



Capital Mining Limited

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CAPITAL TO COMMENCE DRILLING AT SCOTIA COBALT-NICKEL PROJECT

HIGHLIGHTS

- **Drilling to commence at Scotia Cobalt-Nickel Project in Eastern Goldfields of WA.**
- **Planned program will consist of 9 holes of RC drilling over approximately 1,600m at the Ringlock North, Ringlock and Red Dam prospects.**
- **Drilling is designed to;**
 - **Follow up historical near-surface intersections of cobalt-nickel mineralisation within the Project area; and**
 - **Target untested sections of highly prospective basal contact of the lower ultramafic unit for primary cobalt-nickel mineralisation.**
- **Drilling to commence next week and is scheduled to be completed next month – results will be released as they become available.**

Capital Mining Limited (ASX: CMY) (“**Capital**” or “**the Company**”) is pleased to announce the commencement of its first phase of drilling at the 100%-owned Scotia Cobalt-Nickel Project in the eastern goldfields of Western Australia.

The Company has completed an analysis of available data, post its acquisition of the Scotia Project in March (ASX announcement, 9 March 2017), and has identified three initial high priority targets which will be the target of the first phase of drilling.

Plans for drilling have now been completed and a program of works (POW) has been submitted. Drilling is scheduled to commence on Thursday 21 September. The program is expected to be completed in October and results will be released as they become available.

Details of First-Phase Drill Program

The first phase of drilling will be a nine hole reverse circulation (RC) program covering a total of 1,600 metres to follow up historical near-surface intersections of cobalt-nickel enrichment within the Scotia Project area. Drilling will also target untested sections of the highly prospective basal contact of the lower ultramafic unit for primary cobalt-nickel mineralisation.

Proposed drill hole locations are shown in Table 1 and Figure 1.



The program will target the Ringlock North, Ringlock and Red Dam prospects, as follows;

- **Ringlock North:** 2 RC holes for 400 metres - both holes to test the potential for primary and secondary nickel-cobalt mineralisation.
- **Ringlock Prospect:** 1 RC hole for 180 metres – to test an area central to a 440 metre untested strike length of prospective basal contact of the lower ultramafic unit, coincident with a zone of near surface cobalt-nickel enrichment.
- **Red Dam:** 6 RC holes for 1,020 metres – drilling at this target will cover a total strike length of 1300m.

Hole ID	Drill Type	MGA_E	MGA_N	Priority	Dip	Azi	EOH	Prospect	Comment
SCTRC001	RC	346021	6666295	1	-60	235	200	Ringlock North	Test down dip (4m @ 1% Ni and 0.03% Co from 28m, including 1740ppm Cu 26-28m, in GAC221) and untested basal contact LUM
SCTRC002	RC	346340	6665810	1	-60	235	200	Ringlock North	Infill 600m gap - no drilling in between Ni-Co (4770ppm) supergene intersections
SCTRC003	RC	346440	6664992	1	-60	235	180	Ringlock	Test down dip continuation of 11m @ 0.07% Co and 0.84% Ni, including 1.46% Ni and 0.16% Co and test basal contact of lower ultramafic unit.
SCTRC004	RC	348753	6662071	1	-60	220	180	Red Dam	Test down-dip (0.5% Ni and 645ppm Cu) ESR040A that overlies the interpreted/untested basal contact
SCTRC005	RC	349208	6661685	2	-60	235	200	Red Dam	Adjacent to minor Co anomaly (0.03% Co) test basal contact LUM
SCTRC006	RC	349492	6661451	1	-60	230	220	Red Dam	Adjacent (10m) to Co anomaly (0.07% Co) and 0.2% Co and test basal contact LUM (600m strike - untested)
SCTRC007	RC	349700	6661120	2	-60	230	180	Red Dam	Adjacent to minor Co anomaly (0.03% Co) test basal contact LUM (>300m untested)
SCTRC008	RC	348883	6661745	2	-60	230	110	Red Dam	Adjacent to minor Co anomaly (0.03% Co) test basal contact FWU (500m largely untested) along strike from contact min.
SCTRC009	RC	349025	6661599	2	-60	230	130	Red Dam	Adjacent to minor Co anomaly (0.03% Co) test basal contact FWU (500m largely untested) along strike from contact min.

Table 1: Proposed drill holes for first phase drilling at Scotia Project

Drill Targeting Strategy

Significant historical exploration activities within the Scotia Project area have targeted several parallel ultramafic units for Nickel sulphides over a strike length of 11km. This work has effectively identified three distinct prospective cobalt-nickel horizons;

- Basal contact of the 'Lower Ultramafic Unit' – hosts the GSP Deposit;
- Basal contact of the 'Footwall Ultramafic' – sits approximately 80 metres below the Lower Ultramafic; and
- Near-surface zones of cobalt-nickel enrichment in the weathered profile.

Despite the basal contacts of these komatiite units representing the most prospective targets for primary cobalt-nickel mineralisation, there are several areas where these contacts have not been penetrated below a depth of 50 metres (fresh rock). Elevated Cobalt grades within the Project area are coincident with nickel mineralisation, and as such exploration targeting has been influenced strongly by historical nickel results.

Each drill hole has been designed to intersect known zones of cobalt-nickel enrichment in the regolith and to penetrate the basal contacts of the Lower Ultramafic unit in sections where;

- There is a decent strike length of untested basal contact;
- There is a coincident Nickel-Copper-Cobalt anomaly identified by shallow drilling; and
- Along strike from an intercept of sulphides adjacent to the basal contact.

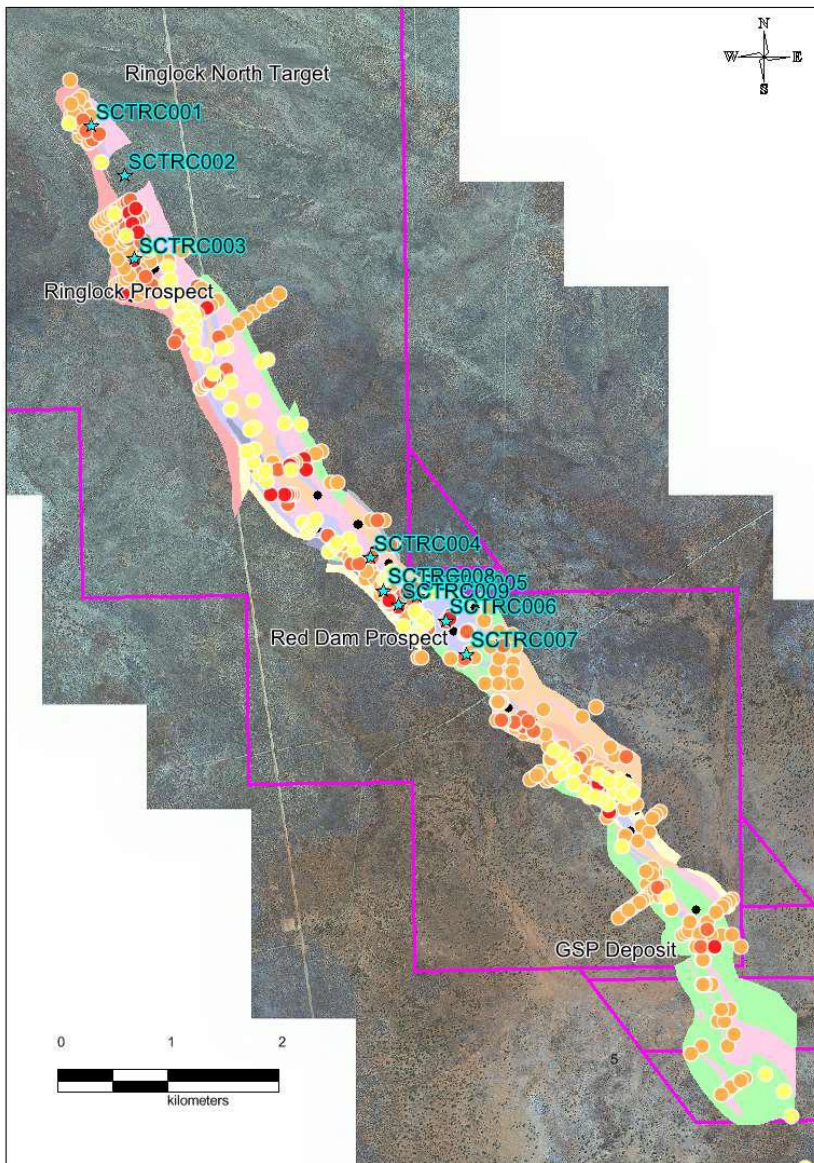


Figure 1. Scotia Project Proposed drill targets - tenement boundary shown in purple.

About the Scotia Cobalt-Nickel Project

The Scotia Project is situated 20km along strike of the Silver Swan and Black Swan nickel mines within the Archean Kalgoorlie Greenstone Terrane of Western Australia. It has been previously explored for nickel in the late 1960's and 1970's, and three main nickel prospects were identified; the Ringlock, Red Dam and GSP Prospects – along with several other targets. Several geophysical anomalies were defined and tested during this period of exploration and some were found to host associated cobalt mineralisation.

Significant cobalt intersections have been recorded, including 27.4m @ 0.06% Co, with individual cobalt values up to 0.47% Co reported (see ASX announcement of 20 April 2017 for details of the more significant cobalt intercepts recorded and a full list of historical drilling and results).

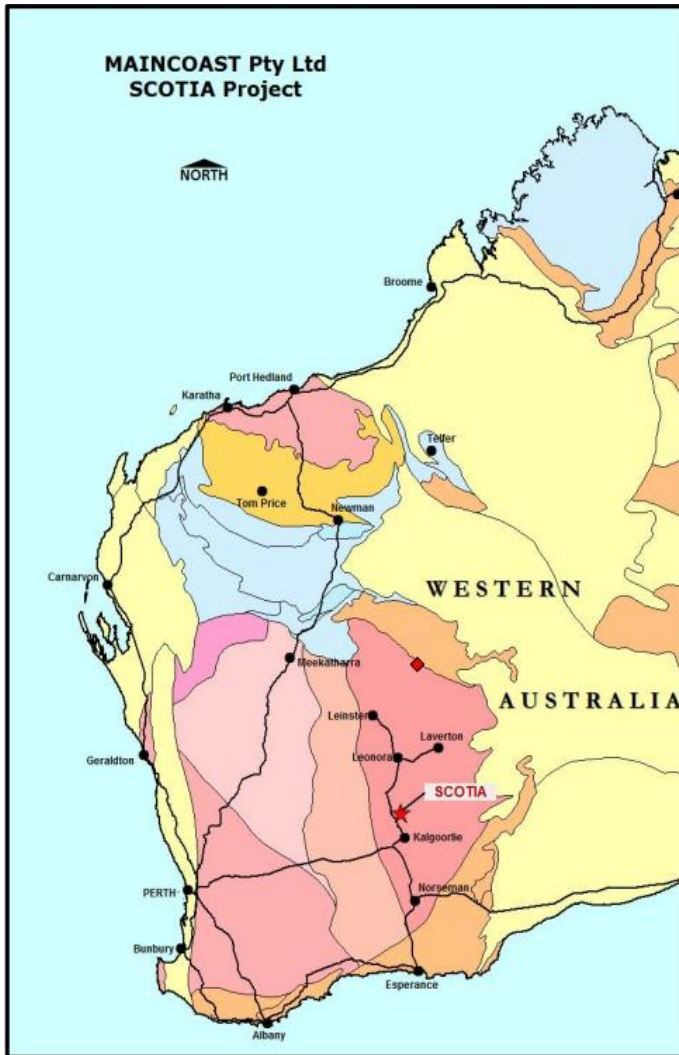


Figure 2: Scotia Project Location Map

About Cobalt

Cobalt has reached a current price of around of US\$60,000 per tonne representing an increase of more than 100% in price over the past year. The primary drivers for this price increase include:

- Recent surge in demand from the battery technology and energy storage markets - independent forecasters predict a very buoyant market for the price of cobalt
- Supply challenges associated with the Democratic Republic of Congo, which produces 60% of global cobalt production
- Demand is expected to exceed supply out to 2020. Industry will need to rely upon very large mine supply growth to meet demand; and
- Lack of recent exploration discoveries.

-ENDS-

Peter Torney

Executive Director
Capital Mining Limited

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.