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ASX Release

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

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 Midwest Lithium Projects in Western Australia have confirmed the projects' potential to host a mineralised Lithium-Caesium-Tantalum (LCT) pegmatite system.

Capital recently completed a first phase reconnaissance field work program at the Big Bell South Project (ELA20/906), Mindoolie Project (ELA20/907) and Yalgoo South Project (ELA59/2196) in the Midwest minerals district.

In addition, the Company's regional exploration in the Midwest has identified a new project area and sampling confirmed its lithium prospectivity. This project is called the Dalgaranga Project (ELA59/2221) and a new 20 block tenement application was applied for over this area on the 29 November 2016.

A total of 34 soil samples and 22 rock chip samples (see Images 1 and 2) from the Midwest Project areas were subjected to laboratory analysis for lithium plus a suite of other associated LCT mineral elements at Intertek Genalysis in Western Australia. The results have been particularly encouraging.

They have identified the presence of pegmatites with elevated lithium index[1] values along with associated LCT elements in pegmatitic rock chip samples and soil samples.

The results also help validate the Company's exploration model that the projects' may represent a significant new conventional LCT Pegmatite field.

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

Results

Big Bell South

Seven rock chip and 20 soil samples were submitted for laboratory analysis. The rock chips returned values of up to 0.27 % Li2O associated with anomalous Be, Cs, Ga, Nb, Rb, Sn, Ta and Tl. The surface soil samples closest to the anomalous rock chips returned elevated Li values up to 67 ppm Li.

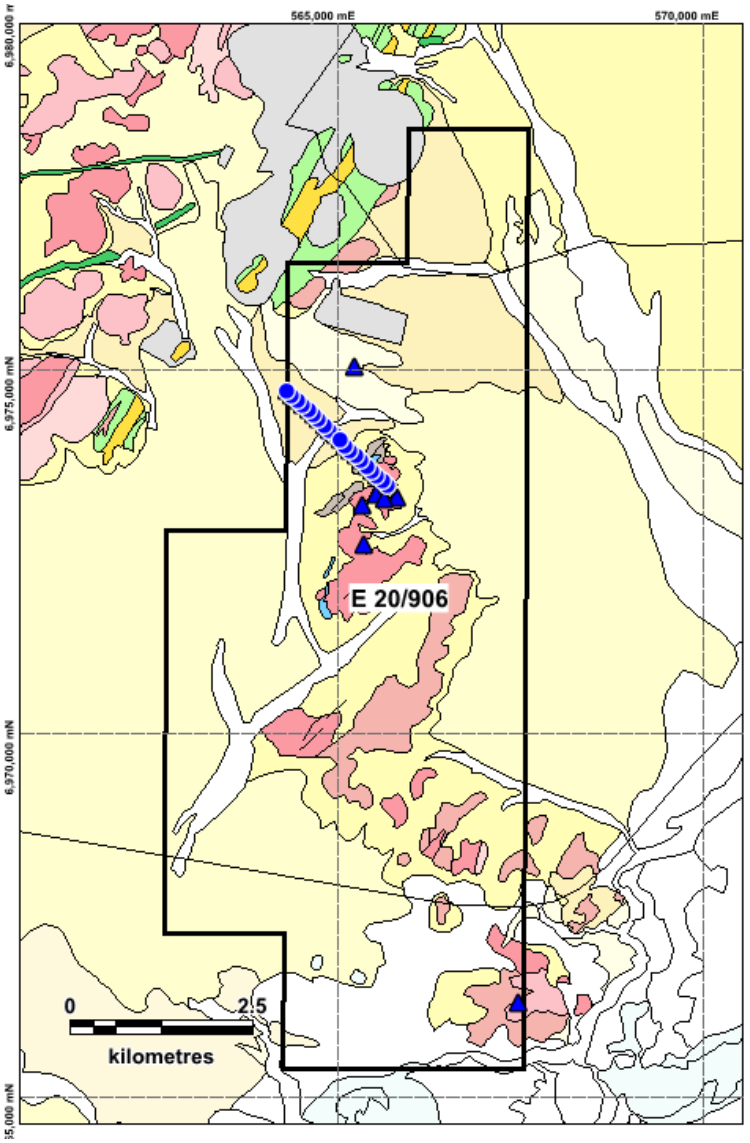

Figure 1: Bill Bell Project: Location of Rock Chip and Soil Samples.

Mindoolie

Three rock chip samples were submitted from this area. Two of the samples returned coincident and anomalous Li, Be, Cs, Ga, Nb, Rb, Sn, Ta and Tl.

Yalgoo South

Seven rock chip and 11 soil samples were submitted from Yalgoo South. The rock chips returned values of up to 216 ppm Li associated with anomalous Ga, Rb, Sn, Ta and Tl. The niobium values in four of the samples exceed 100 ppm Nb. The soils samples were taken 1.5 km west of the rock samples and did not return any significant lithium values.

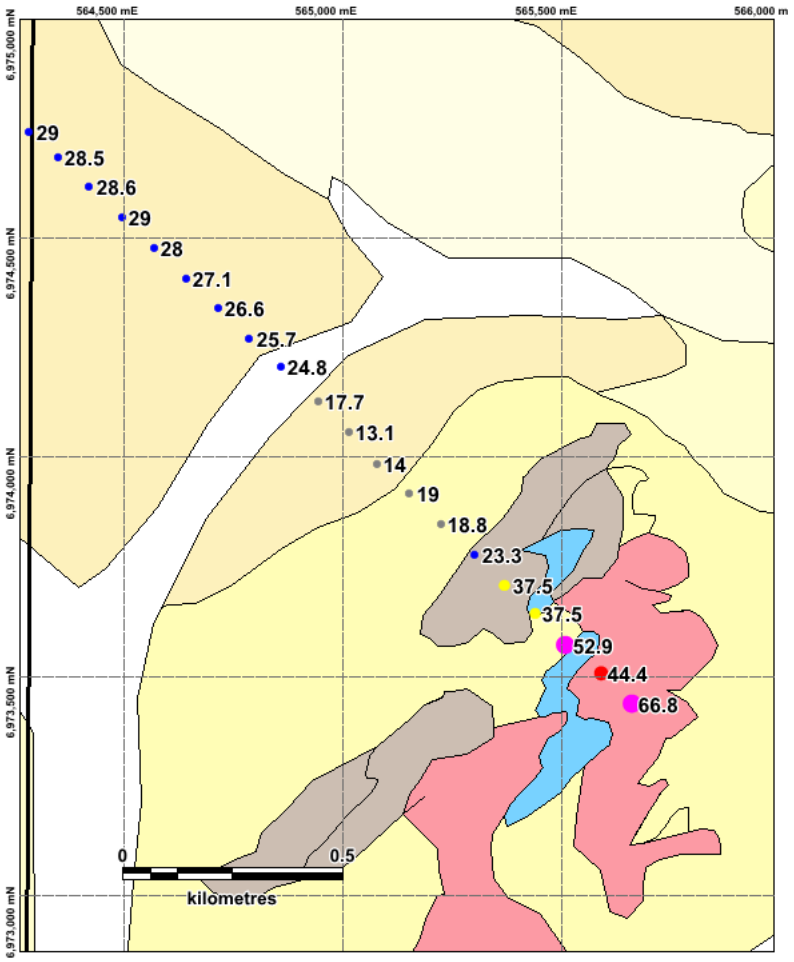

Figure 2: Big Bell South Project: Lithium values (ppm) in Soil Samples.

New Project Pegged - Dalgaranga Project

As a result of its reconnaissance field program in the Midwest region, Capital is pleased to advise that it has also pegged the lithium prospective Dalgaranga Project. Five rock chip and three soil samples were submitted for assay from this project area.

The rock chips returned values of up to 0.50 % Li2O associated with anomalous Be, Cs, Ga, Nb, Rb, Sn, Ta and Tl. The tantalum values in three of the rock samples exceed 500 ppm Ta with one value returning 0.14% Ta2O5. The soil samples returned values returned Li values > 130 ppm associated with anomalous Be, Cs, Ga, Nb, Rb, Sn, Ta and Tl.

Next Phase of Field Work

Capital has completed an encouraging initial reconnaissance field program at its West Australian Lithium projects. It will now make plans for its next phase of field work at the projects, based on the results achieved to date. This will likely include an extensive soil geochemistry program plus a field mapping program in order to identify priority drill targets. The Company will provide further details on these proposed activities in due course.

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 from the Midwest Projects

Project	Sample	Type	East	North	Be ppm	Cs ppm	Ga ppm	Li ppm	Nb ppm	Rb ppm	Sn ppm	Ta ppm	Tl ppm	W ppm	Li2O pct	Ta2O5 pct
Big Bell Sth	BBGS01	Rock	565217	6975055	1	2	26	28	2	49	1	0	3	225		
Big Bell Sth	BBGS02	Rock	565505	6973316	5	169	48	1237	56	2102	41	10	13	1.2	0.27	
Big Bell Sth	BBGS03	Rock	565795	6973259	0	1	9	40	1	15	0	0	0	1.7		
Big Bell Sth	BBGS04	Rock	567459	6966328	20	20	57	79	90	584	32	31	3	3.2		
Big Bell Sth	BBGS05	Rock	565628	6973237	5	149	36	834	44	1608	41	4	10	0.7	0.18	
Big Bell Sth	BBGS06	Rock	565308	6973154	2	8	29	9	22	1023	3	4	6	2.3		
Big Bell Sth	BBGS07	Rock	565345	6972621	3	12	46	57	88	903	56	10	5	5.3		
Big Bell Sth	BBSS01	Soil	564945	6974129	1	4	20	18	17	119	3	2	1	1.9		
Big Bell Sth	BBSS02	Soil	564858	6974206	2	5	23	25	21	136	4	3	1	2.0		
Big Bell Sth	BBSS03	Soil	564788	6974272	2	5	25	26	22	144	5	2	1	2.0		
Big Bell Sth	BBSS04	Soil	564716	6974342	2	5	23	27	20	142	4	2	1	1.8		
Big Bell Sth	BBSS05	Soil	564643	6974408	2	5	23	27	22	145	4	2	1	1.9		
Big Bell Sth	BBSS06	Soil	564571	6974479	2	5	23	28	22	151	5	2	1	1.9		
Big Bell Sth	BBSS07	Soil	564498	6974547	2	5	24	29	31	155	5	3	1	2.0		
Big Bell Sth	BBSS08	Soil	564423	6974619	2	5	24	29	23	155	5	2	1	2.0		
Big Bell Sth	BBSS09	Soil	564351	6974684	2	5	24	29	24	156	5	3	1	1.9		
Big Bell Sth	BBSS10	Soil	564286	6974744	2	6	25	29	24	155	5	2	1	2.0		
Big Bell Sth	BBSS29	Soil	565658	6973437	5	12	20	67	18	166	4	2	1	8.8		
Big Bell Sth	BBSS30	Soil	565589	6973508	3	10	20	44	19	156	4	3	1	3.6		
Big Bell Sth	BBSS31	Soil	565509	6973573	4	10	22	53	28	177	4	5	1	3.9		
Big Bell Sth	BBSS32	Soil	565441	6973646	4	10	19	38	21	150	3	3	1	13		
Big Bell Sth	BBSS33	Soil	565372	6973709	3	10	24	38	14	126	3	2	1	14		
Big Bell Sth	BBSS34	Soil	565302	6973778	2	6	19	23	16	110	3	2	1	5.2		
Big Bell Sth	BBSS35	Soil	565225	6973848	2	4	19	19	17	106	3	3	1	3.5		
Big Bell Sth	BBSS36	Soil	565153	6973920	2	4	19	19	17	116	2	2	1	2.8		
Big Bell Sth	BBSS37	Soil	565079	6973987	1	3	16	14	16	125	2	3	1	1.7		

Big Bell Sth	BBSS38	Soil	565014	6974060	1	3	17	13	15	124	2	2	1	1.5		
Mindoolie	MDGS01	Rock	540020	7004503	5	25	61	136	158	842	25	16	4	3.2		
Mindoolie	MDGS02	Rock	540020	7004503	9	28	30	63	43	452	14	8	3	0.8		
Mindoolie	MDGS03	Rock	542578	7004559	1	1	37	5	7	77	5	1	0.4	0.6		
Yalgoo Sth	YSGS2	Rock	486445	6876257	3	33	20	67	8	382	2	1	2	0.9		
Yalgoo Sth	YSGS3	Rock	486163	6876219	3	3	25	10	58	316	7	9	2	1.3		
Yalgoo Sth	YSGS4	Rock	486163	6876219	2	9	23	4	17	1209	1	4	7	0.3		
Yalgoo Sth	YSGS5	Rock	486115	6876420	3	15	64	216	136	1443	47	13	6	13		
Yalgoo Sth	YSGS6	Rock	486339	6876491	3	9	52	93	124	788	37	14	3	9.3		
Yalgoo Sth	YSGS7	Rock	486348	6876480	3	9	59	133	117	1013	58	9	4	11		
Yalgoo Sth	YSGS8	Rock	486451	6876258	2	21	19	88	6	313	1	0	2	0.8		
Yalgoo Sth	YSSS34	Soil	483659	6875745	1	4	19	20	17	141	2	2	0.8	1.5		
Yalgoo Sth	YSSS35	Soil	483765	6875759	1	3	17	14	18	139	2	3	0.8	1.4		
Yalgoo Sth	YSSS36	Soil	483864	6875776	1	3	18	17	15	136	2	1	0.8	1.2		
Yalgoo Sth	YSSS37	Soil	483965	6875792	2	3	19	20	18	140	2	2	0.9	1.4		
Yalgoo Sth	YSSS38	Soil	484061	6875812	2	4	20	21	22	152	3	2	0.9	1.7		
Yalgoo Sth	YSSS39	Soil	484157	6875833	2	4	20	22	22	152	3	2	0.9	1.6		
Yalgoo Sth	YSSS40	Soil	484255	6875852	2	4	23	25	25	148	3	4	0.9	1.8		
Yalgoo Sth	YSSS41	Soil	484356	6875866	2	4	22	25	21	145	3	2	0.9	1.6		
Yalgoo Sth	YSSS42	Soil	484454	6875885	1	3	19	16	18	142	2	2	0.9	1.3		
Yalgoo Sth	YSSS43	Soil	484550	6875905	1	3	19	17	16	134	2	2	0.8	1.4		
Yalgoo Sth	YSSS44	Soil	484650	6875924	1	3	19	17	16	137	2	2	0.8	1.4		
Dalgaranga	DalGS03	Rock	524368	6938925	84	4	53	292	69	52	10	135	0.3	2.7		
Dalgaranga	DalGS04	Rock	524368	6938925	2	24	13	221	1	315	2	0	2	0.8		
Dalgaranga	DalGS06	Rock	524217	6938633	40	746	111	1657	44	8565	199	157	38	36	0.36	0.02
Dalgaranga	DalGS07	Rock	524237	6938631	29	288	57	2332	32	5412	186	38	27	35	0.50	
Dalgaranga	DalGS08	Rock	524237	6938631	7	41	27	287	8	785	25	19	4	4.5		
Dalgaranga	DGSS01	Soil	524217	6938633	29	56	30	130	118	621	20	666	3	5.8		0.08
Dalgaranga	DGSS02	Soil	524237	6938631	17	73	35	208	78	992	28	526	5	5.9		0.06
Dalgaranga	DGSS03	Soil	524242	6938583	86	76	38	229	480	1134	34	1114	6	14		0.14

E20/906, E20/907, E09/2209 and E59/2221

SECTION 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

JORC Code explanation

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.*	Rock Chip Sampling • Reconnaissance rock chip sampling completed by visual identification by qualified geologist looking for favourable rock types within surface or close to surface exposures. • Samples submitted for assay typically weigh 1 – 2 kilogrammes • Assays are by 4 acid digest with an AAS finish. Soil Sampling. • Limited soil sampling taken near possible pegmatite occurrences. • 100 – 200g sample of -250 micron sieved soil fraction taken from 20 – 40cm deep holes. • Samples analysed using Bruker S1 TITAN with a proprietary calibrated Lithium Index algorithm developed for LCT pegmatites. • Duplicated samples collected approx. every 20th sample. Bruker runs internal QAQC checks daily and operator runs daily analysis checks using standard reference material. • Anomalous samples sent to Intertek Genalysis for full wet chemical analyses (see above).
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.).*	• NA
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.*	• NA
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.
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.* *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.*	• Rock samples were dried overnight in an oven then crushed and pulverised to -75 microns. The samples were homogenised. • The oversize material was re bagged and retained. A 50g charge of the fine fraction was analysed, the balance was returned to the bulk sample for future reference. • For soil samples the -250 micron fine fraction is considered the appropriate size for mobile element analysis and was used consistently throughout the programme.
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.*	• 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.
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.*	• Sampling was completed by Corad and initial xrf assay processing completed by Geochemical Services to ensure sound quality control and representation. • Samples sent to Intertek Genalysis were subject to internal duplicate analyses for QC purposes.
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 was 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 and soil 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 focused 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.	NA

E20/906, E20/907, E09/2209 and E59/2221

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 and soil samples are located within Exploration Licence Applications ELA20/906, ELA20/907, E09/2209 and ELA59/2221 which are in the Midwest Region and are 100% owned by Capital Mining Limited. • The 4 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.*	• No previous exploration has been carried out in the Midwest Project area specifically for lithium mineralisation.
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 the 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 Midwest tenements are unexplored for lithium. As a result substantial grass roots exploration work is still required and warranted.