



Capital Mining Limited (**'the Company'**) is pleased to present details of the Company's activities during the March Quarter, 2015.

1. Corporate

During the quarter, the Company completed a placement of 538,500,000 shares at \$0.004 per share to raise \$1.2 million cash and settle creditors totalling \$954,000.

The Company has also entered into an unsecured loan agreements whereby the total loan of \$300,000 can be drawn down immediately. The interest is repayable in 12 months at an interest rate of 6% per annum.

2. Acquisitions

As announced during the quarter, the Company has entered into various agreements in line with with CMY's strategy of becoming a turnkey market leader in medicinal cannabis and hemp based products with expertise to achieve the entire product value chain.

On 9 March 2015, the Company announced that, pursuant to the terms of a binding Heads of Agreement dated 4 March 2015, it will become the first ASX listed company to hold a direct stake in a licensed grower, manufacturer and distributor of medical cannabis products under Canada's Marijuana for Medical Purposes Regulations ('MMPR') through an investment in Broken Coast Cannabis Ltd ('BCC').

Additionally, pursuant to a second binding Heads of Agreement dated 4 March 2015, the Company intends to purchase 100% of Cannan Growers Inc. ('CGI') the rights to CGI's MMPR license application and intellectual property required to make license applications throughout the world (based on the Canadian system), including Australia (if legislation permits). CGI is a distributor of bulk wholesale cannabis, industrial hemp and respective bi-products and derivatives.

Further details of these proposed acquisitions are contained in the announcement dated 9 March 2015.

During the quarter, the Company further announced the proposed acquisition of United States based Nutrawerx Inc., a company focused on the development and production of hemp related products and cannabinoid science. Details of the proposed acquisition are outlined in the announced dated 18 March 2015.

Subsequent to 31 March 2015, the Company announced it has entered the early stages of negotiating the proposed acquisition of Cannabinoid Extracts Australia Pty Ltd ('CEA') from Essential Oils of Tasmania Pty Ltd. CMY and EOT have executed a high-level, non-binding Term Sheet which sets out some of the proposed terms of the acquisition. The preliminary terms of the proposed acquisition and any risks associated with the transaction are summarised in the announcement dated 17 April 2014.

Tasmanian-based CEA was established by EOT for the purpose of applying for growing and processing licences for the manufacture of cannabidiol ('CBD'). EOT and CEA are currently in discussions with the Tasmanian and Federal Governments in relation to the licence applications. It is not currently legal to conduct the proposed CBD business in Australia, so law reforms would be needed before that may occur.

These acquisitions remain subject to due diligence, shareholder and other regulatory approvals. A notice of meeting and progress updates will be released to the market in due course.

On 4 February 2015, the Company announced it had withdrawn from the proposed transaction to acquire an interest in Beijing Xingang Zhiyuan Technology Co., Ltd; owners of the HexStudy Platform.

3. Exploration Projects

Overview of Activities

During the reporting period, no exploration activities were recorded on any of the Company's projects. The following sections thus only summarise pertinent technical aspects of the Company's exploration portfolio. Proposed exploration programs and budgets for each project are currently subject to review with the Company assessing its options regarding all projects within its portfolio including consideration of further joint venture partnerships, sales and divestment of some of its current assets.

MILPARINKA – Gold, Platinum, Nickel Project (NSW) – EL 6832 (CMY 100%)

The targets at Milparinka are for world-class platinum-nickel and gold-copper deposits that are predicted to be associated with a deeply buried intrusive complex. The terrain is covered with a blanket of thick post-mineral sediments and drilling is the only definitive way to test the mineral potential in the project area. The company is aiming to generate evidence of any signs of intrusion related gold-copper mineralisation and associated hydrothermal alteration by recovering core samples from the basement rocks that overlie the inferred intrusive mass.

MAYFIELD - Gold, Base Metals (NSW) – EL 6358 (CMY 51%; Rutila Resources 46.5%; Roberts Consulting 2.5%)

Exploration Licence (EL) 6358 covers a significant gold-copper skarn deposit at the Mayfield Prospect where very encouraging historic exploration drilling results has been reported. The tenement is located in an exploration hotspot close to the world-class Majors Creek gold field near Braidwood. The main focus of the work programme is to delineate a gold resource at the Mayfield gold-copper prospect and to explore the surrounding terrain for similar occurrences. The resource now stands at:

- *Gold-copper dominant mineralization: 4.0 million tonnes at a grade of 0.4% copper, 0.7 g/t gold, 8.8 g/t silver, 0.2% zinc and 25.4% iron; and*
- *Zinc dominant mineralization: 0.9 million tonnes at a grade of 2.36% zinc, 5.9 g/t silver and 0.1% copper.*

It should be noted that the above resource estimate was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

It is proposed that a drilling program be implemented as soon as practicable.

CHAKOLA - Gold and Base Metals Project (NSW) - EL 5697 (CMY 100%)

Chakola is prospective for gold, silver, copper and other base metals. The Company is currently seeking a joint venture partner to assist with funding the development of the project.

COWARRA - Gold (NSW) - EL 5939 (CMY 50%; Gold Mountain Limited 50%)

Exploration is for gold in high-grade sulphidic veins and shoots within shear zones in strongly deformed metasedimentary rocks generally focused around the historic Cowarra gold mine. On 6 January 2015, the Company entered into an agreement with Gold Mountain Limited (ASX:GMN) whereby GMN would acquire their remaining unearned interest in EL 5939.

CRAIGIE - Alluvial Gold Project (NSW) - MLA 366 & 367 (CMY 100%)

During the quarter the Company withdrew mining lease applications 366 and 367.

ASX Listing Rule 5.3.3 Information

The Company presents the following information in accordance with ASX Listing Rule 5.3.3:

Project Name	Location	Tenement Licence	Interest held at 31 Dec 2014	Interest acquired/disposed of	Interest held at 31 March 2015
Chakola	NSW	EL5697	100%	N/A	100%
Cowarra *	NSW	EL5939	50%	N/A *	50%
Milparinka	NSW	EL6832	100%	N/A	100%
Mayfield	NSW	EL6358	51%	N/A	51%
Craigie	NSW	MLA366	100%	100%	0 %
Craigie	NSW	MLA367	100%	100%	0 %

*As announced to the ASX on 6 January 2015, Gold Mountain Limited (ASX: GMN) entered into an agreement with the Company to acquire their remaining unearned interest in the mining tenement.

Capital Mining Limited ACN 104 551 171

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Statements contained in this report relating to exploration results and mineral resources are based on information compiled by Mart Rampe, who is a Member of the Australasian Institute of Mining and Metallurgy and is an independent consultant geologist engaged by Capital Mining. He has sufficient relevant experience in relation to the mineralisation styles being reported on, to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code). Mart Rampe consents to the use of applicable information in this report in the form and context in which it appears. The Company is reporting the historical exploration results under the 2004 edition of the Australian Code for the Reporting of Results, Mineral Resources and Ore reserves (JORC Code 2004) on the basis that the information has not materially changed since it was last reported.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Capital Mining Limited

ABN

69 104 551 171

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(55) - - (307)	(71) - - (595)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(362)	(666)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	20 - -	20 - -
1.10	Loans to other entities	(500)	(500)
1.11	Loans repaid by other entities	-	-
1.12	Other – Refund of tenement bond	-	10
Net investing cash flows		(480)	(470)
1.13	Total operating and investing cash flows (carried forward)	(842)	(1,136)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(842)	(1,136)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,200	1,465
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	40
1.17	Repayment of borrowings	(42)	(42)
1.18	Dividends paid	-	-
1.19	Other – costs of share issue	(75)	(86)
	Net financing cash flows	1,083	1,377
	Net increase (decrease) in cash held	241	241
1.20	Cash at beginning of quarter/year to date	-	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	241	241

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	143
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 – Directors' fees, consulting fees and reimbursement of expenses paid to entities associated with Directors

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the period the Company issued 238,500,000 fully paid ordinary shares to the value of \$954,000 to creditors in lieu of cash payments for invoices.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	25	-
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (Cash held in BBY Trust Account)	216	-
Total: cash at end of quarter (item 1.22)	241	-

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	MLA 366 / 367 NSW	Withdrawal	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,329,155,618	1,329,155,618	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) 538,500,000	(a) 538,500,000	
7.5	+Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	(a) 269,336,524	269,336,524	Exercise price 2 cents	Expiry date 31 December 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

(~~Director~~/Company Secretary)

Date: 29 April 2015

Print name:

Elizabeth Hunt

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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