



ABN 84 121 700 105

OFFER DOCUMENT

for

A fully underwritten accelerated non-renounceable pro rata entitlement offer of one New Share for every five Shares held on the Record Date at an issue price of \$0.065 per New Share.

THE RETAIL ENTITLEMENT OFFER OPENS ON THURSDAY, 11 APRIL 2019 AND CLOSSES AT 5.00 PM (WST) ON TUESDAY, 30 APRIL 2019. VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

PLEASE READ THE INSTRUCTIONS IN THIS OFFER DOCUMENT AND ON THE ACCOMPANYING ENTITLEMENT AND ACCEPTANCE FORM REGARDING THE ACCEPTANCE OF YOUR ENTITLEMENT UNDER THE RETAIL ENTITLEMENT OFFER.

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISER.

AN INVESTMENT IN THE SECURITIES OFFERED BY THIS OFFER DOCUMENT SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE. PLEASE READ THE RISKS SECTION CAREFULLY WHEN YOU CONSIDER YOUR INVESTMENT.

NOT FOR RELEASE TO US WIRE SERVICES OR DISTRIBUTION IN THE UNITED STATES.

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IMPORTANT INFORMATION

General

This offer document (**Offer Document**) is issued pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by Capricorn Metals Ltd ACN 121 700 105 and was lodged with ASX on Monday, 8 April 2019.

Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

No updates to Offer Document

The information in this Offer Document may not be complete and may be changed, modified or amended at any time by the Company, and is not intended to, and does not, constitute representations and warranties of the Company. Except as required by law or regulation, neither the Company, nor any other adviser of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in the Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

Application Forms

The Application Forms accompanying this Offer Document are important. An Application for New Shares under an Offer can only be submitted on an Application Form. If acceptance is by BPAY® there is no need to return an Application Form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 3 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form.

By returning an Application Form, you acknowledge that you have received and read this Offer Document and you have acted in accordance with the terms of the Offers detailed in this Offer Document.

International Offer Restrictions

This Offer Document and the Entitlement and Acceptance Form may not be distributed outside Australia and New Zealand except that they may be distributed in the Approved Foreign Jurisdictions in compliance with the permissions set forth in Section 2.11 and Section 5 of this Offer Document.

This Offer Document and the Entitlement and Acceptance Form are intended for use only in connection with:

- the Retail Entitlement Offer to all retail Shareholders with a residential address in Australia, Mauritius, Namibia, New Zealand, Papua New Guinea, the Philippines and Singapore; and
- the Retail Entitlement Offer to the limited number of retail Shareholders to whom offers, and issues of New Shares, may lawfully be made without the need for disclosure to investors, or lodgement, registration, approval or filing with a government agency (other than one with which the Company is willing to comply) with a residential address in Hong Kong, India, Italy, Switzerland and the United Kingdom.

The distribution of this Offer Document and the Entitlement and Acceptance Form, or any other material relating to the Retail Entitlement Offer, in other jurisdictions outside Australia and New Zealand may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Speculative investment

An investment in New Shares should be considered highly speculative. Refer to Section 4 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Shares should read this Offer Document in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to New Shares.

This Offer Document does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Shares have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Future performance and forward-looking statements

Applicants for New Shares should note that the past share price performance of the Company provides no guidance as to its future share price performance. Any financial information provided in this Offer Document is for illustrative purposes only and is not represented as being indicative of the Company's future financial performance.

Any forward-looking statements in this Offer Document are based on the Company's current expectations about future events. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Document.

Disclaimer

No person or entity is authorised to give any information, or to make any representation, in connection with the Offers not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by the Company, or its related bodies corporate, in connection with the Offers. Neither the Company, nor any other person or entity, warrants the future performance of the Company or any return on any investment made under the Offers.

None of the Company's advisers nor any of their respective affiliates or related bodies corporate nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Offer Document and they do not take any responsibility for the information set out in this Offer Document or any action taken by you on the basis of such information.

To the maximum extent permitted by law, the Company's advisers and their respective affiliates or related bodies corporate and any of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offers or this Offer Document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

None of the Company's advisers nor any of their respective affiliates or related bodies corporate nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Offers, nor do they make any representations or warranties to you concerning the Offers, or any information contained in the Offer Document and you represent, warrant and agree that you have not relied on any statements made by any of the Company's advisers or any of their respective affiliates or related bodies corporate or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares, Shortfall Shares or the Offers generally.

Statements made in this Offer Document are made only as at the date of this Offer Document. The information in this Offer Document remains subject to change without notice.

Website

No document or information included on the Company's website is incorporated by reference into this Offer Document.

Diagrams

Any diagrams used in this Offer Document are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Offer Document.

Currency

All financial amounts contained in this Offer Document are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Offer Document are due to rounding.

Time

All references to time in this Offer Document are references to Perth, Australia time, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Offer Document are detailed in the glossary of terms in Section 7.

Offer Document intended to be read in conjunction with publicly available information

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest, including the announcements made by the Company on Thursday, 4 April 2019.

All announcements made by the Company are available from its website www.capmetals.com.au or the ASX website www.asx.com.au.

CORPORATE DIRECTORY

Directors

Mr Douglas Jendry	Non-Executive Chair
Mr Timothy Kestell	Non-Executive Director
Mr Stuart Pether	Non-Executive Director

Company Secretary

Ms Natasha Santi	Company Secretary
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Registered Office

Level 1, 28 Ord Street
West Perth WA 6005
Tel: +61 8 9212 4600
Website: www.capmetals.com.au
ASX Code: CMM

Share Registry

Automic Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

Lawyers

DLA Piper Australia
Level 31
152 - 158 St Georges Terrace
Perth WA 6000

Lead Manager

Argonaut Securities Pty Limited
Level 30
77 St Georges Terrace
Perth WA 6000

Underwriter

Argonaut Capital Limited
Level 30
77 St Georges Terrace
Perth WA 6000

INDICATIVE TIMETABLE

Event	Date
Announcement of Entitlement Offer	Thursday, 4 April 2019
Record Date (5.00pm WST)	Monday, 8 April 2019
Retail Entitlement Offer opens (Opening Date)	Thursday, 11 April 2019
Settlement of Institutional Entitlement Offer	Monday, 15 April 2019
Issue and quotation of New Shares under Institutional Entitlement Offer ¹	Tuesday, 16 April 2019
Retail Entitlement Offer closes (5.00pm WST) (Closing Date)	Tuesday, 30 April 2019
Issue of New Shares under Retail Entitlement Offer (Retail Settlement Date) and Shortfall Shares ²	Tuesday, 7 May 2019
Quotation of New Shares under Retail Entitlement Offer and Shortfall Shares	Wednesday, 8 May 2019
Despatch of holding statements for New Shares under the Retail Entitlement Offer and Shortfall Shares	Thursday, 9 May 2019

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors (subject to the agreement of the Underwriter) reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest in accordance with the Corporations Act.

¹ 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.

² Any issues of New Shares deferred from the Institutional Entitlement Offer as mentioned in footnote 1 above would also be anticipated to be issued on this date.

1. DETAILS OF THE ENTITLEMENT OFFER

1.1 Background

On Thursday, 4 April 2019, the Company announced that it was undertaking a fundraising initiative to raise a total of approximately \$10.145 million (before costs).

Details of the Entitlement Offer are set out below.

The key purpose of the Entitlement Offer is to allow the Company to complete up to 7,500m of reverse circulation drilling at Tramore Prospect, facilitate the relocation of the recently acquired accommodation village and mining infrastructure facilities to the Company's tenure, to continue regional exploration activities and for general working capital purposes.

1.2 Entitlement Offer

The Company is making a non-renounceable accelerated pro rata entitlement offer to eligible Shareholders of New Shares at an issue price of \$0.065 each, on the basis of one New Share for every five Shares held on the Record Date, to raise approximately \$10.145 million (before costs) (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

The Entitlement Offer is comprised of two components:

- (a) **Institutional Entitlement Offer** - eligible institutional Shareholders were given the opportunity to take up all or part of their Entitlement (**Institutional Entitlement Offer**). Entitlements under the Institutional Entitlement Offer were non-renounceable. This process was completed prior to Monday, 8 April 2019 (see Section 1.3); and
- (b) **Retail Entitlement Offer** - Eligible Retail Shareholders will be allotted Entitlements under the Retail Entitlement Offer which can be taken up in whole or in part. Entitlements under the Retail Entitlement Offer are also non-renounceable.

At the Record Date, the Company expects to have 780,444,453 Shares on issue. Approximately 156,088,891 New Shares may be issued under the Entitlement Offer (subject to rounding).

All of the New Shares will rank equally with the Shares on issue at the date of this Offer Document. Refer to Section 2.16 for a summary of the rights attaching to New Shares.

Where the determination of the Entitlement of any Eligible Retail Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

This Offer Document is also for the offer of New Shares that are not applied for under the Entitlement Offer. Refer to Sections 2.5 and 2.6 for further details of the Shortfall Offer and the shortfall allocation policy.

1.3 Institutional Entitlement Offer

Prior to Monday, 8 April 2019, the Company successfully completed the Institutional Entitlement Offer to raise approximately \$3.18 million (before costs) from Entitlements taken up at an issue price of \$0.065 per New Share.

All institutional shareholders who were invited to participate in the Institutional Entitlement Offer took up their Entitlements under that offer, including the Company's major shareholder Hawke's Point.³

New Shares under the Institutional Entitlement Offer are expected to be issued on Tuesday, 16 April 2019.

1.4 The Retail Entitlement Offer

Eligible Retail Shareholders are being invited to subscribe for one New Share for every five Shares held on the Record Date at the Offer Price of \$0.065 per New Share.

The offer ratio and offer price for New Shares under the Retail Entitlement Offer are the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens on Thursday, 11 April 2019 and will close at 5.00pm (WST) on Tuesday, 30 April 2019 (unless extended or withdrawn).

1.5 Reasons for the Entitlement Offer

The purpose of the Entitlement Offer is to raise funds to:

- (a) complete up to 7,500m of reverse circulation drilling at the Tramore Prospect at the Karlawinda Gold Project;
- (b) facilitate the relocation of the recently acquired accommodation village and mining infrastructure facilities to the Company's tenure;
- (c) continue regional exploration activities; and
- (d) use for working capital purposes.

The Company intends to apply the funds raised from the Entitlement Offer as follows:

Description	\$
Relocation of accommodation village & mining infrastructure facilities	2,040,218
Project financing costs owed to Macquarie	1,500,000
Exploration programs and fixed costs	3,666,367
Working capital ¹	2,535,300
Estimated underwriting costs of the Entitlement Offer and other associated costs of the Entitlement Offer ²	403,893
Total	10,145,778

¹ Working capital includes costs associated with staffing, office, corporate, service providers and administration.

² Includes underwriting fees payable by the Company to the Underwriter, being the aggregate of:

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.

- (a) 2.5% of the proceeds of the Entitlement Offer; plus
- (b) 2.0% of the proceeds of the Entitlement Offer that are sub-underwritten by sub-underwriters who are clients of the Lead Manager.

The above table is a statement of the Board's intentions as at the date of this Offer Document. The allocation of funds set out in the above table 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.

In the event that the Offers result in the Company raising an amount lower than the targeted raising amount of approximately \$10.145 million (for example due to termination of the Underwriting Agreement), the total amounts detailed in the table above will be scaled back at the Board's discretion.

1.6 Capital structure

On the basis that the Company completes the Entitlement Offer, the Company's indicative capital structure will be as follows:

	Number of Shares	Number of options
Balance as at the date of this Offer Document	780,444,453	47,390,028 ⁽¹⁾
To be issued under the Offers ⁽²⁾	156,088,891	0
Total following Offers⁽²⁾	936,533,344	47,390,028

¹ Comprising:

- (i) 6,000,000 unquoted options exercisable at \$0.10 each on or before 31 May 2020;
- (ii) 2,500,000 unquoted options exercisable at \$0.20 each on or before 31 May 2020;
- (iii) 37,890,028 unquoted options exercisable at \$0.15 each on or before 5 May 2021; and
- (iv) 1,000,000 unquoted options exercisable at \$0.097 each on or before 23 November 2021.

² Subject to reconciliation of Entitlements and rounding. Assumes no Shares are issued pursuant to the exercise of options.

Of the 37,890,028 unquoted options referred to in note 1(iii) above, 28,490,028 of those options are held by Hawke's Point, which is also the largest Shareholder. In accordance with the terms of those options, the option exercise price of \$0.15 per Share will be reduced to \$0.1474 as a result of the Entitlement Offer.

1.7 ASX Announcement

Further information in relation to the Entitlement Offer and the Company was announced to the ASX on Thursday, 4 April 2019. Please refer to the ASX announcement which forms Section 6 of this Offer Document.

2. FURTHER DETAILS OF THE ENTITLEMENT OFFER

2.1 Minimum subscription

There is no minimum subscription for the Entitlement Offer. The Entitlement Offer is fully underwritten on the terms detailed in Section 2.7.

2.2 Entitlements and acceptance

The Entitlement of Eligible Retail Shareholders to participate in the Retail Entitlement Offer is determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Acceptance of a completed Entitlement and Acceptance Form and Application Monies by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If an Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Nonominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and, as such, investors will not be able to rely on the exception for rights issues in item 10A of section 611 of the Corporations Act. Accordingly, when an Eligible Retail Shareholder applies for some or all of their Entitlement, they must have regard to section 606 of the Corporations Act. Eligible Retail Shareholders who may be at risk of exceeding voting power of 20% of the Company's Shares as a result of acceptance of their Entitlement should seek professional advice before completing and returning their Entitlement and Acceptance Form.

2.3 No rights trading

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Retail Entitlement Offer to any other party. If you do not take up your Entitlement by the Closing Date, the Retail Entitlement Offer to you will lapse.

2.4 Pro-forma financial information

To demonstrate the indicative impact of the Entitlement Offer on the financial position of the Company, a pro-forma statement of financial position has been provided below. The reviewed statement of financial position as at 31 December 2018, as set out in the 31 December 2018 Half Yearly Report and Accounts (announced to the ASX on 15 March 2019) has been used for the purposes of the pro-forma statement. Certain other pro-forma events are also displayed (in addition to completion of the Entitlement Offer) as listed in the notes set out below the pro-forma statement of financial position.

	31 December 2018	Pro-forma Adjustments	Pro-forma 31 December 2018
	\$	\$	\$
Current Assets			
Cash and cash equivalents	1,209,003	8,999,909	10,208,912
Other current receivables	200,099	-	200,099
Other current assets	37,666	-	37,666
	1,446,768	8,999,909	10,446,677
Assets classified as held for sale	4,500,000	-	4,500,000
Total Current Assets	5,946,768	8,999,909	14,946,677
Non-Current Assets			
Property, plant & equipment	314,854	-	314,854
Other financial assets	180,000	-	180,000
Other non-current assets	150,000	1,350,000	1,500,000
Deferred exploration and evaluation costs	28,330,169	-	28,330,169
Total Non-Current Assets	28,975,023	1,350,000	30,325,023
TOTAL ASSETS	34,921,791	10,349,909	45,271,700
Current Liabilities			
Trade and other payables	207,919	(135,000)	72,919
Other liability	3,159	-	3,159
Short-term provisions	203,195	-	203,195
Total Current Liabilities	414,273	(135,000)	279,273
Non-Current Liabilities			
Trade and other payables	300,713	-	300,713
Total Non-Current Liabilities	300,713	-	300,713
TOTAL LIABILITIES	714,986	(135,000)	579,986
NET ASSETS	34,206,805	10,484,909	44,691,714
EQUITY			
Issued capital	50,878,673	11,771,242	62,649,915
Reserves	2,829,813	-	2,829,813
Accumulated losses	(19,501,681)	(1,286,333)	(20,788,014)
TOTAL EQUITY	34,206,805	10,484,909	44,691,714

Pro-forma adjustments included in the pro-forma statement of financial position comprise:

1. Completion of the acquisition of the accommodation village and mining infrastructure facilities took place by the payment of \$1,485,000, which included a GST component totalling \$135,000.
2. Cash to be raised under the Offers of approximately \$10,145,778 (before costs) via the issue of approximately 156,088,891 Shares under the Entitlement Offer at an issue price of 6.5 cents per Share.
3. Underwriting costs of the Offer calculated at 2.5% of the total equity raised (being \$253,644) plus an additional 2.0% of proceeds of the Entitlement Offer which are sub-underwritten by clients of the Lead Manager, being indicatively a further \$42,916.
4. Other costs of the Offer are indicatively estimated to total \$107,333.
5. Net proceeds of \$2,029,357 from the completion of the share purchase plan (refer to the Company's announcement to the ASX on 27 February 2019).
6. Net cash outflows relating to normal operating activities, not discussed elsewhere above, for the period 1 January 2019 to 31 March 2019 totalling \$1,286,333. The outflow reconciles the pro-forma cash position to recognise the 31 March 2019 cash balance of \$467,027 as per the Company's ASX announcement dated 2 April 2019.

The pro-forma balance sheet has not been audited or reviewed and, other than the estimated costs of the Offers, it does not include the indicative expenditure of the proceeds of the Entitlement Offer referred to in Section 1.5.

2.5 Shortfall Offer

Any New Shares under the Retail Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Offer Document (**Shortfall Offer**).

Under this Offer Document, subject to the Shortfall allocation policy described in Section 2.6 below, the Company offers to issue the Shortfall Shares to certain investors as described in that Section at \$0.065 each, being the same price as the New Shares being offered under the Entitlement Offer.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors (subject to the agreement of the Underwriter) reserve the right to extend the date that the Shortfall Offer closes by up to three months after the closing date of the Retail Entitlement Offer, without prior notice.

Eligible Retail Shareholders may apply for Shortfall Shares by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 3.1(b) for further details). See Section 2.6 for further details on the Shortfall allocation policy.

An Application for Shortfall Shares accompanied by payment of Application Monies does not guarantee the allotment of any Shortfall Shares. The Shortfall Shares will be allocated within three months after the Closing Date.

It is an express term of the Entitlement Offer that an Applicant for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for, if so allocated. If a lesser number of Shortfall Shares is allocated to an Applicant than applied for, excess Application Monies will be refunded without interest to the Applicant.

The Board, together with the Underwriter, reserves the right to issue the Shortfall, and to scale back any applications for Shortfall Shares in its absolute and sole discretion. When determining the amount (if any) by which to scale back an application, the Company, together with the Underwriter, may take into account a number of factors, including the size of an Applicant's shareholding in the Company, the extent to which an Applicant has sold or bought Shares in the Company (before and after both the announcement of the Entitlement Offer and the Record Date), as well as when the application for Shortfall Shares was made.

2.6 Shortfall allocation policy

Unless otherwise agreed between the Company and the Underwriter, if there is a Shortfall, the Company will allocate Shortfall Shares according to the following priority:

- (a) Shortfall Shares may be allocated to any Eligible Retail Shareholders who apply for Shortfall Shares under the Shortfall Offer, at the absolute discretion of the Directors, noting the following principles:
 - (i) priority will be given to Eligible Retail Shareholders who hold unmarketable parcels of Shares (valued at less than \$500 based on the last closing price per Share of \$0.084 on Thursday, 4 April 2019) to permit them to each apply for Shortfall Shares to enable them to reach the \$500 marketable parcel threshold in aggregate; and
 - (ii) subject to Section 2.6(a)(i) Eligible Retail Shareholders will be invited to participate in the Top-Up Facility described below.
- (b) If, following the allocation in paragraph (a) (including the Top-Up Facility described below), there remains a Shortfall, those unallocated Shortfall Shares

will then be allocated to the Underwriter in accordance with the Underwriting Agreement. The Underwriter intends to allocate these Shortfall Shares to various sub-underwriters, including the sub-underwriters described in Section 2.7.

Top-Up Facility

Subject to the matters above (including the Board's discretion), sufficient Shortfall being available, the Corporations Act and the requirements of the Listing Rules, Eligible Retail Shareholders who subscribe for their full Entitlement may apply for more New Shares than their Entitlement, subject to an aggregate cap on such subscriptions of \$600,000 in total. If those Shortfall applications exceed the cap (or exceed such lesser amount of Shortfall available), the Company proposes to scale back the Shortfall applications pro rata to the relative holdings of the relevant Eligible Retail Shareholders (who applied for that Shortfall) as at 5.00 pm (WST) on the Record Date (subject to the Company's discretion referred to in Section 2.5).

Eligible Retail Shareholders will be given this opportunity to apply for New Shares, in excess of their Entitlement, out of the Shortfall (at the same price as their Entitlement, of \$0.065 per New Share) through the Top-Up Facility which will be conducted simultaneously with the Entitlement Offer. Shortfall Shares will only be available under the Top-Up Facility in the event that other Eligible Retail Shareholders do not take up all their Entitlements (and subject to the matters discussed above). The opportunity to participate in the Top-Up Facility is subject to the Directors' control and compliance with applicable laws. The Top-Up Facility is provided in advance of the Underwriter or sub-underwriters having access to the Shortfall.

Eligible Retail Shareholders may apply for Shortfall Shares under the Top-Up Facility by entering the number of Shortfall Shares they wish to subscribe for in the relevant part of the Entitlement and Acceptance Form.

There is no guarantee that you will receive Shortfall Shares.

If the number of Shortfall Shares issued to an Eligible Retail Shareholder is fewer than the number applied for by that Eligible Retail Shareholder, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded.

Shortfall Shares will be issued at the same time as the New Shares under the Retail Entitlement Offer are issued.

Directors and their associates and other related parties of the Company are ineligible to participate in the Top-Up Facility.

Shortfall Shares will not be offered or issued to any Applicant if, in the view of the Directors, to do so would increase that Applicant's voting power in the Company above 19.9% or otherwise result in a breach of the Listing Rules, the Corporations Act or any other applicable law.

2.7 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter (Argonaut Capital Limited) pursuant to the Underwriting Agreement.

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite the Shortfall Shares remaining after the Company has determined which New Shares it will issue in accordance with the allocation policy detailed in Section 2.6, at the issue price of \$0.065 each.

The obligations of the Underwriter with respect to the Retail Entitlement Offer are subject to a number of conditions precedent, including:

- (a) the Company issuing the New Shares pursuant to the Institutional Entitlement Offer;
- (b) the due diligence questionnaire and due diligence report provided by the Company to the Underwriter not being withdrawn, or varied, without the prior written consent of the Underwriter (which consent may not be unreasonably withheld or delayed), on or prior to 9.30am on the Retail Settlement Date; and
- (c) the Underwriter receiving a certificate by not later than 8.30am on the Retail Settlement Date which contains statements confirming that the Company has complied with all obligations required by law in respect of the Offers, that the Company has complied with its obligations under the Underwriting Agreement, including that its representations or warranties remain true, correct and not misleading or deceptive, and no termination event under the Underwriting Agreement has occurred.

The Company has agreed to pay the Underwriter underwriting fees, being the aggregate of:

- (a) 2.5% of the proceeds of the Entitlement Offer; plus
- (b) 2.0% of the proceeds of the Entitlement Offer that are sub-underwritten by sub-underwriters who are clients of the Lead Manager.

The Underwriter may terminate its obligations under the Underwriting Agreement if any one or more of the relevant events described in Schedule 1 occurs at any time prior to when all of the New Shares to be issued by the Company under the Offers have been issued.

The Underwriting Agreement also contains a number of representations and warranties from the Company and the Underwriter that are considered standard for an agreement of this type.

Sub-Underwriting

The Underwriter has entered into separate sub-underwriting agreements with each of:

- (a) Nero Resource Fund Pty Ltd as trustee for the Nero Resource Fund (**Nero**) (an entity of which Russell Delroy is the sole director and sole shareholder), for Nero to sub-underwrite up to \$4 million of the Entitlement Offer;
- (b) Neon Capital Ltd (**Neon**) (an entity of which a Director, Mr Timothy Kestell, is one of three directors and holds a relevant interest in approximately 21% of the shares in Neon), for Neon to sub-underwrite up to \$4 million of the Entitlement Offer; and
- (c) certain other minor sub-underwriters who are clients of the Lead Manager (which are not substantial holders), for them to sub-underwrite, in aggregate, up to \$2,145,778 of the Entitlement Offer,

subject to the Underwriter allocating Shortfall Shares to the respective sub-underwriters.

The table below illustrates the potential maximum subscriptions and voting power in the Company of each of Neon and Nero arising from the Entitlement Offer and sub-underwriting.

Sub-underwriter	Shares held prior to the Entitlement Offer	Entitlement taken up in the Institutional Entitlement Offer	Maximum commitment for Shortfall Shares under the respective sub-underwriting agreements	Approximate maximum voting power in the Company upon completion of the Entitlement Offer and Shortfall Share issues
Neon	9,270,000 Shares	1,854,000 Shares	61,538,462 Shares	7.76%
Nero	33,044,256 Shares	6,608,852 Shares	61,538,462 Shares	10.80%

Neon and Nero have not charged any fees in relation to their respective sub-underwriting of the Entitlement Offer and their sub-underwriting does not trigger the 2.0% fee referred to in footnote 2(b) to the table in Section 1.5.

One of the Directors, Mr Douglas Jendry is a consultant to Nero, but he does not control or have an associate relationship with Nero, nor is Nero a related party of the Company.

Mr Timothy Kestell does not control Neon, nor is Neon a related party of the Company.

The Underwriter may engage further sub-underwriters or otherwise distribute Shortfall Shares to other sophisticated or professional investors. However, it is not proposed for any investor which was a substantial holder in the Company (i.e. holding voting power of 5% or more of the Shares) immediately prior to the Entitlement Offer to participate as a sub-underwriter, in order to minimise the impact of the Entitlement Offer on control of the Company.

In the event that all sub-underwriting agreements terminate and the Underwriter is bound to take up all Shortfall Shares, the Underwriter's maximum voting power in the Company would be 11.44%.

2.8 Dilution and effect on the control of the Company

Shareholders should note that if they do not participate in the Entitlement Offer, following settlement of the Offers their holdings are expected to be diluted by approximately 16.7% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

No New Shares will be issued to any Applicant if, in the view of the Directors, to do so would result in a breach of the Listing Rules, the Corporations Act or any other applicable law. Please refer to the footnotes to the Indicative Timetable for further information.

The Offers are not expected to give rise to control implications for the Company albeit that the effect of the Offers on the voting power in the Company, for the purposes of the Corporations Act, is dependent upon the number of New Shares and Shortfall Shares taken up.

Hawke's Point currently holds 148,698,797 Shares, representing 19.05% of the Shares on issue in the Company. Hawke's Point's acceptance of its Entitlement under the Institutional Entitlement Offer will not have any impact on the control of the Company.⁴

⁴ 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

2.9 Directors' Interests

Each Director's interest in the securities of the Company as at the date of this Offer Document and their Entitlement is detailed in the table below.

Director	Shares	Options	Entitlement ⁽¹⁾
Mr Douglas Jendry	Nil	Nil	Nil
Mr Timothy Kestell ⁽²⁾	9,270,000	Nil	1,854,000
Mr Stuart Pether ⁽³⁾	355,737	1,000,000 ⁽⁴⁾	71,148

¹ Assumes no options are exercised prior to the Record Date.

² These 9,270,000 Shares are held by Neon. Mr Timothy Kestell holds a relevant interest in those Shares as a director and is an approximate 21% shareholder of Neon. Neon has taken up its full Entitlement and has agreed to support the Entitlement Offer by acting as a partial sub-underwriter. Refer to Section 2.7 for details.

³ Mr Stuart Pether and his spouse, as trustees of the Pether Family Trust, have indicated their intention to participate in the Retail Entitlement Offer, subscribing for their maximum Entitlement.

⁴ Unquoted options exercisable at \$0.097 each on or before 23 November 2021.

2.10 Ineligible Shareholders

No Offer will be made to Shareholders with a registered address outside Australia, New Zealand and the Approved Foreign Jurisdictions (**Ineligible Shareholders**).

The Company is of the view that it is unreasonable to make the Offers to the Ineligible Shareholders due to the small number of such Shareholders and the number and value of New Shares these Shareholders would be offered, the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand and the Approved Foreign Jurisdictions, and the administrative burden that will place on the Company in making the Offers available to Shareholders outside Australia, New Zealand and the Approved Foreign Jurisdictions.

This Offer Document and the Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

2.11 Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in Australia, New Zealand and the Approved Foreign Jurisdictions, irrespective of whether they participated under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians should note that the Retail Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Retail Shareholder;

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.

- (b) eligible institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not); or
- (c) ineligible institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer.

Due to legal restrictions, nominees and custodians may not send copies of this Offer Document or accept the Retail Entitlement Offer on behalf of any person in the United States or any person who is acting for the account or benefit of a person in the United States (to the extent such person holds Shares and is acting for the account or benefit of a person in the United States) or other jurisdiction outside Australia, Mauritius, Namibia, New Zealand, Papua New Guinea, the Philippines or Singapore except, with the consent of the Company, who will determine if the number of beneficial shareholders that the nominee or custodian proposes to participate in the Retail Entitlement Offer will be permitted in compliance with applicable law.

The Company is not required to determine whether or not any registered Shareholder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares. Where any person is acting as a nominee or custodian for a foreign person that person in dealing with its beneficiary will need to assess whether indirect participation in the Retail Entitlement Offer by the beneficiary, complies with applicable foreign laws.

2.12 Opening and closing dates

The Company will accept Entitlement and Acceptance Forms in respect of the Entitlement Offer from Eligible Retail Shareholders from the Opening Date until 5.00pm (WST) on the Closing Date or such other date as the Directors (subject to the agreement of the Underwriter) shall determine, subject to the Listing Rules.

A completed Application Form, or payment made by BPAY®, must be received no later than 5.00pm (WST) on the Closing Date. It is the responsibility of all Eligible Retail Shareholders to ensure that their Application Form or BPAY® payments are received by the Company on or before the Closing Date.

The Shortfall Offer is currently scheduled to close on the Closing Date but the Directors reserve the right (subject to the agreement of the Underwriter) to extend the date that the Shortfall Offer closes by up to three months after the Closing Date, without prior notice.

2.13 Issue and Dispatch

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

The issue of New Shares and dispatch of holding statements are expected to occur on the dates specified in the Indicative Timetable.

2.14 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Offer Document until the New Shares are issued. All Application Monies will be returned without interest in accordance with the Corporations Act if the New Shares are not issued.

2.15 Application Forms and BPAY® payments

Acceptance of a completed Application Form, or alternatively, a BPAY® payment, by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat a completed Application Form as valid and how to construe, amend or complete the Application Form is final.

2.16 Rights and liabilities attaching to New Shares

The New Shares will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares.

Details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The Company does not currently intend to pay any dividends. Payment of dividends by the Company will be at the discretion of the Board after taking into account many factors, including, but not limited to, the Company's operating results, financial condition and current and anticipated cash needs.

2.17 ASX quotation

The Company has applied to the ASX for Official Quotation of the New Shares in accordance with the Listing Rule requirements. ASX takes no responsibility for the contents of this Offer Document. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the New Shares.

2.18 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Offer Document, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.19 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus, including for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.capmetals.com.au or the ASX website www.asx.com.au.

Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the websites of the Company and ASX.

2.20 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. Applicants should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

2.21 Risks of the Offers

As with any securities investment, there are risks associated with investing in the Company. Having regard to the risks applicable to the Company detailed in Section 4, Eligible Retail Shareholders should be aware that an investment in the New Shares should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Offer Document in its entirety, in particular the non-exhaustive risks associated with an investment in the Company (detailed in Section 4), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

2.22 Withdrawal

The Directors may at any time decide to withdraw this Offer Document and the Offers, in which case, all Application Monies will be returned without interest in accordance with the Corporations Act.

2.23 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on Application Form, the Company may not accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2.24 Cleansing Statement

The Company lodged a Cleansing Statement with ASX on Thursday, 4 April 2019. The Cleansing Statement may be reviewed on the websites of the Company and ASX.

2.25 Enquiries concerning Offer Document or Entitlement and Acceptance Form

If you have any questions in relation to this Offer Document or the Entitlement and Acceptance Form, please contact the Company Secretary, Natasha Santi, on +61 8 9212 4600.

3. ACTION REQUIRED BY APPLICANTS

3.1 Eligible Shareholders

Your entitlement to participate in the Retail Entitlement Offer will be determined on the Record Date. The number of New Shares which Eligible Retail Shareholders are entitled to is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document.

If you do not accept your Entitlement, then your percentage holding in the Company will be diluted.

If you are an Eligible Shareholder you may:

- accept all of your Entitlement (refer to Section 3.1(a));
- accept all of your Entitlement and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares (refer to Section 3.1(b));
- accept part of your Entitlement and allow the balance to lapse (refer to Section 3.1(c));
- allow all of your Entitlement to lapse (refer to Section 3.1(d)).

(a) *Acceptance of ALL of your Entitlement under the Entitlement Offer*

If you wish to accept your Entitlement in full, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.065 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 3.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Delivery Address (between Sydney office hours of 9.00am - 5.00pm (AEST))
Capricorn Metals Ltd C/- Automic Group GPO Box 5193 Sydney NSW 2001	Automic Group Level 5 126 Phillip Street Sydney NSW 2000

(b) *Acceptance of ALL of your Entitlement and applying for Shortfall Shares*

If you wish to accept your Entitlement in full and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares (subject to the terms of the Shortfall allocation policy, including the Top-Up Facility, as described in Section 2.6), you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and apply for under the Shortfall Offer and the total Application Monies (calculated at \$0.065 per New Share accepted under the Entitlement Offer and applied for under the Shortfall Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 3.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Delivery Address (between Sydney office hours of 9.00am - 5.00pm (AEST))
Capricorn Metals Ltd C/- Automic Group GPO Box 5193 Sydney NSW 2001	Automic Group Level 5 126 Phillip Street Sydney NSW 2000

(c) *Acceptance of PART of your Entitlement and allowing the balance to lapse*

If you wish to accept part of your Entitlement and allow the balance to lapse, you should complete the Entitlement and Acceptance Form in accordance with the instructions contained in this Offer Document and detailed on the Entitlement and Acceptance Form, including the number of New Shares you wish to accept under the Entitlement Offer and the total Application Monies (calculated at \$0.065 per New Share accepted under the Entitlement Offer). Please read the instructions carefully.

Please return the completed Entitlement and Acceptance Form, together with the Application Monies (in full) in accordance with Section 3.3, to the Share Registry so that it is received at the following address by no later than 5.00pm (WST) on the Closing Date.

Mailing Address	Hand Delivery Address (between Sydney office hours of 9.00am - 5.00pm (AEST))
Capricorn Metals Ltd C/- Automic Group GPO Box 5193 Sydney NSW 2001	Automic Group Level 5 126 Phillip Street Sydney NSW 2000

(d) *Allowing all of your Entitlement to lapse*

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept your Entitlement, however, your percentage holding in the Company will be diluted.

(e) *Enquiries concerning your Entitlement*

If you have any queries concerning your Entitlement, please contact the Company Secretary, Natasha Santi, on +61 8 9212 4600.

3.2 Ineligible Shareholders

If you are an Ineligible Shareholder, you may not accept any of, or do anything in relation to, your Entitlement. Refer to Section 2.10 for treatment of Ineligible Shareholders.

3.3 Payment

The offer price of New Shares under the Offers is \$0.065 per New Share.

Application Monies must be received by the Company by 5.00pm (WST) on the Closing Date.

Completed Application Forms must be accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'Capricorn Metals Ltd' and crossed 'Not Negotiable'.

Eligible Retail Shareholders participating in the Entitlement Offer, and who wish to pay via BPAY® must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement (as applicable) upon receipt of the BPAY® payment by the Company.

If paying via BPAY®, Eligible Retail Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of Eligible Retail Shareholders to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY® payment.

3.4 Representations by Applicants

By completing and returning an Application Form or by paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Offer Document and the Application Form, you:

- (a) if participating in the Retail Entitlement Offer, represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Offer Document and the accompanying Application Forms, and read them all in their entirety;
- (c) agree to be bound by the terms of the Offers, the provisions of this Offer Document and the Application Forms and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Application Forms are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Forms;
- (g) acknowledge that once an Application Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Application Forms at the issue price of \$0.065 per New Share;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Forms;
- (j) if participating in the Retail Entitlement Offer, declare that you were the registered holder at 5.00pm (WST) on the Record Date of the Shares indicated on your

personalised Entitlement and Acceptance Form as being held by you at 5.00pm (WST) on the Record Date;

- (k) acknowledge and agree that determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and/or the Underwriter;
- (l) acknowledge and agree that the information contained in this Offer Document and the Application Forms is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (m) acknowledge and agree that this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (n) acknowledge the statement of risks in Section 4 and that an investment in the Company is subject to risk, not all of which are included in Section 4;
- (o) represent and warrant (for the benefit of the Company, the Underwriter and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (p) acknowledge that none of the Company or the Underwriter or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (q) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (r) authorise the Company to correct any errors in your Application Forms or other form provided by you;
- (s) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Application Form, nor does it prohibit you from accepting New Shares and that if you participate in the Retail Entitlement Offer, that you are eligible to do so;
- (t) if you are in Namibia, you represent and warrant that by purchasing the New Shares, you have obtained the necessary exchange control approval and such approval subsists;
- (u) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States (to the extent you hold Shares and are acting for the account or benefit of a person in the United States) and are not otherwise a person to whom it would be illegal to make an offer of or issue the New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;

- (v) understand and acknowledge that the New Shares have not been, nor will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, you understand and acknowledge that the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States (to the extent such person holds Shares and is acting for the account or benefit of a person in the United States). You further understand and acknowledge that the New Shares may only be offered, sold and resold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S;
- (w) represent and warrant that you are purchasing the New Shares outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S;
- (x) acknowledge that each person on whose account you are acting has not and will not send this Offer Document, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States;
- (y) represent and warrant that you have not and will not send any materials relating to the Retail Entitlement Offer to any person (including nominees or custodians) where to do so would breach applicable laws;
- (z) represent and warrant that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre arranged with, or that the purchaser is, a person in the United States or is acting on behalf of a person in the United States or that the sale is otherwise illegal;
- (aa) acknowledge that, if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this Offer Document, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person in the United States; and
- (bb) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and/or of your holding of Shares on the Record Date.

3.5 Brokerage

No brokerage or stamp duty is payable by Eligible Retail Shareholders who accept their Entitlement.

4. RISKS

4.1 Introduction

The New Shares are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Offer Document, before deciding whether to accept their Entitlement or otherwise apply for New Shares.

The following list of risks ought not to be taken as an exhaustive list of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

4.2 Specific investment risks

(i) Financial position and financial performance

The Company announced on 2 April 2019 that its cash balance was at \$0.5 million. The Entitlement Offer is structured and timed to ameliorate this position and the underwriting arrangements described in this Offer Document give the Board confidence in relation to the Company's immediate cash position. Under the Institutional Entitlement Offer, acceptances amounting to \$3.18 million in total have been received which, when settled, will strengthen the Company's cash position.

However, if the Entitlement Offer fails, the Company may be unable to easily source other funds to carry out its intended activities and to direct towards its expenditure proposals in Section 1.5. The Company gives no guarantee in relation to its future financial position or financial performance.

(ii) No guarantee of a corporate or asset transaction

As the Company announced to the ASX on 2 April 2019, the Company has received an unsolicited non-binding indicative and incomplete letter of intent from Emerald Resources NL (**Emerald**) and an existing substantial shareholder in the Company, Hawke's Point (as a proposed bidding consortium) outlining the then intention of the consortium to submit a proposal to acquire 100% of the issued share capital of the Company for a purchase price of \$0.11 per Share (comprising \$0.055 in cash and \$0.055 in Emerald scrip).

After taking advice from its advisors and following consultation with some of its largest shareholders, the Company has rejected the approach which it believes undervalues the Company and its assets. However, the Company has advised Emerald and Hawke's Point that it remains open to considering a superior proposal should one be submitted.

Following recent interest in the Company and the Karlawinda Gold Project, the Board is of the opinion that value for its shareholders will be maximised by running a formal process to seek expressions of interest from other parties that may want to purchase the Karlawinda Gold Project, acquire the Company as a whole, form a joint venture or develop that project under the current structure.

The Company's previous Board established a virtual data room and permitted various parties to view the Company's confidential information during the period from February 2018 to February 2019. This process was suspended by the current Board while a review of the Company and its financial position was conducted. A number of companies have expressed interest in accessing the virtual data room (both again and for the first time). Accordingly, the Board now intends re-open the data room upon the successful completion of the Entitlement Offer (see the Company's ASX announcements of 2 April 2019 and 13 March 2019).

However, there can be no guarantee that the Company or Shareholders will receive an offer to acquire assets or Shares on favourable terms or at all. Even if such an offer is received, there are risks that it may not be completed in accordance with expectations.

(iii) Project development

The Company has not yet completed the development of the Karlawinda Gold Project and there is no guarantee that this will occur. The Company expects to incur significant capital expenditures during the continued development of the Karlawinda Gold Project. The Karlawinda Gold Project remains undeveloped and the Company is not funded for that development.

The Company may encounter unexpected difficulties, including shortages of materials or delays in delivery of materials, unexpected operational events, facility or equipment malfunctions or breakdowns, unusual or unexpected adverse geological conditions, cost overruns, regulatory issues, adverse weather conditions and other catastrophes, such as explosions, fires, floods and accidents, increases in the level of labour costs and the existence of any labour disputes, and adverse local or general economic or infrastructure conditions. In addition, there will be operating losses which need to be funded as the Karlawinda Gold Project undergoes development.

Accordingly, the Company may not be able to complete the development of the Karlawinda Gold Project on schedule, at the budgeted cost or at all, and any delays beyond the expected development periods or increased costs above those expected to be incurred could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and ability to pay dividends to Shareholders.

(iv) Feasibility Study

Feasibility studies, including the Company's optimised feasibility study announced to the ASX on 20 June 2018, are used to determine the economic viability of a mineral deposit. Such studies require the Company to make numerous assumptions, including assumptions about capital and operating costs and future gold prices. These assumptions are made at the time the study is completed based on information then available. Actual costs or revenues may vary significantly and adversely from the estimates used in such studies, including the optimised feasibility study. Accordingly, the economic viability of the Karlawinda Gold Project, or the amount of mineral deposits that the Company will be able to economically extract, may differ materially from previous estimates provided by the Company.

(v) Regulatory risk

Mining companies must obtain numerous regulatory permits that impose strict conditions on various environmental and safety matters in connection with gold

mining. The permitting rules are complex and change over time, potentially in ways that may make mining companies' ability to comply with the applicable requirements more difficult or impractical or even preclude the continuation of ongoing operations or the development of future mining operations. If the Company is unable to obtain and renew applicable permits, leases or other rights necessary for its operations, there may be adverse implications for the Company's production, results of operations or cash flow.

(vi) Commodity prices

The value of the Company's assets may be affected by fluctuations in commodity prices and exchange rates, particularly the USD denominated gold price and the AUD / USD exchange rate.

These prices can fluctuate, and are affected by numerous factors beyond the control of the Company. Factors include production costs, expectations regarding inflation, the financial impact of movements in interest rates, gold price forward curves, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings. Future production from the Company's mineral properties will be dependent upon the gold price being sufficient to make these properties economic.

These factors can affect the value of the Company's assets and the supply and demand characteristics of gold, and may have an adverse effect on the viability of the Company's development and production activities, its ability to fund those activities and the value of its assets.

If the Company achieves development success which leads to viable mining production, its financial performance will be highly dependent on the prevailing commodity prices (particularly the gold price).

(vii) Capital requirements and debt finance risk

In addition to the Entitlement Offer, as announced to the ASX on 13 December 2018, a 100% subsidiary of the Company has executed a committed credit approved letter of offer from Macquarie for project finance facilities which have not yet been formally agreed (**Project Loan Letter of Offer**).

The Project Loan Letter of Offer included a key signing date which was not achieved, causing the Macquarie offer to lapse.

As the Company announced on 2 April 2019, Macquarie has confirmed that it may, in its discretion, agree to extend its offer of finance to the Company, subject to Macquarie being satisfied as to the outcome of its review of the new management and Board structure, the Company's financial position and any other further due diligence which it may require.

Consequently, the project financing is not assured and there is a risk it may not be finalised, agreed or received by the Company.

The Company may not be able to complete the development of the Karlawinda Gold Project within the proposed timeframe (or at all) and for the estimated capital costs or may be required to limit the scope of its anticipated operations, which could adversely impact its business, financial condition and the value of its Shares.

If the Company requires further funding for the development of the Karlawinda Gold Project, and sufficient funds are not available from either debt or equity

markets to satisfy the Company's requirements, the Company may be required to reduce the scope of its operations and scale back its development programme as the case may be, or otherwise abandon project development plans. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

- (viii) The Company may be adversely affected by fluctuations in foreign exchange rates

The Company currently does not engage in any hedging or derivative transactions to manage foreign exchange risk. There can be no assurance that fluctuations in foreign exchange rates will not have a material adverse effect upon the Company's financial performance and results of operations.

- (ix) The Company has no history of earnings and no production revenues

The Company has no history of earnings and has not commenced commercial production on any of its properties. The Company has experienced losses from exploration operations and expects to continue to incur losses unless and until production commences and reaches the required level. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures are likely to increase in future, including if development progresses, as needed for consultants, personnel and equipment associated with development, construction and progress towards seeking to operate the Karlawinda Gold Project. The amounts and timing of expenditures will depend on the progress of development and construction activities.

The Company expects to continue to incur losses until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations, which may never occur.

- (x) The Company has limited operating history

The Company has limited operating history on which it can base an evaluation of its prospects. The Company may encounter risks and difficulties experienced by companies whose performance is dependent upon newly-constructed assets, such as any one of our properties failing to perform as expected, having higher than expected operating costs, having lower than expected customer revenues, or suffering equipment breakdown, failures or operational errors.

The future success of the Company is dependent upon a number of factors, including the successful construction and commissioning of the Karlawinda Gold Project, which cannot be assured.

- (xi) Title to Properties

There are no assurances that the property title for the Company's projects are free from defects. There is no assurance that such rights and title interests will not be revoked or significantly altered to the detriment of the Company. There can be no assurances that the Company's rights and title interests will not be challenged or impugned by third parties. Defects in title could limit the Company's ability to recover gold from these properties or result in significant unanticipated costs.

Accordingly, actual or alleged defects in title or boundaries may exist, which may result in the loss of the Company's right to mine on the property or in unanticipated costs to obtain leases or mining contracts to allow the Company to

conduct its mining operations on the property, which could adversely affect its business and profitability. In addition, from time to time, the rights of third parties for competing uses of adjacent, overlying or underlying lands, such as commodity interests, pipelines, roads, easements and public facilities, may affect the Company's ability to operate as planned if its title is not superior or arrangements cannot be negotiated.

In order to obtain, maintain or renew leases or mining contracts to conduct mining operations on property where these defects exist, the Company may in the future have to incur unanticipated costs. In addition, the Company may not be able to successfully negotiate new leases or mining contracts for properties containing additional reserves, or maintain its leasehold interests in properties where it has not commenced mining operations during the term of the lease. As a result, the Company's results of operations, business and financial condition may be materially adversely affected.

(xii) Mineral resource and ore reserve estimates

The Company's mineral resources and ore reserves are estimates. Such estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

For most new mine developments, the actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, ore reserves are valued based on future costs and future prices and consequently, the actual ore reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations. Any inaccuracy in the Company's ore reserves and mineral resources estimates could result in lower than expected revenues, higher than expected costs, decreased profitability and asset impairments.

(xiii) Exploration Risks

Exploration is a high-risk undertaking. The Company does not give any assurance that further exploration of its current projects or any future projects will result in additional exploration success.

Risks associated with ongoing exploration programmes are the same as for all exploration programmes, which may or may not be successful, may cause harm to employees or contractors, and may incur cost overruns if not carefully managed.

(xiv) Mining Risks

When compared with many industrial and commercial operations, mining and mineral processing projects are relatively high risk. Each mineral deposit is unique. The occurrence and quality of the deposit, as well as its behaviour during mining and processing can never be wholly predicted. Estimations of the tonnes, quality and overall yield of a deposit are not precise calculations but are based on interpretation and samples from drilling, which, even at close drill hole spacing, represent a very small sample of the entire orebody.

(xv) Operational risk

If they occur, the Company's development and mining activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such as energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Hazards incidental to the development and mining of mineral properties such as unusual or unexpected geological formations may be encountered by the Company. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

The Company will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

(xvi) Environment

The operations and proposed activities of the Company are subject to State and Federal laws, regulations and permits concerning the environment. If such laws are breached or modified, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities.

As with most mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to an appropriate standard of environmental obligation, including in compliance in all material respects with relevant environmental laws. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

The cost and complexity in complying with the applicable environmental laws and regulations may affect the viability of potential developments of the Company's projects, and consequently the value of those projects, and the value of the Company's assets.

(xvii) Competition

The mineral resource industry is competitive in all of its phases. The Company competes with other companies, including major gold mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for operational contracts, the recruitment and retention of qualified employees, minerals leases and new business opportunities. If the Company cannot compete effectively with these other companies, it may have a material adverse effect on the Company's performance.

(xviii) Foreign Operations and Government Regulation Risks

The Company has an active divestment program for its Madagascan assets, as they are considered non-core. In January 2018 BlackEarth Minerals NL (**BlackEarth**) listed on the ASX following the acquisition of most of the Company's mineral interests in Madagascar. The Company retains a shareholding in BlackEarth.

The assets remaining to be divested in Madagascar include real estate and a mineral lease property. There can be no guarantee that such assets will be divested, nor the price which may achieved if they are sold.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or challenging of the Company's interests.

(xix) The Company relies on key personnel

The Company is dependent on its Directors and a number of key management personnel, including the services of certain key employees and consultants. The Company's ability to manage its development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more Directors or key management personnel could have a material adverse effect on the Company's ability to manage and expand the business.

It may be difficult for the Company to attract and retain suitably qualified and experienced people, given the modest size of the Company compared with other industry participants. If the Company cannot do so, this could have a material adverse effect on the Company's ability to manage and expand the business.

(xx) The Company has uninsured risks

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

- (xxi) The Company or its partners, contractors and agents may become insolvent

The Directors are unable to predict with certainty the risk of financial failure or default by the Company or a participant in any venture to which the Company is, or may become a party; or insolvency or other managerial failure by the Company or any of the contractors used by the Company in any of its activities; or insolvency or managerial failure by any of the other service providers used by the Company for any activity.

- (xxii) Litigation risks

Legal proceedings may arise from time to time in the course of the Company's activities from parties such as suppliers, customers, regulatory agencies, environmental groups and/or investors. There have been a number of cases where the rights and privileges of mining and exploration companies have been the subject of litigation. The Directors cannot preclude that such litigation may be brought against the Company or a member of the Company in the future from time to time.

As summarised in the Company's 2018 Annual Report (announced to the ASX on 1 October 2018), under a waiver of ASX listing Rule 6.18 approved 7 March 2017, Hawke's Point are permitted to maintain, by way of a right to participate in any issue of shares or to subscribe for shares, its percentage relevant interest in the issued share capital of the Company (the **Top-Up Right**) in respect of a diluting event which occurs, on the following conditions:

- (A) The Top-Up Right lapses on the earlier of:
- (i) the date on which Hawke's Point ceases to hold in aggregate at least a 10% relevant interest in the Company (other than as a result of shares (or equity securities) to which the Top-Up Right applies and in respect of which Hawke's Point is still entitled to exercise, or has exercised, the Top-Up Right);
 - (ii) Hawke's Point's relevant interest in the Company exceeds 25%; or
 - (iii) the strategic relationship between the Company and Hawke's Point ceasing or changing in such a way that it effectively ceases.
- (B) The Top-Up Right may only be transferred to an entity which is a wholly owned subsidiary of Hawke's Point.
- (C) Any securities issued under the Top-Up Right are offered to Hawke's Point for cash consideration that is:
- (i) no more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration); or
 - (ii) equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).
- (D) The number of securities that may be issued to Hawke's Point under the Top-Up Right in the case of any diluting event must not be greater than the number required in order for Hawke's Point to maintain its

percentage holding in the issued share capital of the Company immediately before that diluting event.

Subsequent to the grant of this waiver, ASX has determined that the terms of the waiver were breached in relation to a capital raising by the Company, by allotting securities to Hawke's Point in excess of the Top-Up Right. Consequently, ASX required the Company to deduct (from the next placement that Hawke's Point participates in) that number of securities that Hawke's Point was issued in excess of the number they were entitled to apply for under the waiver.

Hawke's Point disputes this finding that the waiver was breached. For the avoidance of doubt, the Company confirms that ASX's determination of a breach of the waiver does not restrict Hawke's Point's participation in the Entitlement Offer.

(xxiii) Dividends

The Company has never paid a dividend. The Company does not currently intend to pay any dividends while it has no income. Payment of dividends by the Company will be at the discretion of the Board after taking into account many factors, including, but not limited to, the Company's operating results, financial condition and current and anticipated cash needs. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Furthermore, the Company may be subject to contractual restrictions on, or prohibitions against, the payment of dividends from time to time.

(xxiv) Changes in law, government policy and accounting standards

The Company's activities may be impacted by regulatory or other changes implemented by the Commonwealth or Western Australian Governments. A change in laws that impact on the Company's operations, such as land access, environmental protection, carbon emissions, labour, mining, taxation and royalties, could have an adverse impact on the Company's operations. Mining industry activities are subject to discretionary regulations and approvals, the exercise of which cannot always be predicted.

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Offer Document may impact adversely on the Company's reported financial performance.

4.3 General investment risks

(i) Price of Shares

The Shares are subject to general market risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors, some of which may not relate directly or indirectly to the Company's performance or prospects.

There is no assurance that the price of the Shares will increase in the future, even if the Company's financial position or performance improve.

Some of the factors which may affect the price of the Shares include:

- (A) fluctuations in the domestic and international markets for listed stocks;
- (B) general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government;
- (C) fiscal, monetary or regulatory policies, legislation or regulation;
- (D) inclusion in or removal from market indices;
- (E) the nature of the markets in which the Company operates;
- (F) general operational and business risks;
- (G) variations in sector performance, which can lead to investors exiting one sector to prefer another; and
- (H) initiatives by other sector participants which may lead to investors switching from one stock to another.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

In the future, the sale of large parcels of Shares may cause a decline in the price at which the Shares trade on ASX.

(ii) Insurance

No assurance can be given that the Company will obtain insurance cover for all risks faced by the Company or that any insurance cover it arranges will be adequate and available to cover all possible claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(iii) Tax law and application

The application of and change in relevant tax laws (including income tax, goods and services tax (or equivalent), rules relating to deductible liabilities, or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or elsewhere) and / or any changes in tax rules and tax arrangements (again in Australia or elsewhere) may increase the amount of tax paid or payable by the Company, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking / conduit foreign income and Shareholder returns. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

(iv) Force majeure events

Events may occur within or outside Australia that could impact upon global, Australian or other local economies relevant to the Company's financial performance, the operations of the Company and the price of the Shares. These

events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for minerals such as gold and the Company's ability to conduct business. The Company has only a limited ability to insure against some of these risks.

(v) Accounting standards

Australian Accounting Standards (**AAS**) are adopted by the AASB and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(vi) Shareholder dilution

In the future, the Company may elect to issue further Shares in connection with fundraisings, including to raise proceeds for acquisitions. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

(vii) Trading in Shares may not be liquid

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market for the Shares become more illiquid, the Shareholders will be unable to realise their investment in the Company.

(viii) General economic and financial market conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. There is a risk that prolonged deterioration in general economic conditions may impact the demand for mineral products such as gold and negatively impact the Company's financial performance, financial position, cash flows, dividends, growth prospects and Share price.

4.4 Investment highly speculative

The above list of risks ought not to be taken as exhaustive of the risks faced by the Company or by existing or prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares.

5. INTERNATIONAL OFFER RESTRICTIONS

5.1 Foreign jurisdictions

This Offer Document has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

This Offer Document, any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds Shares and is acting for the account or benefit of a person in the United States) or in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer. Return of the personalised Entitlement and Acceptance Form will be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Eligible Retail Shareholders who are nominees or custodians should see Section 2.11.

The distribution of this Offer Document (including in electronic format) outside Australia and New Zealand may be restricted by law. If you come into possession of this Offer Document, you must observe such restrictions including the restrictions on the number of beneficial shareholders permitted to participate in the Retail Entitlement Offer in Hong Kong, India, Italy, Switzerland and the United Kingdom. In particular, this document or any copy of it must not be distributed in the United States. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

India

This document is neither a document offering shares to the public nor a prospectus under the Companies Act, 2013 (India), as amended, or an advertisement, and should not be circulated to any person other than to whom the offer is made. This document has not been, and will not be, registered as a prospectus with the Registrar of Companies in India. This document may not be issued, circulated or distributed, directly or indirectly, in India. Further, the New Shares may not be offered, directly or indirectly, in India, to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is being made strictly on a private and confidential basis and is limited to existing shareholders of the Company and is not an offer to the public in India. This issue is a private placement and the document is not intended to be circulated to more than 200 persons in India on an aggregate basis (including all other private placements of the shares of the Company made in this financial year; a financial year being the 12 month period commencing on April 1 and ending on March 31 of the following year) and each copy of this document is individually and serially numbered. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the aforesaid securities to the public in general.

This document has been prepared solely to provide general information about the Company to identified and eligible investors to whom it is addressed. This document does

not purport to contain all the information that any eligible investor may require. Further, this document has been prepared for informational purposes relating to the Offer only.

Apart from this document, no offer document or prospectus has been prepared in connection with this offer or in relation to the Company nor is such offer document or prospectus required to be registered under applicable laws or regulations. Accordingly, this document has neither been delivered for registration nor is it intended to be registered with any authority.

This document is intended to be used only by the Company shareholders. It is not intended for distribution to any other person and should not be reproduced by the recipient.

Italy

The offering of the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the New Shares may be distributed in Italy and the New Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree No. 58"), other than:

- to qualified investors ("Qualified Investors"), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("Regulation No. 11971"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the New Shares or distribution of any offer document relating to the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws;
- in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Investors should also note that, in any subsequent distribution of New Shares in Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, when New Shares are placed solely with Qualified Investors and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of New Shares who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the New Shares were purchased, unless an exemption under Decree No. 58 applies.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the New Shares may be made to the public in Mauritius without the prior approval of the Mauritius Financial Services Commission. Accordingly, this offer is being made on a private placement basis only and does not constitute a public offering. As such, this document has not been approved or registered by the Mauritius Financial Services Commission and is for the exclusive use of the person to whom it is addressed. The document is confidential and should not be disclosed or distributed in any way without the express written permission of the Company.

Namibia

This document constitutes a rights offer as contemplated under the Namibian Companies Act and may be distributed to existing shareholders of the Company in Namibia on the understanding that any shares subscribed for will only be issued off the Namibian register and listed on the Namibian Stock Exchange.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Papua New Guinea

This document may be distributed in Papua New Guinea only to shareholders of the Company. This document has not been registered as a prospectus in PNG and no notice of the proposed offer will be submitted to the Registrar of Companies. No other documents are being lodged with the Registrar of Companies or the PNG Securities Commission in respect of the proposed offer. Any offer of New Shares is not, and should not be construed as, an offer of securities to the public in PNG.

Philippines

THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION ("SEC") UNDER THE PHILIPPINE SECURITIES REGULATION CODE (THE "CODE"). ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The New Shares are being offered or sold to existing shareholders of the Company in an exempt transaction under section 10.1(e) of the Code. The Company has not sought confirmation, and the SEC has not confirmed, whether the Offer qualifies as an exempt transaction under the Code.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of

Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA). This document is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

6. ASX ANNOUNCEMENT



\$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

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

- **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.

7. GLOSSARY

In this Offer Document, unless the context otherwise requires:

\$ means Australian dollars.

AAS has the meaning given to that term in Section 4.3.

AASB means the Australian Accounting Standards Board.

AEST means Australian Eastern Standard Time.

Applicant means a person who submits an Application Form.

Application means a valid acceptance of New Shares under the Entitlement Offer made pursuant to an Entitlement and Acceptance Form or a valid application for Shortfall Shares under the Shortfall Offer made pursuant to an Entitlement and Acceptance Form or a Shortfall Application Form (as applicable).

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form (as applicable).

Application Monies means application monies for New Shares received by the Company from an Applicant.

Approved Foreign Jurisdictions means Hong Kong, India, Italy, Mauritius, Namibia, Papua New Guinea, the Philippines, Singapore, Switzerland and the United Kingdom.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CHESS means the ASX Clearing House Electronic Subregister System.

Cleansing Statement means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Closing Date means the date referred to as such in the Indicative Timetable.

Company means Capricorn Metals Ltd ACN 121 700 105.

Constitution means the constitution of the Company as at the date of this Offer Document.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Retail Shareholder means a person who:

- (a) is a Shareholder at 5.00pm (WST) on the Record Date;
- (b) has a registered address in Australia, New Zealand or an Approved Foreign Jurisdiction, as recorded with the Share Registry as at the Record Date; and
- (c) was not invited to participate under the Institutional Entitlement Offer, and was not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer.

Emerald has the meaning given to that term in Section 4.2(ii).

Entitlement means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form attached to, or accompanying this Offer Document, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer and provides for the possibility of applying for Shortfall as described in this Offer Document.

Entitlement Offer has the meaning given to that term in Section 1.2.

Hawke's Point means Hawke's Point Holdings LP or Hawke's Point Holdings I Limited (or any of their related entities).

Indicative Timetable means the indicative timetable on page 1 of this Offer Document.

Ineligible Shareholder has the meaning given to that term in Section 2.10.

Institutional Entitlement Offer has the meaning given to that term in Section 1.2(a).

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Karlawinda Gold Project means the Company's exploration tenements and mining licence located south-east of Newman, Western Australia.

Lead Manager means Argonaut Securities Pty Limited ACN 108 330 650.

Listing Rules means the official listing rules of ASX.

Macquarie means Macquarie Bank Limited or one or more of its related entities.

Neon means Neon Capital Ltd ACN 002 796 974, a partial sub-underwriter to the Entitlement Offer.

Nero means Nero Resource Fund Pty Ltd ACN 143 456 017 Ltd as trustee for the Nero Resource Fund, a partial sub-underwriter to the Entitlement Offer.

New Share means a Share offered pursuant to this Offer Document.

Offer Document means this offer document dated Monday, 8 April 2019.

Offers means the Entitlement Offer and Shortfall Offer.

Official Quotation means quotation of Shares on the official list of ASX.

Opening Date means the date referred to as such in the Indicative Timetable.

Project Loan Letter of Offer means the lapsed letter of offer for senior secured term loan and ancillary facilities offered by Macquarie.

Record Date means the date referred to as such in the Indicative Timetable.

Retail Entitlement Offer means the offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.

Retail Settlement Date means the date referred to as such in the Indicative Timetable.

Schedule means the schedule to this Offer Document.

Section means a section of this Offer Document.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Automic Pty Ltd ABN 27 152 260 814.

Shareholder means a registered holder of Shares.

Shortfall means the New Shares not applied for under the Retail Entitlement Offer.

Shortfall Application Form means the application form attached to, or accompanying this Offer Document, to be used for the purposes of applying for Shortfall Shares under the Shortfall Offer.

Shortfall Offer has the meaning given to that term in Section 2.5.

Shortfall Shares means the New Shares constituting the Shortfall.

Top-Up Facility means the top-up facility described in Section 2.6.

Top-Up Right has the meaning given to that term in Section 4.2(xxii).

Underwriter means Argonaut Capital Limited ACN 099 761 547.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated Wednesday, 3 April 2019.

US Securities Act means the US Securities Act of 1933, as amended.

WST means Western Australian Standard Time.

Schedule 1 - Underwriter Termination Events

1. Absolute Termination Events

The Underwriter may terminate the Underwriting Agreement if any one or more of the following events occurs:

- (a) **(ASX approval)** unconditional approval by ASX for official quotation of the Shares offered under the Entitlement Offer (including any Shortfall Shares) is refused or is not granted or, if granted, is modified (in a manner which would have a material adverse effect on the success or settlement of the Offers) or withdrawn;
- (b) **(Listing)** the Company ceases to be admitted to the official list of ASX or the Shares are suspended (without the Underwriter's consent, which is not to be unreasonably withheld for voluntary suspensions of up to five Business Days), from trading on, or cease to be quoted on ASX;
- (c) **(Insolvency)** the Company is insolvent or there is an act or omission, or a circumstance arises, which will result in the Company becoming insolvent;
- (d) **(Withdrawal)** the Company withdraws all or any part of the Offers without the prior written consent of the Underwriter (such consent to be withheld in the Underwriter's absolute discretion);
- (e) **(Information Documents)** The Information Documents omit any material information required by the Corporations Act or any other applicable law, contains a statement which is or becomes misleading or deceptive or is likely to mislead or deceive or otherwise fails to comply with the Corporations Act;
- (f) **(Illegality)** There is an event or occurrence, including any statute, order, rule or regulation or order of any Government Agency which makes it illegal for the Underwriter to satisfy an obligation under the Underwriting Agreement to underwrite any of the Shares offered under the Entitlement Offer (including any Shortfall Shares);
- (g) **(ASIC)** ASIC:
 - (i) makes an application for an order under Part 9.5 in relation to the Offers or the Information Documents;
 - (ii) commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offers or the Information Documents;
 - (iii) holds, or gives notice of an intention to hold, a hearing or investigation in relation to the Offers or the Company; or
 - (iv) prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Offers;
- (h) **(Panel)** The Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act;

- (i) **(Index Fall):** The S&P / ASX All Ordinaries Index (ASX Code: XAO) or S&P / ASX Small Resources Index (ASX Code: XSR) or A\$ gold price (IRESS: SPTGLDAUD) falls more than 10% from the date of the Underwriting Agreement and remains at that level for at least a period of 3 consecutive Business Days; or
- (j) **(Warranties)** A representation or warranty made or given by the Company under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive.

2. Qualified Termination Events

If the Underwriter has reasonable grounds to believe and does believe that one of the following events:

- (a) has or is likely to have a materially adverse effect on the success of, ability of the Underwriter to market, or settlement of, the Offers (irrespective of whether or not the Offers have opened); or
- (b) has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriter under any law or regulation,

the Underwriter may terminate the Underwriting Agreement. The events are as follows:

- (a) **(Disqualification)** a director of the Company is disqualified from managing a corporation under Part 2D.6;
- (b) **(Prosecution)** a director, the chief executive officer or the chief financial officer of the Company commits an act of fraud or is charged with an indictable offence relating to any financial or corporate matter;
- (c) **(Certificate)** a certificate which is required to be given by the Company under the Underwriting Agreement (as detailed in Section 2.7(c)) is untrue or misleading or deceptive;
- (d) **(Compliance with regulatory requirements)** the Company fails to comply with the Listing Rules, the Corporations Act, or other applicable laws;
- (e) **(Suspension or limitation on trading)** trading in all securities quoted or listed on ASX is suspended or limited for one or substantially all of a day on which that exchange is open for trading;
- (f) **(Moratorium)** a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
- (g) **(Hostilities)** the outbreak of hostilities not presently existing (whether war has been declared or not), or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, United States of America, Japan or United Kingdom;
- (h) **(Breach)** the Company breaches or fails to perform or observe any of its obligations or undertakings under the Underwriting Agreement;
- (i) **(Change in management)** there is a change (or a change is announced) in the directors, the chief executive officer or the chief financial officer of the Company,

other than one which has already been disclosed to ASX before the date of the Underwriting Agreement;

- (j) **(Prescribed Occurrence)** a Prescribed Occurrence in respect of the Company occurs, other than:
 - (i) the conversion into Shares of options on issue in the Company as at 3 April 2019;
 - (ii) as contemplated by the Underwriting Agreement; or
 - (iii) as permitted with the Underwriter's written consent, which may be withheld in the Underwriter's sole discretion);
- (k) **(Supplementary disclosure under ASIC instrument)** an obligation arises on the Company to give ASX a notice in accordance with section 708AA(10) (as modified by ASIC Instrument 2016/84);
- (l) **(Cleansing Statement)** the cleansing notice issued pursuant to sections 708AA(2)(f) and 708AA(7) (as modified by ASIC Instrument 2016/84) is defective within the meaning of section 708AA(11) (as modified by ASIC Instrument 2016/84), or a notice is issued or is required to be issued under sections 708AA(10) (as modified by ASIC Instrument 2016/84) to correct the cleansing notice; and
- (m) **(Change in law or policy)** there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a Government Agency adopts a major change in monetary or fiscal policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that a law or any new regulation will be introduced or such a change in policy adopted (as applicable), any of which does or in the reasonable opinion of the Underwriter is likely to prohibit or adversely affect the Offers, capital issues or stock markets.

3. Company's Termination Events

The Company may at any time by notice given to the Company, and without any cost or liability, immediately terminate the Underwriting Agreement if any one or more of the following events occurs or has occurred in the period from (and including) the date of the Underwriting Agreement to Completion and if the Company has reasonable grounds to believe and does believe that one of the following events:

- (a) has or is likely to have a materially adverse effect on the success of, or settlement of, the Offers (irrespective of whether or not the Offers have opened); or
- (b) has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Company under any law or regulation.

The events are as follows:

- (a) **(Default):** The Underwriter is in default of one or more of its obligations under the Underwriting Agreement that is not remedied within 5 Business Days after written notice by the Company; or

- (b) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Underwriter in the Underwriting Agreement is or becomes untrue or incorrect.

4. Glossary

In this Schedule, unless the context otherwise requires:

Completion will occur when all of the New Shares to be issued by the Company under the Offers have been issued.

Governmental Agency means a government, government department or any governmental, semi-governmental or judicial entity or authority, including a stock exchange or a self-regulatory organisation established under statute.

Information Documents means the materials issued to the market and to institutional investors or Shareholders in connection with the Entitlement Offer, including:

- (a) the ASX announcement by the Company regarding the launch of the Entitlement Offer;
- (b) the Entitlement and Acceptance Forms;
- (c) the Cleansing Statement;
- (d) this Offer Document and any supplementary Offer Document; and
- (e) various other publications, filings and other documents.

Prescribed Occurrence means the events specified in paragraphs (a) to (h) of subsection 652C(1) in the *Corporations Act 2001* (Cth) as if references to 'the target' were replaced by references to 'the Company'.



INSTRUCTIONS FOR COMPLETION OF THIS FORM

The Offers to which this Entitlement and Acceptance Form relate are not being made to investors located or resident outside of Australia, New Zealand and the Approved Foreign Jurisdictions. In particular, the Offers are not being made to any person in the U.S. or to a U.S. person. The Offer Document and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF OFFER

By returning the Entitlement and Acceptance Form with payment to the Share Registry:

- you represent and warrant that you have read and understood the Offer Document and that you acknowledge the matters, and make the warranties and representations contained therein and in this Entitlement and Acceptance Form; and
- you provide authorisation to be registered as the holder of Shares acquired by you and agree to be bound by the Constitution of the Company.

HOW TO APPLY FOR SHARES

1 Acceptance of Shares

Enter into section 1 the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

2 Payment Amount

Enter into section 2 the total amount payable for the number of New Shares for which you are applying. If the dollar amount divided by the issue price is a fraction of a New Share, the New Shares allotted will be rounded down.

3 Application for additional Shares under the Shortfall Offer

You can only apply for additional Shares if you have applied for your full entitlement in section 1. The Directors reserve the right to allot and issue additional Shares under the Shortfall Offer at their discretion.

4 Payment Amount

Enter into section 4 the total amount payable for the number of additional Shares for which you are applying. If the dollar amount divided by the issue price is a fraction of a Share, the Shares allotted will be rounded down.

5 Payment Options

Payment by BPAY: You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on the front of this form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight).

It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Shares for which you have paid.

Payment by Cheque: Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Capricorn Metals Ltd" and crossed "Not Negotiable". Please ensure sufficient funds are held in your account. If you provide a cheque for an incorrect amount the Company may treat you as applying for as many New Shares as your cheque will pay for.

Return your cheque and this application form to Automic Group by 5.00pm (WST) on Tuesday, 30 April 2019

BY MAIL

Capricorn Metals Ltd
C/- Automic Group
GPO Box 5193
Sydney NSW 2001

BY HAND DELIVERY (Between Sydney office hours 9:00am – 5:00pm Australian Eastern Standard Time (AEST))

Capricorn Metals Ltd
Level 5
126 Phillip Street
Sydney NSW 2000

6 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am AEST and 5:00pm WST. We may use this email* or number to contact you regarding your acceptance of the Shares, if necessary.

***By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible)**

If you require further information about the Offers, please contact Automic on 1300 288 664 between 9:00am AEST and 5:00pm WST.