



## NON-BINDING INCOMPLETE LETTER OF INTENT & COMPANY UPDATE

### ASX ANNOUNCEMENT

1 April 2019

ASX Code: CMM

ABN: 84 121 700 105

#### Board of Directors:

Mr Douglas Jendry  
Non-Executive Chair

Mr Stuart Pether  
Non-Executive Director

Mr Timothy Kestell  
Non-Executive Director

#### Issued Capital:

Shares 780.4M  
Options 47.4M  
Share Price A\$0.071  
Market Cap. A\$55.4M

#### REGISTERED OFFICE:

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Capricorn Metals Ltd (ASX:CMM) (**Capricorn** or **Company**) provides this update in relation to an unsolicited non-binding indicative and incomplete letter of intent it has received as well as an update on the Company's financial position, exploration campaign and its plans to re-open the virtual data room to assess market interest in the sale of Capricorn or its assets or the formation of a joint venture.

#### ***Unsolicited non-binding indicative and incomplete letter of intent***

Capricorn has received an unsolicited non-binding indicative and incomplete letter of intent from Emerald Resources NL (**Emerald**) and Hawkes Point Holdings LP (**Hawke's Point**) (as a proposed bidding consortium) outlining the current intention of the consortium to submit a proposal to acquire 100% of the issued share capital of Capricorn for a purchase price of \$0.11 per Capricorn share (comprising \$0.055 in cash and \$0.055 in Emerald scrip).

After taking advice from its advisors and following consultation with some of its largest shareholders (not associated with Hawke's Point), Capricorn has **rejected** the approach which it believes undervalues the Company and its assets. However, Capricorn has advised Emerald and Hawke's Point that it remains open to considering a superior proposal should one be submitted.

#### ***Data Room***

Following recent interest in Capricorn and the Karlawinda Gold Project (**KGP**), the Board is of the opinion that value for its shareholders will be maximised by running a formal process to seek expressions of interest from other parties that may want to purchase the KGP, acquire Capricorn as a whole, form a joint venture or develop the KGP under the current structure.

Capricorn's previous Board established a well populated virtual data room and permitted various parties to view Capricorn's confidential information during the period from February 2018 to February 2019. This process was suspended by the current Board while a review of Capricorn and its financial position was conducted. A number of companies have expressed interest in accessing the virtual data room (both again and for the first time). Accordingly, the Board now intends to re-open the virtual data room upon the successful completion of the previously announced entitlement offer (*see below and Capricorn's ASX announcement of 13 March 2019*) and once a formal process been confirmed. Please contact the Company for further details of the process.

#### **Financial position and capital raising update**

Following the acquisition of the 306-person accommodation village and mining infrastructure facilities in late March by the payment of \$1.35m, the Company has a remaining cash balance of approximately \$0.5m.

The anticipated budget for the relocation of the accommodation village and mining facilities to Capricorn tenure is \$2.0m.

As advised in the previous Company Update (ASX Announcement 13 March 2019), \$1.5m is payable in relation to the \$107m Macquarie funding package (ASX Announcement 13 December 2018), the status of which is described below.

Further, the costs of the total on the ground exploration activities for the period through to December 2019 are estimated to be circa \$2.9m.

The Company is currently finalising the terms and structure to a Shareholder Entitlement Offer, the proceeds of which will be utilised to meet future outgoings and overheads of the Company. It is expected that the Company will be in a position to provide more details in respect of the proposed Entitlement Offer in the coming days but at this stage we are anticipating a 1 : 5 entitlement offer at 6.5c to raise approximately \$10m.

In addition to the immediate and upcoming requirements for funds, the capital raising will also enable Capricorn to conduct the process referred to above without the pressure of an impending need for capital.

### **Exploration Campaign**

Exploration activity, as detailed in Capricorn's ASX Announcement of 18 March 2019, continues on schedule. No rainfall was received from Tropical Cyclone Veronica, which passed to the west and north of Karlawinda in late March. Over 750 infill soil samples from priority gold-anomalous targets have already been collected, and sampling will continue into April. Reverse circulation drilling at the Tramore prospect is anticipated to commence in May, subject to funding and rig availability. Planning and tendering has commenced for the new aeromagnetic survey, this is expected to be flown in the second quarter 2019.

### **Macquarie Letter of commitment and credit approved term sheet**

The letter of commitment and credit approved term sheet from Macquarie Bank announced on the 13 December 2018, included a key signing date which was not achieved, causing the offer to lapse.

Macquarie has today confirmed that it may, in its discretion, agree to extend its offer of finance to the Company, subject to Macquarie being satisfied as to the outcome of its review of the new management and Board structure, the Company's financial position and any other further due diligence which it may require.

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



**Mr Doug Jendry**  
**Chair**

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

Mr Doug Jendry  
Non-Executive Chair  
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Phone: (08) 9212 4600

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### **Forward Looking Statements**

This announcement may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to Capricorn's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Capricorn does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Capricorn's control. Past performance is not a reliable indication of future performance.