



# \$10M CORNERSTONE INVESTMENT TO UNDERPIN DEVELOPMENT OF KARLAWINDA GOLD PROJECT

## ASX ANNOUNCEMENT

6 February 2016

Australian Securities  
Exchange Code: CMM

ABN: 84 121 700 105

### Board of Directors:

Mr Guy LeClezio  
*Non-Executive Chairman*

Mr Peter Thompson  
*Managing Director*

Mr Peter Langworthy  
*Technical Director*

Mr Heath Hellewell  
*Non-Executive Director*

Mr Jonathan Shellabear  
*Non-Executive Director*

### Issued Capital:

Shares 486.9M  
Options 17.8M  
Share Price A\$0.10  
Market Cap. A\$48.7m

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## HIGHLIGHTS

- Capricorn Metals has entered into a binding agreement with Hawke's Point Holdings L.P. to subscribe for A\$10M in new equity at 11.7c per share.
- Capricorn will be fully-funded to advance the Karlawinda Gold Project to a construction decision with the funds raised to be used to accelerate exploration activities and build the team required to take the Company into the Development phase.
- The investment, which follows an extensive due diligence process, represents a strong endorsement of the Karlawinda Gold Project and Capricorn's development plans.
- Karlawinda DFS remains on track for completion by mid-2017, with an upgraded resource expected by the end of the March quarter.

Capricorn Metals Ltd (ASX: CMM – "Capricorn" or the "Company") is pleased to announce that it has taken a major step towards its objective of becoming a significant new Australian gold producer after securing a cornerstone \$10 million investment by a leading international mining investment fund.

The Company has entered into a binding agreement with Hawke's Point, an international asset manager focused on the mining and metals sector, to subscribe for a A\$10 million placement in Capricorn shares at 11.7c per share.

The agreement follows extensive due diligence by Hawke's Point and represents a significant endorsement, both of Capricorn's flagship 100%-owned Karlawinda Gold Project in Western Australia and the Company's development strategy.

The Karlawinda Project is on track to move into production next year, with a Definitive Feasibility Study (DFS) on track for completion by mid-2017.

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The investment will ensure that Capricorn is fully-funded through to completion of the DFS and decision to mine (anticipated in Q3 2017), as well as having the capacity to accelerate exploration activities at the Karlawinda Gold Project with a view to further growing its resource inventory in the lead-up to first production.

## **TRANSACTION DETAILS**

Capricorn has executed a binding Heads of Agreement with Hawke's Point whereby it will undertake a \$10 million placement of ordinary Shares with 1-for-3 free attaching Options. The Options will have a term of 4 years and an exercise price of 15 cents.

The Shares and Options will be issued in two tranches, with Tranche 1 (54,874,803 shares and 18,291,601 Options) anticipated to be completed in February and Tranche 2 (30,595,282 shares and 10,198,427 Options) anticipated to be completed during March, with Tranche 2 subject to receipt of shareholder approval at a shareholder meeting to be convened as soon as possible. Tranche 1 will be undertaken within the Company's placement capacity pursuant to ASX Listing Rule 7.1.

Following completion of both tranches of the placement, Hawke's Point will own 14.9% of the issued capital in Capricorn and, as long as Hawke's Point holds a relevant interest of at least 10% of Capricorn, will have a right to:

- appoint one new Director to Capricorn's Board;
- nominate a representative to participate on the project development steering committee; and
- participate on a pro-rata basis in any future equity issuance of the Company.

The transaction is subject to several Conditions Precedent, including completion of final due diligence by February 10<sup>th</sup>, finalization of the Subscription Agreement, shareholder approval of Tranche 2, and various regulatory consents. The Subscription Agreement also contains a number of additional terms that are considered customary and usual for an agreement of this nature, including certain representations and warranties from the Company and Hawke's Point.

Tamesis Partners LLP in London is acting as agent and adviser to Capricorn in relation to the financing.

## **ABOUT HAWKE'S POINT**

Hawke's Point is an affiliate of a large, international, diversified alternative asset manager and focuses on providing financing solutions across a range of instruments, structures and geographies to development and producing mining companies.

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## **MANAGEMENT COMMENT**

Capricorn's Managing Director, Mr Peter Thompson, said the investment by Hawke's Point represented a strong vote of confidence in the Company's strategy to become a substantial new mid-tier gold producer through the successful development of the Karlawinda Gold Project.

"After extensive due diligence, we believe Hawke's Point shares our view that the Karlawinda Project is one of the most attractive new gold development projects in Australia, and we are delighted that they have agreed to become our cornerstone shareholder by making this significant investment.

"The investment delivers a number of benefits for our shareholders, and provides access to capital on attractive terms.

"With a greatly strengthened balance sheet, Capricorn will be fully funded through to a decision to mine while also having much greater flexibility to expedite drilling of several near-mine targets we have identified in recent months," he said.

"The agreed placement to Hawke's Point is unanimously supported by Capricorn's Directors, and we look forward to completing documentation for the investment and to getting on with the job of developing the Karlawinda Gold Project," Mr Thompson said.

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



***Peter Thompson  
Managing Director***

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

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