



\$10.1M EQUITY RAISING TO SUPPORT ACTIVITIES AT THE KARLAWINDA GOLD PROJECT AND STRENGTHEN BALANCE SHEET

ASX ANNOUNCEMENT

4 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\$0.084
Market Cap. A\$65.6M

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Highlights

- **Underwritten accelerated pro-rata non-renounceable entitlement offer to raise approximately \$10.1 million**
- **Approximately 156.1 million shares to be issued at an issue price of \$0.065 per New Share**
- **Equity Raising will enable Capricorn to support activities at the Karlawinda Gold Project, including the relocation of the recently acquired accommodation village and mining infrastructure facilities and to continue exploration programs.**
- **Subsequent to the completion of the Entitlement Offer the Company intends to reopen the virtual data room** (ASX Announcement 2 April 2019)

Capricorn Metals Ltd (**ASX: CMM**) (**Capricorn** or the **Company**) is pleased to announce the launch of a \$10.1 million equity raising.

Capricorn will be conducting an accelerated pro-rata non-renounceable entitlement offer of one (1) new fully paid ordinary share (**New Shares**) in Capricorn for every five (5) existing shares held at 5.00pm (Perth time) on Monday, 8 April 2019 (**Record Date**) at an issue price of \$0.065 per New Share (**Issue Price**) to raise approximately \$10.1 million (**Entitlement Offer** or the **Equity Raising**). The Equity Raising is fully underwritten by Argonaut Capital Limited (**Underwriter**).

Approximately 156.1 million New Shares are anticipated to be issued under the Entitlement Offer. Each New Share issued under the Entitlement Offer will, from its issue date, rank equally with existing Capricorn shares on issue. Upon completion of the Entitlement Offer, Capricorn will have approximately 936.5 million Shares on issue.

Based on Capricorn's closing share price as at 3 April 2019, the Issue Price for the Equity Raising represents:

- a 19.6% discount to the theoretical ex-rights price;¹
- a 22.6% discount to the last traded price of Capricorn shares; and
- a 19.5% discount to the 5-day volume weighted average market price of Capricorn shares.

The proceeds from the Equity Raising are intended to be used to fund:

- Exploration programs and fixed costs (~\$3.67m)
- Relocation of accommodation village & mining infrastructure facilities (~\$2.04m)
- Project financing costs (~\$1.50m)
- Corporate, administration and capital raising costs and general working capital (~\$2.9m)²

Eligible investors will be invited to participate in the accelerated institutional component of the Entitlement Offer (**Institutional Entitlement Offer**), which is expected to close on Friday, 5 April 2019.

1. The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Capricorn shares should trade immediately following the ex-date for the Entitlement Offer assuming 100% take up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Capricorn's shares trade immediately following the ex-date for the Entitlement Offer will depend on many factors and may not approximate TERP.

2. The above information is a statement of the Board's current intentions. The allocation of funds may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) will be open from Thursday, 11 April 2019 to 5:00pm (Perth time) on Tuesday, 30 April 2019 to eligible retail shareholders on the Record Date (unless extended by the Board).

Participation in the Entitlement Offer will be open to Capricorn shareholders who are registered holders of shares on the Record Date and who have a registered address in Australia or New Zealand and investors in other jurisdictions who Capricorn determines are eligible to participate, subject to restrictions under and in accordance with the applicable securities laws (**Eligible Shareholders**). Refer to the Company's Appendix 3B lodged with this announcement for further information.

The Entitlement Offer will include a top-up facility under which Eligible Shareholders who take up their full entitlement under the Retail Entitlement Offer will be invited to apply for additional shares in the Entitlement Offer from a pool of up to \$600,000 of New Shares not taken up by other Eligible Shareholders under the Retail Entitlement Offer. There is no guarantee that applicants under this top-up facility will receive all or any of the shares they apply for under the facility.

The Underwriter has entered into pre-commitment letters with two existing shareholders, Nero Resource Fund Pty Ltd and Neon Capital Ltd, and it is expected that they will respectively sub-underwrite the Entitlement Offer for up to \$4,000,000 each. The Underwriter is expected to source further sub-underwriting from other investors, which may include other existing Capricorn shareholders who are not substantial holders.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on ASX or otherwise transferable. Eligible Shareholders who do not take up their entitlements will not receive any value for those entitlements that they do not take up. Shareholders who are not eligible to receive entitlements will not receive any value for the Entitlements they would have received had they been eligible.

Further information will be sent to Eligible Shareholders under the Retail Entitlement Offer in an offer booklet (**Offer Booklet**) and accompanying personalised entitlement and acceptance form, which are expected to be dispatched on Thursday, 11 April 2019. A copy of the Offer Booklet will be made available on ASX's website on Monday, 8 April 2019.

Following the Equity Raising, Capricorn will be well placed to continue exploration at the Karlawinda Gold Project.

Capricorn's Non-Executive Chairman, Mr Doug Jendry, said:

"The Equity Raising represents another major milestone for Capricorn. This Equity Raising allows Capricorn to maintain exploration momentum at our Karlawinda Gold Project and to strengthen the balance sheet."

"We are also delighted to have the ability to provide existing shareholders the opportunity to invest further in Capricorn at this exciting time."

Key Dates

An indicative timetable of key dates in relation to the Entitlement Offer is set out below.

Activity	Indicative Date
Trading halt and announcement of Equity Raising	4 April 2019
Institutional Entitlement Offer opens	4 April 2019
Institutional Entitlement Offer closes	5 April 2019
Announcement of completion of Institutional Entitlement Offer & receipt of Sub-Underwriting Commitments	8 April 2019
Trading halt lifted	8 April 2019
Shares commence trading on an ex-entitlement basis	8 April 2019
Record Date 5.00pm (Perth time)	8 April 2019
Offer Booklet and personalised entitlement and acceptance form dispatched	11 April 2019
Retail Entitlement Offer opens	11 April 2019

Activity	Indicative Date
Settlement of the Institutional Entitlement Offer	15 April 2019
Allotment and trading of Shares issued under the Institutional Entitlement Offer ³	16 April 2019
Retail Entitlement Offer closes at 5.00pm (Perth time)	30 April 2019
Settlement of Retail Entitlement Offer	7 May 2019
Allotment of New Shares under the Retail Entitlement Offer and shortfall ⁴	7 May 2019
Trading of New Shares under the Retail Entitlement Offer and shortfall	8 May 2019

All dates are indicative only and subject to change. Capricorn and the Underwriter reserve the right to withdraw the Entitlement Offer or vary the timetable without notice.

Further information

Should you have any queries in relation to the Entitlement Offer, please contact Capricorn's company secretary, Natasha Santi, on +61 8 9212 4600 on weekdays between 9.00am and 4.00pm (Perth time) or alternatively by email to nsanti@capmet.com.au. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

For and on behalf of the Board



Mr Doug Jendry
Chairman

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States.

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Capricorn does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

3. To the extent that the Company is aware that the issue to an institutional investor of their entitlement breaches section 606 of the Corporations Act (in relation to exceeding the 20% voting power threshold), the Company proposes to prevent that breach by deferring the issue of the portion of New Shares which would breach that section until the time of issue of New Shares under the retail entitlement offer and shortfall shares.
4. Any issues of New Shares deferred from the Institutional Entitlement Offer as mentioned in the above footnote would also be anticipated to be issued on this date.