



CAPRICORN TO RAISE \$65M TO ACCELERATE DEVELOPMENT OF THE KARLAWINDA GOLD PROJECT

PLACEMENT TO CORNERSTONE INSTITUTIONAL AND SOPHISTICATED INVESTORS

ASX ANNOUNCEMENT

13 August 2019

ASX Code: CMM

ABN: 84 121 700 105

Board of Directors:

Mr Mark Clark
Executive Chairman

Mr Mark Okeby
Non-Executive Director

Mr Doug Jendry
Non-Executive Director

Mr Tim Kestell
Non-Executive Director

Mr Stuart Pether
Non-Executive Director

Issued Capital:

Shares 1,045.2M
Options 41.39M
Share Price A\$0.19
Market Cap. A\$198.6M

REGISTERED OFFICE:

Level 1, 28 Ord Street
West Perth, WA 6005

T +61 8 9212 4600

F +61 8 9212 4699

E enquiries@capmet.com.au

www.capmetals.com.au

HIGHLIGHTS

- \$65 million share placement at 16 cents per share to take Capricorn's cash balance to approximately \$90 million¹.
- Placement has been underpinned by two current Capricorn substantial shareholders, several leading Australian institutional investors and several of the founders of the successful gold mining company Equigold NL.
- Proceeds to be used to expedite development plans with a target to commence construction in the March 2020 quarter and targeting gold production around a year later.
- This equity raising enables Capricorn to satisfy a key hurdle to the securing of the \$107 million debt and gold hedging facility previously offered by Macquarie Bank.

Capricorn Metals Ltd (ASX:CMM) (**Capricorn** or the **Company**) is pleased to announce the placement of 406.25 million shares at 16.0 cents per share (cps) to raise \$65 million to underpin and expedite the development of the Company's wholly owned Karlawinda Gold Project (Karlawinda) in Western Australia. The proceeds of the raising are expected to take Capricorn's cash position to approximately \$90 million¹ by the end of September 2019.

The issue price of 16.0 cps represents a discount of 15.8% to the last closing price of 19.0 cps on 9 August 2019 and an 11.9% discount to the 5-day VWAP of 18.2 cps.

The placement has been cornerstoned by two of Capricorn's current substantial shareholders (Paradise Investment Management Pty Ltd and Hawke's Point Holdings I Limited) and several leading Australian institutional investors who have been long term supporters of the management team. Further, several of the founders of the successful gold mining company Equigold NL, three of whom have also previously been directors and shareholders of Regis Resources Ltd, subscribed for a total of \$10 million.

This equity raising enables Capricorn to satisfy a key condition to the finalisation of the previous (lapsed) offer of \$107 million debt and gold hedging facility from Macquarie Bank Limited (Macquarie) for the development of Karlawinda. Capricorn is now working with Macquarie to expedite securing the availability of the debt and gold hedging facility.

1. Capricorn has a current cash balance of \$15.45 million and further placement proceeds of \$11.19 million pending shareholder approval 27 August 2019 from placement announced 3 July 2019.

The proceeds of the raising, together with Capricorn's existing cash resources will be utilised to:

- Optimise the previously announced development plans for Karlawinda;
- Completion of other pre-development and infrastructure activities;
- Pre-production mining works and deposits for long lead capital items;
- Construction of processing plant and associated infrastructure, targeted for commencement in the March 2020 quarter; and
- Ongoing exploration and working capital requirements.

The placement will be completed in two tranches. The first tranche will comprise the placement of 125.4 million shares to raise \$20.1 million pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A. The issue price of \$0.16 meets the requirement of ASX Listing Rule 7.1A.3, being greater than 75% of the 15 day VWAP. The second tranche will raise \$44.9 million via the issue of 280.8 million shares subject to shareholder approval to be sought at a Capricorn General Meeting, expected to be held on or around Tuesday, 24 September 2019.

Argonaut Securities Pty Ltd acted as Lead Manager to the placement.

Capricorn Executive Chairman Mark Clark commented:

"We are very pleased to have received commitments for this \$65 million share placement as it will allow Capricorn to move towards development of the Karlawinda Gold Project with confidence that there is now a clear funding pathway for the project. It will allow the Company to expedite the optimisation of development plans targeting commencement of construction in the March 2020 quarter and targeting first gold production around a year after that. We are also pleased to have received very strong support from high quality investors who have taken cornerstone shareholdings through this raising."

For and on behalf of the Board

Mr Mark Clark
Executive Chairman

For further information, please contact:

Mr Mark Clark

Executive Chairman

Email: enquiries@capmet.com.au Phone: (08) 9212 4600

DISCLAIMER

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