

29 July 2020

CAPRICORN RAISES \$32.3 MILLION TO INCREASE PROCESS PLANT CAPACITY & ACCELERATE EXPLORATION ACTIVITIES

- Capricorn has received commitments from investors with respect to an institutional placement to raise \$32.3 million (before costs).
- Placement issue price of \$1.90 per share, representing a discount of 7.8% to the last closing price and 1.2% to the 5-day volume weighted average market price (VWAP).
- Strong support during bookbuild from both existing and new shareholders, located domestically and offshore.
- Proceeds from the placement will be used to fund:
 - Development of the Karlawinda Gold Project (KGP), in particular the increased crushing capacity identified in the final process plant design by up scaling and modifying equipment selection and associated structures and allowance in design for additional leaching capacity.
 - Construction of an airstrip on site to deliver operational efficiencies by reducing Capricorn and mining contractor shift change downtime over life of mine.
 - Accelerate exploration efforts on Capricorn's underexplored 2,042 square kilometre tenement package at the KGP which includes the greenstone belt hosting the 1.5 million ounce Bibra gold deposit and further significant greenstone areas.
- Review indicates that with the above modifications, the processing plant has the capacity to achieve throughput of:
 - Up to 4.5 – 5.0 mtpa in the oxide/fresh ore blend in the first 3 years; and
 - Up to 4.0 - 4.5 mtpa in solely fresh rock ore in years four and beyond
- Expected throughputs are higher than the 3.5 – 4.0 mtpa previously reported.
- Following strong demand, Capricorn shareholder Hawke's Point Holdings I Limited (Hawke's Point) has agreed to sell 20.2 million shares in Capricorn at the placement price, representing approximately 37% of its shareholding and taking its post placement shareholding to 9.99% (previously 16.69%).

Placement

Capricorn Metals (ASX:CMM) (Capricorn or the Company) is pleased to announce the Company has received commitments from institutional shareholders in connection with a placement of new fully paid shares to raise \$32.3 million (before costs). The new shares will be issued to sophisticated, professional and institutional investors at \$1.90 per share, representing at 7.8% discount to Capricorn's last traded price of \$2.06 and a 1.2% discount to Capricorn's 5 day VWAP of \$1.92 as at 24 July 2020.

The Placement is being undertaken within the Company's remaining capacity under ASX Listing Rule 7.1. Settlement of the new shares is expected to occur on Tuesday, 4 August 2020, with allotment on Wednesday, 5 August 2020. Upon completion of the placement the 17.0 million new shares will represent approximately 4.9% of the expanded share capital of the Company.

Use of Funds

As noted above, Capricorn intends to use the proceeds of the placement for the following purposes:

- Development of the KGP, in particular the increased crushing capacity identified in the final process plant design by up scaling and modifying equipment selection and associated structures and allowance in design for additional leaching capacity.
- Construction of an airstrip on site to deliver operational efficiencies by reducing Capricorn and mining contractor shift change downtime over life of mine.
- Accelerate exploration efforts on Capricorn's underexplored 2,042 square kilometre tenement package at the KGP which includes the greenstone belt hosting the 1.5 million ounce Bibra gold deposit and further significant greenstone areas.
- General working capital.

Capricorn Executive Chairman Mark Clark commented:

"The proceeds from this placement will primarily be invested in the KGP processing plant with a view to delivering higher processing throughput capacity. With the potential to process up to 5 million tonnes of ore per annum in the first three years of the project this is expected to have positive implications for production, payback and overall project economics. We will also invest in accelerating exploration efforts on the large, highly prospective and underexplored tenement package surrounding the processing plant. We believe Karlawinda is a standout gold development opportunity in the Australian gold industry and we look forward to optimising and growing the project in the months and years ahead."

Shareholder Selldown

Following strong demand, Capricorn shareholder Hawke's Point has agreed to sell 20.2 million shares in Capricorn at the placement price, representing 37% of its shareholding. Following the sale, Hawke's Point will continue to retain approximately 34.3 million Capricorn shares, representing a 9.99% interest (previously 16.69% before the sell down) in the post placement share capital of the Company.

Capricorn appreciates the support of Hawke's Point as the Company's largest shareholder since February 2017, when Hawke's Point first subscribed for Capricorn shares in a placement at a price of 11.7c per share (58.5cps post consolidation). Since then, Capricorn has advanced the Karlawinda Gold project to its current position of 1.2Moz of gold reserves, with the development of the project underway.

Hawke's Point representative Erik Caspersen commented:

"The decision to divest a minority portion of our Capricorn shareholding was driven by portfolio weighting considerations and the opportunity to monetise the original cost of our investment in Capricorn. We look forward to remaining strong supporters of Capricorn as the Company further progresses Karlawinda toward first gold production and beyond."

Other Information

Canaccord Genuity (Australia) Limited and Argonaut Securities Pty Ltd acted as Joint Lead Managers of the placement and sell down.

An Appendix 3B for the proposed issue of securities will follow this announcement. Hawke's Point will lodge a Notice of Change of Interest in Substantial Holder with ASX following settlement of the sale.

All dollar amounts are in Australian dollars unless otherwise indicated.

For and on behalf of the Board



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Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation of belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. The detailed reasons for that conclusion are outlined throughout this announcement and all Material Assumptions are disclosed.

However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as governmental regulation and judicial outcomes.

For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any "forward looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

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