

CAPITAL MINING LIMITED

ABN 69 104 551 171



18 August 2014

Attn: Stephanie So
Australian Securities Exchange
20 Bridge Street
Sydney, NSW 2000

Dear Stephanie

Appendix 5B Query

Capital Mining Limited ('Capital') provides the following information in response to your query dated 11 August 2014 regarding the Appendix 5B for the period ended 30 June 2014.

1. Capital believes it is in a position to raise sufficient cash to fund its activities.
2. As an exploration company, Capital expects that in the future it will have negative operating cash flows. To ensure that Capital has sufficient funds to continue its operations, Capital will seek to continue to raise funds through equity and/or debt raisings.
3. To meet its business objectives, Capital intends to utilise its placement capacity under listing rule 7.1 and seek shareholder approval for additional capital raising requirements. The directors of Capital are also financially supporting the company.
4. Capital confirms it is in compliance with the listing rules, and in particular, listing rule 3.1.
5. Capital confirms it is in compliance with listing rule 12.2, as set out in point 3 above. Capital current has exploration assets of approximately \$2.8 million and a net asset position of \$2.3 million.

Should you have any queries, please contact me.

Yours faithfully
Capital Mining Limited

Robert McCauley
Executive Director

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11 August 2014

Ms Elizabeth Hunt
Company Secretary
Capital Mining Limited
Level 11, London House
216 St Georges Terrace
Perth WA 6000

By Email

Dear Elizabeth

Capital Mining Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 June 2014, released to ASX Limited ("ASX") on 30 July 2014 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$0;
2. Net negative operating cash flows for the quarter of \$5,000; and
3. Cash at end of quarter of \$0.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters

discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by e-mail or by facsimile on facsimile number **(02) 9241 7620**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. **before 9.30 a.m. A.E.S.T.**) on Monday, 18 August 2014.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

Yours sincerely

(Sent electronically without signature)

Stephanie So

Senior Adviser, Listings Compliance(Sydney)