



CAPRICORN METALS LTD

ACN 121 700 105

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 1.00 pm WST
DATE: Thursday, 15 November 2018
PLACE: The 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 13 November 2018.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 1.00 pm (WST) on 15 November 2018 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 13 November 2018.

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 2018 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 2018.”

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

Voting Prohibition Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (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 in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or 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 – RATIFICATION OF PRIOR ISSUE UNDER LISTING RULE 7.1

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 7.4 and for all other purposes, Shareholders ratify the prior issue of 79,857,138 Shares to sophisticated investors on the terms and conditions described in the

Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. 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.

5. RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE UNDER LISTING RULE 7.1A

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 7.4 and for all other purposes, Shareholders ratify the prior issue of 57,237,945 Shares to sophisticated investors on the terms and conditions described in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. 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.

6. RESOLUTION 5 – ELECTION OF DIRECTOR – MR PETER LANGWORTHY

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 Peter Langworthy, a Director who was appointed as an additional Director on 2 February 2018, retires, and being eligible, is elected as a Director.”

7. RESOLUTION 6 – ELECTION OF DIRECTOR – MS DEBRA BAKKER

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, Ms Debra Bakker, a Director who was appointed as an additional Director on 26 February 2018, retires, and being eligible, is elected as a Director.”

8. RESOLUTION 7 – RE-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(b) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Stuart Pether, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

Dated: 10 October 2018

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 2018 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 \$56.1 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 4 October 2018).

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 4 October 2018.

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)	\$0.038 50% decrease in Issue Price	\$0.075 Issue Price	\$0.113 50% increase in Issue Price
747,936,325 (Current Variable A)	Shares issued - 10% voting dilution	74,793,633 Shares	74,793,633 Shares	74,793,633 Shares
	Funds raised	\$2,804,761	\$5,609,522	\$8,414,284
1,121,904,488 (50% increase in Variable A)	Shares issued - 10% voting dilution	112,190,449 Shares	112,190,449 Shares	112,190,449 Shares
	Funds raised	\$4,207,142	\$8,414,284	\$12,621,426
1,495,872,650 (100% increase in Variable A)	Shares issued - 10% voting dilution	149,587,265 Shares	149,587,265 Shares	149,587,265 Shares
	Funds raised	\$5,609,522	\$11,219,045	\$16,828,567

*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 747,936,325 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 4 October 2018.
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 parties 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 23 November 2017 (**Previous Approval**).

The Company has issued 57,237,945 Shares pursuant to the Previous Approval.

During the 12-month period preceding the date of the Meeting, being on and from 15 November 2017, the Company also issued a further 118,318,922 Shares and 1,000,000 Options.

The total number of Equity Securities issued in the 12 months prior to the date of the Meeting represent approximately 28.07% of the total diluted number of Equity Securities on issue in the Company on 15 November 2017, which was 628,069,486.

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. RESOLUTIONS 3 & 4 – RATIFICATION OF PRIOR ISSUE UNDER LISTING RULES 7.1 AND 7.1A

4.1 General

On 6 December 2017, the Company issued to sophisticated investors 137,095,083 Shares (**Placement Shares**) at an issue price of \$0.052 per Share to raise \$7,128,944 before costs of the issue. The allotments were made without Shareholder approval, with 79,857,138 Placement Shares being issued under Listing Rule 7.1, which allows up to 15% of eligible capital to be issued without shareholder approval, and with 57,237,945 Placement Shares being issued under Listing Rule 7.1A, which allows up to 10% of eligible capital to be issued under prior approval gained at the preceding annual general meeting.

Resolutions 3 and 4 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Placement Shares.

Resolution 3

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 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue which is the subject of Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 4

ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under Listing Rule 7.1, an entity which is eligible and obtains approval under ASX Listing Rule 7.1A may, during the period for which the approval is valid, issue a number of securities which represents up to 10% of the number

of ordinary fully paid securities on issue at the commencement of that 12 month period, as adjusted in accordance with the formula in ASX Listing Rule 7.1

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (i) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (ii) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

The issue of securities made relying on ASX Listing Rule 7.1A can, after they have been made, be ratified under ASX Listing Rule 7.4

By ratifying the issue which is the subject of Resolution 4, the Company will retain the flexibility to issue equity securities in the future up to the 10% placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval. It would also have the effect of increasing the base figure upon which the Company's 15% placement capacity is calculated earlier than would otherwise be the case.

4.2 Resolution 3 - Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (i) 79,857,138 Shares were issued at a price of \$0.052 per Share;
- (ii) all Placement Shares issued were fully paid ordinary shares and rank equally with all other Shares on issue;
- (iii) the 79,857,138 Placement Shares were issued to sophisticated investors who were not a related party of the Company; and
- (iv) this portion of the placement raised a total \$4,152,571 and it is proposed the funds raised by the placement will be used for ongoing exploration activities, including an updated reserve estimate, the completion of pre-development activities, including project optimisation, finalisation of permitting, detailed engineering and project debt financing and for general working capital purposes.

4.3 Resolution 4 - Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (i) 57,237,945 Shares were issued at a price of \$0.052 per Share;
- (ii) all Placement Shares issued were fully paid ordinary shares and rank equally with all other Shares on issue;
- (iii) the 57,237,945 Placement Shares were issued to sophisticated investors who were not a related party of the Company; and
- (iv) this portion of the placement raised a total \$2,976,373 and it is proposed the funds raised by the placement will be part of the pool used for ongoing exploration activities, including an updated reserve estimate, the completion of pre-development activities, including project optimisation, finalisation of permitting, detailed engineering and project debt financing and for general working capital purposes.

4.4 Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 3 and 4.

5. RESOLUTIONS 5 & 6 – ELECTION OF DIRECTOR – MR PETER LANGWORTHY & MS DEBRA BAKKER

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.

Mr Peter Langworthy and Ms Debra Bakker, having been appointed by other Directors on 2 February 2018 and on 26 February 2018 respectively, 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, seek election from Shareholders.

5.1 Qualifications and other material directorships

Mr Peter Langworthy

B.Sc Hons, MAusIMM

Mr Langworthy is a geologist with a career spanning 26 years in mineral exploration and project development in Australia and Indonesia. He has specific expertise in building successful teams that have been responsible for significant mineral discoveries and in integrating technically sound exploration and resource development strategies into corporate planning. His industry experience includes 12 years in senior management roles with WMC Resources, four years with PacMin Mining as Exploration Manager, five years with Jubilee Mines where he built the team responsible for numerous discoveries at the Cosmos Nickel Mine and the Sinclair nickel project, and three years with Talisman Mining as Technical Director. At Jubilee he was part of the corporate team responsible for the growth of the company until it was taken over by Xstrata for \$23/share.

The Board considers that Mr Langworthy will not be an independent director as he has held an executive position within the Company during the previous three years.

During the past three years Mr Langworthy has held the following other listed company directorship:

- Non-Executive Chairman – Syndicated Metals Limited (March 2012 to present)
- Non-Executive Director – Silver Mines Limited (June 2016 to present)
- Managing Director – Gateway Mining Limited (March 2018 to present)

Ms Debra Bakker

M.App.Fin, B.Bus (Fin Acc), Grad Dip FINSIA, GAICD

Ms Bakker is an experienced banker and corporate finance executive with over 25 years of experience dedicated to the mining sector. She started her career in Sydney with Barclays Capital, moving to London where she was responsible for the firm's mining business through the Americas. She moved to Standard Bank London Group in Chicago and assumed responsibility for that group's mining corporate finance business in North America then joining a (now division of) Sunguard Systems in New York where she helped build their on-line derivative risk management platform. Returning to Australia in 2003 she spent 10 years leading and building Commonwealth Bank's natural resources team in WA.

The Board considers that Ms Bakker will be an independent director.

During the past three years Ms Bakker has held the following other listed company directorships:

- Non-Executive Director – Independence Group NL (December 2016 to present)
- Non-Executive Director – Azumah Resources Limited (July 2018 to present)

5.2 Board recommendation

The Board supports the re-election of Mr Peter Langworthy and Ms Debra Bakker and recommends that Shareholders vote in favour of Resolutions 5 and 6.

6. RESOLUTION 7 – RE-ELECTION OF DIRECTOR – MR STUART PETHER

6.1 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 years, 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.

Mr Stuart Pether, who has served as a director since 14 March 2017 and was last re-elected on 23 November 2017, retires by rotation and seeks re-election.

6.2 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 and a committee member of the WASM Alumni.

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

6.3 Independence

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.

6.4 Board recommendation

The Board supports the re-election of Mr Pether and recommends that Shareholders vote in favour of Resolution 7.

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.

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.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

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

Placement Share means a Share allotted under the placement to sophisticated investors on 6 December 2017.

Proxy Form means the proxy form accompanying the Notice.

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 2018.

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 15 NOVEMBER 2017

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue 1 – 24 November 2017 Appendix 3B dated 24 November 2017	1,000,000	Unquoted Options ²	One Non-Executive Director – approved at the Annual General Meeting held on 23 November 2017.	No Issue Price (no cash consideration)	Non-Cash Consideration Current value ⁴ = \$21,070
Issue 2 – 6 December 2017 Appendix 3B dated 6 December 2017	137,095,083	Shares ³	Placement under ASX Listing Rules 7.1 & 7.1A to sophisticated investors.	Issue price: \$0.052 per share 23.5% discount to the closing price of \$0.068 on 5 December 2017.	Cash Consideration Amount raised: \$7,128,944 Amount spent: \$6,440,515 Use of funds ⁵ : Karlwinda feasibility study (\$4,500,000), capital raising costs (\$371,777), other working capital (\$1,380,103).
Issue 3 – 27 December 2017 Appendix 3B dated 27 December 2017	38,461,784	Shares ³	Shareholder Share Purchase Plan offered to all Shareholders recorded in the register of the Company on the record date of 5.00pm WST on 29 November 2017.	Issue price: \$0.052 per share 25.7% discount to the closing price of \$0.07 on 22 December 2017.	Cash Consideration Amount raised: \$2,000,000 Amount spent: Nil Use of funds ⁵ : other working capital (\$2,000,000).

Notes:

1. 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.
2. Unquoted Options, exercisable at \$0.097 each, on or before 23 November 2021, one third vest 23 November 2018, one third vest 23 November 2019 and one third vest 23 November 2020. The full terms and conditions were disclosed in the notice of meeting dated 18 October 2017 for the Shareholder annual general meeting held on 23 November 2017.
3. Fully paid ordinary shares in the capital of the Company, ASX Code: CMM (terms are set out in the Constitution).
4. 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).
5. 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.

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 1.00 pm WST, on Thursday, 15 November 2018 at The Function Room, 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 Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is 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	Ratification of prior issue under 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of prior issue under 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Director – Mr Peter Langworthy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Ms Debra Bakker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Re-election of Director – 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: / / 2018

Contact name: _____

Contact phone: _____

Consent for contact by e-mail in relation to this Proxy Form: YES NO

E-mail address: _____

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.