease in Issue Price	\$0.079 Issue Price	\$0.119 50% increase in Issue Price
572,379,458 (Current Variable A)	Shares issued - 10% voting dilution	57,237,946 Shares	57,237,946 Shares	57,237,946 Shares
	Funds raised	\$2,260,899	\$4,521,798	\$6,782,697
858,569,187 (50% increase in Variable A)	Shares issued - 10% voting dilution	85,856,919 Shares	85,856,919 Shares	85,856,919 Shares
	Funds raised	\$3,391,348	\$6,782,697	\$10,174,045
1,144,758,916 (100% increase in Variable A)	Shares issued - 10% voting dilution	114,475,892 Shares	114,475,892 Shares	114,475,892 Shares
	Funds raised	\$4,521,798	\$9,043,595	\$13,565,393

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 572,379,458 existing Shares on issue as at the date of this Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 27 September 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution which any one particular Shareholder will be subjected. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for continued exploration expenditure on the Company's current assets (funds would then be used for project, feasibility studies and ongoing project administration); the acquisition of new resources, assets and investments (including expenses associated with such an acquisition); and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related Party of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 25 November 2016 (**Previous Approval**).

The Company has issued 5,930,912 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 23 November 2016, the Company also issued a further 79,539,173 Shares and 44,890,028 Options. The total number of Equity Securities issued in the 12 months prior to the date of the Meeting represent approximately 25.85% of the total diluted number of Equity Securities on issue in the Company on 23 November 2016, which was 504,209,283.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

3.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR STUART PETHER

Clause 6.2(b) of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Stuart Pether, having been appointed by other Directors on 14 March 2017 in accordance with the Constitution, will retire in accordance with clause 6.3(j) of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

4.1 Qualifications and other material directorships

Mr Pether has over 25 years resources industry experience in project development, technical studies, mine operations and corporate management. He is equally skilled in open pit and underground mining in a range of commodities including gold, nickel and lead and zinc. A qualified mining engineer, he holds a Bachelor in Engineering (Mining Engineering) from the Western Australia School of Mines.

Mr Pether was previously the Chief Executive Officer for Kula Gold and executive director of the 100% subsidiary Woodlark Mining Limited, the owner of the advance development project the Woodlark Island Gold Project in PNG.

He held the position of Chief Operating Officer at Catalpa Resources where he was responsible for the construction, commissioning and operation of the A\$92 million Edna May Gold Project and represented Catalpa Resources on the Cracow Gold Mine Joint Venture committee with Newcrest Mining. Following the merger of Catalpa Resources with Conquest Mining in November 2011, forming Evolution Mining, he took up the position of Vice President, Project Development where he was responsible for technical studies and major capital projects, including the construction of the \$140 million Mt Carlton Gold Project in Queensland.

Prior, he worked in various mining management roles for CBH Resources, PacMin Mining Limited, Dominion Mining and Western Mining Corporation.

Mr Pether is a member of the Australasian Institute of Mining and Metallurgy.

Mr Pether is not an independent director, as he is the appointed board nominee of substantial shareholder, Hawke's Point Holdings I Limited.

During the past three years Mr Pether has held no other listed company directorships.

If elected the board does not consider Mr Stuart Pether will be an independent director, as he was appointed the board nominee of substantial shareholder of the company, Hawke's Point Holdings I Limited, from 7 September 2017.

4.2 Board recommendation

The Board supports the re-election of Mr Stuart Pether and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – GUY LE CLEZIO

5.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Guy Le Clezio, who has served as a director since 4 April 2007 and was last re-elected on 26 November 2015, retires by rotation and seeks re-election.

5.2 Qualifications and other material directorships

Mr Le Clezio holds a Bachelor of Arts from the University of Western Australia. He has had 20 years' experience in the mining and exploration industry and was an Executive Director of Eyres Reed Ltd and Canadian Imperial Bank of Commerce who were leading Western Australian stockbrokers specialising in the mining industry. He was a founding director of World Titanium Resources Ltd and a former director of ASX listed Windy Knob Resources Ltd.

During the past three years Mr Le Clezio has not held any other listed company directorships.

5.3 Independence

If elected the board considers Mr Le Clezio will be an independent director.

5.4 Board recommendation

The Board supports the re-election of Mr Le Clezio and recommends that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – ADOPTION OF PERFORMANCE RIGHTS PLAN

Resolution 5 seeks Shareholders approval for the adoption of the employee incentive scheme titled Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Performance Rights under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Performance Rights have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees, and consultants with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary Ms Natasha Santi (nsanti@capmet.com.au or +61 8 9212 4600). Shareholders are invited to contact the Company if they have any queries or concerns.

7. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 1,000,000 Options (**Related Party Options**) to Mr Stuart Pether (**Related Party**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Mr Pether is a related party of the Company by virtue of being a Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Party.

7.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related party is Mr Pether and he is a related party by virtue of being a Director;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Party is 1,000,000 Related Party Options to Mr Pether.

- (c) the Related Party Options will be granted to the Related Party no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 3;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 4;
- (g) the relevant interests of the Related Party in securities of the Company are set out below:

Related Party	Shares	Options
Mr Stuart Pether	250,000	Nil

- (h) the remuneration and emoluments from the Company to the Related Party for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr Stuart Pether	\$43,800	\$16,775

- (i) if the Related Party Options granted to the Related Party are exercised, a total of 1,000,000 Shares would be issued. This will increase the number of Shares on issue from 572,379,458 to 573,379,458 (assuming that no other Options are exercised and no other shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.17%.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	15 cents	27 September 2016
Lowest	7.6 cents	29 June 2017
Last	7.9 cents	18 October 2017

- (k) the Board acknowledges the grant of Related Party Options to Mr Pether is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Directors reasonable in the circumstances for the reason set out in paragraph (o);

- (l) the primary purpose of the grant of the Related Party Options to the Related Party is to provide a performance linked incentive component in the remuneration package for the Related Party to motivate and reward the performance of the Related Party in his role as a Director;

- (m) Mr Pether declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company, should Resolution 6 be passed;

- (n) with the exception of Mr Pether, no other Director has a personal interest in the outcome of Resolution 6;

- (o) the directors, other than, Mr Pether, recommend that Shareholders vote in favour of Resolution 6, for the reasons set out below:

- (i) the grant of Related Party Options to the Related Party will align the interests of the Related Party with those of Shareholders;

- (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Party; and

- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price, vesting conditions and expiry date of those Related Party Options; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Party as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 3.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Capricorn Metals Ltd (ACN 121 700 105).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Incentive Option means an option, issued under the Incentive Option Plan, to acquire a Share.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Performance Right means a performance right to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolution 6, with the terms and conditions set out in Schedule 3.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the calculation in Section 3.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 23 NOVEMBER 2016

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue 1 – 29 November 2016 Appendix 3B dated 30 November 2016	7,000,000	Unquoted Options ³	Two Executive Directors, Two Non-Executive Directors – approved at the Annual General Meeting held on 25 November 2016	No Issue Price (no cash consideration)	Non-Cash Consideration Current value ⁷ = \$76,720
Issue 2 – 9 March 2017 Appendix 3B dated 10 March 2017	54,852,304 18,284,101	Shares ² Unquoted Options ⁴	Hawke's Point Holdings Limited – Ratified at the General Meeting held 28 April 2017	Issue price: \$0.117 per share, free attaching unquoted option 17% premium to the closing price of \$0.10 on 8 March 2017.	Cash Consideration Amount raised: \$6,417,720 Amount spent: \$6,417,720 Use of funds: Karlawinda feasibility study (\$4,500,000), capital raising costs (\$537,617), other working capital (\$1,380,103).
Issue 3 – 5 May 2017 Appendix 3B dated 5 May 2017	30,617,781 10,205,927	Shares ² Unquoted Options ⁴	Hawke's Point Holdings Limited – Approved at the General Meeting held 28 April 2017	Issue price: \$0.117 per share, free attaching unquoted option 17% premium to the closing price of \$0.10 on 4 May 2017.	Cash Consideration Amount raised: \$3,582,280 Amount spent: \$480,000 Use of funds: Karlawinda feasibility study (\$480,000), The remaining funds will be used for continuing work on the feasibility study and other working capital ⁶ .
Issue 4 – 13 June 2017 Appendix 3B dated 14 June 2017	3,400,000	Unquoted Options ⁵	Five company employees under the Incentive Option Plan approved at the Annual General Meeting held on 25 November 2016	No Issue Price (no cash consideration)	Performance based remuneration for services provided to the Company Current value ⁷ = \$77,588
Issue 5 – 22 September 2017 Appendix 3B dated 22 September 2017	6,000,000	Unquoted Options ⁵	One employee under the Incentive Option Plan approved at the Annual General Meeting held on 25 November 2016	No Issue Price (no cash consideration)	Performance based remuneration for services provided to the Company Current value ⁷ = \$136,920

Notes:

- Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Fully paid ordinary shares in the capital of the Company, ASX Code: CMM (terms are set out in the Constitution).
- Unquoted Options, exercisable at \$0.20 each, on or before 31 May 2020, one third vest 29 November 2017, one third vest 29 November 2018 and one third vest 29 November 2019. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 25 November 2016.
- Unquoted Options, exercisable at \$0.15 each, on or before 5 May 2021. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 28 April 2017.
- Unquoted Options, exercisable at \$0.15 each, on or before 5 May 2021, one third vest 5 May 2018, one third vest 5 May 2019 and one third vest 5 May 2020. The full terms and conditions were disclosed in the notice of meeting for the annual general meeting held on 25 November 2016.
- This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
- In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

SCHEDULE 2 – SUMMARY OF PERFORMANCE RIGHTS PLAN

The key terms of the Performance Rights Plan are as follows:

- (a) **Eligibility and Grant of Performance Rights:** The Board may grant Performance Rights to any full or part time employee or Director of the Company or an associated body corporate or subject to, a casual employee or contractor of a Group Company to the extent permitted by the Class Order or a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under the examples mentioned above (**Eligible Participant**). Performance Rights may be granted by the Board at any time.
- (b) **Consideration:** Each Performance Right issued under the Plan will be issued for nil cash consideration.
- (c) **Conversion:** Each Performance Right is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price (if any) and expiry date for Performance Rights granted under the Plan will be determined by the Board prior to the grant of the Performance Rights.
- (e) **Exercise Restrictions:** The Performance Rights granted under the Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Performance Rights (**Vesting Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Performance Rights.
- (f) **Renounceability:** Eligible Participants may renounce their offer in favour of a nominee (the Eligible Participants and their nominees are each **Participants**).
- (g) **Lapsing of Performance Right:** Subject to the terms of the offer made to a Participant, an unexercised Performance Right will lapse:
 - (i) on the Eligible Participant ceasing employment with the Company and:
 - (A) any Vesting Conditions have not been met by the date the Relevant Person ceases to be an Eligible Participant (**Ceasing Date**); or
 - (B) where any Vesting Conditions have been met by the Ceasing Date, the Participant does not exercise the Performance Right within a period of (1) month after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
 - (ii) if any Vesting Condition is unable to be met; or
 - (iii) the expiry date has passed.
- (h) **Share Restriction Period:** Shares issued on the exercise of Performance Rights may be subject to a restriction that they may not be transferred or otherwise dealt with until a restriction period has expired, as specified in the offer for the Performance Rights.
- (i) **Disposal of Performance Rights:** Performance Rights will not be transferable and will not be quoted on the ASX.
- (j) **Trigger Events:** The Company may permit Performance Rights to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (k) **Participation:** There are no participating rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (l) **Change in exercise price:** A Performance Right will not confer a right to a change in exercise price (if any) or a change in the number of underlying Shares over which the Performance Right can be exercised.
- (m) **Reorganisation:** If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) **Limitations on Offers:** The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of Performance Rights offered under an offer when aggregated with:
 - (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options or right to acquire Shares under the Performance Rights Plan or any other employee incentive plan of the Company were to be exercised or accepted; and
 - (ii) the number of Shares issued during the previous 3 years from the exercise of Performance Rights issued under the Plan (or any other employee incentive of the Company extended only to Eligible Participants),does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option or right to acquire Shares that can be disregarded in accordance with ASIC Class Order 14/1001).

SCHEDULE 3 – RELATED PARTY OPTION TERMS AND CONDITIONS

The Options will entitle the holders to subscribe for Shares on the following terms:

1. Each Option entitles the holder to subscribe for and be allotted one Share.
2. The Options are exercisable at a price per share equal to 145% of the VWAP of the fully paid ordinary share of the Company on the thirty trading days prior to the date of shareholder approval, payable in cash (Exercise Price).
3. The Options will vest as follows:
4. One third of the Options granted will vest 12 months after the date of issue;
 - (a) One third of the Options granted will vest 24 months after the date of issue; and
 - (b) One third of the Options granted will vest 36 months after the date of issue (Vesting Date).
5. The Options shall expire at 5.00pm WST on 23 November 2021 (Expiry Date).
6. Options may be exercised at any time after the Vesting Date and on or before the Expiry Date.
7. Taxation of any discount arising in relation to the issue of the Options will be deferred until the Options are exercised.
8. Options not exercised on or before the Expiry Date will automatically lapse.
9. On an Option lapsing, all rights of the Option holder in respect of the Option cease and no consideration or compensation will be payable for or in relation to that lapse.
10. Following allotment of the Options, a transaction confirmation statement will be issued by the Company for the Options.
11. Subject to these conditions, Options may be exercised on or before the Expiry Date by the Option holder:
 - (a) lodging with the Company a Notice of Exercise signed by the Option holder for a parcel of not less than one thousand (1,000) except that if the Option holder holds less than one thousand (1,000) Options then such Options may be exercised; and
 - (b) paying the Company the Exercise Price in respect of the Options exercised.

An exercise of Options will only be valid and effective once the Company has received, in cleared funds, the full amount of the Exercise Price payable.
12. A Notice of Exercise, once lodged with the Company, is irrevocable and by giving a Notice of Exercise the Option holder:
 - (a) agrees to subscribe for that number of Shares equivalent to the number of Options exercised in the Notice of Exercise;
 - (b) agrees to be bound by the Constitution on the issue of Shares; and
 - (c) without limiting any other clause in these conditions, must pay the Exercise Price in respect of the Options exercised at the time the Notice of Exercise is lodged with the Company.
13. The Options may be exercised in whole or in part.
14. For each Option that is exercised, the Company must issue to the Option holder one Share, credited as fully paid and, within 10 Business Days (or such other period as is required by the Listing Rules) after the date of exercise of the Option, issue (or cause to be issued) to the Option holder a holding statement or other appropriate evidence of title for each Share that is issued.
15. If an Option holder exercises only some of the Options held, the Company must issue (or cause to be issued) a holding statement or other appropriate evidence of title for each remaining Option held by the Option holder.
16. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Option holder will be treated in the manner prescribed by the ASX Listing Rules applying to reconstructions at that time.
17. If:
 - (a) a takeover bid within the meaning of the Corporations Act is made for the Shares and the bidder becomes entitled to compulsorily acquire Shares, any Options not exercised by the end of the bid period will lapse; or
 - (b) a court orders a meeting to be held in relation to a proposed scheme of arrangement under Part 5.1 of the Corporations Act in relation to the Company, which, if implemented, would result in a person having a relevant interest in at least 90% of Shares, any Options not exercised during the period that ends seven days after the date of the court order will lapse.
18. The options will not be listed on the ASX.
19. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing Shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Options.

20. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to Shareholders, the Company will announce the issue to ASX prior to the record date in accordance with the requirements of the ASX Listing Rules. This will give holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
21. There is no right to a change in the Exercise Price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
22. Options are not transferrable.
23. Unless otherwise authorised by Directors, vested Options which are not exercised within thirty days of cessation of employment, for whatever reason, will lapse.
24. Unless otherwise authorised by Directors, Options which have not vested at the date of cessation of employment will lapse.
25. These conditions will be interpreted and applied in a manner that is consistent with the Listing Rules. If any of these conditions are inconsistent with the requirements of the Listing Rules, they may be amended by the Company to comply with the Listing Rules. The Company will advise Option Holders of any such amendments.

SCHEDULE 4 – VALUATION OF RELATED PARTY OPTIONS

The Options to be issued to the Related Party pursuant to Resolutions 5, have been valued by internal management.

Using the Black & Scholes option pricing model and based on the assumptions set out below, the Options were ascribed the following value:

Assumptions:	
Valuation date	18 October 2017
Market price of Shares	7.90 cents
Exercise price	11.50 cents 145% of the VWAP of the fully paid ordinary share of the Company on the thirty trading days prior to the date of shareholder approval. For the purposes of this valuation an exercise price has been calculated from the closing share price on 18 October 2017
Expiry date	23 November 2021
Risk free interest rate	2.215%
Volatility	50%
Indicative value per Option	2.348 cents
Total value of Options	\$23,480

Note: The valuation noted above is not necessarily the market price at which the Options could be traded and is not automatically the market price for taxation purposes.

PROXY FORM

CAPRICORN METALS LTD
ACN 121 700 105

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 9.00 am WST, on Thursday, 23 November 2017 at Celtic Club, 48 Ord Street, West Perth WA 6005, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 5, and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 5 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intention on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director, Mr Stuart Pether	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Director, Mr Guy Le Clezio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Options – Mr Stuart Pether	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail in relation to this Proxy Form:

YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Capricorn Metals Ltd, Level 1, 28 Ord Street, West Perth WA 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9212 4699; or
 - (c) email to the Company at nsanti@capmet.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.