



## CAPRICORN APPOINTS GR ENGINEERING AS PREFERRED CONTRACTOR FOR KARLAWINDA GOLD PROJECT

*Final Process Design and Construct contract delivers material reduction in Capex to \$93.1M compared with 2017 Feasibility Study*

### ASX ANNOUNCEMENT

23 April 2018

ASX Code: CMM

ABN: 84 121 700 105

#### Board of Directors:

Mr Heath Hellewell  
*Executive Chairman*

Mr Peter Langworthy  
*Non-Executive Director*

Mr Stuart Pether  
*Non-Executive Director*

Ms Debra Bakker  
*Non-Executive Director*

#### Issued Capital:

Shares 747.9M  
Options 56.7M  
Share Price A\$0.076  
Market Cap. A\$56.8M

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### HIGHLIGHTS

- Conditional Letter of Intent issued for the appointment of Western Australian engineering company GR Engineering Services Ltd (ASX: GNG) as preferred contractor for the Karlawinda Gold Project Process Design and Construct Contract.
- The contract will be for the construction of a new 3.0Mtpa Carbon-in-Leach (CIL) processing facility and other supporting plant infrastructure.
- The contract is for a Lump Sum Turnkey Price of A\$93.1M, which represents a reduction of approximately 23% from the comparable capital costs contained in the 2017 Feasibility Study.
- The announcement of GR Engineering as preferred contractor and material reduction in plant Capex marks another key step towards the development of a substantial new 100,000ozpa Australian gold mine in the Pilbara region of Western Australia.

Capricorn's Executive Chairman, Heath Hellewell, said: "This is another major milestone in our journey to become a new Australian gold producer. GR Engineering has an excellent reputation for delivering projects efficiently and on time and on budget, and we are delighted to announce their appointment as our preferred contractor.

GR Engineering has extensive experience in the gold sector and has recently successfully completed the construction of a number of comparable processing plants in Western Australia.

The Capricorn team are looking forward to working closely with GR Engineering as we move towards a final project development decision by mid-year with the aim of first gold production in the September Quarter of 2019.

By embarking on the tender process and implementing a fixed-price solution, we have also been able to secure a significant reduction in the capital cost of the project. This is a very important step which further de-risks the development of Karlawinda and places us in a strong position as we move to secure project financing."

## KARLAWINDA EPC CONTRACT

Capricorn Metals Ltd (ASX: CMM) (“Capricorn” or “the Company”) is pleased to advise that it has issued a conditional Letter of Intent to leading Australian engineering firm GR Engineering Services (“GR Engineering”) for the award of the Process Design and Construct contract (“Contract”) for its flagship 100%-owned Karlawinda Gold Project (“Karlawinda” or the “Project”), located near Newman in Western Australia.

GR Engineering is a leading mineral processing design and construction company specialising in fixed price engineering design and construction services to the resources and mineral processing industry. Founded in Perth, Western Australia in 2006, GR Engineering has rapidly grown through the completion of design and construction projects and studies for a diverse range of clients, including global mining houses, mid-tier miners and junior developers undertaking their first project.

The Contract encompasses the process engineering, design and construction of the proposed new 3.0Mtpa CIL process plant and associated infrastructure at the Karlawinda Project, with the decision to appoint GR Engineering as preferred contractor following an Invitation to Tender process which commenced in August 2017.

Following an assessment of initial tenders in late 2017, GR Engineering and one other party were invited to prepare several trade-off studies and provide pricing on Feasibility Study scope modifications and expansion items defined by Capricorn. Scope modifications included the installation of a combined SAG-Ball (SAB) grinding circuit from project commencement, installation of a larger carbon elution circuit, an optimised gravity circuit, borefield power distribution, raw water transfer tank and tailings dam decant pumps.

Following the tender evaluation process, GR Engineering provided the Company with a Lump Sum Turnkey Price of A\$93.1 million to design and construct the process plant and other supporting plant infrastructure, thereby fixing the majority of the initial construction and development costs of the Project.

The price of A\$93.1 million compares to the equivalent capital expenditure estimate contained in the Company’s Feasibility Study, published in October 2017, of A\$120.8 million, which amounts to a 23% reduction in project capital costs for the equivalent plant and infrastructure.

The equivalent Feasibility Study capital expenditure figure includes an allowance of \$9.6 million brought forward from the Project sustaining capital estimate to enable construction of a SAG-Ball (SAB) comminution circuit from project commencement. Installation of the SAB circuit from commencement will improve the efficiency and operability of the Project’s grinding circuit.

The balance of the initial capital costs estimated in the Feasibility Study – representing construction costs for the tailings storage facility, access roads, accommodation camp, owner’s costs and spares and contingencies – are currently being further refined. Currently no material changes to these estimates are expected.

Capricorn and GR Engineering intend to execute the Contract within the next month, following finalisation of terms and conditions and Capricorn Board approval.

Commencement of the work under the Contract will be subject to various conditions, including the completion of project financing to fund the development and all statutory approvals for the Project. It is anticipated that, subject to finalisation of project financing, initial site work and construction will commence in the September 2018 Quarter.

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



***Heath Hellewell  
Executive Chairman***

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

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