



EQUITY RAISING OF UP TO \$18.26M TO FURTHER DEVELOPMENT OF THE KARLAWINDA GOLD PROJECT

Key board appointments providing significant expertise in mining, strengthens the Capricorn board, paves the way for project development

ASX ANNOUNCEMENT

3 July 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 936.53M
Options 41.39M
Share Price A\$0.089
Market Cap. A\$83.35M

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KEY POINTS

- Experienced mining company executive, Mark Clark to be appointed as Executive Chairman and Mark Okeby, an experienced mining company director with a background in corporate law, to be appointed as a Non-Executive Director, subsequent to the completion of tranche one of the Placement.
- Placement of up to 230,769,231 shares at an issue price of \$0.065 per share to raise \$15,000,000 (Placement), to be completed in two tranches (tranche two is subject to shareholder approval).
- An additional \$3,259,958 to be raised by the issue of up to 50,153,198 shares to Hawke's Point Holdings L.P (Hawke's Point) at an issue price of \$0.065 per share under their Subscription Agreement Top-Up Right.
- Completion of the Placement and top-up issue to Hawke's Point will provide significant capital for Capricorn to advance development at the Karlawinda Gold Project.
- Capricorn virtual data room, which was opened to interested parties in May 2019, has been closed to participants.

Capricorn Metals Ltd (ASX: CMM) (Capricorn or the Company) is pleased to announce a total equity raising of up to \$18.26m, through the issue of up to 280,922,429 new shares at an issue price of \$0.065 per share (Equity Raising).

The Equity Raising comprises a Placement to raise \$15.0m, which is to be completed in two tranches, with tranche two requiring shareholder approval and a further \$3.26m to be offered to Hawke's Point pursuant to its existing top-up right under its Subscription Agreement with the Company and in accordance with a waiver granted by the ASX to ASX Listing Rule 6.18) (Top-Up Right).

Based on Capricorn's closing share price as at 28 June 2019, the issue price for the Equity Raising represents:

- a 27% discount to the last traded price of Capricorn shares; and
- a 24.5% 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 development of the Karlawinda Gold Project and corporate and general working capital

Tranche one of the Placement, to be issued under the Company's ASX Listing Rule 7.1 capacity, will raise up to \$6.00m by the issue of 92,307,694 new shares (**Tranche One**). Tranche One is scheduled for completion on Friday, 5 July 2019. Tranche One shares are being subscribed for by incoming directors, Mark Clark, for \$4.5m (69,230,770 new shares) and Mark Okeby for \$1.5m (23,076,924 new shares).

Contemporaneously with the completion of Tranche One, Hawke's Point will be issued with 16,399,514 new shares at an issue price of \$0.065 per share, which will raise a further \$1.07m.

A Notice of General Meeting will be prepared for the approval of the issue of 138,461,537 new shares at an issue price of \$0.065 per share to raise a further \$9.00m (**Tranche Two**). An additional 33,753,684 new shares will be issued to Hawke's Point (under their Top-Up Right) contemporaneously with the completion of Tranche Two, to raise a further \$2.19m.

Shares proposed to be issued under Tranche Two are to be placed to existing and new sophisticated investors

Board Appointments

Immediately subsequent to the completion of Tranche One of the Placement, Mark Clark and Mark Okeby will be appointed to the Board as Executive Chairman and a Non-Executive Director, respectively, accordingly Mr Doug Jendry will step down from Non-Executive Chairman to Non-Executive Director.

These exciting appointments bring a wealth of experience and knowledge to Capricorn and pave the way for the development of the Karlawinda Gold Project.

Mark Clark

Mark Clark has 28 years' experience in corporate advisory and public company management.

He was a director of successful Australian gold miner Equigold from April 2003 and was Managing Director from December 2005 until Equigold's \$1.2 billion merger with Lihir Gold in June 2008. He was closely involved in the development and operation of Equigold's gold mines in both Australia and Ivory Coast.

Mark was appointed Managing Director of Regis Resources in May 2009 and Executive Chairman in November 2016. He retired as an executive of Regis in October 2018. Mark oversaw the development of Regis' three operating gold mines at the Duketon Gold Project, which culminated in the project producing well over 300,000 ounces of gold per annum.

In Mark's time at Regis, the company grew from a small explorer with a market capitalisation of around \$40 million to the significant gold producer it is today with a market capitalisation in the order of \$2.5 billion. Mark is well known in the industry for his strong financial stewardship and focus on delivering shareholder returns.

The material terms of Mr Clark's contract are attached at Appendix 1 to this announcement.

Mark Okeby

Mark began his career in the resources industry in the 1980s as a corporate lawyer advising companies on resource project acquisitions, financing and development. He has a Masters of Law (LLM) and over 30 years' experience as a director of ASX listed mining and exploration companies.

He is currently a director of Red Hill Iron Ltd (appointed in 2016) and previously has been a director of Hill 50 Ltd, Abelle Ltd, Metals X Limited, Westgold Resources Ltd, Lynas Corporation Ltd and Regis Resources Ltd.

Mark joined the board of Regis Resources in July 2009 as a non-executive director and was a major contributor on the board that transformed Regis from a small gold explorer to one of Australia's largest

gold producers as it is today.

Mark has a deep knowledge of the Australian resources landscape and the regulatory regimes around mine development and operation. He also has significant experience in the commercial and legal aspects of project development, financing and corporate transactions.

The material terms of Mr Okeby's appointment are attached at Appendix 1 to this announcement.

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

"The board recognises the very strong feedback from shareholders in recent times that in the current gold price environment the best prospect for Capricorn to deliver maximum shareholder value is for the Company to develop the Karlawinda Gold Project itself. To this end we are very pleased to have attracted two highly credentialed mining executives in Messrs Clark and Okeby to join the board and drive the development of the project. The funding secured through the placement also further bolsters Capricorn's cash position and will allow the company to expedite the work required to progress towards development."

For and on behalf of the Board



Mr Doug Jendry
Chair

For further information, please contact:

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Non-Executive Chair

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APPENDIX 1 – MATERIAL TERMS OF CONTRACTS

The material terms of Mark Clark's employment contract as Executive Chairman, are as follows:

- Full time, permanent employee, commencing 8 July 2019.
- Annual remuneration of \$375,000 per annum, including superannuation contributions.
- 40,000,000 unlisted options, exercisable at \$0.12 per share, with an expiry date of three years after the date of issue, Issue of options is subject to shareholder approval.

The material terms of Mark Okeby's appointment as a Non-Executive Directors are as follows:

- 10,000,000 unlisted options, exercisable at \$0.12 per share, with an expiry date of three years after the date of issue, Issue of options is subject to shareholder approval.