



Capital Mining Limited

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ASX Release

28 April 2017

**QUARTERLY ACTIVITIES REPORT
MARCH, 2017**

Capital Mining Limited (ASX: CMY) (“Capital” or “the Company”) is pleased to present its Quarterly Activities Report for the quarter ending 31 March 2017.

Capital is a mineral resources company focused on the acquisition and exploration of key, demand driven commodities. Its project portfolio includes cobalt and lithium prospective assets in Western Australia and the Republic of Ireland, in addition to its gold and base metals projects in New South Wales.

QUARTER HIGHLIGHTS

- **Scotia Cobalt-Nickel Project acquisition – advanced, high grade cobalt prospective asset acquired in Western Australia.**
- **High grade assay results from first phase exploration program at Wolfhound Lithium Projects in Ireland – Planning for maiden drill program underway.**
- **High grade Silver and Zinc intersections in drilling at Mayfield Base and Precious Metals Project in NSW – DHEM Survey complete and new drill targets confirmed.**
- **Exploration Licences granted at WA lithium projects – Wail project area expanded.**
- **Medicinal Cannabis update – Negotiations ongoing to invest in leading Canadian medicinal cannabis company, Broken Coast Cannabis Limited.**

SCOTIA COBALT-NICKEL PROJECT ACQUISITION

During the quarter Capital entered into a Binding Heads of Agreement (“HoA” or “Agreement”) with Maincoast Pty Ltd to acquire the Scotia Cobalt-Nickel Project in the eastern goldfields of Western Australia (ASX announcement 9 March 2017).

Under the Agreement Capital would acquire 100% interest in the Scotia Project subject to the satisfactory completion of due diligence by Capital. Details of key acquisition terms are included in the Company’s ASX announcement of 9 March 2017.

Subsequent to the quarter (ASX announcement 20 April 2017) Capital announced it had successfully completed due diligence and had exercised its option to acquire 100% of Scotia Cobalt-Nickel Project. Shareholder approval for the acquisition was obtained at a shareholder meeting held 19 April 2017.

Capital views the Scotia Project as a highly prospective cobalt asset located in an established and active mineral province approximately 65km north-north west of Kalgoorlie (Figure 1: Scotia Project Location Map). The Project represents a significant, and potentially highly value accretive acquisition for Capital which complements its portfolio of technology metals assets.

Background to Scotia Cobalt-Nickel Project

The Scotia Project is situated 20km along strike of the Silver Swan and Black Swan nickel mines within the Archean Kalgoorlie Greenstone Terrane of Western Australia. It has been previously explored for nickel in the late 1960's and 1970's, where two main nickel prospects were identified; the Ringlock and GSP prospects, along with several other targets.

Several geophysical anomalies were defined and tested during this period of exploration and some were found to host associated cobalt mineralisation. **Significant cobalt intersections have been recorded, including 27.4m @ 0.06% Co, with individual cobalt values up to 0.47% Co reported** (see Table 1 for the more significant cobalt intercepts recorded. Complete list of historical drilling and results is included in the ASX announcement of 20 April 2017).

An analysis of available data has, to date, identified four priority target areas of highly anomalous cobalt mineralisation, associated with nickel mineralisation – the GSP and Ringlock prospects, and two semi-contiguous zones known as the Central targets, which cover approximately 2.8km of strike between GSP and Ringlock (see Figure 2: Scotia Cobalt Targets Areas).

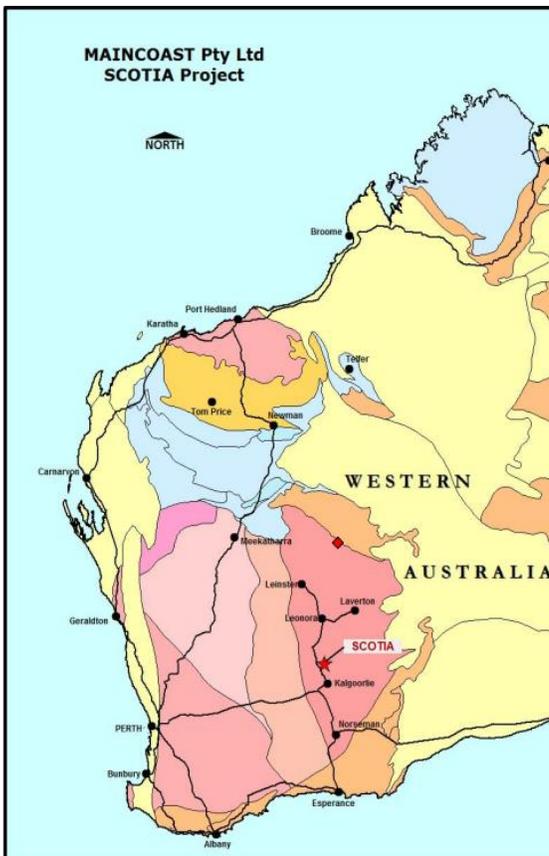


Figure 1: Scotia Project Location Map

These four areas will be the initial focus of exploration and plans for a first phase field program. The field program will include mapping and drilling of the two Central target areas with deeper drilling at GSP and Ringlock. The Company will provide further information on the details and timing of the field work program in due course.

About Cobalt

Cobalt has reached a current spot price of US\$55,500/t representing a +100% increase in price over the past year. The primary drivers for this price increase include:

- Recent surge in demand from the battery technology and energy storage markets - independent forecasters predict a very buoyant market for the price of Cobalt;
- Supply challenges associated with the Democratic Republic of Congo, which produces 60% of global cobalt production;
- Demand is expected to exceed supply out to 2020. Industry will need to rely upon very large mine supply growth to meet demand; and
- Lack of recent exploration discoveries.

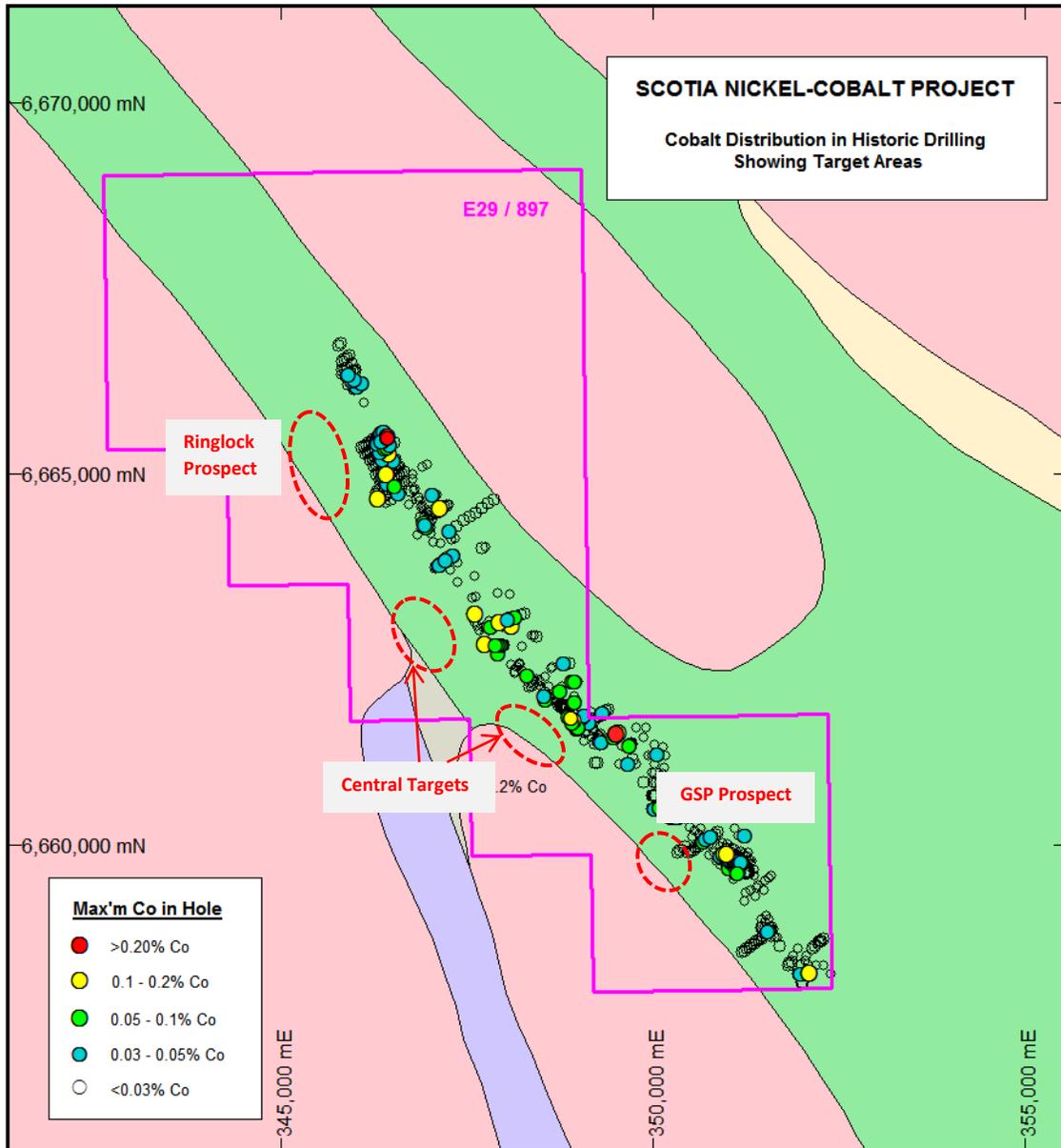


Figure 2: Cobalt prospective target areas, Scotia Nickel-Cobalt project

Hole ID	GDA94_51 East	GDA94_51 West	depth (m)	dip	azim mag	drill type	Max Co in hole (ppm)	Intercept (>0.03% Co)	Prospect
ESCD003	348959	6661929	334.1	-60	220	DDH	635	6m @ 0.05% Co from 32m	GSP
GAC046	350704	6660054	63	-60	235	AIR CORE	723	12m @ 0.07% Co from 44m	GSP
GAC063	347152	6664520	38	-60	235	AIR CORE	1020	12m @ 0.07% Co from 18m	RINGLOCK
GAC071	347180	6663802	40	-60	235	AIR CORE	533	12m @ 0.05% Co from 28m	RINGLOCK
GAC073	347241	6663846	78	-60	235	AIR CORE	349	12m @ 0.03% Co from 44m	RINGLOCK
GAC085	349162	6661655	62	-60	235	AIR CORE	358	10m @ 0.03% Co from 10m	GSP
GAC140	346502	6665161	49	-60	235	AIR CORE	522	6m @ 0.05% Co from 40m	RINGLOCK
GAC146	346378	6665195	50	-60	235	AIR CORE	413	12m @ 0.04% Co from 12m	RINGLOCK
GAC149	346476	6665265	51	-60	235	AIR CORE	1140	10m @ 0.08% Co from 30m	RINGLOCK
GAC155	346353	6665300	31	-60	235	AIR CORE	380	12m @ 0.03% Co from 16m	RINGLOCK
GAC157	346418	6665347	61	-60	235	AIR CORE	820	9m @ 0.05% Co from 28m	RINGLOCK
GAC158	346450	6665370	53	-60	235	AIR CORE	504	24m @ 0.04% Co from 28m	RINGLOCK
GAC159	346483	6665393	60	-60	235	AIR CORE	441	18m @ 0.04% Co from 32m	RINGLOCK
GAC169	346392	6665451	54	-60	235	AIR CORE	818	20m @ 0.06% Co from 34m	RINGLOCK
GAC170	346425	6665474	69	-60	235	AIR CORE	631	26m @ 0.04% Co from 38m	RINGLOCK
GAC171	346457	6665498	62	-60	235	AIR CORE	448	12m @ 0.04% Co from 42m	RINGLOCK
GAC197	346319	6664661	59	-60	235	AIR CORE	1450	8m @ 0.06% Co from 24m	RINGLOCK
GAC197	346319	6664661	59	-60	235	AIR CORE	1450	6m @ 0.05% Co from 40m	RINGLOCK
GAC204	346546	6664824	43	-60	235	AIR CORE	717	6m @ 0.07% Co from 34m	RINGLOCK
GAC217	346089	6666218	54	-90	325	AIR CORE	395	8m @ 0.04% Co from 32m	RINGLOCK
MJD008	351085	6659589	367.3	-60	55	DDH	964	0.6m @ 0.10% Co from 207.55m	GSP
MJRC012	346456	6665499	155	-60	235	RC	4770	8m @ 0.09% Co from 36m	RINGLOCK
MJRC020	347163	6663791	137	-60	235	RC	427	12m @ 0.04% Co from 56m	RINGLOCK
MJRC034	350969	6659871	130	-60	231	RC	1190	20m @ 0.07% Co from 8m	GSP
MJRC040	346434	6664982	152	-60	231	RC	1615	8m @ 0.08% Co from 32m	RINGLOCK
MJRC047	351132	6659778	169	-58	218	RC	2160	15m @ 0.05% Co from 5m	GSP
PDH017	350300	6660476	108.2	-60	271	PERCUSSION	500	6m @ 0.05% Co from 41.2m	GSP
PDH028	350989	6659859	114.3	-60	91	PERCUSSION	1500	19.8m @ 0.06% Co from 6.1m	GSP
PDH028	350989	6659859	114.3	-60	91	PERCUSSION	1500	12.2m @ 0.04% Co from 30.5m	GSP
PDH043	352125	6658263	88.4	-50	271	PERCUSSION	1500	27.4m @ 0.06% Co from 25.9m	GSP
PDH043	352125	6658263	88.4	-50	271	PERCUSSION	1500	24.4m @ 0.04% Co from 64m	GSP
PDH063	347769	6662698	86.9	-50	241	PERCUSSION	1000	15.2m @ 0.05% Co from 36.6m	RINGLOCK
PDH064	348122	6662937	96	-50	271	PERCUSSION	1200	9.1m @ 0.05% Co from 29m	RINGLOCK
PDH083	349010	6661584	68.6	-70	226	PERCUSSION	750	6.1m @ 0.07% Co from 57.9m	GSP
PDH105	347957	6662983	45.7	-70	246	PERCUSSION	1100	9.1m @ 0.07% Co from 30.5m	RINGLOCK
PDH108	347967	6662696	33.5	-70	271	PERCUSSION	650	7.6m @ 0.05% Co from 22.9m	GSP
PDH109	347937	6662696	51.8	-70	271	PERCUSSION	650	13.7m @ 0.05% Co from 24.4m	GSP
PDH110	347906	6662696	50.3	-70	271	PERCUSSION	800	4.5m @ 0.07% Co from 22.9m	GSP
PDH119	349515	6661468	39.6	-70	231	PERCUSSION	550	15.2m @ 0.04% Co from 24.4m	GSP
PDH128	349542	6661505	59.4	-70	231	PERCUSSION	1000	6.1m @ 0.07% Co from 16.8m	GSP

nb: See Appendix 1 for complete results. Intercepts calculated using a 0.03% Co lower cut.

No upper cut applied. A maximum of two <0.03% Co intervals of internal dilution included in any single intercept

Table 1: Significant historical drill intercepts at Scotia Nickel-Cobalt project

WOLFHOUND LITHIUM PROJECT, REPUBLIC OF IRELAND – HIGH GRADE ASSAY RESULTS

In February 2017, Capital reported laboratory assay results from its first phase exploration program at the Company's Wolfhound Lithium Projects in the Republic of Ireland (ASX announcement 27 February 2017).

The program delivered outstanding high grade results and identified lithium-bearing pegmatites at the priority Ballon (PL 2930 & PL 2931) and Borris (PL 3559, PL 3211 & PL 1597) Prospects (see Figure 3: Wolfhound Project Location Map).

A total of 18 rock chip samples were collected across both Prospects and were subjected to laboratory analysis. All assay results were received and results included an exceptional **high grade assay result of 2.47% Li₂O¹ from sample ZMI-013 at the Borris Prospect.**

This was a significantly encouraging result from a first pass reconnaissance exploration program and further confirmed the project area's potential to host additional lithium-bearing pegmatites.

Rock chip assay results from the first phase exploration program at the Borris and Ballon Prospects are provided in ASX announcement of 27 February 2017, and sample locations at the Ballon Prospect and the Borris Prospect are shown in Figures 4 and 5 attached.

The Ballon and Borris Prospects are located in the highly prospective Leinster Granite Region in the south east of Ireland, in close proximity to International Lithium Corp's (TSXV: ILC) Avalonia Lithium Project. ILC has reported high grade intersections from drilling at the Avalonia Project including; 2.33% Li₂O over 4.62m, including 3.29% Li₂O over 1.67m (refer ILC release, 21 July 2016).

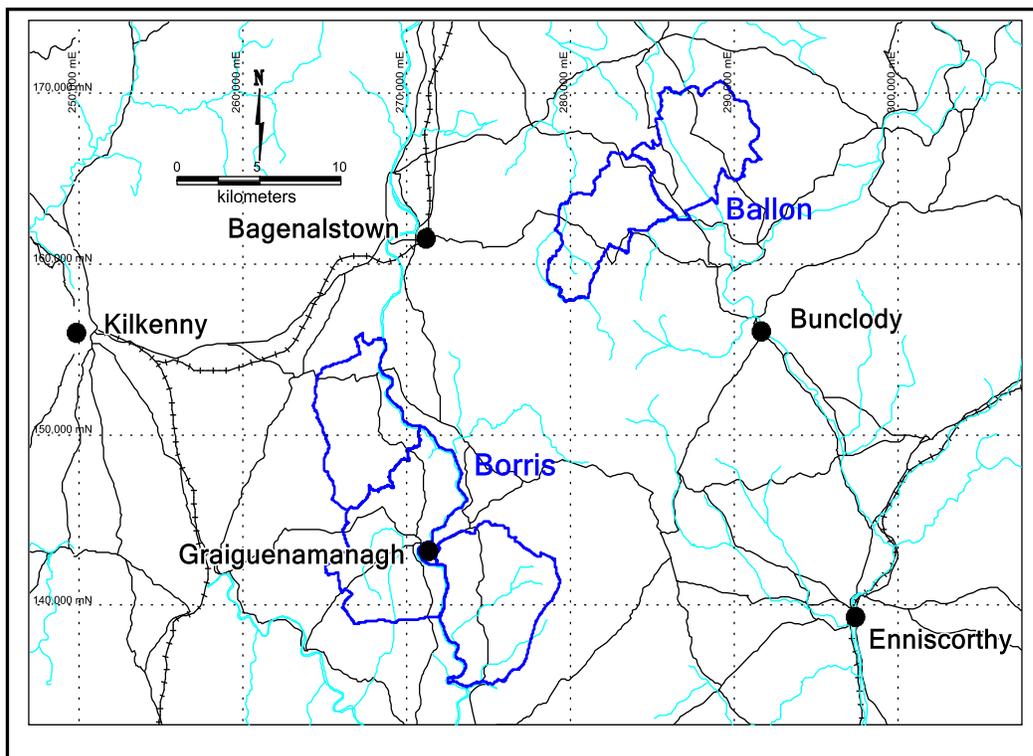


Figure 3: Wolfhound Project Location Map, Ireland

¹ Li₂O calculation = 1.149% Li x 2.153 [conversion factor] = 2.47% Li₂O

Next Phase of Exploration

Based on the positive results of the initial exploration program Capital has confirmed plans for a more detailed field program with the aim of defining drill targets for a maiden drilling campaign. It has assessed results from the initial exploration program, in conjunction with open file geophysical data, to define and refine priority target areas and form a full assessment of the project's potential. The second phase of field work will include a systematic geochemical sampling program, comprising further rock chip and soil sampling, from the higher grade areas and a comprehensive ground magnetometer survey, designed to assist in refining drill targets.

The drill targets will then be ranked in preparation for the maiden drill program at the Wolfhound Project.

The Company will update the market on the second phase of field work and on details and timing of the proposed drilling program in due course.

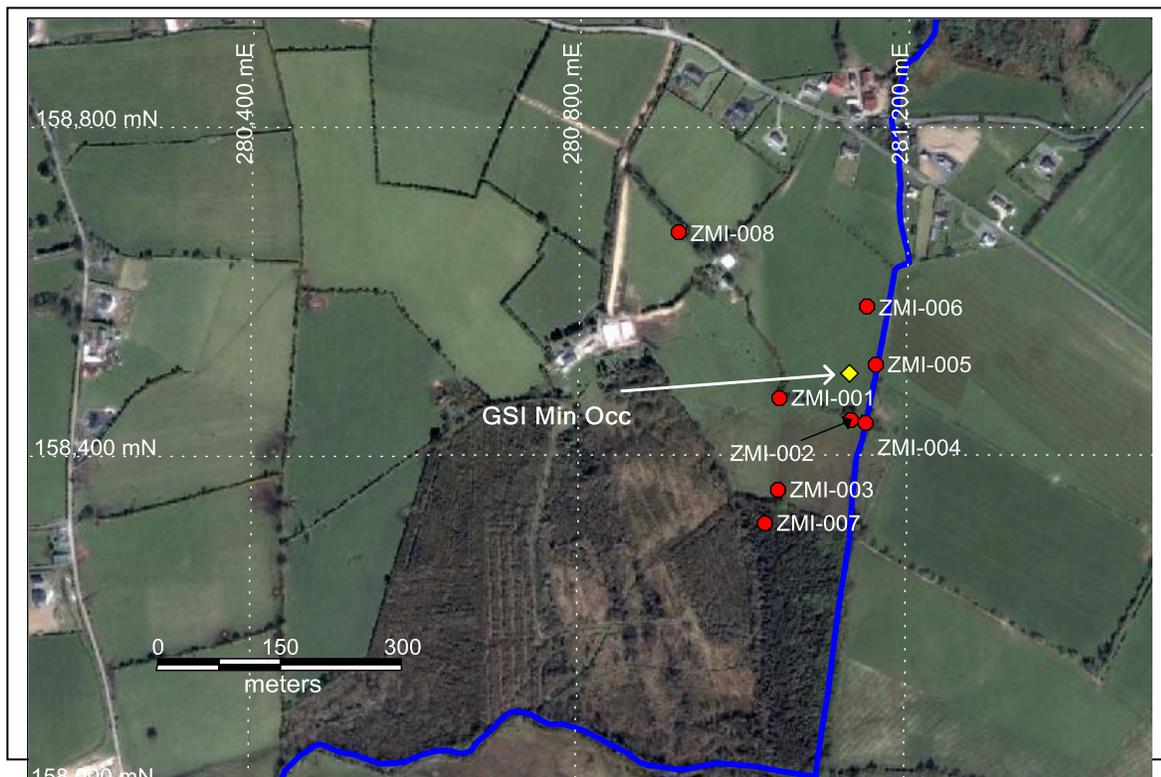


Figure 4: Ballon Prospect – Location of samples in southern region of Licence

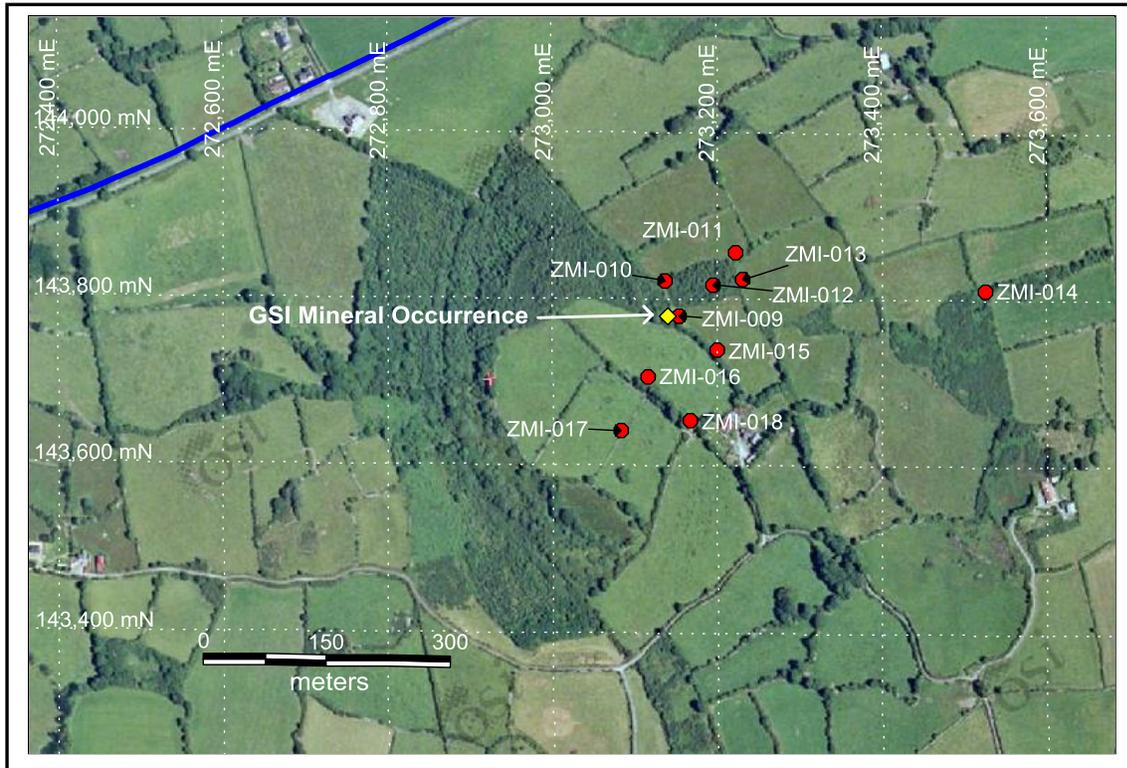


Figure 5: Borris Prospect – Location of samples in the Licence area

About the Wolfhound Lithium Projects

In June 2016, Capital entered into a Binding Heads of Agreement to acquire 100% of the issued capital of Wolfhound Lithium Limited (“Wolfhound”), the owner of the Ballon, Borris and Tinahely Projects. Capital subsequently completed the acquisition of Wolfhound and all seven Prospecting Licences Applications covering the project areas have been granted - PLs 2930, 2931, 1597, 3211, 3559, 1473 and 1715 (ASX announcement, 22 September 2016). The projects cover a total area of approximately 270km² in the highly prospective Leinster Granite in the south east of Ireland, and are considered prospective for lithium-rich spodumene bearing pegmatites. The Leinster Granite hosts lithium-bearing pegmatites that are analogous to Talison’s world class Greenbushes Lithium Project in Western Australia – the Greenbushes Mineral field hosts the world’s largest pegmatite hosted lithium resource.

MAYFIELD PROJECT, NSW – HIGH GRADE ZINC AND SILVER INTERSECTIONS

In February 2017, Capital announced high grade assay results from its recently completed reverse circulation (RC) and diamond drilling program at the Mayfield Base and Precious Project in south-eastern New South Wales (ASX announcement, 15 February 2017).

The Mayfield Project (EL6358, ELA5415) covers a significant gold-copper skarn deposit, and is located within a highly mineralised part of the Lachlan Fold Belt (Figure 6: Project Location Map). The drill program targeted down-dip and along-strike extensions of known mineralisation, and was designed to confirm the continuity and consistency of the high-grade mineralisation within the project area.

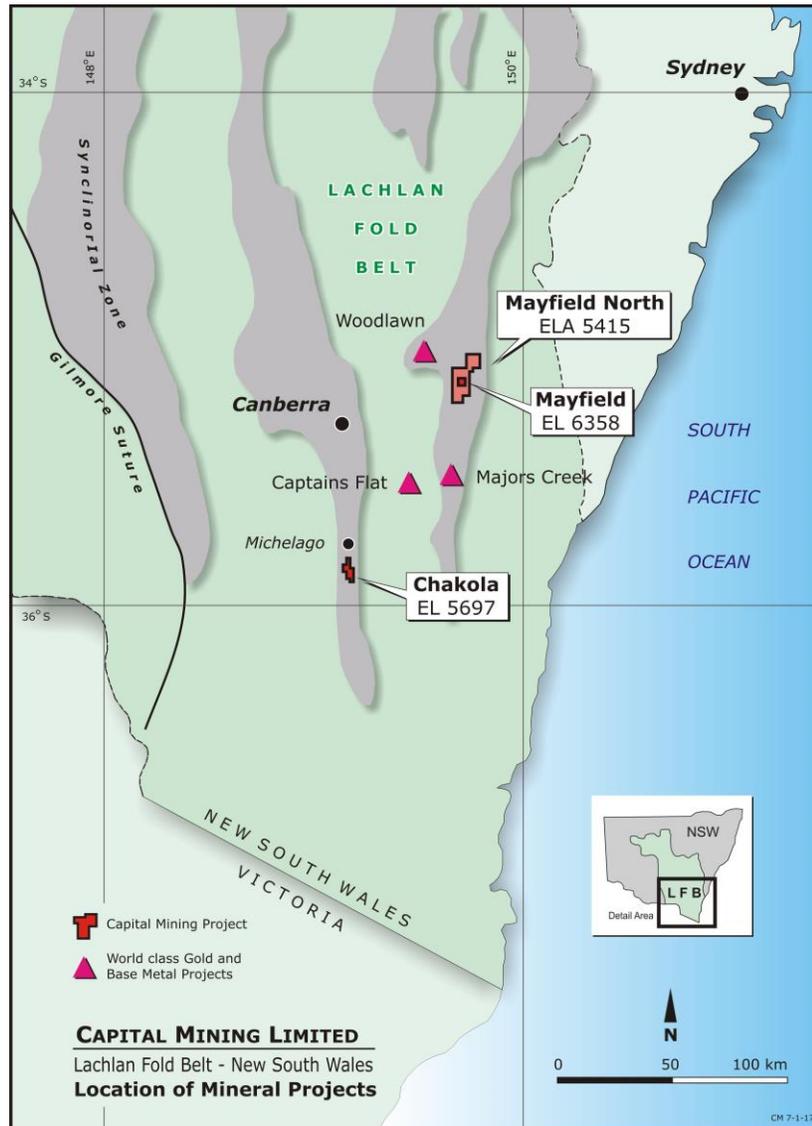


Figure 6: Mayfield and Chakola Project Location Map

Drilling was highly successful and intersected significant high grade base metals and silver mineralisation in the targeted skarn zones, including a highlight intersection of; **7.2m @ 4.31% Zn, 0.58% Cu and 16g/t Ag from 198.50 metres**, in drill hole MAY2.

Assay results from drill hole MAY2 graded as high as; **28.7% Zinc, 2.20% Copper and 48.9g/t Silver**.

In addition, the entire skarn zone exhibits strong copper values with peak copper values located higher on the hanging wall of the skarn. An intersection of 17.97 metres @ 0.75% Cu from 187.03 metres in drill hole MAY2 was recorded.

These assays have successfully identified a high grade zone of zinc located at the base of the skarn zone and confirm that the target area is open along strike to the north as well as down dip.

In drill hole MAY1, assay data results have highlighted an extensive down hole intercept with anomalous lead (Pb) and zinc (Zn) values within the entire extent of the skarn zone, as well as within the footwall and hanging wall.



Maximum Pb and Zn are 0.224% and 0.265% respectively over a 33-34 metre interval, commencing from 216 metres downhole. Anomalous tin and silver values were also noted.

The results of geological logging of both drill holes are summarized in Tables 2 and 3 attached. Further details on the Mayfield drilling program are provide in the Company's ASX announcements of 15 February 2017 and 17 November 2016.

Table 2: MAY 1 Summary Log

Downhole	Interval(m)	Summary Geology	Comments
000.00 – 220.20	220.00	Granodiorite + Diorite + Quartzite	
220.20 – 221.20	1.00	Aplite	
221.20 – 223.70	1.60	Diorite	
223.70 – 224.20	0.50	Chilled margin	
224.20 – 224.80	0.60	Aplite	
224.80 – 225.30	0.50	Chilled margin	
225.30 – 226.10	0.80	Diorite	
226.10 – 226.30	0.20	Chilled margin	
226.30 – 249.40	23.10	Skarn	Mineralised
249.40 – 252.00	2.60	Diorite	
252.00 – 261.60	9.60	Granodiorite	
261.60		End of hole	

Table 3: MAY 2 Summary Log

Downhole	Interval(m)	Summary Geology	Comments
000.00 – 186.00	186.00	Granodiorite + Diorite + Quartzite	
186.00 – 186.10	0.10	Chilled margin	
186.10 – 187.00	0.90	Skarn	
187.00 – 187.30	0.20	Chilled margin	
187.30 – 192.30	5.10	Skarn	Highly mineralised
192.30 – 198.80	6.50	Skarn – Fault breccia	Highly mineralised
198.80 – 207.80	9.00	Skarn	Highly mineralised
207.80 – 208.60	0.80	Diorite	
208.60 – 216.50	7.90	Granodiorite	
216.50		End of hole	

DHEM Survey Confirms New Drill Targets

Based on the successful results from the Mayfield drill program, Capital completed a downhole electro-magnetic (DHEM) geophysical survey of MAY1 and MAY2 drill holes during the quarter. The DHEM Survey was designed to better define the extent and tenor mineralisation and help generate targets for the next phase of drilling.

The results were significantly positive and, in conjunction with a reinterpretation of the drill results, have delivered a number of new high priority drill targets.

The DHEM survey successfully detected conductive responses from both surveyed holes and confirmed the continuity of mineralisation beyond the current recorded intersections. It was also confirmed that mineralisation remains open down plunge to the north-north east.

Further details on the results of the DHEM survey are provided in the ASX announcement from 15 March 2017.

Capital is currently planning its next phase of drilling at Mayfield with a view to drill the new targets identified (see Figure 7). Details on timing of this proposed program will be provide in due course.

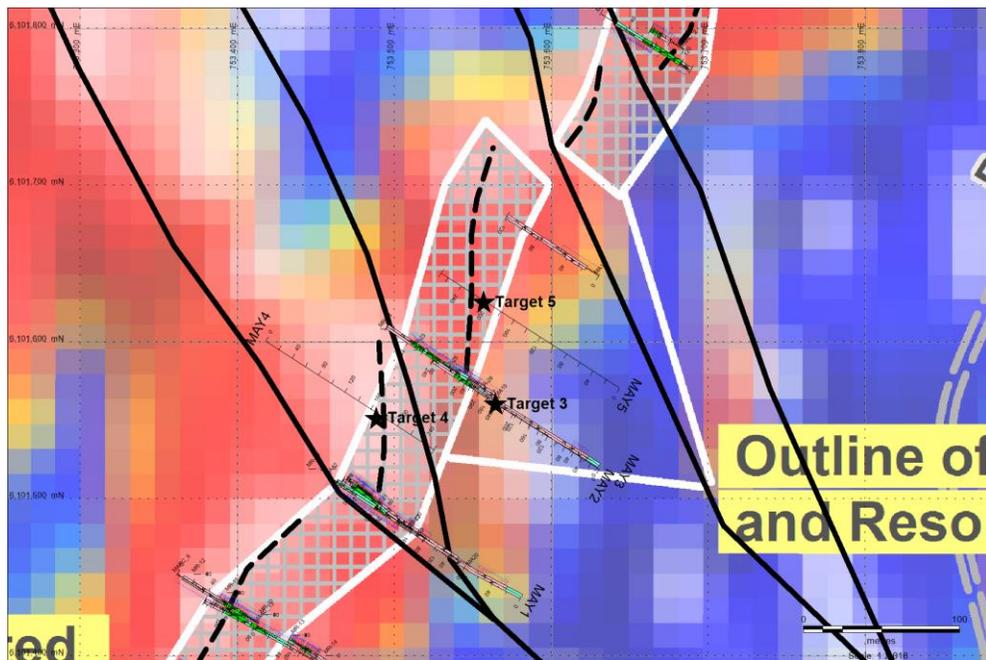


Figure 7: Close-up of Mayfield Prospect illustrating proposed target drill holes

Expansion of Mayfield Project Area

Capital has also expanded its Mayfield Project area, via the acquisition of a new exploration licence application (ELA 5415) surrounding the existing project area. The new licence application is considered highly prospective for the mineralisation style found at the Mayfield Project, and provides the Company with a substantial contiguous landholding in the area (see Figure 6). The new application expands the Project area by approximately 178km². Upon the application being granted, Capital plans to undertake a vigorous exploration program at the new licence area to identify additional mineral occurrences and drill targets as part of its ongoing field works at Mayfield.

Capital increases Interest in Mayfield Project

As a result of its ongoing exploration at the Mayfield Project, Capital has (in accordance with its Earn-in Agreement for the Project) increased its equity interest in the Project from 51% to 75%. The Company's increased interest in the Project came as a result of having successfully funded and managed the exploration programs at Mayfield. The current Mayfield Project ownership is as follows; Capital Mining Limited 75%, BBI Group Pty Ltd 23.75% and Roberts Consulting 1.25%. Capital remains committed to further exploration across the entire project area to unlock its base and precious metal value.



About the Mayfield Project - Capital Mining Limited 75%, BBI Group Pty Ltd 23.75% and Roberts Consulting 1.25%

Mayfield Project is located in the minerals endowed Lachlan Fold Belt of eastern Australia within the highly prospective Braidwood Granodiorite geology, and hosts a significant gold-copper skarn deposit. Mayfield Project forms part of an active exploration area, and is situated in close proximity to the world-class Majors Creek Gold Field, which hosts the significant Dargues Reef Gold Project, near the town of Braidwood.

Chakola Gold and Base Metals Project

Capital also conducted an Electromagnetic (EM) survey at its 100%-owned Chakola Gold and Base Metals Project (EL 5697), in February 2017. The Project is located approximately 100km south of the Mayfield Project (see Figure 6: Project Location Map). The fixed loop EM survey targeted an area where three drill holes had previously been planned, but were yet to be drilled. EM survey results indicated the presence of a clear, moderately strong conductive trend coinciding with the known mineralisation.

The EM response at Chakola was very encouraging and drew parallels with a number of significant Volcanic-Hosted Massive Sulfide (VHMS) deposits, such as Wilga, Dry River South, Woodlawn and Currawang where similar results had been generated. Capital plans to drill priority targets within the project area. Details of drilling program will be provided in due course.

WESTERN AUSTRALIAN LITHIUM PROJECTS - EXPLORATION LICENCES GRANTED

Subsequent to the quarter, Exploration Licences for a number of Company's Western Australian Lithium Projects had been granted (ASX announcement 6 April 2017). The granted Exploration Licences consist of Wheelock (E09/2205), Mongolia (E09/2206), Pinthagong (E09/2207), Yinnietharra (E09/2208), Yalgoo North (E59/2195), Yalgoo South (E59/2196) and Ravensthorpe (E74/609).

During 2016, Capital acquired a portfolio of lithium prospective assets in active exploration and mining jurisdictions in Western Australia. The Company completed a systematic first stage, reconnaissance field program across the portfolio. The initial field program confirmed the presence of lithium-bearing pegmatites at multiple project areas, and confirmed their potential to host mineralised Lithium-Caesium-Tantalum (LCT) pegmatite systems.

Capital has assessed the results of the reconnaissance field program and with the tenements now granted, will formalise plans for a more detailed follow up field program to further define and refine priority target areas across the granted tenement portfolio.

Wail Project Area Expanded

Capital also expanded its ground position at Wail Lithium Project in the Gascoyne Mineral Field in WA (ASX announcement 6 April 2017). An application for a new Exploration Licence (E09/2220) has been lodged. The Wail Project is situated immediately adjacent and to the east of the Mongolia tenement, and expands the Project's ground position to a total area of 706.7 km² (see Figure 8).

The Wail Project was initially acquired based on its lithium prospectivity for lithium-rich clays at the Mongolia and Pinthagong licence areas and traditional LCT pegmatites at the Wheelock tenement. The new licence area extends Capital's target area for its lithium clays exploration model, and also provides a significant opportunity to explore for mesothermal antimony mineralisation, associated with two major faults over a combined strike length of 40km.



Capital's technical team have identified a regional antimony-lead (Sb-Pb) anomaly along strike from Traka Resource's (ASX: TKL) Yallalong Antimony Project, in the same structure setting as the Yallalong Project.

The antimony-lead anomaly within the new tenement area at Wail was generated from GSWA sampling taken on a spacing of approximately 4km centres. It represents a significant region of interest for Capital and extends more than 20km north-south and 8km east-west. Currently there has been no sampling to the west or south of the tenements. Further details on the licence area are provided in the ASX announcement dated 6 April 2017.

Capital proposes to make plans for an initial field program at the new licence area to assess its antimony potential. This will include soil sampling and rock chip programs.

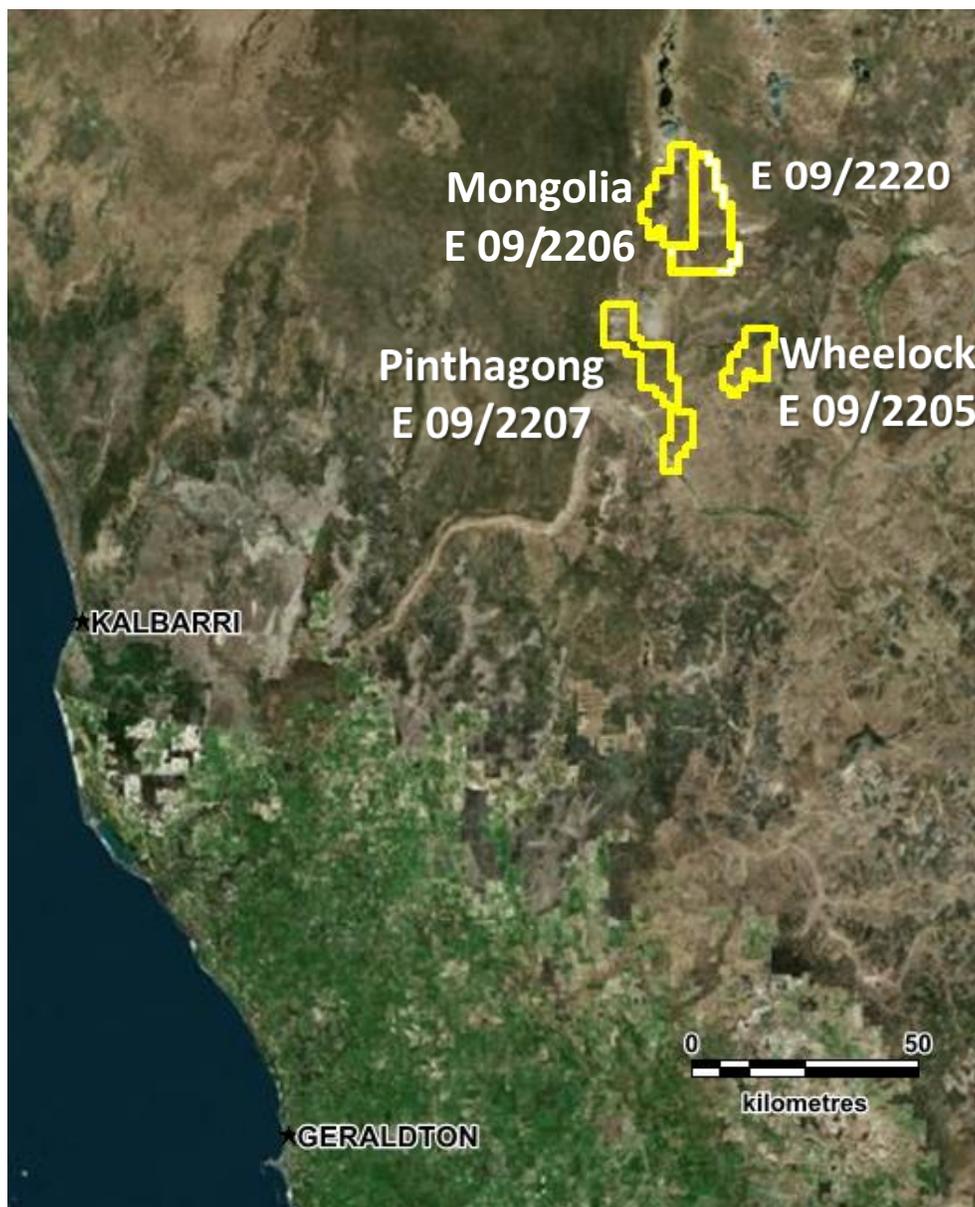


Figure 8: Location Map of the expanded Wail Project and tenements



About Antimony

Antimony trioxide is the predominant commercial compound produced from mining antimony, and is a vital component as a fire retardant in a range of plastics, fabrics and building materials. The main use of antimony metal is as an alloy (with lead and tin) as a hardener in lead acid batteries. It is also used in glass manufacture. New emerging technologies have seen antimony being used in microelectronics and in next generation battery technologies.

Forecasted outlook for antimony shows both demand and price strength driven by a reduction in supply from traditional sources, of which China is the most dominant. Global antimony demand increases at a compound rate of around 4% per annum.

MEDICINAL CANNABIS UPDATE

During the quarter, Capital updated the market on its investment in the medicinal cannabis sector with Broken Coast Cannabis Limited (BCC).

Capital agreed a settlement with BCC to finalise its dispute in relation to a Binding Heads of Agreement dated 4 March 2015 (and varied under a Deed of Variation of Heads of Agreement of 20 May 2015) under which Capital was to acquire up to 50.1% of BCC.

Under the settlement;

- BCC agreed to pay Capital the sum of C\$250,000.00 to finalise the matter; and
- Capital (or its subsidiaries) to retain the rights to negotiate an investment in BCC for a period of 90 days following the execution of the settlement agreement.

In addition to the financial component, the settlement also provides Capital the opportunity to invest in the growth of BCC's highly successful medicinal cannabis business, and deliver value for Capital shareholders.

BCC is an established, profitable medicinal cannabis company headquartered in British Columbia, Canada. It was incorporated in 2013 and has grown to become one of Canada's leading medicinal cannabis producers and distributors. BCC is licensed under Canada's Controlled Drugs and Substances Act, and adheres to Canada's Access to Cannabis for Medicinal Purposes regulations.

Capital will remain a mineral resources exploration company whose business model is focused on the exploration and development of demand-driven commodities. This will continue to be the Company's core business focus.

In order to best position Capital for potential future investment in BCC's medicinal cannabis business (and other potential medicinal cannabis opportunities), the Company established an unlisted public company, Capital Cannabis Limited, which would own and manage any material medicinal cannabis opportunities secured by Capital.

Further, in order to assess the merits of any potential medicinal cannabis opportunities, leading medicinal cannabis sector expert, Mr Cameron McDonald-Stuart was appointed as a Non-Executive Director of Capital Cannabis. Details of his extensive medicinal cannabis sector experience are provided in the ASX announcement dated 29 March 2017.



Capital's participation in the medicinal cannabis sector is entirely conditional on it proceeding to provide further investment in BCC, pursuant to its settlement agreement with BCC. The Company is of the view that an appropriate entry into the medicinal cannabis sector has the potential to be significantly value accretive for Capital shareholders.

Subsequent to the quarter (ASX announcement 20 April 2017), the Company advised that directors of Capital were currently in North America to undertake further negotiations in person with BCC executives in relation to its potential investment in BCC. The Company will update the market on any material progress and outcomes of its negotiations.

CORPORATE

Placements Completed

During the quarter, Capital successfully completed Placements to raise a total of \$1.42m via the issue of total 183 million Shares.

The funds raised will be used to fund targeted exploration programs across the Company's project portfolio and also for working capital. The Company would like to acknowledge the support of all investors who participated in Placements.

UPCOMING ACTIVITY IN JUNE QUARTER

- First phase field work at Scotia Cobalt-Nickel Project, WA
- Next phase of field work at Wolfhound Lithium Projects, Ireland
- Next phase of Field Work at Mayfield and Chakola Projects, NSW
- Planning for next phase of field work at WA Lithium Projects
- Updates on medicinal cannabis investment opportunity with Broken Coast Cannabis
- New project assessment and acquisition - ongoing



ASX LISTING RULE 5.3.3

The Company presents the tenement information in Table 4 below in accordance with ASX Listing Rule 5.3.3.

Table 4: Tenement Information

Project Name	Location	Tenement Licence	Interest held at 31 December 2016	Interest acquired/ disposed of	Interest held at 31 March 2017
Mayfield	NSW	EL6358	51%	N/A	51%
Mayfield	NSW	ELA5415	100% (Application only)	N/A	100% (Application only)
Chakola	NSW	EL5697	100%	N/A	100%
Gascoyne	WA	EL09/2209	100% (Application only)	N/A	100% (Application only)
Gascoyne	WA	EL08/2869	100% (Application only)	N/A	100% (Application only)
Gascoyne	WA	EL09/2208	100% (Application only)	N/A	100% (Application only)
Ravensthorpe	WA	EL74/609	100% (Application only)	N/A	100% (Application only)
Yalgoo	WA	EL59/2195	100% (Application only)	N/A	100% (Application only)
Yalgoo	WA	EL59/2196	100% (Application only)	N/A	100% (Application only)
Yalgoo	WA	EL59/2221	100% (Application only)	N/A	100% (Application only)
Murchison	WA	EL20/906	100% (Application only)	N/A	100% (Application only)
Murchison	WA	EL20/907	100% (Application only)	N/A	100% (Application only)
Wail	WA	EL09/2205	100% (Application only)	N/A	100% (Application only)
Wail	WA	EL09/2206	100% (Application only)	N/A	100% (Application only)
Wail	WA	EL09/2207	100% (Application only)	N/A	100% (Application only)
Borris	Republic of Ireland	PL1597	100%	N/A	100%
Borris	Republic of Ireland	PL3211	100%	N/A	100%
Borris	Republic of Ireland	PL3559	100%	N/A	100%
Ballon	Republic of Ireland	PL2930	100%	N/A	100%
Ballon	Republic of Ireland	PL2931	100%	N/A	100%
Tinahely	Republic of Ireland	PL1473	100%	N/A	100%
Tinahely	Republic of Ireland	PL1715	100%	N/A	100%



-ENDS-

Peter Dykes

Director

Capital Mining Limited

About Capital Mining Limited

Capital Mining Limited (ASX: CMY) is an active ASX listed junior mineral resources company focused on the acquisition and exploration of key, demand driven commodities. Its project portfolio includes cobalt and lithium prospective assets in Western Australia and the Republic of Ireland, plus gold and base metals projects in New South Wales.

Competent Persons Statements

The information in this document that relates to exploration results on the Scotia Project has been reviewed by Mr Peter van der Borgh, a Fellow of the Geological Society of London. Mr van der Borgh has sufficient experience relevant to the style of mineralisation and types of deposits under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr van der Borgh consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this document that relates to exploration results on the Wolfhound Project is based on information compiled by Mr Benjamin Sharp BSc MAIG, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Sharp is a prior director and shareholder of Wolfhound Lithium Limited and provides consultant geological advice to Capital Mining Limited. Mr Sharp has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Sharp consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Statements contained in this report relating to exploration results and mineral resources on the Chakola and Mayfield Projects are based on information compiled by Mart Rampe, who is a Member of the Australasian Institute of Mining and Metallurgy and is an independent consultant geologist engaged by Capital Mining Limited. He has sufficient relevant experience in relation to the mineralisation styles being reported on, to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code). Mart Rampe consents to the use of applicable information in this report in the form and context in which it appears. The Company is reporting the historical exploration results under the 2004 edition of the Australian Code for the Reporting of Results, Mineral Resources and Ore reserves (JORC Code 2004) on the basis that the information has not materially changed since it was last reported.



Disclaimer

Certain statements contained in this announcement, including information as to the future financial or operating performance of Capital Mining Limited and its projects, are forward-looking statements that:

- *may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions;*
- *are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Capital Mining Limited, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and,*
- *involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.*