

CAPITAL MINING LIMITED

ABN 69 104 551 171

NOTICE OF 2016 ANNUAL GENERAL MEETING

TIME: 11.00am (AEDT)
DATE: Wednesday, 9 November 2016
PLACE: Thomson Geer
Level 25, 1 O'Connell Street
Sydney NSW 2000

This Notice of Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9481 0389.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Capital Mining Limited, which this Notice of Annual General Meeting relates to will be held at 11.00am (AEDT) on 9 November 2016 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all 'directed' proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the question that the resolution be passed; and
- either of the following applies:
 - if a record of attendance is made for the meeting - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2016 Annual General Meeting of members of Capital Mining Limited (“**the Company**”) will be held at 11.00am (AEDT) on Wednesday 9 November 2016 at Thomson Geer, Level 25, 1 O’Connell Street, Sydney NSW 2000.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00pm (AEDT) on Monday, 7 November 2016.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

REPORTS AND ACCOUNTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016, together with the declaration of the Directors, the directors’ report, the Remuneration Report and the auditor’s report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the Company to adopt the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2016.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 2 – RE-ELECTION OF ANTHONY DUNLOP AS A DIRECTOR

To consider and, if fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of clause 6.1 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Anthony Dunlop, a Director of the Company, retires by rotation, and being eligible, is re-elected as a Director of the Company”

RESOLUTION 3 – PLACEMENT OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will raise \$2,000,000 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

To consider, and if thought fit, pass with or without amendment the following as a special resolution:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of Equity Securities totaling up to 10% of the number of ordinary Shares on issue by way of placements over a 12 month period, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2; and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further information in relation to these resolutions is set out in the Explanatory Notes below.

PROXIES

Return of Proxy Form: To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- post to Capital Mining Limited, GPO Box 2517, Perth WA 6831;
- send by email to liz@miningcorporate.com.au; or
- send on facsimile number +61 (0)8 9463 6103,

so that it is received not later than 11.00am AEDT on Monday, 7 November 2016.

A shareholder who is entitled to attend and vote at the meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the appointment does not so specify, each proxy may exercise half of the votes. Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by two directors, a director and the company secretary, a duly authorised officer or attorney.

Dated 29 September 2016

By Order of the Board

Elizabeth Hunt
Company Secretary

EXPLANATORY NOTES:

These explanatory notes set out information in connection with the business to be considered at the Capital Mining Limited 2016 Annual General Meeting.

Voting Restrictions

In accordance with section 224 of the *Corporations Act 2001*, a vote in respect of the resolution will be disregarded by the Company if it is cast by or on behalf of a person who is named in the relevant resolution or an associate of that named person.

However, the Company need not disregard a vote if:

- it is cast by a person who is appointed by writing as proxy for a person who is entitled to vote and the written appointment specifies how the proxy is to vote; and
- the vote is not cast on behalf of the named person or an associate of the named person.

Proxies

A member entitled to attend this meeting and vote is entitled to appoint a proxy to attend and vote for the member at the meeting. A proxy need not be a member. If the member is entitled to cast two or more votes at the meeting the member may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice. If shareholders wish to appoint a proxy, they should read the directions on the proxy form carefully.

Voting Entitlement

The Company (as convenor of the meeting) has determined that a person's entitlement to vote at the meeting will be the entitlement of that person set out in the register of members as at 7.00 pm AEDT on Monday, 7 November 2016.

This means that any member registered at 7.00 pm AEDT on Monday, 7 November 2016 is entitled to attend and vote at the meeting.

EXPLANATORY STATEMENT

ORDINARY BUSINESS

The following items of ordinary business will be considered as Resolutions at the meeting:

1. FINANCIAL STATEMENTS AND REPORT

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.capitalmining.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

2.1 General

The Remuneration Report is set out in the Directors' report in the Company's 2016 Annual Report. It is also available on the Company's website at www.capitalmining.com.au

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 250R(2) of the *Corporations Act* 2001 requires that at a listed company's annual general meeting, a resolution to adopt the Remuneration Report be put to the vote of the members of the Company. The vote on Resolution 1 is advisory only and is not binding on the Company or its Directors. The Chair of the meeting must give the members a reasonable opportunity to ask questions or make comments concerning the Remuneration Report during the Meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's 2015 annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member)

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

2.5 Directors' recommendation

The Directors recommend that shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF ANTHONY DUNLOP AS A DIRECTOR

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Clause 6.1 of the Company's Constitution provides that at the annual general meeting in every year, one-third of the Directors, for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to by not exceeding one-third, must retire from office but no Director may retain office for more than 3 years without submitting himself or herself for re-election even though the submission results in more than one-third of the Directors retiring from office.

The Directors to retire at an annual general meeting are those who have been longest in office since their election. As between persons who became Directors on the same day, those to retire are determined by drawing lots unless they otherwise agree among themselves.

A Director who retires by rotation under clause 11.6 of the Constitution is eligible for re-election.

In determining the number of Directors to retire, no account is to be taken of:

- (a) a Director who only holds office until the next annual general meeting pursuant to clause 9.2 of the Constitution; and/ or

(b) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only the one appointed first is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

Pursuant to Resolution 2, Mr Anthony Dunlop retires by rotation and being eligible for re-election, offers himself for re-election at the Meeting.

Details on Mr Dunlop can be found in the 2016 Annual Report.

The Directors, with Mr Anthony Dunlop abstaining, recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – PLACEMENT OF SHARES

Resolution 3 seeks Shareholder approval for the issue of up to that number of Shares that, when multiplied by the issue price, will raise up to \$2,000,000 ('Placement').

The effect of Resolution 3 will be to allow the Company to issue the Shares pursuant to the Placement during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

4.1 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions (none of which is relevant here) prior approval of Shareholders is required for an issue of equity securities if those securities will, when aggregated with the equity securities issued by the Company during the previous 12 months without prior Shareholder approval or an exception to obtaining prior Shareholder approval, exceed 15% of the number of Shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3 to allow Shareholders to assess the proposed Placement;

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$2,000,000;
- (b) the Shares the subject of Resolution 3 will be issued no later than three (3) months after the date of this Meeting or such later date as approved by ASX and it is intended that the issue of Shares will occur progressively;
- (c) the issue price of the Shares will be at least 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares are recorded before the date on which the issue is made, or, if there is a prospectus, over the last 5 days on which sales in the Shares are recorded before the date the prospectus is signed, calculated in accordance with listing rule 7.3.3;
- (d) the subscribers in respect of Resolution 3 are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the issue. No subscriber will be a related party of the Company;
- (e) the Shares to be issued will rank pari-passu on issue with the existing fully paid ordinary Shares of the Company;
- (f) the Company intends to use the funds raised by the Placement to advance current exploration assets, potential acquisition of additional exploration assets and general working capital purposes.

4.2 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 3. The Board recommends Shareholders vote in favour of Resolution 3 as it will enable the Company to fund its ongoing commitments.

5. SPECIAL RESOLUTION 4 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities totalling up to 10% of its issued capital over a period up to 12 months after the entity's annual general meeting ('10% Placement Capacity').

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

An Eligible Entity for the purposes of Listing Rule 7.1A is an entity that is not included in the SRP/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity.

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in below).

The effect of Resolution 4 will be to allow the Directors to issue Equity Securities totalling up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during a period of up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The Board believes that Resolution 4 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this resolution.

5.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity. The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company current has two classes of quoted Equity Securities on issue being its Shares (fully paid ordinary) and Options (exercise \$0.02, expiring 31 December 2016).

The exact number of Equity Securities that the Company may issue pursuant to approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

A = the number of Shares on issue 12 months before the date of issue or agreement;
plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
plus the number of partly paid shares that became fully paid in the previous 12 months;

plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4;
less the number of Shares cancelled in the previous 12 months.

B = 10%.

C = the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

5.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

- **Minimum Issue Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 ASX trading days of the date below, the date on which the Equity Securities are issued.

- **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- 12 months after the date of the Annual General Meeting; and
- the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),
- or such longer period if allowed by ASX ('10% Placement Capacity Period').

- **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Number of Shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.001 (66% decrease in current issue price)	Funds raised based on issue price of \$0.003 (Current issue price)	Funds raised based on issue price of \$0.005 (66% increase in current issue price)
1,513,894,185 (Current)	151,389,418	\$151,389.42	\$454,168.25	\$ 756,947.09
2,270,841,277 (50% increase)*	227,084,127	\$227,084.13	\$681,252.38	\$1,135,420.64
3,027,788,370 (100% increase)*	302,778,837	\$302,778.84	\$908,336.51	\$1,513,894.19

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- The current Shares on issue are the Shares on issue as at 7 September.
- The issue price set out above is the closing price on 6 September 2016.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares (it does not include Partly Paid Shares even though Partly Paid Shares may be issued under the 10% Placement Capacity). It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

• **Purpose of Issue under 10% Placement Capacity**

The Company may decide to issue Equity Securities under the 10% Placement Capacity to raise funds for the purpose of developing the current exploration assets of the Company and/or acquiring additional exploration assets. Funds may also be raised to fund working capital requirements of the Company relevant at the time of the issue.

The Company may also issue Equity Securities for non-cash consideration, such as for the acquisition of new assets or investments. If the Company issues Equity Securities for non-cash consideration, the Company will release on valuation of the

non-cash consideration that demonstrates that the deemed issue price of the Equity Securities complies with Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon any issue of Equity Securities under Listing Rule 7.1A.

- **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the Company's circumstances, including, but not limited to, its financial position and solvency;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

- **No previous approval**

The Company has not previously obtained approval under Listing Rule 7.1A.

5.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

5.5 Recommendation

The Board supports the approval of the additional placement capacity and recommends that shareholders vote in favour of Resolution 4.

GLOSSARY

In this Notice of Meeting, the following terms have the following meaning unless the context otherwise requires:

2016 Annual Report means the Company's annual report for the financial year ended 30 June 2016, which can be downloaded from the Company's website at www.capitalmining.com.au.

AEDT means Australian Eastern Daylight Time, as observed in Sydney, New South Wales.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules or **Listing Rules** means the official Listing Rules of ASX.

Board means the current Board of Directors of the Company.

Business Day means Monday to Wednesday inclusive, except New Year's Day, Good Wednesday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Capital Mining** means Capital Mining Limited (ABN 69 104 551 171).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying this Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or Notice of Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the 2016 Annual Report.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

VWAP means the volume weighted average price of the Shares.

APPOINTMENT OF PROXY FORM

CAPITAL MINING LIMITED
ABN 69 104 551 171

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11.00am (AEDT), on Wednesday, 9 November 2016 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Anthony Dunlop as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail:

YES ☐ NO ☐

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - posting to Capital Mining Limited, GPO Box 2517, Perth WA 6831;
 - sending by email to liz@miningcorporate.com.au; or
 - sending on facsimile number +61 (0)8 9463 6103,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.