Capital Mining Limited

ASX: CMY, CMYO

Level 11, 216 St Georges Tce
Perth WA 6000
Telephone +61 8 9481 0389
Fax +61 8 9463 6103
www.capitalmining.com.au

ASX Release

14 November 2016

LABORATORY ASSAY RESULTS CONFIRM POTENTIAL FOR LITHIUM BEARING PEGMATITE SYSTEM AT GASCOYNE LITHIUM PROJECTS

Highlights

- **Laboratory assay results confirm presence of lithium-bearing pegmatites at Capital Mining's Lithium Projects in the Gascoyne region of Western Australia**
- **55 Rock Chip samples submitted for laboratory analysis - all results now returned**
- **Multiple lithium-bearing pegmatites plus other key associated elements; Niobium, Caesium, Rubidium, and Tantalum confirmed at project areas**
- **Assay results validate preliminary results and provide strong indication of the presence of a new lithium mineralised system at the Gascoyne project areas**
- **Next phase of field work to include extensive soil geochemistry program and field mapping program to identify priority drill targets**

Capital Mining Limited (ASX: CMY) (**"Capital"** or **"the Company"**) is pleased to announce that laboratory assay results from its first phase reconnaissance field program at its Gascoyne Lithium Projects in Western Australia have confirmed the projects' potential to host a large Lithium-Caesium-Tantalum (LCT) Pegmatite system.

The Company recently completed an initial reconnaissance field work program at the Reynolds Project (ELA09/2209), Caroline Creek Project (ELA08/2869) and Yinnietharra Project (ELA09/2208) in the Gascoyne Minerals District. Initial results via hand-held pXRF analysis identified the presence of elevated lithium index[1] values and other associated Lithium-Caesium-Tantalum (LCT) elements in pegmatitic rock chip samples at all three project areas.

A total of 55 rock chip samples were collected and submitted for full laboratory analysis for lithium plus a suite of other associated LCT mineral elements at Intertek Genalysis in Western Australia.

All laboratory assays have now been returned and results have confirmed the presence of multiple anomalous lithium-bearing pegmatites at all project areas, along with other key associated elements such as niobium (Nb), caesium (Cs), rubidium (Rb) and tantalum (Ta).

The results validate the initial pXRF results and provide further strong indication of the presence of a new, large lithium mineralised system within Capital's Gascoyne project areas.

In addition, all results from the Reynolds, Caroline Creek and Yinnietharra Projects demonstrate a strong correlation between lithium and caesium, which are two key components of the LCT Pegmatite elements suite.

[1] Portable XRF Services has developed a proprietary algorithm to estimate the lithium concentration using the multielement LCT pegmatite associations in rocks and soils. The lithium index is used and reported on by ASX listed companies including PIO (27/07/2016) and POS (21/07/2016).

The results of the reconnaissance field program at the Gascoyne Projects are significantly encouraging. They validate the Company's exploration model that the projects may represent a significant new conventional LCT Pegmatite field.

A table showing selected sample results for lithium and other associated elements from the three project areas is appended to this announcement. Anomalous elemental values are highlighted.

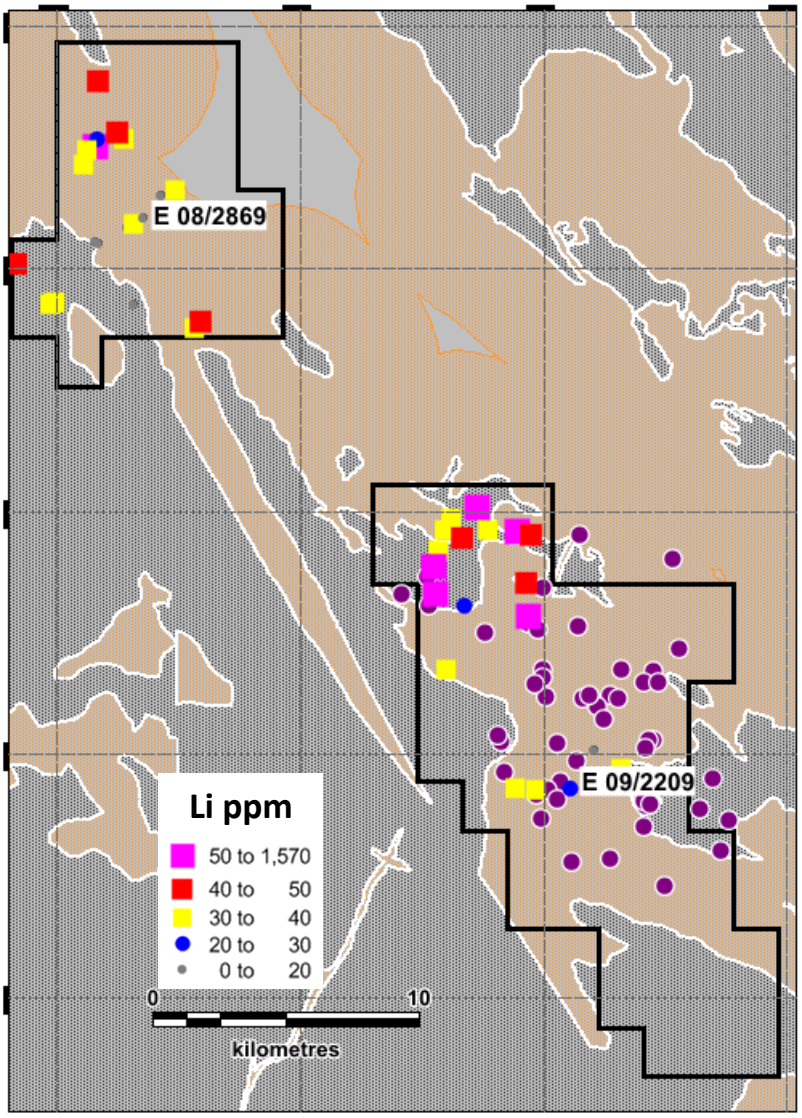

Figure 1: Reynolds (ELA09/2209) and Caroline Creek Projects (ELA08/2869) Rock Chip Laboratory Assay Results - anomalous LCT element association including Li, Cs, Be, Rb and Tl.

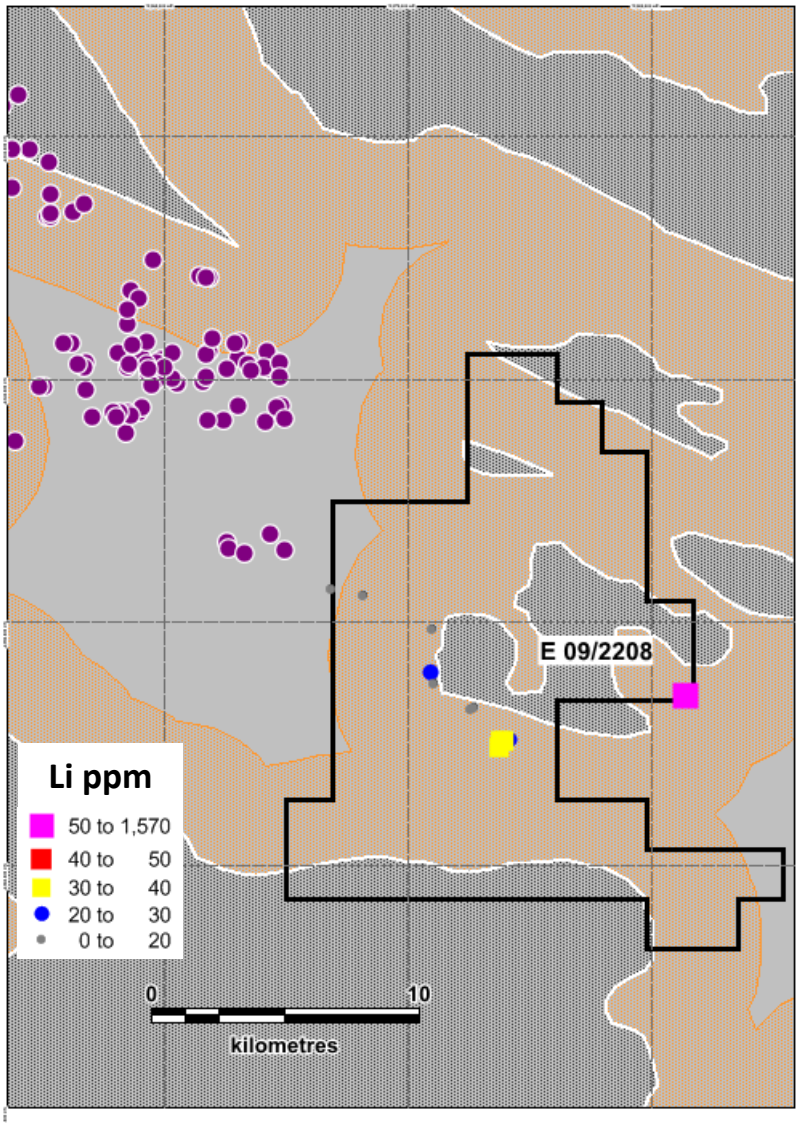

Figure 2: Yinnietharra Project (ELA09/2208) Rock Chip Laboratory Assay Results - anomalous LCT element association including Li, Ga, Nb, Ta and Sn

Next Phase of Field Work

Given the positive outcomes of the initial reconnaissance field program at the Reynolds, Caroline Creek and Yinnietharra Projects, Capital will now make plans for its next phase of field work at the projects. This will likely include an extensive soil geochemistry program plus a field mapping program in order to identify priority drill targets at the three project areas. The Company will provide further details on these proposed activities in due course.

About the Reynolds, Caroline Creek and Yinnietharra Projects

The Projects comprise three exploration licence applications over a total area of 501.15km^2 in an established and active mineral field in the Gascoyne region of WA (refer Project Location map; Figure 3). Caroline Creek is the northern most project and is situated approximately 5km north west of the Reynolds Project. The Yinnietharra Project is located approximately 120km south east of Reynolds. All three projects are all considered prospective for rare-element granitic pegmatites of the LCT geochemical group, and demonstrate a compelling conventional LCT Pegmatite model.

The projects all host greenstones within 2 to 4 kilometres from likely fertile S-type granites, an area which is recognised as a prime target zone (or 'goldilocks zone') for LCT pegmatites. Also, an assessment of magnetics data over the project areas indicates the presence of extensive greenstones under cover, which further adds to the lithium bearing pegmatite potential of the projects.

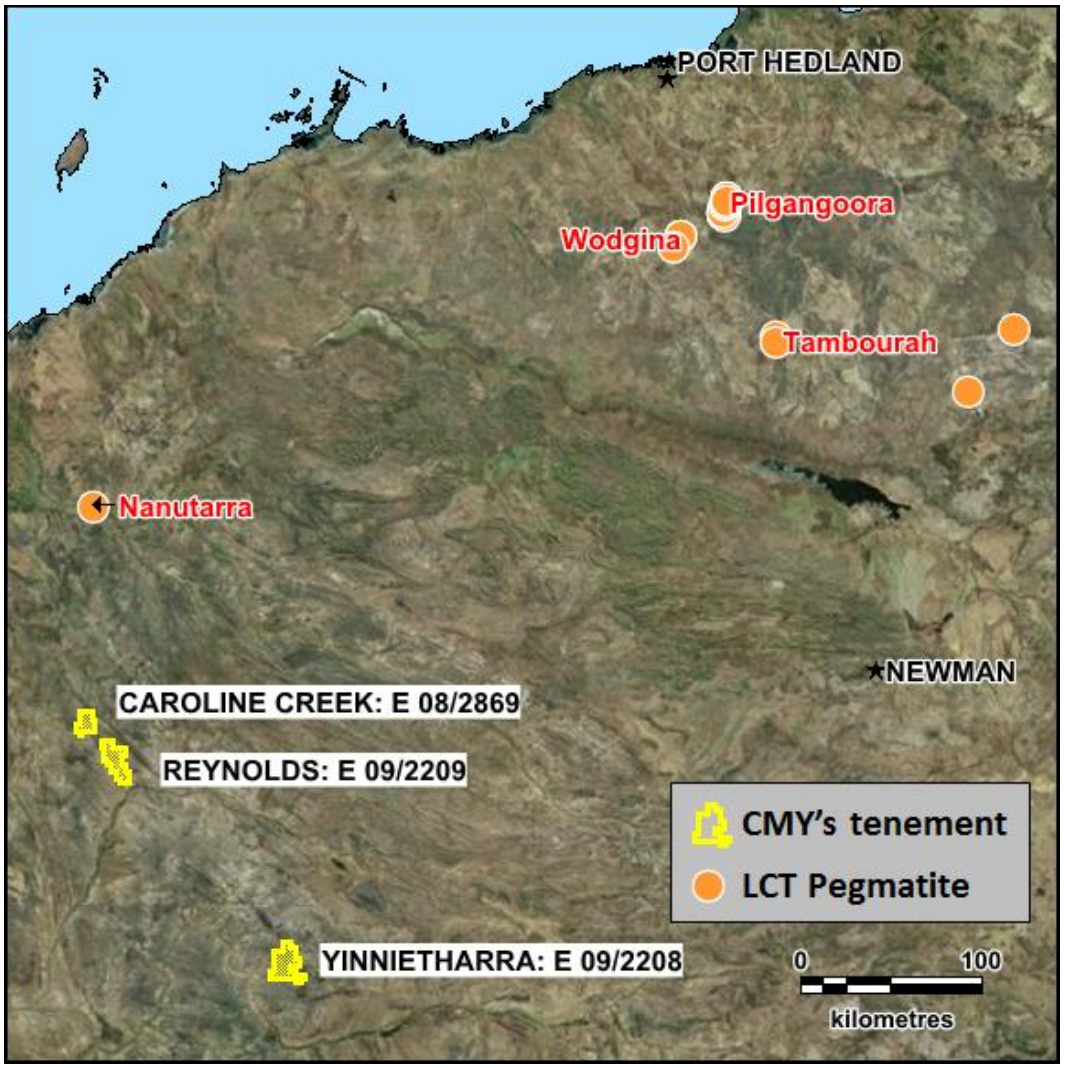

Figure 3: CMY's Reynolds, Caroline Creek and Yinnietharra Lithium Projects in the Gascoyne region of WA.

ENDS

Peter Dykes
Director

Table 1: Selected sample results for lithium and other associated elements from the Reynolds, Caroline Creek and Yinnietharra Projects

PROJECT	EASTING	NORTHING	Be_ppm	Cs_ppm	Ga_ppm	Li_ppm	Nb_ppm	Rb_ppm	Sn_ppm	Ta_ppm	Tl_ppm	W_ppm
Caroline Creek	338666	7384596	3.76	13.46	16.93	44.4	14.21	326.04	4.7	1.83	1.49	2.5
Caroline Creek	339951	7383076	15.23	9.92	14.3	31.7	10.48	312.04	3.4	1.19	1.23	3.3
Caroline Creek	340157	7383148	9.34	19.31	18.2	33.5	12.83	392.7	3.5	2.08	1.71	3.3
Caroline Creek	341698	7391476	3.78	10.56	16.58	47.4	9.25	203.48	2.4	1.25	0.88	2.2
Caroline Creek	344626	7387372	4.21	26.52	25.63	39.6	12.05	372.27	2.9	1.01	1.6	3.5
Caroline Creek	341589	7389005	7.12	10.78	23.38	52.4	15.36	232.38	1.8	1.38	0.94	2
Reynolds	357685	7365125	3.99	11.08	21.79	30.8	16.46	333.67	4.9	1.12	1.47	1.3
Reynolds	354525	7373395	2.09	8.55	20.78	51.5	12.74	265.88	3.5	1.06	1.2	1.3
Reynolds	354583	7372330	4.56	5.53	35.39	50.5	18.63	205.15	2	2.07	0.96	1.6
Reynolds	356148	7375643	5.19	20.54	29.34	77.9	19	394.23	5.4	1.76	1.74	3.8
Reynolds	357623	7374714	5.94	13.02	27.17	55.9	13.9	316.94	3.7	1.17	1.31	2.1
Reynolds	358035	7372782	2.44	8.4	22.84	43.7	14.67	211.24	6.5	3.57	0.72	22.7
Reynolds	358127	7371572	3.88	9.58	23.24	53.1	13.48	242.03	2.2	1.29	0.98	1.3
Reynolds	361680	7365879	4.49	11.7	27.14	38.7	17.49	386.52	7.5	1.68	1.58	7.1
Reynolds	358472	7365061	6.78	13.63	30.11	36	27.97	304.11	8.3	3.31	1.15	7.6
Yinnietharra	460970	7255508	7.36	24.37	33.55	61.9	28.23	340.87	17.3	10.1	1.11	36.6
Yinnietharra	454406	7253856	3.66	6.31	57.57	20.8	60.1	343.93	93.7	4.37	1.32	14.2
Yinnietharra	454369	7253885	2.96	4.99	45.91	19.2	51.78	335.49	55.4	4.69	1.27	13.7
Yinnietharra	454100	7253797	2.95	3.95	39.4	34.9	45.8	278.25	46.4	3.92	1.05	10.7
Yinnietharra	454250	7253830	2.49	5.09	41.04	30.3	55.18	327.22	43.2	5.06	1.17	13.7
Yinnietharra	447726	7259428	2.03	14.86	16.42	17.3	9.1	355.61	4.6	0.66	1.67	1.6
Yinnietharra	451460	7256382	1.7	4.77	30.78	20.4	13.36	248.32	6.7	1.11	1.15	0.6
Yinnietharra	453055	7255033	8.93	2	28.84	5.6	15.37	156.46	11.9	2.17	0.54	2.4
Yinnietharra	453962	7253565	3.65	3.26	23.7	15.9	20.72	224.29	13.2	2.71	1.02	4.9
Yinnietharra	454032	7253560	3.28	3.84	29.1	32.3	31.53	199.09	28.5	2.74	1.07	6.3

Competent Persons Statement

The information in this report that related to Exploration Results is based on information supplied to and compiled by Mr. Graeme Johnston. Mr Johnston is a full time employee of Corad Pty Ltd and a Fellow of the Geological Society of London (member 16555). Mr. Johnston has sufficient experience which is relevant to the activities 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.' The information referenced in this report was provided in part by Dr Nigel Brand of Geochemical Services in Perth. Mr. Johnston consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

E08/2869, E09/2208 and E09/2209

SECTION 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

JORC Code explanation	Commentary
Sampling techniques	
Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Reconnaissance style rock chip sampling from outcrop and float sampling if thought to demonstrate nearby mineralisation • Rock samples of pegmatitic material and country host rock collected for analyses • 1 to 2 kg of rock collected from each sample site. • Samples dried overnight prior to analysis. • Samples analysed using Bruker S1 TITAN with a proprietary calibrated Lithium Index algorithm developed for LCT pegmatites. • Samples analysed for whole rock analyses at Intertek Genalysis for full 48 element Lithium suite.
Drilling techniques	
Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	• No drilling involved
Drill sample recovery	
Method of recording and assessing core and chip sample recoveries and results assessed. *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Recovery not relevant
Logging	
Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* *The total length and percentage of the relevant intersections logged.*	• Data was collected from each sample site and entered into Excel spreadsheet. Data collected includes outcrop description, rock type, colour, mineralogy, visible lithium mineral assemblages and comments.

JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	
If core, whether cut or sawn and whether quarter, half or all core taken. *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	• No soil samples recovered
For all sample types, the nature, quality and appropriateness of the sample preparation technique. *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The sample preparation was completed using an industry standard process and the assay method using a pXRF machine is considered fit for purpose. • Samples sent to commercial laboratory were assayed for multi-elements using 4 acid digest with ICP-MS finish. • All samples were analysed using Bruker S1 TITAN with a proprietary calibrated Lithium Index algorithm developed for LCT pegmatites.
Quality of assay data and laboratory tests	
The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Sampling completed by Corad, supervised by Capital Mining and assay data/data processing completed by Geochemical Services then IntertekGenalysis to ensure sound quality control and representation.
Verification of sampling and assaying	
The verification of significant intersections by either independent or alternative company personnel. *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	• Data was collected from each sample site and entered into Excel spreadsheet on a portable logging device.

Location of data points

Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.
Specification of the grid system used.
Quality and adequacy of topographic control.

- Location of samples were recorded using a Garmin 62s handheld GPS units with an accuracy of +/- 5m.
- All data points were located using the Geocentric Datum of Australia 1994 and the Map Grid of Australia zone 50 projection. Topographic control using GPS is more than adequate for outcrop rock chip sampling.

Data spacing and distribution

Data spacing for reporting of Exploration Results.
Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
Whether sample compositing has been applied.

- The initial test area was designed to cover prospective geological rock types considered to be strong or likely host rocks for lithium bearing pegmatites. As this was a simple reconnaissance programme conducted under a Miner's Right and therefore limited in its scope, sampling was focussed on areas of rock exposure within the most prospective target zones in order to maximise the opportunity to locate an LCT pegmatite. There was no set spacing to the field investigation.

Orientation of data in relation to geological structure

Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.

- Sampling was carried out near to areas accessible by quad bikes and on foot. Due to the large areas being covered, not all of the tenement applications could be visited in this short reconnaissance trip.

Sample security

The measures taken to ensure sample security.

- All samples were collected, prepared and stored on site in a secure environment.

Audits or reviews

The results of any audits or reviews of sampling techniques and data.

- Sampling techniques and protocols were developed by Dr NW Brand of Geochemical Services, Perth. These were reviewed and adopted by Capital Mining and Corad personnel.

E08/2869, E09/2208 and E09/2209

SECTION 2 Reporting of Exploration Results

(Criteria in this section apply to all succeeding sections)

Mineral Tenement and Land Tenure Status *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The reported rock chip samples are located within Exploration Licence Applications ELA08/2869, ELA09/2208 and ELA09/2209 which are within the Gascoyne Pegmatite Field and is 100% owned by Capital Mining Limited. • The 3 tenement applications cannot be systematically actively explored using ground disturbing techniques prior to the granting of the tenements. • Native Title Agreements have yet to be entered into with the local Native Title claimants. These have to be finalised to both Parties' satisfaction prior to the WA Department of Minerals & Petroleum being able to grant the licences to Capital Mining Limited • There are no known impediments to commence exploration operations in this area other than the completion of the appropriate Native Title arrangements. • There are no royalties or other interests held.
Exploration Done by Other Parties *Acknowledgment and appraisal of exploration by other parties.*	• Carpentaria Exploration Company Pty Ltd (*Taylor,* conducted extensive tungsten and gold exploration in the region associated with E09/2209 between 1979 and 1981. They identified 44 heavy mineral anomalies within the Reynolds project including fluorite (14), Beryl (8), wolframite (6), wulfenite (4), barite (2) casiterite (2) and
Geology *Deposit type, geological setting and style of mineralisation.*	• Zoned pegmatites associated with granitic bodies are prospective for lithium, caesium and tantalum (LCT pegmatites)
Rock chip information	• Co-ordinates and other attributes of rock chip samples are included in the release.
Data aggregation methods	NA
Relationship between mineralisation widths and intercept lengths	NA
Diagrams	• Suitable summary plans have been included in the body of report
Balance reporting	• The reporting is factual & balanced
Other substantive exploration data	• All relevant material relating to the lithogeochemical sampling programme have been reported.
Further work	• The Gascoyne tenements are unexplored for lithium although pegmatites in the district have been explored for tin and tantalum but not necessarily assayed for lithium. As a result substantial grass roots exploration work is still required.