



Capital Mining Limited

ASX: CMY

Level 11, 216 St Georges Tce
Perth WA 6000

Telephone +61 8 9481 0389

Fax +61 8 9463 6103

www.capitalmining.com.au

Directors

Mr Peter Torney

Mr Peter Dykes

Mr Anthony Dunlop

Company Secretary

Mrs Elizabeth Hunt

ASX Release

15 June 2017

CANNABIS UPDATE

Capital Mining Limited (ASX: CMY) (“Capital” or “the Company”) is pleased to provide the following update.

As previously announced (ASX announcements, 29 March, 20 April and 12 May 2017), Capital had entered into negotiations with Canadian company, Broken Coast Cannabis Limited (BCC) in relation to Capital’s rights to negotiate an investment in BCC pursuant to Capital’s settlement with BBC over a previous dispute (ASX announcements, 9 March 2015 and 21 May 2015).

Under the settlement, BCC agreed to pay Capital C\$250,000 to finalise the matter, and granted Capital the rights to negotiate an investment in BCC for a period of 90 days following the execution of the settlement agreement.

Capital advises that as a result of its discussions with BCC and given the number of other highly value accretive and more attractive opportunities in the North American cannabis sector, it has taken the decision to cease negotiations and no longer pursue a transaction with BCC.

Capital is pleased to advise that its subsidiary company Capital Cannabis Limited, under the leadership and direction of leading cannabis expert, Cameron McDonald-Stuart, is currently in negotiations and/or undertaking preliminary due diligence with a number of diverse, high quality cannabis companies in North America.

The Company is making strong progress and is confident that it will finalise a potentially high value opportunity in the cannabis sector in the near future. Further details on material progress will be provided to the market as they become available.

Operational Approach

Capital’s approach to the cannabis sector is to seek opportunities that are considered high value-added in emerging segments of the cannabis sector, rather than targeting growers and base product distributors.

It is anticipated that cannabis supply will expand at a rapid rate as the medicinal cannabis and recreational cannabis industries continue to grow, and that this may create downward price pressure and result in tightening margins for growers. Capital is particularly mindful of this in its approach, and hence its strategy to pursue opportunities that provide exposure to advanced, high value cannabis ancillary products and services, which deliver higher margins than pursuing direct exposure to the cultivation of cannabis as a commodity.



Corporate Approach

As previously announced, in order to best position Capital to take advantage of potential opportunities in the cannabis sector, it has established a specific purpose subsidiary company, Capital Cannabis Limited, which would own and manage any material cannabis opportunities secured by Capital (ASX announcement, 29 March 2017).

Capital core business remains as a mineral resources exploration company, focused on the exploration and development of global demand-driven commodities. It is currently undertaking its second phase exploration programs at the Company's Western Australian lithium projects, and is also preparing to commence field work at the Wolfhound Lithium Projects in the Republic of Ireland and its Scotia Cobalt-Nickel Project in WA.

As Capital continues to work to finalise agreements in the cannabis sector, in parallel it will continue to maintain a dialogue with the ASX to determine the most appropriate means and structure in which to complete any such opportunities, in accordance with ASX requirements, to guarantee the corporate and operational success of Capital and its subsidiary, and to also ensure that there is no adverse impact on the core minerals exploration business of Capital Mining.

ENDS

Peter Dykes
Director

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 lithium in the Republic of Ireland, plus gold and base metals projects in New South Wales.