



Capital Mining Limited

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NEXT PHASE OF EXPLORATION COMMENCES AT WA LITHIUM PROJECTS

Capital Mining Limited (ASX: CMY) (“Capital” or “the Company”) is pleased to announce that the next phase of exploration has commenced at its Western Australia Lithium Projects.

Capital recently reported the grant of Exploration Licences for its priority Western Australian Lithium Projects (ASX announcement 6 April 2017). With the tenements now granted, the Company has form

alised plans for a more detailed second phase field program to follow up its initial, reconnaissance exploration program conducted last year.

The follow up program is designed to further refine priority target areas and confirm drill targets within the granted tenement portfolio, and is now underway.

Exploration in the current program will include detailed, targeted soil sampling over the Big Bell, Mindoolie and Dalgaranga tenements in order to generate drill targets for a maiden drill program.

Stream sediment sampling will also be undertaken to identify broad areas of anomalism. Any such zones will then be subject to infill sampling to refine the target areas.

Both the soil samples and stream sediment samples will be sent to Perth for initial analysis pXRF analysis, and anomalous samples identified will then be sent for full laboratory analysis.

Capital will provide details on the results of the current phase of exploration as they become available.

WA Lithium Projects – Exploration Approach

Capital acquired a portfolio of lithium prospective assets in active exploration and mining jurisdictions in Western Australia in 2016, and completed a systematic first stage, reconnaissance field program across the portfolio. 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 has assessed the results of the reconnaissance field program and secured the grant of Exploration Licences at priority tenements.

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. Separately, the Mongolia and Pinthagong tenements, represent a potential lithium-rich clays model.

MEDICINAL CANNABIS UPDATE

Capital is also pleased to provide the following update on its investment in the medicinal cannabis sector with Broken Coast Cannabis Limited (BCC).

As previously announced in ASX announcement of 20 April 2017, Capital's initial negotiations with BCC in respect of its rights to invest in BCC are progressing well, and that directors of Capital were in North America to advance their negotiations with BCC in person.

The Company is now pleased to advise that Capital directors' recently met with BCC executive management in Vancouver. The meeting was highly positive, and provided the basis for further negotiations in relation to a potential investment in BCC by Capital.

The Company will continue to update the market on material progress and outcomes of its negotiations with BCC.

As per Capital's ASX announcement of 29 March 2017, Capital has successfully agreed a settlement with BCC to finalise a dispute pursuant to a Binding Agreement between Capital and BCC, under which Capital was to acquire up to 50.1% of BCC (ASX announcements, 9 March 2015 and 21 May 2015).

Under the settlement, BCC agreed to pay Capital the sum of C\$250,000.00 to finalise the matter, and Capital (or its subsidiaries) retains the rights to negotiate further investment in BCC for a period of 90 days following the execution of the settlement agreement.

BCC is an established, profitable medicinal cannabis company headquartered in British Columbia, Canada. It was incorporated in 2013 and has grown to become one of Canada's leading medicinal cannabis producers and distributors. BCC is licensed under Canada's Controlled Drugs and Substances Act, and adheres to Canada's Access to Cannabis for Medicinal Purposes regulations.

In addition, Capital also met with a number of other medicinal cannabis companies in North America in relation to potential investment opportunities for Capital subsidiary company, Capital Cannabis, in the medicinal cannabis sector. These meetings were highly productive and have allowed Capital to assess the merits of a number of potentially high quality, value accretive medicinal cannabis opportunities.

Capital will continue to assess and prioritise these opportunities, and determine the most appropriate means in which to advance and complete any selected opportunities. On this point, Capital advises that it will continue to maintain ongoing dialogue with the ASX to ensure that any medicinal cannabis opportunity pursued by Capital Cannabis is structured in the most appropriate way and in accordance with ASX requirements, to ensure its corporate and operational success and that the core minerals exploration focus



of Capital Mining remains unaffected by any medicinal cannabis transaction undertaken by Capital Cannabis.

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