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ASX Release

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ASSAY RESULTS CONFIRM LITHIUM BEARING PEGMATITE POTENTIAL AT GASCOYNE LITHIUM PROJECTS - CLARIFICATION

Capital Mining Limited's (ASX: CMY) (**"Capital"** or **"the Company"**) presents the following information regarding the laboratory assay results from a reconnaissance field program at its Gascoyne Lithium Projects in Western Australia. This information is additional to the information contained in the announcement dated 14 November 2016 which reported confirmation of the projects' potential to host a large Lithium-Caesium-Tantalum (LCT) Pegmatite system, the company now provides the following additional information.

The announcement of 14 November reported 25 samples with anomalous values associated with LCT type pegmatites, out of 55 samples collected in total. The results confirmed and validated the Company's exploration model for the Gascoyne Projects; that the Projects may represent a significant new conventional LCT Pegmatite field.

Capital now provides an updated Table 1 (attached) which reports all sample results from the Gascoyne reconnaissance field program, showing all rock types including non-pegmatites and country host rocks. The balance of the results in Table 1, included here, were not previously reported as the extra results are from rocks that are either not pegmatites and that were sampled for regional geological purposes, or material that was from weathered rocks that could not be confirmed to be pegmatitic in origin in the field and which indeed did not show elevated values consistent with them being from a mineralized area.

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 1). 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.

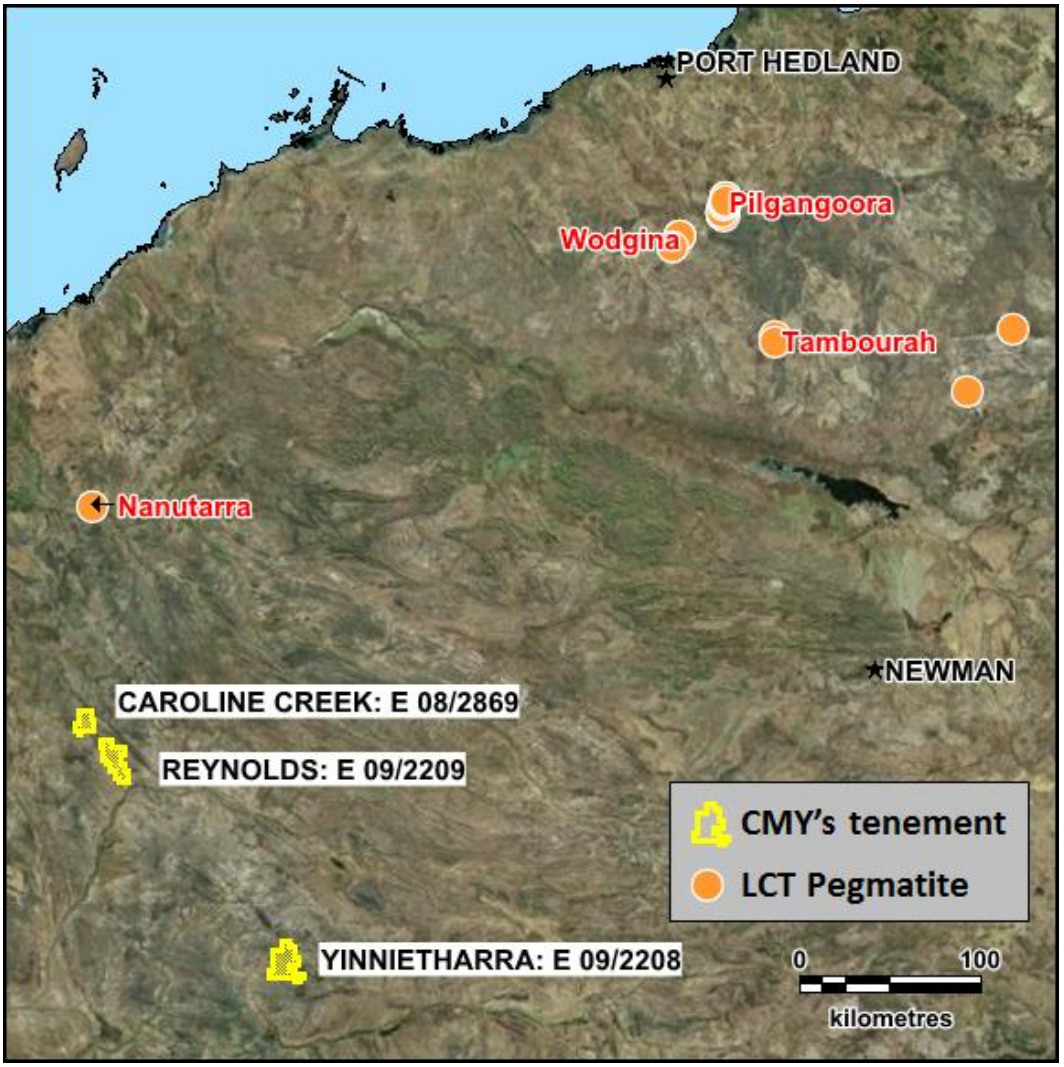

Figure 1: CMY's Reynolds, Caroline Creek and Yinnietharra Lithium Projects in the Gascoyne region of WA.

ENDS

Peter Dykes
Director

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.

Table 1. Sample results for lithium and other associated elements from the Reynolds, Caroline Creek and Yinnietharra Projects - all rock types including non-pegmatites and country host rocks

PROJECT	Smple ID	EASTING	NORTHING	Be_ppm	Cs_ppm	Ga_ppm	Li_ppm	Nb_ppm	Rb_ppm	Sn_ppm	Ta_ppm	Tl_ppm	W_ppm
Caroline Creek	CMS00001	338666	7384596	3.76	13.46	16.93	44.4	14.21	326.04	4.7	1.83	1.49	2.5
Caroline Creek	CMS00002	339951	7383076	15.23	9.92	14.3	31.7	10.48	312.04	3.4	1.19	1.23	3.3
Caroline Creek	CMS00003	340157	7383148	9.34	19.31	18.2	33.5	12.83	392.7	3.5	2.08	1.71	3.3
Caroline Creek	CMS00004	343128	7383135	0.91	1.35	3.82	16.2	1.85	39.45	0.6	0.2	0.16	0.6
Caroline Creek	CMS00005	341648	7385457	0.23	0.3	1.42	3	0.57	6.02	0.3	0.06	0.05	0.3
Caroline Creek	CMS00006	341736	7385407	0.84	0.23	2.42	8.9	0.79	3.51	0.4	0.09	0.07	0.3
Caroline Creek	CMS00007	341170	7388338	1.7	2.9	15.55	15.1	8.94	169.49	3.4	0.97	0.79	1.6
Caroline Creek	CMS00008	341157	7388338	3.87	7.53	18.35	37.2	14.95	232.61	4.3	1.71	0.91	3.9
Caroline Creek	CMS00009	341667	7389292	1.93	7.67	15.82	27.4	9.19	201.55	2.1	1.29	0.82	3.7
Caroline Creek	CMS00010	341698	7391476	3.78	10.56	16.58	47.4	9.25	203.48	2.4	1.25	0.88	2.2
Caroline Creek	CMS00011	345413	7382240	3.28	9.64	15.24	33.5	7.02	211.06	1.6	0.95	0.9	2.6
Caroline Creek	CMS00012	345671	7382501	2.41	14.41	18.01	41.7	9.9	262.13	2.6	1.16	1.21	1.4
Caroline Creek	CMS00013	342838	7386006	1.64	6.19	18.08	9.6	11.01	173.77	3.5	1.01	1.1	2
Caroline Creek	CMS00014	343085	7386122	2.27	11.04	17.58	31.2	8.65	234.73	3.3	1.25	0.95	2.9
Caroline Creek	CMS00015	343454	7386381	1.45	5.03	14.37	14.6	6.43	222.48	1.5	0.84	0.87	2.3
Caroline Creek	CMS00016	344072	7387203	0.53	0.14	4.07	3.7	1.14	4.56	0.4	0.14	0.05	0.4
Caroline Creek	CMS00017	344626	7387372	4.21	26.52	25.63	39.6	12.05	372.27	2.9	1.01	1.6	3.5
Caroline Creek	CMS00018	342692	7389298	2.01	8.87	18.09	34.5	9.82	211.24	3.1	1.09	0.94	2.5
Caroline Creek	CMS00019	342443	7389551	2.7	10.84	16.75	41.2	9.28	211.02	2.7	1.04	0.86	2.3
Caroline Creek	CMS00020	341589	7389005	7.12	10.78	23.38	52.4	15.36	232.38	1.8	1.38	0.94	2
Caroline Creek	CMS00021	341296	7388884	4.07	12.49	19.81	32.2	13.16	285.87	2.9	1.38	1.28	2.1
Reynolds	CMS00022	357685	7365125	3.99	11.08	21.79	30.8	16.46	333.67	4.9	1.12	1.47	1.3
Reynolds	CMS00023	355055	7369520	4.96	8.35	21.11	34.7	8.37	200.35	1.8	0.85	0.81	1.5
Reynolds	CMS00024	355688	7371918	2.7	7.87	17.57	26.3	8.26	232.06	2.4	0.92	0.93	1.3
Reynolds	CMS00025	355136	7375196	3.22	10.84	17.25	32.7	10.6	250.14	2.6	1.07	1.07	3.5
Reynolds	CMS00026	354919	7374753	3.01	7.74	18.81	34.3	12.16	236.21	2.8	1.24	0.91	2.2

PROJECT	Smple ID	EASTING	NORTHING	Be_ppm	Cs_ppm	Ga_ppm	Li_ppm	Nb_ppm	Rb_ppm	Sn_ppm	Ta_ppm	Tl_ppm	W_ppm
Reynolds	CMS00027	354700	7373990	3.98	8.21	21.08	37	12.01	211.85	3.4	1.12	0.88	1.3
Reynolds	CMS00028	354525	7373395	2.09	8.55	20.78	51.5	12.74	265.88	3.5	1.06	1.2	1.3
Reynolds	CMS00029	354583	7372330	4.56	5.53	35.39	50.5	18.63	205.15	2	2.07	0.96	1.6
Reynolds	CMS00030	356148	7375643	5.19	20.54	29.34	77.9	19	394.23	5.4	1.76	1.74	3.8
Reynolds	CMS00031	355598	7374481	4.24	8.41	20.24	41.4	9.73	220.77	2	0.91	0.9	1.5
Reynolds	CMS00032	356535	7374785	1.77	9.13	18.7	32.3	9.38	206.21	3	0.82	0.85	2.2
Reynolds	CMS00033	357623	7374714	5.94	13.02	27.17	55.9	13.9	316.94	3.7	1.17	1.31	2.1
Reynolds	CMS00034	358207	7374644	4.39	10.1	26.83	43.3	13.54	261.13	3.6	1.3	0.98	2.4
Reynolds	CMS00035	358035	7372782	2.44	8.4	22.84	43.7	14.67	211.24	6.5	3.57	0.72	22.7
Reynolds	CMS00036	358127	7371572	3.88	9.58	23.24	53.1	13.48	242.03	2.2	1.29	0.98	1.3
Reynolds	CMS00037	360654	7366581	3.54	3.36	16.18	19.8	5.51	86.33	2.7	0.61	0.56	1.4
Reynolds	CMS00038	361680	7365879	4.49	11.7	27.14	38.7	17.49	386.52	7.5	1.68	1.58	7.1
Reynolds	CMS00039	359715	7365113	4.39	5	18.66	20.3	5.4	195.5	4.5	0.76	0.71	10.2
Reynolds	CMS00040	358472	7365061	6.78	13.63	30.11	36	27.97	304.11	8.3	3.31	1.15	7.6
Yinnietharra	CMS00041	460970	7255508	7.36	24.37	33.55	61.9	28.23	340.87	17.3	10.1	1.11	36.6
Yinnietharra	CMS00042	454547	7253854	1.75	2.95	24.59	19.5	16.96	132.91	13.7	2.22	0.49	4.1
Yinnietharra	CMS00043	454406	7253856	3.66	6.31	57.57	20.8	60.1	343.93	93.7	4.37	1.32	14.2
Yinnietharra	CMS00044	454369	7253885	2.96	4.99	45.91	19.2	51.78	335.49	55.4	4.69	1.27	13.7
Yinnietharra	CMS00045	454100	7253797	2.95	3.95	39.4	34.9	45.8	278.25	46.4	3.92	1.05	10.7
Yinnietharra	CMS00046	454250	7253830	2.49	5.09	41.04	30.3	55.18	327.22	43.2	5.06	1.17	13.7
Yinnietharra	CMS00047	447726	7259428	2.03	14.86	16.42	17.3	9.1	355.61	4.6	0.66	1.67	1.6
Yinnietharra	CMS00048	448933	7259210	1.63	2.42	20.78	11.3	10.37	193.67	3.9	0.81	0.85	0.3
Yinnietharra	CMS00049	451508	7257952	1	2.61	16.25	13.1	14.37	128.39	5	1.11	0.6	6.2
Yinnietharra	CMS00050	451460	7256382	1.7	4.77	30.78	20.4	13.36	248.32	6.7	1.11	1.15	0.6
Yinnietharra	CMS00051	451607	7255957	1.47	1.86	27.81	10.3	7.5	186.54	9.7	0.7	0.64	3
Yinnietharra	CMS00052	452978	7255020	3.57	3.53	24.13	4.9	16.17	142.75	10.8	1.89	0.59	1.2
Yinnietharra	CMS00053	453055	7255033	8.93	2	28.84	5.6	15.37	156.46	11.9	2.17	0.54	2.4
Yinnietharra	CMS00054	453962	7253565	3.65	3.26	23.7	15.9	20.72	224.29	13.2	2.71	1.02	4.9
Yinnietharra	CMS00055	454032	7253560	3.28	3.84	29.1	32.3	31.53	199.09	28.5	2.74	1.07	6.3

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.