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EXPLORATION LICENCES GRANTED AT WESTERN AUSTRALIAN LITHIUM PROJECTS

Wail Lithium Project Area Expanded

Highlights

- **Exploration Licences granted for Capital Mining's Western Australian lithium assets**
- **Wail Project in Gascoyne Mineral Field in WA expanded with the application for a new Exploration Licence (E09/2220) – expands project area to 706.7km²**
- **New Exploration Licence is prospective for Antimony and hosts a significant Antimony-Lead anomaly**
- **Due diligence on Scotia Cobalt acquisition progressing– update on findings due next week**

Capital Mining Limited (ASX: CMY) ("**Capital**" or "**the Company**") is pleased to announce that Exploration Licences for a number of its Western Australian Lithium Projects have now been granted.

Capital acquired a portfolio of lithium prospective assets in active exploration and mining jurisdictions in Western Australia in 2016. It has completed a systematic first stage, reconnaissance field program across the portfolio, which delivered encouraging results. 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 is now pleased to advise that the Exploration Licences for the following tenements have been granted; Wheelock E09/2205, Mongolia E09/2206, Pinthagong E09/2207, Yinnietharra E09/2208, Yalgoo North E59/2195, Yalgoo South E59/2196 and Ravensthorpe E74/609.

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.

The granted Exploration Licences are considered prospective for rare-element granitic pegmatites of the LCT geochemical group, and were initially targeted by Capital on the basis that they demonstrated a compelling conventional LCT Pegmatite model. The only exception is the Mongolia and Pinthagong tenements, which represent a potential lithium-rich clays model.



Wail Project Area Expanded

Capital also advises that it has expanded its ground position at the Wail Lithium Project in the Gascoyne Mineral Field in Western Australia.

The Company has lodged an application for a new Exploration Licence (E09/2220) at Wail. It 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 (Figure 1).

The Wail Project was initially acquired based on its lithium prospectivity – for lithium-rich clays at Mongolia and Pinthagong and traditional LCT pegmatites at the Wheelock tenement¹. The addition of 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 Project², associated with the Darling Fault - which is 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. As yet there has been no sampling to the west or south of the tenements (Figures 2 and 3).

The regional Sb-Pb anomaly was identified from evaluation of GSWA open file data (Sanders & McGuinness 2000; Morris and Verren 2001), along with other anomalous elements associated with mesothermal systems including; silver (Ag), copper (Cu), tungsten (W), zinc (Zn), arsenic (As) and bismuth (Bi).

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.

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.

¹ CMY's ASX announcement, 27 September 2016

² TKL's ASX announcement, 24 May 2016

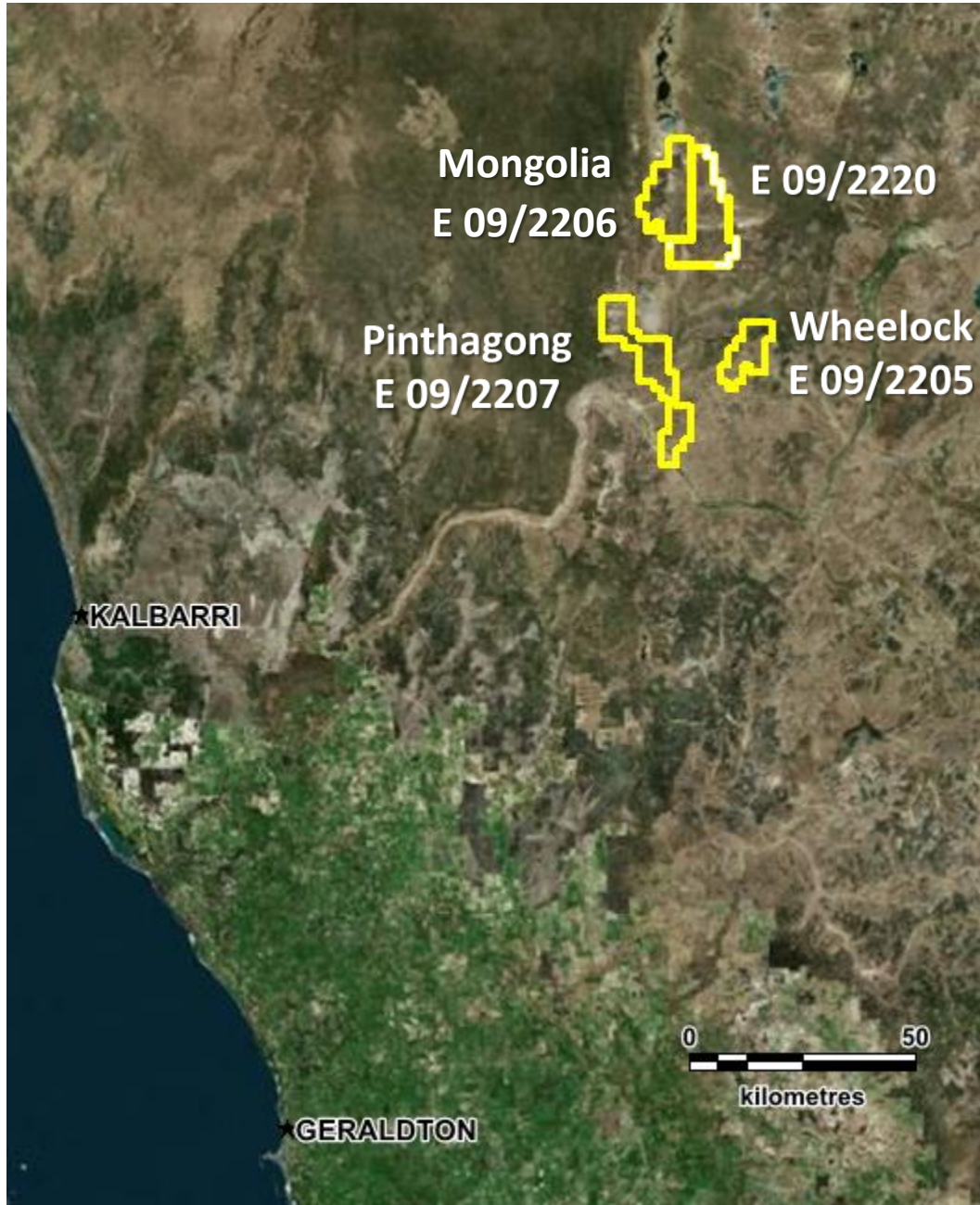


Figure 1: Location Map of the Wail Project and tenements

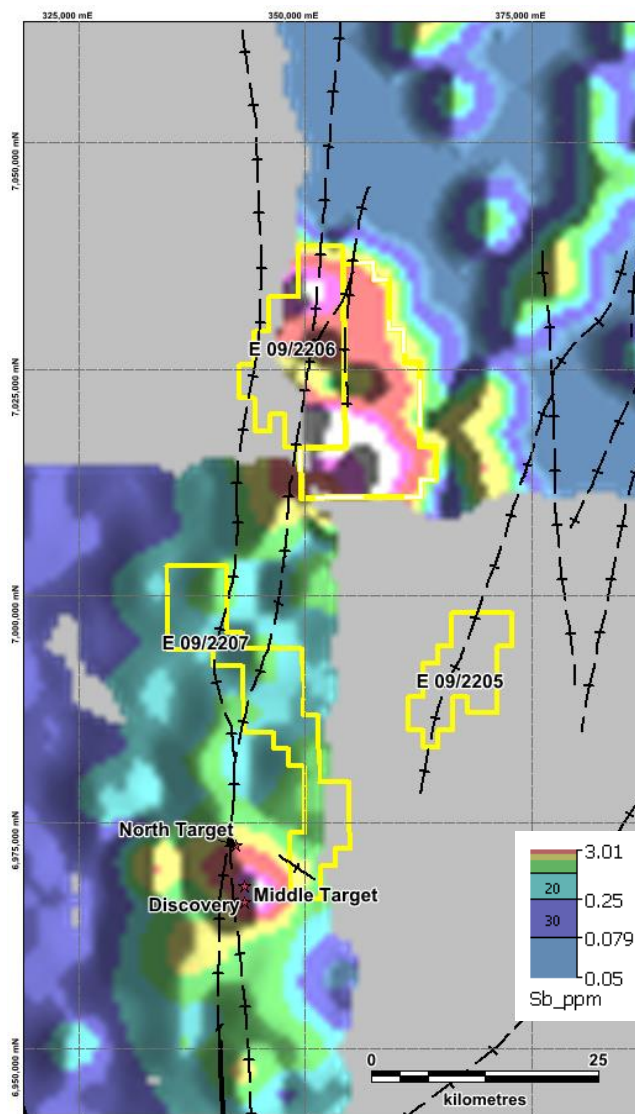


Figure 2: Regional antimony anomaly in association with Wail Project

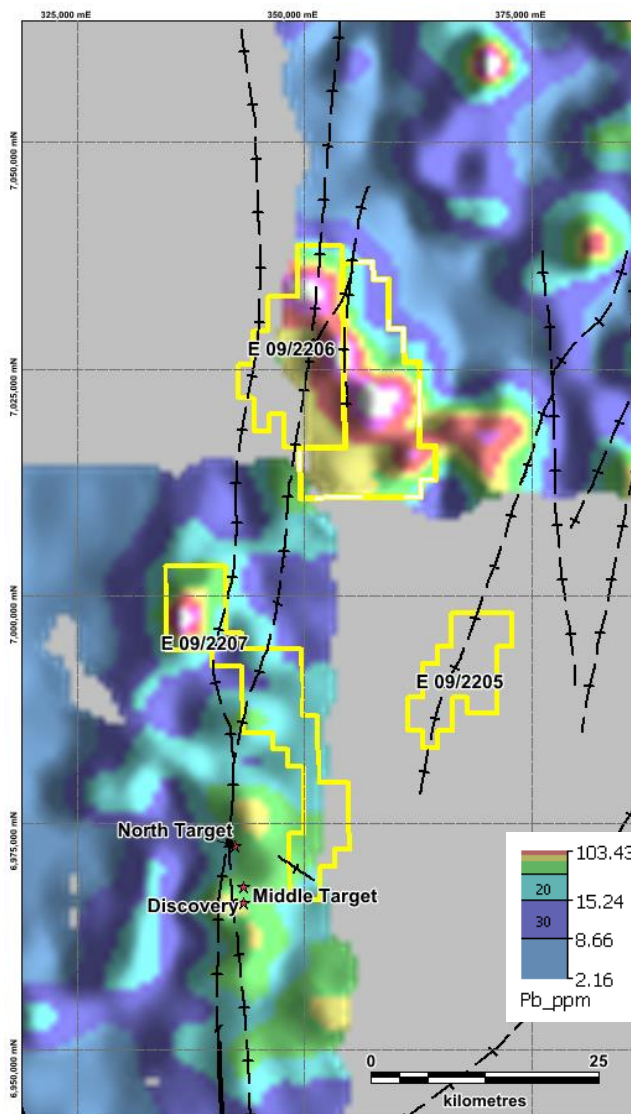


Figure 3: Regional lead anomaly in association with Wail Project

Scotia Cobalt Project – Due Diligence

Capital also advises that due diligence in respect of its proposed acquisition of the Scotia Cobalt-Nickel Project in the eastern goldfields of Western Australia is progressing well, and an update on the findings of the due diligence process is expected to be released next week.

Capital entered into a Binding Agreement with Maincoast Pty Ltd to acquire 100% of the Scotia Project³, subject to the satisfactory completion of due diligence by Capital.

Capital views the Scotia Project as a highly prospective cobalt asset located in an established and active mineral province approximately. It represents a significant, and potentially highly value accretive, acquisition which

³ CMY's ASX announcement 9 March 2017



complements its portfolio of technology metals assets. Details of key acquisition terms are included in Capital ASX announcement of 9 March 2017.

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

References:

Morris, P. A., and Verren, A. L., 2001, Geochemical mapping of the Byro 1:250 000 sheet: Western Australia Geological Survey, 1:250 000 Regolith Geochemistry Series Explanatory Notes, 53p.

Sanders, A. J., and McGuinness, S. A., 2000, Geochemical mapping of the Ajana 1 :250 000 map sheet: Western Australia Geological Survey, 1 :250 000 Regolith Geochemistry Series Explanatory Notes, 55p.