



KARLAWINDA PROGRESS UPDATE

Permitting nearing completion, 306-room camp secured and mining tender process complete

ASX ANNOUNCEMENT

13 August 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 55.7M
Share Price A\$0.075
Market Cap. A\$56.1M

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HIGHLIGHTS

- All major Project permits expected to be in place by the end of August, allowing Capricorn to move to a Final Investment Decision and, subject to financing and Board approval, project development to proceed to a schedule commencing in late 2018. Specific recent progress on permits includes:
 - 5C water extraction permit, allowing for the extraction of up to 4 Gigalitres/year for the life of mine;
 - Approval for the Mining Proposal and Mine Closure Plan;
 - Project Management Plan approved;
 - Native Vegetation Clearing Proposal approved; and
 - Draft Works approval received 2nd August.
- Agreement executed with, and deposit paid to Fortescue Metals Group Limited (Fortescue) to secure accommodation camp and mining infrastructure facilities from the former BCI Nullagine Project:
 - Accommodation camp includes 306 ensuited rooms, recreation facilities, laundries, kitchen and mess, gymnasium, first aid room, ice rooms and reverse osmosis water treatment facility;
 - Mining Infrastructure includes substantial offices, five container dome workshops, first-aid, ice rooms and training rooms;
 - Transportation to Karlawinda is straightforward as these facilities are located 160km from Newman; and
 - Tender for camp building tear out, transport, design and construction completed. McNally Contracting awarded the contract to remove, transport, install and refurbish the accommodation camp.
- Mining tender process completed:
 - Contract Mining (Load and Haul and Drill & Blast) tender closed on 6th July with eight participating contractors.
 - Several contractors have been shortlisted and an evaluation process will be completed by end-August.

Capricorn's Executive Chairman, Heath Hellewell, said: "We have made outstanding recent progress on several fronts at Karlawinda as we move rapidly towards a Final Investment Decision.

The speed with which we have achieved these milestones – and the ease with which the various processes have been negotiated and executed – is a real credit to our dedicated team."

Australian gold developer Capricorn Metals Ltd (ASX: CMM) (“Capricorn” or “the Company”) is pleased to advise that it continues to make strong progress towards development of its flagship 100%-owned **Karlawinda Gold Project** (“KGP”) in WA’s Pilbara with the achievement of a number of important permitting and pre-development milestones.

KEY PERMITS SECURED

Several key permits have now been issued for the KGP with only the Works Approval outstanding which is expected to be finalised prior to the end of August. These permits are a critical part of project development, and their grant reflects the quality of work completed to date and the measured and responsible approach to the Project’s development adopted by Capricorn and its consultants.

In all cases, the permits have been applied for by, and issued to Greenmount Resources Pty Ltd, a wholly-owned subsidiary of Capricorn Metals Ltd.

Native Vegetation Clearing Proposal. This licence, which allows for vegetation clearing of mining and infrastructure areas on the Karlawinda Mining Lease, M52/1070, was granted on 27th January 2018 by the Department of Environment.

Project Management Plan. This document was approved on 22nd June 2018 by the Department of Mines, Industry, Regulation and Safety (DMIRS). It details the geology, hydrogeology, geotechnical, processing plant design, tailings dam design, emergency response, safety and risk management strategies for the Project.

Mining Proposal and Mine Closure Plan. This document was approved on 30th July 2018 by DMIRS. It details all key activities to be undertaken at Karlawinda, including mining, mineral processing, environmental management and a mine closure plan.

5C Water Extraction Licence (Rights in Water & Irrigation Act 1914). This licence, which was issued on 19th July 2018 by the Department of Water and Environmental Regulation, allows for the extraction of groundwater from the Karlawinda borefield and open pit at a rate of up to 4 giga-litres per year. It is expected that once the tailings dam is fully commissioned, and recirculation of water back to the process plant is optimised, the volume of water extraction will be significantly lower.

Works Approval. This licence is issued by the Department of Water and Environmental Regulation and covers all possible emissions to the environment by a proposed development. A draft approval was received on 2nd August and finalisation of this document is anticipated from the Department by mid-August.

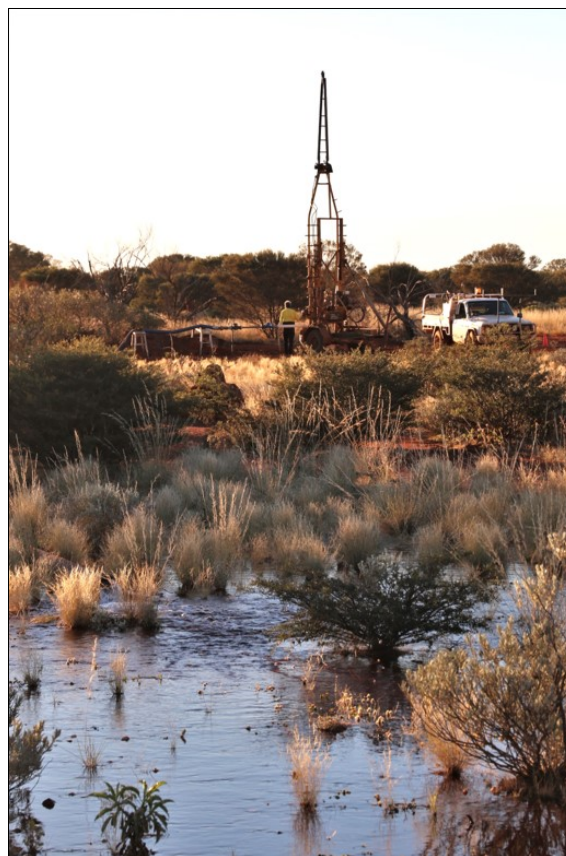


Figure 1: Pump testing from Karlawinda borefield

ACCOMMODATION CAMP AND MINING INFRASTRUCTURE PURCHASE

Following a review of suitable existing accommodation camps, Capricorn has executed an agreement with FMG Nullagine Pty Ltd, a wholly-owned subsidiary of Fortescue for the sale of camp and mining service facilities located at Fortescue's BCI camp near Nullagine, in the Pilbara district.

All facilities have been professionally inspected and declared well-maintained and in good condition, with the age of the facilities ranging from 3 to 10 years. Preliminary planning and designs have been completed for transport and installation of the accommodation camp at Karlawinda and a detailed design process has now commenced.

The accommodation camp has 306 ensuite rooms, which is more than is required for the Karlawinda Operations but will provide useful surplus rooms for the project construction phase. It is intended that each worker at Karlawinda will have a dedicated room, with no requirement for 'motelling' of rooms while workers are off-site.

The Mining Services facilities also included in the sale comprise high quality buildings and workshops, which will be relocated.

Following a tender process, McNally Constructions has been issued a Letter of Intent (LOI) for the award of a contract for the removal, relocation, refurbishment and installation of the accommodation camp to Karlawinda.

Initially, 60 rooms and a temporary kitchen/mess will be installed (the Construction Camp), with progressively more facilities commissioned, allowing full ramp-up of the expected construction workforce.



Figure 2: Aerial view of BCI camp, Nullagine

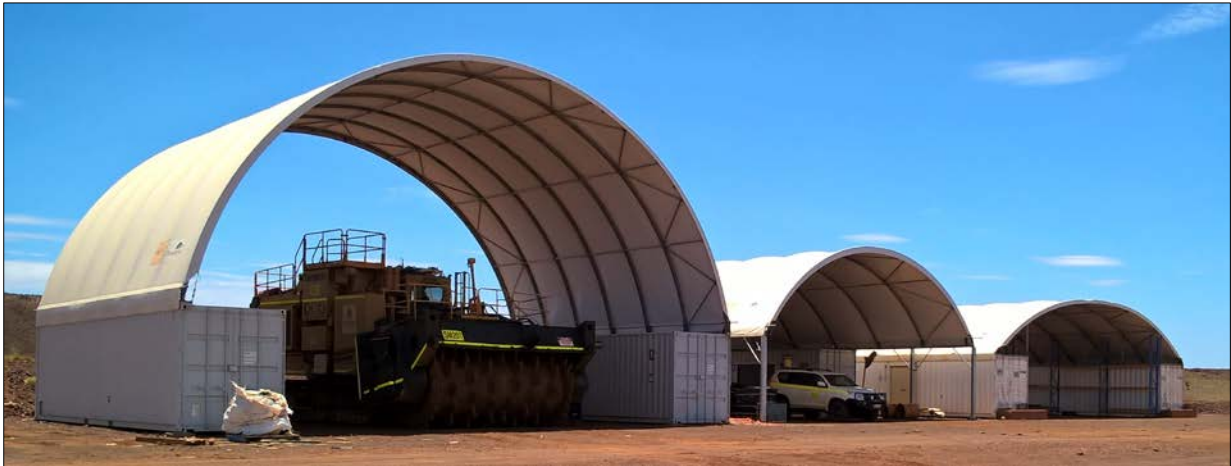


Figure 3: Container domes, BCI Mine, Nullagine (mobile equipment shown is not part of sale).

MINING TENDER PROCESS

A Contract Mining Load and Haul and Drill & Blast (both schedule of rates) tender closed on 6th July with 8 participating contractors. Normalisation of bids including all responses to questions and further clarifications have been completed and a number of short-listed contractors have been notified. The evaluation process will be completed by mid-August.

For and on behalf of the Board

*Heath Hellewell
Executive Chairman*

For further information, please contact:

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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. Michael Martin who is Chief Geologist and a full-time employee of the Company. Mr. Michael Martin is a current Member of the Australian Institute of Geoscientists 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. Martin consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Ore Reserves for Bibra is based on information compiled by Mr Daniel Donald. Mr Donald is an employee of Entech Pty Ltd and is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM, #210032). Mr Donald has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being 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. Donald consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Capricorn Metals confirms that it is not aware of any new information or data that materially affects the information included in the previous ASX announcements on Mineral Resources (10/4/2017) and Metallurgy (19/6/2017) and, in the case of estimates of Mineral Resources, Ore Reserves, Plant operating costs and Metallurgy, all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed from previous market announcements.