CAPITAL MINING LIMITED

ABN 69 104 551 171

ANNUAL REPORT
2016

CAPITAL MINING LIMITED
CORPORATE DIRECTORY

Directors

Peter Torney	Non-Executive Director
Peter Dykes	Non-Executive Director
Anthony Dunlop	Non-Executive Director

Company Secretary

Elizabeth Hunt

Principal and Registered Office

Level 11, 216 St George's Terrace, Perth WA 6000

GPO Box 2517, Perth WA 6831

Telephone:	08 9481 0389
Facsimile:	08 9463 6103
Website:	www.capitalmining.com.au

Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway, Applecross, WA 6153

Telephone: 08 9315 2333

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd

Level 3, 216 St Georges Terrace, Perth, WA 6000

Stock Exchange Listing

Listed on the Australian Stock Exchange (ASX)

ASX code: CMY, CMYO

ABN: 69 104 551 171

CAPITAL MINING LIMITED

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CAPITAL MINING LIMITED
DIRECTORS' REPORT

Your Directors present the financial report of the Company for the financial year ended 30 June 2016.

The names and details of the Company's directors in office during the financial year and as at the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Peter Torney	Non-Executive Director
Peter Dykes	Non-Executive Director (appointed 27 July 2015)
Anthony Dunlop	Non-Executive Director (appointed 27 July 2015)
James Ellingford	Non-Executive Director (resigned 6 August 2015)
Robert McCauley	Executive Director (resigned 5 August 2015)

Peter Torney

Non-Executive Director

Mr Torney was appointed as a Non-Executive director on 11 June 2013.

Mr Torney is a stockbroker with over 10 years' experience in the Australian financial services industry during which time he has been involved in a number of successful stockbroking and equity capital markets businesses.

Mr Torney has experience in retail and institutional broking, capital raisings, share placements and initial public offerings in Australia and Asia, as well as assisted in dual listings on the OTCQX (USA).

Prior to entering the Equity market, Mr Torney has been involved in the advertising, real estate, finance, publishing and beef cattle production industries.

Mr Torney has held numerous directorships in both public and private companies.

Mr Torney is also a former director of listed company Zyber Holdings Ltd (from 9 January 2014 to 9 September 2015).

Peter Dykes

Non-Executive Director

Mr Dykes was appointed as a Non-Executive director on 27 July 2015.

Mr Dykes has over 20 years' experience in advising and building ASX-listed companies. He started his career with KPMG in the Taxation Division, later establishing KPMG's Technology Advisory practice in Sydney. There he advised large public and private companies on funding via private equity, government grants and tax incentive programs for research and development. Mr Dykes went on to establish a boutique technology advisory practice, advising many of Australia's largest ASX-listed and foreign corporates – including BHP, Telstra, Boral, General Motors Holden and Ford.

Mr Dykes progressed to executive and board roles with a number of early-stage ASX-listed technology companies, having principally invested in each of these to develop, commercialise and successfully exit. Peter is currently Executive Chairman of ASX listed diversified investment company Chapmans Limited (ASX:CHP) (since 8 June 2012).

Mr Dykes is also a former director of ASX listed companies Medadvisor Limited (30 November 2012 to 30 November 2015), SkyFii Limited (12 February 2013 to 20 November 2014), YPB Limited (2 August 2012 to 31 July 2014), and Tempo Australia Ltd (17 March 2010 to 4 November 2013).

Mr Dykes holds a Bachelor of Business (Accounting) from Victoria University (RMIT) and is a Fellow of the Tax Institute of Australia.

Anthony Dunlop

Non-Executive Director

Mr Dunlop was appointed as a Non-Executive director on 27 July 2015.

Mr Dunlop has over 20 years of corporate advisory and investment experience in Australia, the US, Hong Kong and mainland China. Beginning his corporate finance career with ABN AMRO, Mr Dunlop has extensive experience in transaction and portfolio analysis and risk management for both debt and equity structured investments. He has advised numerous ASX-listed and private entities in a wide range of sectors including mobile technology, technical & engineering services, resources, finance and agriculture sectors. Mr Dunlop has a well-established private and public capital network in Australia, Hong Kong and mainland China. Mr Dunlop is active in China outbound and inbound investment with Australian businesses.

Mr Dunlop is an executive director of Chapmans Limited (since 4 November 2013), Chapmans' nominee director for mobile technology commercialisation specialist Digital4ge Pty Ltd and mobile sports media business Digital Star Media Holdings Pty Ltd and a non-executive Chairman for waste to energy technology company Syn Dynamics Australia Pty Ltd.

Mr Dunlop holds a Bachelor of Economics from Macquarie University, and is a Graduate of the Australian Institute of Company Directors (GAICD).

Elizabeth Hunt BSc, MAcc, GIA (Cert), GAICD

Company Secretary

Mrs Hunt has over fifteen years' corporate and accounting experience with a particular interest in governance. Mrs Hunt has been involved in the IPO management, corporate advisory and company secretarial services, financial accounting and reporting and ASX and ASIC compliance management.

Mrs Hunt holds a BSc degree in Sustainable Development and has completed a Master of Accounting, the Governance Institute of Australia Certificate in Governance and Risk Management, and is a Graduate of the Australian Institute of Company Directors.

Mrs Hunt is currently also Company Secretary of a number of other ASX listed entities.

Directors' Interests in Shares and Options

Directors' interests in shares and options as at 30 June 2016 are set out in the table below. Between the end of the financial year and the date of this report, there has not been any subscriptions for shares.

Director	Shares Directly and Indirectly Held	Options
Peter Torney	27,500,000	-
Peter Dykes	29,000,000	-
Anthony Dunlop	11,243,684	-

Principal Activities

The continuing principal activity of the Company is the exploration for economic deposits of minerals.

Corporate Governance Statement

The Company has disclosed its Corporate Governance Statement on the company website at www.capitalmining.com.au.

Operating and financial review

Operations review

During the financial year, the Company's primary focus was recapitalisation of the Company and identifying suitable acquisition opportunities. Additionally the Company received interest in its existing gold asset during the year. To better assess the value of these assets and maximise shareholder value, the Company is currently working on exploration programmes on the Company's tenements.

Chakola EL5697 (NSW)

The Company has 100% interest in the gold and base metals project at Chakola NSW. The current licence is valid until 8 March 2017.

During the period, the Company has commenced an exploration program at the Chakola (NSW) tenement, located near Heron Resources' (ASX: HRR) major Woodlawn Zinc-Copper Project, in southern New South Wales.

Capital has committed a budget of $85k to the initial fieldwork at Chakola, including mapping and sampling programs and metallurgical and environmental studies. Work has commenced on the analysis of existing data.

Subject to the results of this preliminary work, Capital hopes to better define the existing mineralization and identify any new priority areas, following which, Capital expects to outline targets for an extensive drilling program (with budget circa $500k).

Capital views Chakola as a potentially significant gold and base metal asset and will provide further details on progress of its exploration programs at the project in due course.

Mayfield EL6358 (NSW)

The Company maintains a 51% interest in the Mayfield gold-copper-base metals joint venture project near Braidwood, NSW.
The Company is currently working with geological consultants to plan an exploration program at Mayfield, including a drilling program.

Schedule of Tenements as at 30 June 2016

PROJECT	STATE	COMMODITY FOCUS	LICENCE NUMBER	AREA (units)	TERM years	CMY INTEREST
Chakola	NSW	Gold - Copper	EL 5697	12	2	100%
Mayfield	NSW	Gold - Copper	EL 6358	7	2	51%

Results

The net result of operations after applicable income tax expense was a loss of $3,736,555 (2015: $4,190,433). At 30 June 2016 funds available totalled $2,018,418 (2015: $7,735).

Dividends

No dividends were paid or proposed during the period.

Corporate Structure

Capital Mining Limited is a company limited by shares and incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange under the code "CMY".

Employees

The Company had no employees as at 30 June 2016. The Company uses contract geologists and other consultants as required.

Significant Changes in State of Affairs

The following significant changes in the state of affairs occurred during the year:

(a) On 20 July 2015 the Company announced that it has terminated the proposed transactions with Broken Coast Cannabis Ltd and Cannan Growers Inc on the basis that certain conditions precedent were not capable of being satisfied. On 21 July 2015 the Company announced that it has terminated its agreement with Nutrawerx Inc.

(b) On 27 July 2015 the Company announced the appointments of Mr Peter Dykes and Mr Anthony Dunlop as Non-Executive Directors of the Company.

(c) On 28 July 2015 the Company announced $77,500 investment by Chapmans Limited into Capital Mining Limited via the issue of 155 million fully paid ordinary shares at $0.0005 per share.

(d) On 31 July 2015 the Company announced a non-renounceable entitlement offer to shareholder at an issue price of $0.001 on the basis of 1 new share for every 1 share held to raise approximately $1.48 million before costs ('Offer'). The Offer was completed in September 2015, fully subscribed.

(e) On 5 August 2015 the Robert McCauley resigned as Executive Director and CEO of the Company and on 6 August 2015 Dr James Ellingford resigned as Non-Executive director of the Company.

(f) On 12 August 2015 the Company announced the appointment of Chapmans Limited as underwriters of a non-renounceable entitlement offer announced on 31 July 2015.

(g) In September 2015 the Company's completed a consolidation of Company's issued capital on a 1-for-10 basis.

(h) On 11 December 2015, the Company completed a placement of shares at $0.007 per share to raise $2.54M.

(i) On 13 May 2016, the Company announced an agreement to acquire lithium prospective tenements in WA via the acquisition of Shaw River Lithium. Following extensive due diligence, including fieldwork (airborne mapping and sample collection), the Company announced on 21 July 2016 the withdrawal from the agreement on the basis of unsatisfactory results.

The Company has continued with its business during the year as detailed above in the Review of Operations and other parts of this report.

Matters Subsequent to the End of the Financial Period

There were at the date of this report no matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, except as set out below:

(a) On 1 July 2016, the Company issued 15 million shares to the shareholders of Wolfhound Lithium Limited (Wolfhound) as consideration for an exclusive option to conduct due diligence on Wolfhound pursuant to the Heads of Agreement announced on 1 June 2016. As at the date of this report the acquisition of 100% of Wolfhound remains subject to due diligence.

(b) In July 2016, the Company provided a loan to Chapmans Limited of $750,000, an ASX listed company of which Messrs Dykes and Dunlop are directors. The loan was repayable on 15 August 2016 but extended by mutual agreement of the parties. The loan attracts at interest rate of 8% per annum until 15 August 2016, and a rate of 16% thereafter. As at the date of this report the loan has principal been repaid in full.

(c) On 13 May 2016, the Company announced an agreement to acquire lithium prospective tenements in WA via the acquisition of Shaw River Lithium. Following extensive due diligence, including fieldwork (airborne mapping and sample collection), the Company announced on 21 July 2016 the withdrawal from the agreement on the basis of unsatisfactory results.

(d) On 6 September 2016, the Company issued 400 million shares at $0.025 per share under the placement capacity approved by shareholders at the general meeting held 8 August 2016.

Likely Developments and Expected Results

As the Company's areas of interest are still at the exploration stage, it is not possible to comment on likely developments and any expected results. The Company is looking to identify other precious and base metal exploration targets.

Share Options

Details of unlisted shares or interests of Capital Mining Limited under option at the date of this report is 100,000,000 unlisted $0.05 options expiring on or before 31 December 2018.

Details of listed shares or interest of Capital Mining Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
Brought forward 1 July 2015	31 December 2016	$0.20	26,933,673*
Total			**26,933,673**

*On 22 September 2015 the Company consolidated its issued capital on 1:10 basis.

The holders of these options do not have any rights under the options to participate in any share issue of the company or of any other entity.

Remuneration Report - Audited

The remuneration report is set out under the following main headings:

(a) Policy used to determine the nature and amount of remuneration

(b) Key management personnel

(c) Details of remuneration

(d) Cash bonuses

(e) Share-based payment bonuses

(f) Option and rights granted as remuneration

(g) Equity instruments issued on exercise of remuneration options

(h) Value of options to key management personnel and executives

(i) Service contracts

(j) Share options

(k) Options and rights holdings

(l) Loans to key management personnel

(m) Other transaction and balances

(a) Policy used to determine the nature and amount of remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's limited financial resources. Key Management Personnel's remuneration is not linked to the Company's performance due to the nature of the Company's activities.

Fees and payments to the non-executive directors and key management personnel reflect the demands which are made on, and the responsibilities of, the directors and the key management personnel. Such fees and payments are reviewed annually by the Board.

(b) Key management personnel

The following persons were key management personnel of Capital Mining Limited during the financial year:

Name	Position held
Peter Torney	Non-Executive Director
Peter Dykes	Non-Executive Director (appointed 27 July 2015)
Anthony Dunlop	Non-Executive Director (appointed 27 July 2015)
James Ellingford	Non-Executive Director (resigned 6 August 2015)
Robert McCauley	Executive Director & Chairman (resigned 5 August 2015)

Other than directors, there are no other officers or personnel who satisfy the definition of "Key Management Personnel" who are or were involved in, concerned with, or who take part in, the management of the affairs of Capital Mining Limited.

(c) Details of remuneration

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the Non-Executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The board determines actual payments to directors and reviews their remuneration annually, based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors.

Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as directors.

Details of the nature and amount of each element of the remuneration of each of the directors of Capital Mining Limited and each of the three Key Management Personnel of the Company who are entitled to or have received the highest emoluments during the year ended 30 June 2016 are set out in the following tables.

2016			Post-employment benefits	Long-term benefits		Share based payments			
	Salary, Directors fees $	Consulting fees**** $	Super-annuation $	Long service leave $	Termination benefits $	Options $	Total $	Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
R McCauley*	2,237	-	-	-	-	-	2,237	-	-
J Ellingford**	53,787	-	-	-	-	-	53,787	-	-
P Torney	48,000	528,500	1,140	-	-	-	577,640	-	-
P Dykes***	44,000	498,500	-	-	-	-	542,500	-	-
A Dunlop ***	44,000	498,500	-	-	-	-	542,500	-	-
Total key management personnel compensation	192,024	1,525,500	1,140	-			1,718,664	-	-

*Mr McCauley resigned on 5 August 2015.
**Dr Ellingford resigned on 6 August 2015.
*** Mr Dykes and Mr Dunlop were appointed on 27 July 2015.
**** Refer section (m)

Mining Corporate Pty Ltd, a company of which the Company Secretary, Mrs Elizabeth Hunt is a director, was paid or due to be paid $192,458 (inc GST) (2015: $153,791) for company secretarial, accounting and bookkeeping services.

2015			Post-employment benefits	Long-term benefits		Share based payments			
	Salary, Directors and consulting fees $	Consulting fees $	Super-annuation $	Long service leave $	Termination benefits $	Options $	Total $	Proportion of remuneration that is performance based %	% of Value of remuneration that consists of options %
R McCauley (i)	23,064	-	2,231	-	-	-	25,295	-	-
J Ellingford	100,000	-	9,500	-	-	-	109,500	-	-
P Torney	24,000	-	2,280	-	-	-	26,280	-	-
Total key management personnel compensation	147,064	-	14,011	-			161,075	-	-

(i) Mr McCauley's directors' fees and superannuation contributions for the period 1 July 2014 to 28 February 2015 were forgiven by Mr McCauley and written-off by the Company. Directors' fees amounts forgiven by the director totalled $39,542 (exclusive of applicable GST) and superannuation contribution written-off pertaining to director's fees written-off totalled $3,550.

There were no share based payment arrangements in existence with key management personnel during the year (2015: Nil).

(d) Cash bonuses

No cash bonuses were paid to directors or key management personnel during the financial year.

(e) Share-based payment bonuses

No shares or options were issued to directors or key management personnel during the financial year.

(f) Options and rights granted as remuneration

No options or rights were granted to directors or key management personnel as remuneration during the financial year.

(g) Equity Instruments issued on exercise of remuneration options

No equity instruments were issued to directors or key management personnel during the 2016 financial year.

(h) Value of options to key management personnel and executives

There were no options granted, exercised or lapsed to key management personnel and executives as part of their remuneration during the financial year.

(i) Service contracts

Remuneration and other terms of employment for the directors and key management personnel are formalised in Service/Appointment agreements. All contracts with the key management personnel may be terminated by either party with the required number of months notice and applicable termination payments as stipulated in the employment agreements. Details of each director agreement is as follows.

Peter Torney

By letter of memorandum and Board of Directors' circular resolution dated and agreed on 19 February 2014, Mr Torney's director fees decreased to $24,000 per annum (exclusive of SCG Superannuation). The notice terms for the termination of Mr Torney's contract by either party are standard. Mr Torney's director fees increased to $48,000 per annum (exclusive of SGC Superannuation) effective from 1 August 2015.

Peter Dykes

By letter of appointment dated 27 July 2015, Mr Dykes was appointed to Non-Executive Director role. Mr Dykes' director fees were agreed upon at $48,000 per annum (exclusive of SCG Superannuation). The notice terms for the termination of Mr Dykes' contract by either party are standard.

Anthony Dunlop

By letter of appointment dated 27 July 2015, Mr Dykes was appointed to Non-Executive Director role. Mr Dunlop's directors fees were agreed upon at $48,000 per annum (exclusive of SCG Superannuation). The notice terms for the termination of Mr Dunlop's contract by either party are standard.

(j) Share Options

During the year the company granted no options to directors (2015: Nil).

(k) Shares and Options Holdings

Shareholdings

Details of equity instruments held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

30 June 2016 Name	Balance at 1 July 2015	Granted as compen-sation	Options Exercised	Other changes	Balance at 30 June 2016	Total vested at 30 June 2016
P Torney	-	-	-	27,500,000	27,500,000	27,500,000
P Dykes*	-	-	-	29,000,000	29,000,000	29,000,000
A Dunlop*	-	-	-	11,243,684	11,243,684	11,243,684
R McCauley**	978,890	-	-	(978,890)	-	-
	978,890	-	-	66,764,794	67,743,684	67,743,684

*Mr Dykes and Mr Dunlop were appointed on 27 July 2015.

** Mr McCauley resigned on 5 August 2015.

30 June 2015 Name	Balance at 1 July 2014	Granted as compen-sation	Options Exercised	Other changes	Balance at 30 June 2015	Total vested at 30 June 2015
R McCauley*	978,890	-	-	-	978,890	978,890
J Ellingford**	-	-	-	-	-	-
P Torney	-	-	-	-	-	-
	978,890	-	-	-	978,890	978,890

*Mr McCauley resigned on 5 August 2015.

**Dr Ellingford resigned on 7 August 2015.

Options Holdings

Details of options held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

30 June 2016 Name	Balance at 1 July 2015	Granted as compensation	Other changes	Balance at 30 June 2016	Balance held nominally
P Torney	-	-	-	-	-
P Dykes*	-	-	-	-	-
A Dunlop*	-	-	-	-	-
R McCauley**	3,915,570	-	(3,915,570)		
	3,915,570	-	(3,915,570)	-	-

*Mr Dykes and Mr Dunlop were appointed on 27 July 2015.

** Mr McCauley resigned on 5 August 2015.

30 June 2015 Name	Balance at 1 July 2014	Granted as compensation	Other changes	Balance at 30 June 2015	Balance held nominally
R McCauley*	3,915,570	-	-	3,915,570	3,915,570
J Ellingford**	-	-	-	-	-
P Torney	-	-	-	-	-
	3,915,570	-	-	3,915,570	3,915,570

*Mr McCauley resigned on 5 August 2015.

**Dr Ellingford resigned on 7 August 2015.

Directors and key management personnel interests in shares and options includes holdings in their names and in the names of director or key management personnel related entities. Options included in directors' and key management personnel remuneration is treated as follows:

Fair values have been assessed using the Black and Scholes option valuation methodology which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the options, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. No discount has been applied.

(l) Loans to key management personnel and related parties

Tenceecee Pty Ltd

During the year the Company advanced $167,000 to Tenceecee Pty Ltd (a Company of which Mr Peter Torney is shareholder and director)bearing an interest rate of 8% (16% per annum for overdue amounts) with 90 days repayment from drawdown date. The loan was repaid in full in January 2016.

Chapmans Limited

During the year a total of $1,934,683 has been advanced to Chapmans Limited ("Chapmans"), an ASX listed company of which Mr Peter Dykes and Mr Anthony Dunlop are directors. As at 30 June 2016, all loans have been repaid by Chapmans to Capital Mining via cash or off-set against consulting fees.

Stirling Products Limited

During the year the Company advanced $599,511 to Stirling Products Limited, a company of which Mr Peter Dykes and Mr Peter Torney are Directors. In June 2016, Stirling Products Limited issued 7.6 million shares to Capital as part repayment of the loan. The loan balance at the date of this report is $204,431, which the Company has decided impair until such time that Stirling has raised sufficient funds and repaid the balance owing. The loan currently attracts a 16% per annum interest rate.

No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts and the Remuneration Report.

There are no other loans made by the company to key management personnel or their related parties.

(m) Other transactions and balances

During the year, the directors undertook extensive work in an executive capacity over and above their non-executive directors' roles. Since the appointment of Messrs. Dykes and Dunlop, the directors have recapitalised the company via entitlement issue and placement, realised significant investments gains, reviewed acquisition expenditures for the company, reviewed and planned development of the company's existing exploration assets, resolving disputed creditors and recovery of outstanding creditors. In recognition of this work, consulting fees have been paid as per the table below.

Entity	**Related Director**	**Total**
Poipu Bay Pty Ltd	Peter Dykes	$498,500
Tenceecee Pty Ltd	Peter Torney	$278,500
Bellring Pty Ltd	Peter Torney	$250,000
Coolabah Capital Pty Ltd	Anthony Dunlop	$498,500

Consulting services

Chapmans Limited

The Company entered into a mandate with Chapmans Limited on 30 October 2015 for the provision of sales, marketing and capital markets initiatives. The monthly fee set out in the mandate is $150,000 (ex GST) plus a 6% fee on any capital raisings. The term of the agreement expires 30 September 2016.

During the year a total of $1,350,000 has been paid to Chapmans Limited ("Chapmans"), an ASX listed company of which Mr Peter Dykes and Mr Anthony Dunlop are directors.

End of Remuneration Report

Share Capital and Options
A detailed breakdown of the company's capital, including options and convertible instruments is contained in Note 12 to the Company Accounts.

Meetings of Directors

Director's attendance at Directors meetings are shown in the following table:

Director	Meetings Eligible to Attend	Meetings Attended
Peter Torney	7	7
Peter Dykes (appointed 27 July 2015)	4	4
Anthony Dunlop (appointed 27 July 2015)	4	4
James Ellingford (resigned 7 August 2015)	4	3
Robert McCauley (resigned 5 August 2015)	4	4

Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Insurance Premiums

During the financial period the Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

Non–Audit services

No non-audit services were provided by the auditor to the Company during the year.

Environmental Performance
Capital Mining Limited holds exploration licences issued by the Mines Departments of NSW which specify guidelines for minimising and mitigating environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the various Mines Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

Proceedings on Behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act* 2001 is set out and located after the Directors' Declaration and forms part of this report.

Signed at Sydney this 15th day of September 2016 in accordance with a resolution of the Directors.

Peter Torney

Peter Torney
Director

CAPITAL MINING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 30 June 2016

	Note	2016	2015
		$	$
Gain on sale of held-for-trading assets		**299,167**	-
Other Income	2	**272,404**	55,347
Administration expenses		**(1,884,448)**	(1,143,554)
Consultant expenses		**(1,388,541)**	(620,824)
Depreciation expense	8	**(1,233)**	(178)
Exploration expenditure written-off	9	**(4,767)**	(369,141)
Salaries and employee benefits expense		**(192,197)**	(194,528)
Impairment of receivable	6	**(204,431)**	-
Provision for diminution in value of investments		**(432,509)**	(1,066)
Share based payments		**(200,000)**	(135,378)
Loss on disposal of exploration asset	9b)	**-**	(639,900)
Pre-acquisition costs	10	**-**	(954,394)
Other expenses		**-**	(186,817)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**(3,736,555)**	(4,190,433)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	3	**-**	-
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		**(3,736,555)**	(4,190,433)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the period net of tax		**-**	-
TOTAL OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS OF CAPITAL MINING LIMITED		**(3,736,555)**	(4,190,433)
Basic and diluted loss per share (cents per share)	14	**(0.40)**	(0.43)

The accompanying notes form part of these financial statements

CAPITAL MINING LIMITED
STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Note	**2016 $**	2015 $
CURRENT ASSETS			
Cash assets	5	**2,018,418**	7,735
Trade and Other Receivables	6	**131,303**	166,408
Financial Assets	4	**122**	3,199
Other Assets		**106,700**	-
TOTAL CURRENT ASSETS		**2,256,543**	177,342
NON-CURRENT ASSETS			
Security deposits	7	**85,000**	45,000
Plant and equipment	8	**-**	1,233
Deferred exploration and evaluation expenditure	9	**1,429,192**	1,409,118
TOTAL NON-CURRENT ASSETS		**1,514,192**	1,455,351
TOTAL ASSETS		**3,770,735**	1,632,693
CURRENT LIABILITIES			
Trade and Other Payables[1]	11	**253,892**	1,191,065
TOTAL CURRENT LIABILITIES		**253,892**	1,191,065
TOTAL LIABILITIES		**253,892**	1,191,065
NET ASSETS		**3,516,843**	441,628
EQUITY			
Issued capital	12	**21,221,826**	14,410,056
Accumulated losses		**(17,991,809)**	(14,255,254)
Reserves	13	**286,826**	286,826
TOTAL EQUITY		**3,516,843**	441,628

The accompanying notes form part of these financial statements

[1] The Company is disputing $106,401 of trade creditors (2015: $706,258).

CAPITAL MINING LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 30 June 2016

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
AT 1 JULY 2014	11,758,979	(10,064,821)	286,826	1,980,984
Loss for the period	-	(4,190,433)	-	(4,190,433)
Total Comprehensive Loss	-	(4,190,433)	-	(4,190,433)
Issue of share capital	2,738,055	-	-	2,738,055
Capital raising costs	(86,978)	-	-	(86,978)
AT 30 JUNE 2015	**14,410,056**	**(14,255,254)**	**286,826**	**441,628**
AT 1 JULY 2015	14,410,056	(14,255,254)	286,826	441,628
Loss for the period	-	(3,736,555)	-	(3,736,555)
Total Comprehensive Loss	-	(3,736,555)	-	(3,736,555)
Issue of share capital	7,308,328	-	-	7,308,328
Capital raising costs	(496,558)	-	-	(496,558)
AT 30 JUNE 2016	**21,221,826**	**(17,991,809)**	**286,826**	**3,516,843**

The accompanying notes form part of these financial statements

CAPITAL MINING LIMITED
STATEMENT OF CASH FLOWS

Year ended 30 June 2016

	Note	**2016 $**	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		**(2,879,513)**	(858,246)
Interest received		**21,076**	-
Other income		**12,000**	
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	22	**(2,846,437)**	(858,246)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditure on mining interests (exploration)		**(24,840)**	(9,921)
Pre-acquisition costs		**-**	(704,394)
Proceeds from sale of tenement		**-**	20,000
Refund from prospects (tenement)		**40,000**	10,000
Payment of security bond		**(50,000)**	-
Purchase of held-for-trading assets		**(679,602)**	-
Proceeds from sale of held-for-trading assets		**978,405**	-
Loans advanced to other entities		**(5,706,703)**	-
Loans repaid by other entities		**3,490,504**	-
Borrowing / loans from other entities		**409,944**	98,370
Loan repaid to other entities		**(57,356)**	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(1,599,648)**	(585,945)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		**6,852,277**	1,465,010
Application funds received (unallocated)		**12,000**	-
Equity raising expenses		**(407,509)**	(13,178)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**6,456,768**	1,451,832
Net increase/(decrease) in cash held		**2,010,683**	7,641
Add opening cash brought forward		**7,735**	94
CLOSING CASH	5	**2,018,418**	7,735

The accompanying notes form part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Capital Mining Limited and Controlled Entities (the "Company"). Capital Mining is public Company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 15 September 2016 by the directors of the Company.

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report is presented in Australian dollars.

The financial report has been prepared on accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

(a) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

This financial report has been prepared based on AIFRS.

(b) Going Concern

The Company incurred a loss for the year of $3,736,555 (2015: $4,190,433) and net cash outflows from operating and investing activities of $4,446,085 (2015: $1,444,191).

As at 30 June 2016, the Company had a working capital balance of $2,002,651 (2015: $1,013,723 deficit). Included in this working capital is $106,401 of trade creditors in dispute (2015: $706,258), which the directors are confident that negotiations will be finalized and invoices withdrawn by creditors (refer to Note 17).

During the year the Board's primary focus was on a number of proposed investment opportunities, which were eventually withdrawn from. The Board is currently refocusing its activities to its existing exploration projects.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

The Directors believe it is appropriate to prepare the financial report on a going concern basis because:

On 6 September 2016 the Company had issued 400 million shares at an issue price of $0.0025 to raise approximately $1 million before costs.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

(c) Property, plant and equipment

Items of plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Office equipment	40.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Borrowing costs

All borrowing costs are recognised as expense in the period in which they are incurred.

(e) Impairment of Assets

At the end of each reporting date, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

(g) Trade and Other Receivables

Trade receivables, which generally have 5-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

(i) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12 month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
All revenue is stated net of the amount of goods and services tax (GST).

(l) Income tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a) the amount at which the financial asset or financial liability is measured at initial recognition;

b) less principal repayments;

c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

- Financial assets at fair value through profit and loss

Financial assets are classified 'at fair value through profit or loss' when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance valuation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in the carrying value being included in profit or loss.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

- Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

- Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.
Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

- Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(p) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.
Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(q) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Exploration and Evaluation Expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(f).

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 15.
For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model, or the quoted bid price where applicable.

(r) New accounting standards for application in the current period

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2016. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

2. OTHER INCOME

	2016	2015
	$	$
Interest received	**21,075**	-
Forgiveness of debt	**239,329**	55,347
Other income	**12,000**	-
	272,404	55,347

*The Company received discount on amounts owed as creditors forgave the balance due and payable by the Company.

3. INCOME TAX

		2016	2015
		$	$
(a)	**Income tax expense**		
	Current tax	**-**	-
	Deferred tax	**-**	-
	Income tax as reported in the statement of comprehensive income	**-**	-
			-
(b)	**Reconciliation of income tax expense to prima facie tax payable**		
	Losses from continuing operations before income tax expense	**(3,736,555)**	(4,190,433)
	Tax at the Australian tax rate of 30%	**(1,120,967)**	(1,257,130)
	Increase in income tax due to:		
	Non-deductible expenses	**149,208**	659,767
	Current period tax losses not recognised	**567,169**	190,156
	Movement in unrecognised temporary differences	**436,284**	412,670
	Tax losses and deductible temporary differences not recognised	**-**	-
	Current year capital losses not recognised	**-**	-
	Decrease in income tax expense due to:		
	Deductible equity raising costs	**(31,694)**	(2,500)
	Non-assessable income	**-**	(2,963)
	Income tax attributable to operating loss	**-**	-

(c)	**Recognised deferred tax assets**		
	Tax losses	**93,624**	398,179
	Accruals	**6,300**	20,655
	Plant & Equipment	**-**	-
	Previously Expensed Blackhole Costs	**328,834**	3,902
	Total	**428,758**	422,735
	Less: Set off of deferred tax assets	**428,758**	422,735
	Net deferred tax liabilities	**-**	-
(d)	**Recognised deferred tax liabilities**		
	Exploration Expenditure	(428,758)	(422,735)
	Prepayments	-	-
	Total	(428,758)	(422,735)
	Less: Set off of deferred tax assets	428,758	422,735
	Net deferred tax liabilities	-	-
(e)	**Unused tax losses and temporary differences for which no deferred tax asset has been recognised at 30%**		
	Deferred tax assets have not been recognised in respect of the following (30%):		
	Deductible Temporary Differences	310,792	64,790
	Tax Revenue Losses	2,987,754	2,193,419
	Tax capital losses	-	-
	Total Unrecognised deferred tax assets (30%)	3,298,546	2,258,209

No provision for income tax is considered necessary in respect of the Company for the year ended 30 June 2016.

Deferred tax assets have not been recognised on the basis it is not probable the Company will make taxable profits in the near future.

No franking credits are available for subsequent years.

Tax consolidation

The Tax Consolidation scheme is not applicable to the Company.

4. FINANCIAL ASSETS HELD FOR TRADING	**2016** **$**	2015 $
Fair value of shares in ASX listed companies	**122**	3,199

The Company holds shares in Victory Mines Limited (VIC.ASX), a listed public company. The investments are classified as level 1 in the fair value hierarchy.

5. CASH AND CASH EQUIVALENTS	**2016** **$**	2015 $
Cash at Bank	**2,018,418**	7,735
	2,018,418	7,735

6. TRADE AND OTHER RECEIVABLES	2016 $	2015 $
Refund for GST paid	**109,485**	114,590
Other receivables	**21,818**	51,818
Loan to Stirling Products Limited	**204,431**	-
Provision for doubtful debt	**(204,431)**	-
	131,303	166,408

During the year the Company advanced $599,511 to Stirling Products Limited, a company of which Mr Peter Dykes and Mr Peter Torney are Directors. In June 2016, Stirling Products Limited issued 7.6 million shares to Capital as part repayment of the loan. The loan balance at the date of this report is $204,431, which the Company has decided to impair until such time that Stirling has raised sufficient funds and repaid the balance owing. The loan currently attracts a 16% per annum interest rate.

There are no other receivables which are past due & not impaired.

7. SECURITY DEPOSITS	2016 $	2015 $
Tenements		
Cash with government mines department. These deposits are restricted and available for any rehabilitation that may be required on exploration tenements.	**35,000**	45,000
Bank Security		
Deposit held by National Australia Bank against credit card facility.	**50,000**	-
	85,000	45,000

8. PLANT AND EQUIMENT	2016 $	2015 $
Plant, motor vehicle and equipment – at cost	**7,725**	7,725
Accumulated depreciation	**(7,725)**	(6,492)
	-	1,233
Reconciliation of the carrying amount of plant, motor vehicle and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning	**1,233**	1,411
Additions	**-**	-
Disposals	**-**	
Depreciation expense	**(1,233)**	(178)
	-	1,233

9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2016 $	2015 $
Costs brought forward	**1,409,118**	2,405,661
Costs incurred during the year	**24,841**	52,498
Costs written off during the year (a)	**(4,767)**	(369,141)
Exploration expenditure disposed during the year (b)	**-**	(679,900)
Costs carried forward	**1,429,192**	1,409,118

(a) During 2015 financial year, the Company relinquished its Milparinka and Craigie project tenements resulting in an impairment loss of $369,141.

(b) During 2015 financial year, the Company disposed of its interest in Cowarra tenement project. The agreement for the sale was executed on 31 December 2014. The proceeds receivable on disposal are $40,000 resulting in the net loss of $639,900. $20,000 deposit for the sale was received by the Company on 5 January 2015, with the remainder to be paid following registration of the transfer. The tenement transfer is expected to occur in the coming months.

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

10. PRE-ACQUISITION COSTS

	2016 $	2015 $
Impairment of Loan To Broken Bay Cannabis Ltd	**-**	500,000
Other Pre-Acquisition Costs	**-**	454,394
Total	**-**	954,394

Pre-acquisition costs incurred during 2015 related to all spending by the Company in relation to the proposed acquisitions of Cambodian mining tenements from Indochine Resources Pty Limited; the cloud-based Hexstudy learning platform; and acquisition of interests in Canadian medical marijuana and other related operations*.

Included in these pre-acquisitions costs was a loan issued to the Broken Coast Cannabis, Ltd of $500,000 as part of a binding heads of agreement. The loan is unsecured, non-interest bearing and for a term of 12 months to 4 March 2016. Given the termination of the acquisition and continued assessments by the Directors, the recoverability of the remaining amount has been assessed as doubtful and impaired as a cost of the acquisition,.

11. TRADE AND OTHER PAYABLES

	2016 $	2015 $
Trade creditors *	**199,392**	984,313
Accrued expenses	**42,500**	47,675
Payroll liabilities	**-**	22,364
Other	**12,000**	136,713
	253,892	1,191,065

* The Company is disputing $106,401 of trade creditors (2015: $706,258).as described in Note 17.

12. ISSUED CAPITAL

Share capital		
1,098,894,185 ordinary shares fully paid	**21,221,826**	14,410,056

(a) Movements in ordinary share capital	Date	Number of shares	Issue price	$
1 July 2014 to 30 June 2015				
Balance b/fwd	01-07-14	693,313,711	-	11,758,979
Shares issued from a placement	19-09-14	97,340,907	$0.006	584,045
Shares issued from a prospectus	16-10-14	1,000	$0.010	10
Shares issued from a placement	13-02-15	500,000,000	$0.004	2,000,000
Shares issued	13-02-15	38,500,000	$0.004	154,000
Less: Transaction costs arising from issue of shares		-		(86,978)
Balance as at 30 June 2015		**1,329,155,618**		**14,410,056**

Movements in ordinary share capital	Date	Number of shares	Issue price	$
1 July 2015 to 30 June 2016				
Balance b/fwd	01-07-15	1,329,155,618	-	14,410,056
Shares issued from a placement	28-07-15	155,000,000	$0.0005	77,500
Shares issued from an entitlement	14-09-15	1,484,155,618	$0.0010	1,484,156
Shares issued from a placement	18-09-15	800,000,000	$0.0010	800,000
Consolidation of issued capital	22-09-15	-3,391,479,879	-	-
Shares issued from a placement	20-10-15	22,000,000	$0.0150	330,000
Shares issued from a placement	11-12-15	363,096,003	$0.0070	2,541,672
Shares issued from a placement	18-04-16	100,000,000	$0.0050	500,000
Shares issued from a placement	18-05-16	236,966,825	$0.00633	1,500,000
Shares to be issued to Wolfhound Litihium shareholders	30-06-16	-	$0.005	75,000
Less: Transaction costs arising from issue of shares		-		(496,558)
Balance as at 30 June 2016		**1,098,894,185**		**21,221,826**

Terms and conditions of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Option holders have no voting rights until the options are exercised.

Options

The following options are outstanding at balance date.

(b) Movements in Options	Issue Date	Number of Options	Exercise price	Maturity
(i) ASX Listed Options (CMYO)				
1 July 2015 to 30 June 2016				
Brought forward	01-07-15	269,336,524	$0.20	31-12-2016
Consolidation of issued capital	22-09-15	(242,402,851)		
Placement – free attaching options	18-04-16	100,000,000	$0.05	31-12-2018
Balance as at 30 June 2016		**126,933,673**		

(b) Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Refer to Note 1(c) for managements plans to remain a going concern. The working capital position of the Company at 30 June 2016 and 30 June 2015 are as follows:

	2016	2015
Working capital position	**$**	$
Cash and cash equivalents	**2,018,418**	7,735
Trade and other receivables	**131,303**	166,408
Financial assets	**122**	3,199
Other assets	**106,700**	-
Trade and other payables	**(253,892)**	(1,191,065)
Working capital position	**2,002,651**	(1,013,723)

13. RESERVES

	2016	2015
Options expense reserve	**$**	$
Balance at 1 July	**286,826**	286,826
Balance as at 30 June	**286,826**	286,826

14. LOSS PER SHARE

	2016	2015
	$	$
Basic loss per share (cents per share)	**(0.40)**	(0.43)
Diluted loss per share (cents per share)	**(0.40)**	(0.43)
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	**922,637,178**	969,276,070*
Loss used in calculating basic and diluted loss per share	**3,736,555**	4,190,433

*Note that the EPS weighted average for 2015 has been adjusted for the share consolidation (1:10) which occurred on 22/9/2015

15. SHARE BASED PAYMENTS

2016

Grant Date/entitlement	Number of Instruments	Grant and Vesting Date	Fair Value at grant date $
Shares issued in lieu of invoice payments on 20 October 2015 as ratified at 18 February 2016 GM	4,666,667	20-10-2015	0.015
Shares issued in lieu of invoice payments on 11 December 2015 as per AGM	30,000,000	27-11-2015	0.007
Shares issued in lieu of invoice payments on 3 September 2015	97,954,000	14-09-2015	0.001

2015

Shares issued in lieu of services on 19 September 2014 as approved at AGM	53,174,240	27/11/2014	0.006
Shares issued in lieu of services on 13 February 2015 as approved at AGM	238,500,000	27/11/2014	0.004
Shares issued in lieu of services on 12 July 2013 as approved at GM	45,750,000	06/05/2013	0.008
Shares issued in lieu of services on 22	2,500,000	06/05/2013	0.008

July 2013 as approved at GM			
Shares issued in lieu of services on 2 September 2013 as approved at GM	30,464,604	06/05/2013	0.010
Shares issued in lieu of services on 14 October 2013 as approved at GM	19,535,397	17/09/2013	0.010
Shares issued in lieu of services on 14 October 2013 as approved at GM	56,166,666	17/09/2013	0.012
Shares issued in lieu of services on 6 December 2013 as approved at GM	74,583,334	17/09/2013	0.012
Shares issued in lieu of services on 14 February 2014 as approved at AGM	81,666,666	29/11/2013	0.012

16. FINANCIAL REPORT BY SEGMENT

The Company operates predominantly in the one business and in one geographical area, namely Australian mineral exploration and evaluation.

17. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Included in the trade creditors balance as at 30 June 2016 is $106,401 (2015: $706,258) of which the directors believe were not contractual and not payable by the Company. The directors are confident that negotiations on these balances will be finalised and the invoices be withdrawn by the respective creditors.

There were no other contingent assets or liabilities as at 30 June 2016.

18. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The totals of remuneration paid or due to be paid to the KMP of the Company during the period are as follows:

	2016 **$**	2015 $
Short-term employee benefits	**1,717,524**	147,064
Post-employment benefits	**1,140**	14,011
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share based payments	**-**	-
Total Remuneration paid or due to be paid	**1,718,664**	161,075

Details of other transactions with key management personnel can be found in the remuneration report and note 19 below.

19. TRANSACTIONS WITH RELATED PARTIES

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

During the year, the directors undertook extensive work in an executive capacity over and above their non-executive directors' roles. Since the appointment of Messrs. Dykes and Dunlop, the directors have recapitalised the company via entitlement issue and placement, realised significant investments gains, reviewed acquisition expenditures for the company, reviewed and planned development of the company's existing exploration assets, resolving disputed creditors and recovery of outstanding creditors. In recognition of this work, consulting fees have been paid as per the table below.

Entity	Related Director	Total
Poipu Bay Pty Ltd	Peter Dykes	$498,500
Tenceecee Pty Ltd	Peter Torney	$278,500
Bellring Pty Ltd	Peter Torney	$250,000
Coolabah Capital Pty Ltd	Anthony Dunlop	$498,500

(a) Loan to Tenceecee Pty Ltd

During the year the Company advanced $167,000 to Tenceecee Pty Ltd bearing an interest rate of 8% (16% per annum for overdue amounts) with 90 days repayment from drawdown date (a Company of which Mr Peter Torney is shareholder and director). The loan was repaid in full in January 2016.

(b) Chapmans Limited

The Company entered into a mandate with Chapmans Limited on 30 October 2015 for the provision of sales, marketing and capital markets initiatives. The monthly fee set out in the mandate is $150,000 (ex GST) plus a 6% fee on any capital raisings. The term of the agreement expires 30 September 2016.

During the year a total of $1,350,000 has been paid to Chapmans Limited ("Chapmans"), an ASX listed company of which Mr Peter Dykes and Mr Anthony Dunlop are directors.

(c) Stirling Products Limited

During the year the Company advanced $599,511 to Stirling Products Limited, a company of which Mr Peter Dykes and Mr Peter Torney are Directors. In June 2016, Stirling Products Limited issued 7.6 million shares to Capital as part repayment of the loan. The loan balance at the date of this report is $204,431, which the Company has decided to impair until such time that Stirling has raised sufficient funds and repaid the balance owing. The loan currently attracts a 16% per annum interest rate.

20. COMMITMENTS

Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various Mines Departments, the Company will be required to incur exploration expenditure under the terms of each licence.

	2016 **$**	2015 $
Payable not later than one year	**45,277**	93,000
Payable later than one year but not later than five years	**-**	56,195
	45,277	149,195

It is likely that the granting of new licences and changes in licence areas at renewal, or expiry, will change the expenditure commitment to the Company from time to time.

21. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2016 apart from:

(a) On 1 July 2016, the Company issued 15 million shares to the shareholders of Wolfhound Lithium Limited (Wolfhound) as consideration for an exclusive option to conduct due diligence on Wolfhound pursuant to the Heads of Agreement announced on 1 June 2016. As at the date of this report the acquisition of 100% of Wolfhound remains subject to due diligence.

(b) In July 2016, the Company provided a loan to Chapmans Limited of $750,000, an ASX listed company of which Messrs Dykes and Dunlop are directors. Under the terms of the loan agreement, the loan was repayable on 15 August 2016 but extended by mutual agreement of the parties. The loan attracts at interest rate of 8% per annum until 15 August 2016, and a rate of 16% thereafter. As at the date of this report the loan principal had been repaid in full.

(c) On 13 May 2016, the Company announced an agreement to acquire lithium prospective tenements in WA via the acquisition of Shaw River Lithium. Following extensive due diligence, including fieldwork (airborne mapping and sample collection), the Company announced on 21 July 2016 the withdrawal from the agreement on the basis of unsatisfactory results.

(d) On 6 September 2016, the Company issued 400 million shares at $0.025 per share under the placement capacity approved by shareholders at the general meeting held 8 August 2016.

22. STATEMENT OF CASH FLOWS

	2016 $	2015 $
Reconciliation of net cash outflow from operating activities to operating loss after income tax		
(a) Operating loss after income tax	**(3,736,555)**	(4,190,433)
Non-cash flows in loss		
Pre-acquisition costs that are classified as investing	**-**	954,934
Other income – forgiveness from creditors	**(239,328)**	(55,347)
Depreciation	**1,233**	178
Impairment of receivables	**204,431**	75,460
Diminution of investment	**432,509**	1,066
Exploration costs written off	**-**	369,141
Share Based Payments	**200,000**	1,273,045
(Gain)/Loss on disposal of asset	**(299,167)**	639,900
Creditor invoices off-set against loans with other entities	**1,495,585**	(182,424)
Change in assets and liabilities:		
(Increase)/decrease in receivables	**35,105**	(64,046)
(Increase)/decrease in prepayments	**(3,077)**	24,000
(Decrease)/increase in trade and other creditors	**(937,173)**	296,280
Net cash outflow from operating activities	**(2,846,437)**	(858,246)

(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise cash and short term deposits, trade and other receivables, held for trading assets and trade and other payables. The main purpose of these financial instruments is to finance the company's operations. The company has various other financial assets and liabilities such as trade receivable and trade payables, which arise directly from its operations.

It is, and has been throughout the entire period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are either summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value.

No financial assets and financial liabilities are required to be revalued on a recurring basis, other than held for trading financial assets which are listed investments. The company has no financial assets where carrying amount exceeds net fair values at balance date.

(b) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company does not have a material exposure to market risk at present.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The company's foreign transactions are immaterial and it is not exposed to foreign currency risk at the present time.

(ii) Price Risk

The company's exposure to price risk is nil.

(iii) Interest rate risk exposure

At balance date, the Company was exposed to a floating weighted average interest rate as follows:

	2016	2015
Weighted average rate of cash balances	**1.75%**	2.00%
Cash balances	**$2,018,418**	$7,735

Bank negotiable certificates of deposit are normally invested for 30-90 days and other cash at bank balances are at call. All other financial assets and liabilities are non-interest bearing.

The company's exposure to the risks of changes in market interest rates relates primarily to the company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the company to cash flow interest rate risk. The company does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the company's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit or loss and equity after tax if interest rates at that date had been 15% higher or lower with all other variables held constant as a sensitivity analysis.

The company has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Company continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

	Notes	Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk			
								-5%		+5%	
		2016	2015	2016	2015	2016	2015	Profit	Equity	Profit	Equity
		$	$	$	$	$	$	$	$	$	$
Financial Assets:											
Cash at bank	5	**2,018,418**	7,735	**-**	-	**2,018,418**	7,735	(100,901)	(387)	100,901	387
Trade and other receivables	6	**-**	-	**131,303**	166,408	**131,303**	166,408	**-**	-	**-**	-
Held for trading	4	**-**	-	**122**	3,199	**122**	3,199	**-**	-	**-**	-
Total		**2,018,418**	7,735	**131,425**	166,408	**2,149,843**	177,342				
Weighted average interest rate		**1.75%**	2.00%								
Financial Liabilities:											
Trade and other payables	10	**-**	-	**(253,892)**	(1,191,065)	**(253,892)**	(1,191,065)	**-**	-	**-**	-
Total		**-**	-	**(253,892)**	(1,191,065)	**(253,892)**	(1,191,065)				
Weighted average interest rate		**1.75%**	2.00%								
Net financial assets (liabilities)		**2,018,418**	7,735	**(122,467)**	(1,021,458)	**1,895,951**	(1,013,723)	**-**	-	**-**	-

A sensitivity of 5% has been selected as this is considered reasonable given the current level of both short-term and long-term Australian dollar interest rates. A 5% sensitivity would move short-term interest rates at 30 June 2016 from around 1.75% to 1.65% representing a 10 basis points shift. With the uncertain financial markets, the current low interest rates are expected to continue, any change would likely to be only a small decrease, and this level of sensitivity would seem reasonable.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Company Statement of Financial Position and notes to the Company accounts.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties. Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Company's surplus funds are invested with AA Rated financial institutions.

The Company does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the Company.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The responsibility with liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Company's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

The company manages liquidity risk by maintaining sufficient cash reserves and marketable securities, and through the continuous monitoring of budgeted and actual cash flows.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. The liabilities are expected to be settled within one year.

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**	**$**	**$**
Financial liabilities due for payment						
Trade and other payables*	**253,892**	1,191,065	-	-	**253,892**	1,191,065
Total contractual outflows	**253,892**	1,191,065	-	-	**253,892**	1,191,065
Financial assets – cash flows realisable						
Cash and cash equivalents	**2,018,418**	7,735	-	-	**2,018,418**	7,735
Trade and other receivables	**131,303**	166,408	-	-	**131,303**	166,408
Financial assets	**122**	3,199			**122**	3,199
Total anticipated inflow	**2,149,843**	177,342	-	-	**2,149,843**	177,342
Net inflow/(outflow) on financial instruments	**1,895,951**	(1,013,723)			**1,895,951**	(1,013,723)

* The Company is disputing $106,401 (2015: $706,258) of trade creditors as described in Note 17.

CAPITAL MINING LIMITED
DIRECTORS' DECLARATION

Year ended 30 June 2016

The directors of the company declare that:

1. the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

   a) comply with Accounting Standards, which, as stated in the accounting policy Note 1, to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company;

2. the Chief Executive Officer and the Chief Finance Officer have each declared that:

   a) the financial records of the Company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001;*

   b) the financial statements and notes for the financial year comply with Accounting Standards; and

   c) the financial statements and notes for the financial year give a true and fair view; and

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors.

On behalf of the Board

Peter Torney

Director

Sydney, 15 September 2016

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Capital Mining Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 15th day of September 2016

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Capital Mining Limited

We have audited the accompanying financial report of Capital Mining Limited ("the Company"), which comprises the statement of ffinancial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of accounting policies, other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

a. The financial report of Capital Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that the Entity incurred a loss of $3,736,555 during the year ended 30 June 2016. This condition, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Capital Mining Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Director

Dated at Perth this 15th day of September 2016

CAPITAL MINING LIMITED
SHAREHOLDER INFORMATION

Information relating to shareholders at 14 September 2016 (per ASX Listing Rule 4.10)

Substantial Shareholders	Shareholding
Nil	Nil

Distribution of Shareholders & Optionholders

Number of securities held	Number of Holders	Ordinary Shares	Number of Holders	Options
1 – 1,000	180	89,341	58	21,000
1,001 – 5,000	268	727,606	34	90,298
5,001 – 10,000	134	1,130,707	9	66,087
10,001 – 100,000	783	44,466,713	38	1,981,254
100,001 – and over	1,264	1,467,479,818	29	24,775,034
	2,629	1,513,894,185	168	26,933,673

Top 20 Shareholders of Ordinary Shares (CMY)	Shares	% Shares issued
HSBC CUSTODY NOMINEES AUSTRALIA LTD	80,000,000	5.28
CARRARA WEALTH GROUP PTY LTD <CARRARA WEALTH GROUP A/C>	60,000,000	3.96
PHEAKES PTY LTD <SENATE A/C>	51,595,577	3.41
MILFORD RESOURCES PTY LTD	46,200,000	3.05
VARNEY LEE MAGILL	40,000,000	2.64
MR JOSEPH CHARLES DIROSATO	27,898,894	1.84
MR PETER ALAN TORNEY	27,000,000	1.78
JJSW PTY LTD <JJSW SUPER FUND A/C>	24,800,000	1.64
AUST-SPORT FINANCIAL SERVICES PTY TLD <GLEESON FAMILY A/C>	23,400,000	1.55
KYLIE MANCUSO	20,000,000	1.32
CURRANDOOLEY PTY TLD	20,000,000	1.32
POIPU BAY PTY LTD	19,500,000	1.29
KIRKO NORMAN KIRKPATRICK	17,105,703	1.13
HOT CHILLI INVESTMENTS PTY LTD <HOT CHILLI INVEST S/F A/C>	14,300,000	0.94
NICHOLAS HENRY SOURIAL	11,600,000	0.77
MR SAMUEL KAH TECK NG	11,539,985	0.76
COOLABAH CAPITAL PTY LTD	11,243,684	0.74
MR KONSTANTINOS BAGIARTAKIS	11,000,000	0.73
MR GUY RICHARD CONSTANT	10,843,242	0.72
CEF SUPER PTY LTD <CEF SUPER FUND A/C>	10,797,788	0.71
Total	272,640,323	24.48
Issued Capital	**1,113,894,185**	

Top 20 Option holders of $0.20 quoted options expiring 31 December 2016 (CMYO)	Options	% Options issued
BELLOC PTY LIMITED	5,282,500	19.61
SUBURBAN HOLDINGS PTY LTD <THE SUBURBAN SUPER FUND A/C>	4,344,367	16.13
NOBEL INTERNATIONAL LIMITED	3,329,167	12.36
FIRST STATE PTY LIMITED	1,860,083	6.91
PHEAKES PTY LTD <SENATE A/C>	1,525,000	5.66
CELTIC CAPITAL PTY LTD <CELTIC CAPITAL NO 2 A/C>	1,500,000	5.57
MRS KAVITHA VENKATARAAYAN	823,942	3.06
MR JASON STEPHENS	698,334	2.59
UNION PACIFIC PTY LTD	600,000	2.23
LANDPATH PTY LTD	583,334	2.17
MR GEOFFREY JOHN WHITEOAK	433,432	1.61
INVESTORLINK CHINA LIMITED	335,000	1.24
MR HAYDEN QUARMAN	325,000	1.21
MR QUANG DANNY THAI	315,000	1.17
MRS WENDY ELIZABETH AXFORD	300,000	1.11
MR ERROL BOME & MRS MELANIE BOME <THE BOME SUPER FUND A/C>	250,000	0.93
ESSELMONT PTY LIMITED <ESSELMONT A/C>	250,000	0.93
MR THOMAS PATRICK TAYLOR	200,000	0.74
AL-RAZA PTY LTD	200,000	0.74
MR NALLANATHAN PRABHODHARAN	200,000	0.74
Total	23,335,159	86.71
Issued Capital	**26,933,673**	

Voting Rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.