



COMPANY UPDATE

ASX ANNOUNCEMENT

13 March 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\$0.076
Market Cap. A\$59.3M

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Capricorn Metals Ltd (ASX:CMM) ("**Capricorn**") refers to the recent changes to the composition of its Board of Directors and provides this update to the market in relation to the financial position of Capricorn and other matters.

Board Structure and Executive Roles

The Board has elected Mr Doug Jendry to the position of Chair of the Company. With the recent departure of key executives, Mr Tim Kestell will act in an executive role during this transitional period. Mr Peter Thompson has agreed to remain in his role as Chief Operating Officer.

Cash Position

As at 6 March 2019 Capricorn had cash assets of \$2.165 million, inclusive of the proceeds of subscriptions received under the recent Share Purchase Plan as announced on 25 February 2019.

Future Expenditure

Capricorn has several key impending expenditure proposals which are summarised below.

Accommodation Village and Mine Infrastructure

As previously announced, Capricorn has secured an accommodation village and some mining infrastructure facilities (*ASX Announcement 13 August 2018*). To date, Capricorn has paid a deposit of \$0.15 million in relation to the purchase of the facilities. To finalise the purchase, a payment of \$1.35 million is due by 31 March 2019. The Board has resolved to continue with the purchase of these facilities and make this payment. In addition, the facilities must be removed from its current location, by 31 July 2019. The estimated cost to move the facilities to Karlawinda is approximately \$2.10 million bringing, the total to \$3.45 million.

Exploration

The exploration team is currently mobilising to begin an exploration program at Karlawinda for the first half of 2019. A separate announcement will follow detailing the planned program. The estimated cost of this program is between \$1.25 and \$1.5 million.

Corporate

Other outgoings expected in the next 3 months include staff, administration and corporate costs estimated to be \$1.0 million, and previously agreed project financing costs of approximately \$1.5 million.

Funding

The Board is exploring a number of fundraising options for the Company, including for the purpose of resourcing the proposed expenditures listed above. No decision has yet been made as to the form or quantum of the fundraising, although it is anticipated that approximately \$10 million may be sought and the raising is likely to include a pro rata offer to shareholders. Further details to follow.

Corporate

A number of companies and advisors have expressed interest in commencing a dialogue with the Company with a view to potentially acquiring its assets or acquiring Capricorn. Requests have also been received to gaining access to the previously set up virtual data room. The Board is focusing on getting the company's finances in order before running a proper process in the coming months to revisit past failed transactions and to seek other potential suitors. To date, Capricorn has not received any offer (binding or otherwise) as a result of such dialogue or enquiries.

The Company intends to use the expertise of Macquarie Capital (Australia) Limited to assist the Board in responding to any approaches from suitable parties who may be interested in acquiring the assets of the Company or the Company as a whole.

For and on behalf of the Board

Mr Doug Jendry
Chair

For further information, please contact:

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