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**ASX Release**

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**CAPITAL MINING SIGNS AGREEMENT TO ACQUIRE PROSPECTIVE LITHIUM  
TENEMENTS IN WESTERN AUSTRALIA**

***HIGHLIGHTS***

- **CMY enters into a binding Sale and Purchase Agreement to acquire Shaw River Lithium Pty Ltd, the holder of 13 prospecting licence applications in the Pilbara region of Western Australia.**
- **Lithium prospective interests in major Western Australian locations in the Pilbara, a region proven to host hard rock lithium deposits of global significance.**
- **Significant holding – 14 specific targets within 13 prospecting licence applications across 4 locations with 2,534 hectares covered.**
- **Sophisticated method – Applications identified selectively and collated on the basis of fundamental geological analysis.**
- **Lead project identified – Portfolio anchored by the Shaw River Group.**
- **First in priority – Applications are “first in time” ahead of competing peers in the Shaw River and surrounding Pilbara provinces (including Sayona Minerals Ltd (ASX: “SYA”)).**
- **Cost effective holdings – Prospecting licences for enhanced value exploration.**
- **Future value upside – Prospectivity for other mineralization (tin and tantalum).**
- **Minimal outlay by the Company to secure first interest in lithium prospective tenements, with the \$150,000 in shares to be issued on completion and a further \$150,000 to be issued on grant of at least 50% of the licence applications.**
- **CMY also reviewing other lithium assets in highly prospective regions, such as Argentina, Chile and Canada**



Capital Mining Limited (ASX: CMY) (“CMY” or “Company”) is pleased to announce that it has executed a binding Sale and Purchase Agreement to acquire 100% of the shares in Shaw River Lithium Pty Ltd (“SRL”), the holder of 13 prospecting licence applications that are prospective for lithium in Pilbara region of Western Australia.

Under the terms of the Sale and Purchase Agreement, CMY has agreed to issue the shareholders in SRL a total of 30 million shares at a deemed issue price of \$0.005 at completion of the acquisition and a further 30 million shares at a deemed issue price of \$0.005 upon at least 50% of the licence applications being granted.

The Company will also reimburse the shareholders of SRL for expenditure incurred in applying for the licences.

The Sale and Purchase Agreement remains subject to completion of due diligence and satisfaction by the Company of all regulatory requirements.

### **The Opportunity**

Lithium is a high value product with strong supply and demand fundamentals as lithium ion batteries continue to experience explosive growth driven by technological advancements in the energy sector. Western Australia is a key region of current and future Lithium production.

SRL has applied for 13 prospecting licences across four locations in the Pilbara region which have been selectively geologically identified as having the potential for Lithium:

- Shaw River Group;
- South Yule Group;
- Railway Group; and
- Corunna Downs Prospect

These applications have been made ahead of existing competing peers.

The portfolio is anchored by the Shaw River Group. This group comprises four targets which principally have been prospective for tin and lithium minerals (spodumene, lepidolite and zinnwaldite). These have been recorded in this area by Geological Survey of Western Australia (GSWA) (Guidebook to Pegmatites, 2007, page 51).

The nature of the targets lends themselves to relatively low cost and short time horizon exploration and with potential for fast track development.



**Figure 1: Shaw River district from surveyor's helicopter (March 2016)**

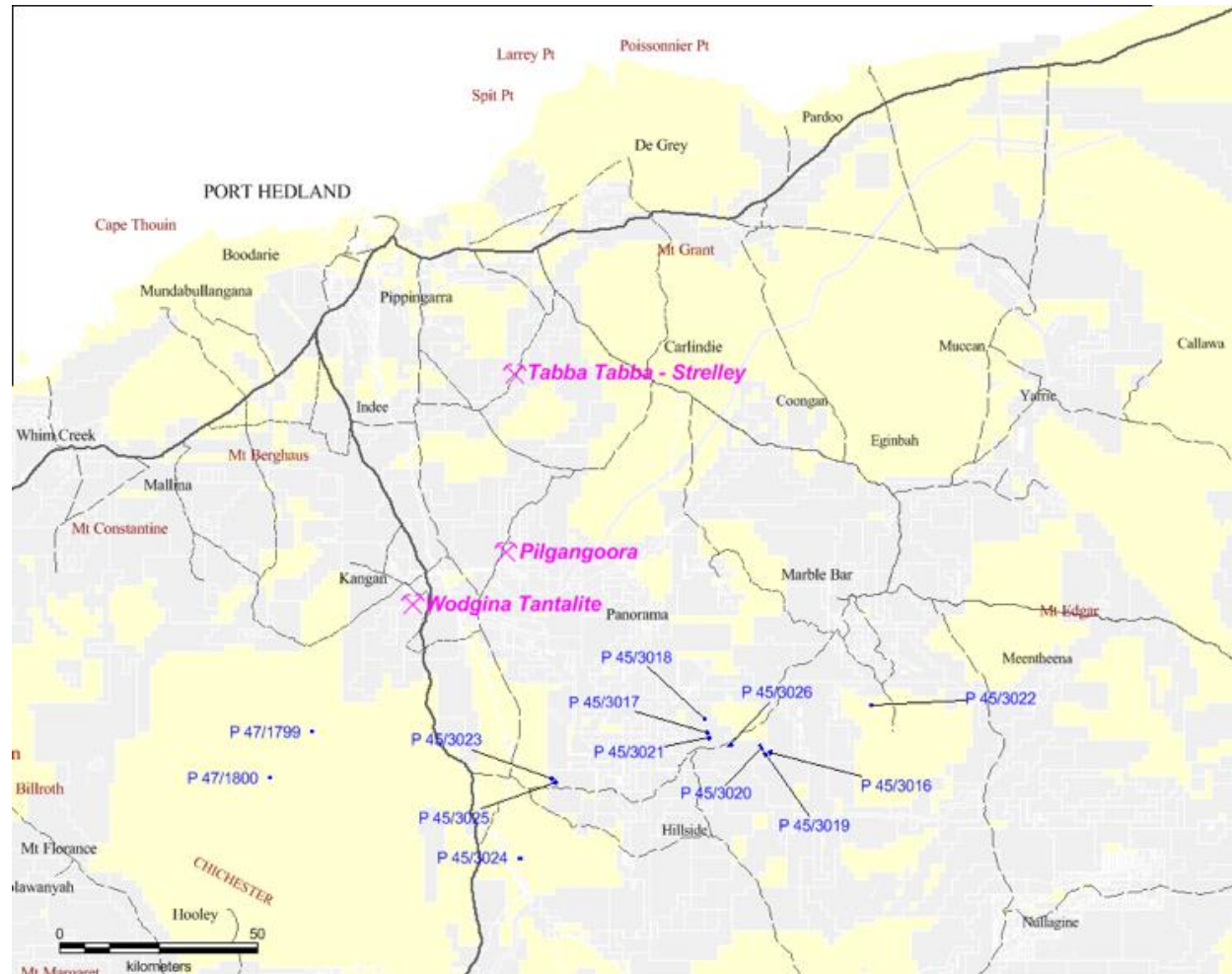
### **Tenement applications**

The distribution of the group is shown in Figure 2 below and in Table 1 below.

A total of 14 targets in the Pilbara have been secured with 13 prospecting licence applications. Prospecting licences have been used as a cost effective “foot on it” way of securing the ground:

- Superfluous expenditure avoided: concentration on the targeted areas means a lower expenditure condition on each prospecting licence than larger comparative exploration licences over the same areas. As such, the Company does not need to incur excess or superfluous expenditure to maintain the titles in good standing.
- Licences fitting for surface mineralisation: as pegmatites and lithium resources are commonly surface lying, prospecting licences are appropriate. A prospecting licence allows excavation, extraction or removal of up to 500t of material (more if the Minister's approval is granted). As such, prospecting licences are fitting for the mineralisation targeted. That is, larger tonnages for deeper drilling programmes are less likely to be required.

**Figure 2: Location of Pilbara prospecting licence applications**





**Table 1: Pilbara prospecting applications**

TENEMENT ID	PROSPECT SHORT NAME	TYPE OF WORKING & COMMODITY	LATITUDE	LONGITUD E	PREVIOUS WORKS	SIZE
Shaw River Group						
P45/3016	Shaw River	Pit - Sn, Ta, Li	-21.527588	119.547176	Historical working	196.25 Ha
P45/3017	Cooglegong Ck North Eluv 1	Shallow workings - Sn	-21.480941	119.387744	Alluvia/elluvial workings for tin	196.13 Ha
P45/3018	Cooglegong Ck North 1	Pit - Sn	-21.451783	119.382241	Alluvia/elluvial workings for tin	196.14 Ha
P45/3019	Strawberry Creek	Alluvials - Sn	-21.530544	119.532699	Alluvial workings	196.18 Ha
P45/3020	Marshall Creek	Alluvials - Sn	-21.513082	119.518078	Alluvial workings	197.13 Ha
P45/3021	Cooglegong Ck North 2	Shallow workings Sn Ta	-21.495895	119.393762	Shallow workings	197.23 Ha
P45/3026	Cooglegong / Johnston and Sons	Shallow workings - Sn	-21.516361	119.437382	Historical workings for tin	178.66 Ha
	Spear Hill Flats	Alluvials - Sn	-21.507668	119.443516	Costean in alluvials	
Railway Group						
P45/3023	Woodstock Ta 2	Shallow workings - Ta	-21.585777	119.009954	Tantalum workings on granite	196.06 Ha
P45/3024	Coonarie Creek E Alluvial	Alluvials - Sn	-21.768392	118.93399	Coonarie E alluvial	196.05 Ha
P45/3025	Woodstock Ta 1	Shallow workings - Ta	-21.597667	119.021316	Tantalum workings on granite	196.05 Ha



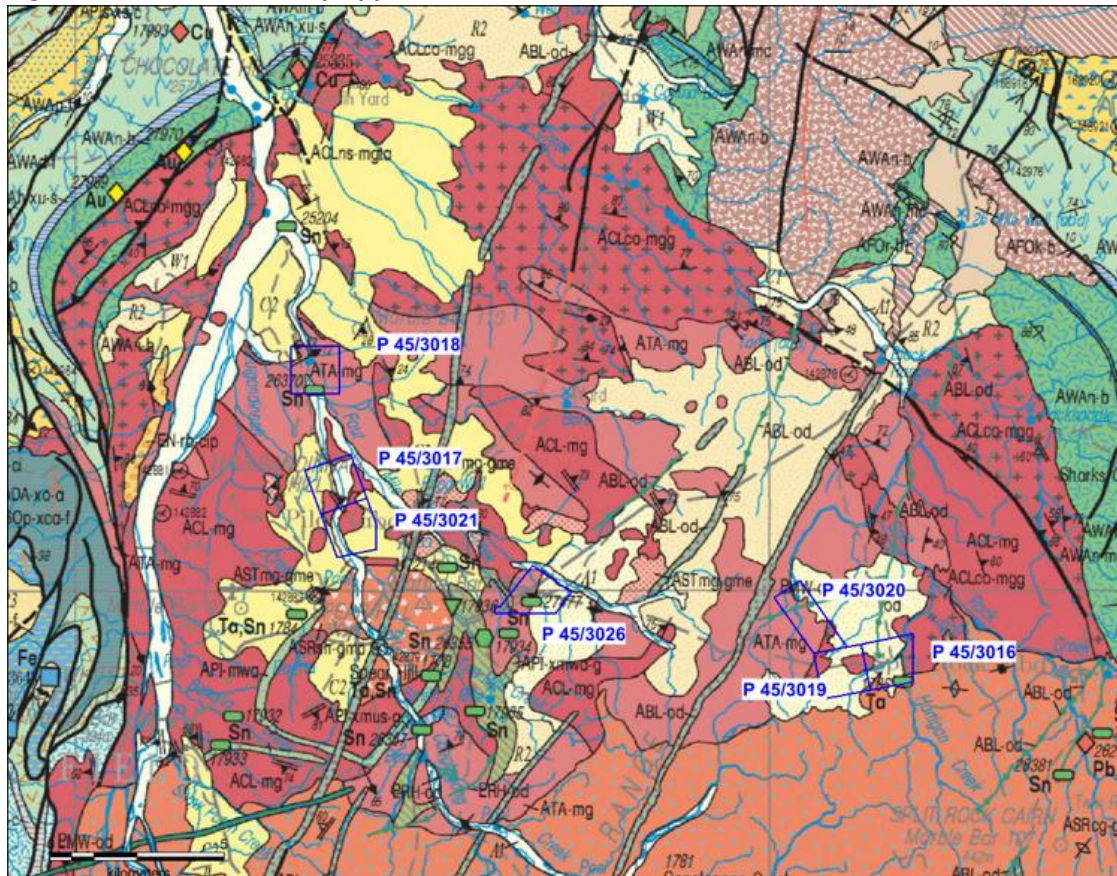
#### South Yule Group

P47/1799	Corung Creek (Be)	Prospect - Be	-21.48098	118.42677	Berl prospect	195.97 Ha
P47/1800	Mumbillina	Prospect - Be	-21.58571	118.32373	Tin workings	195.94 Ha

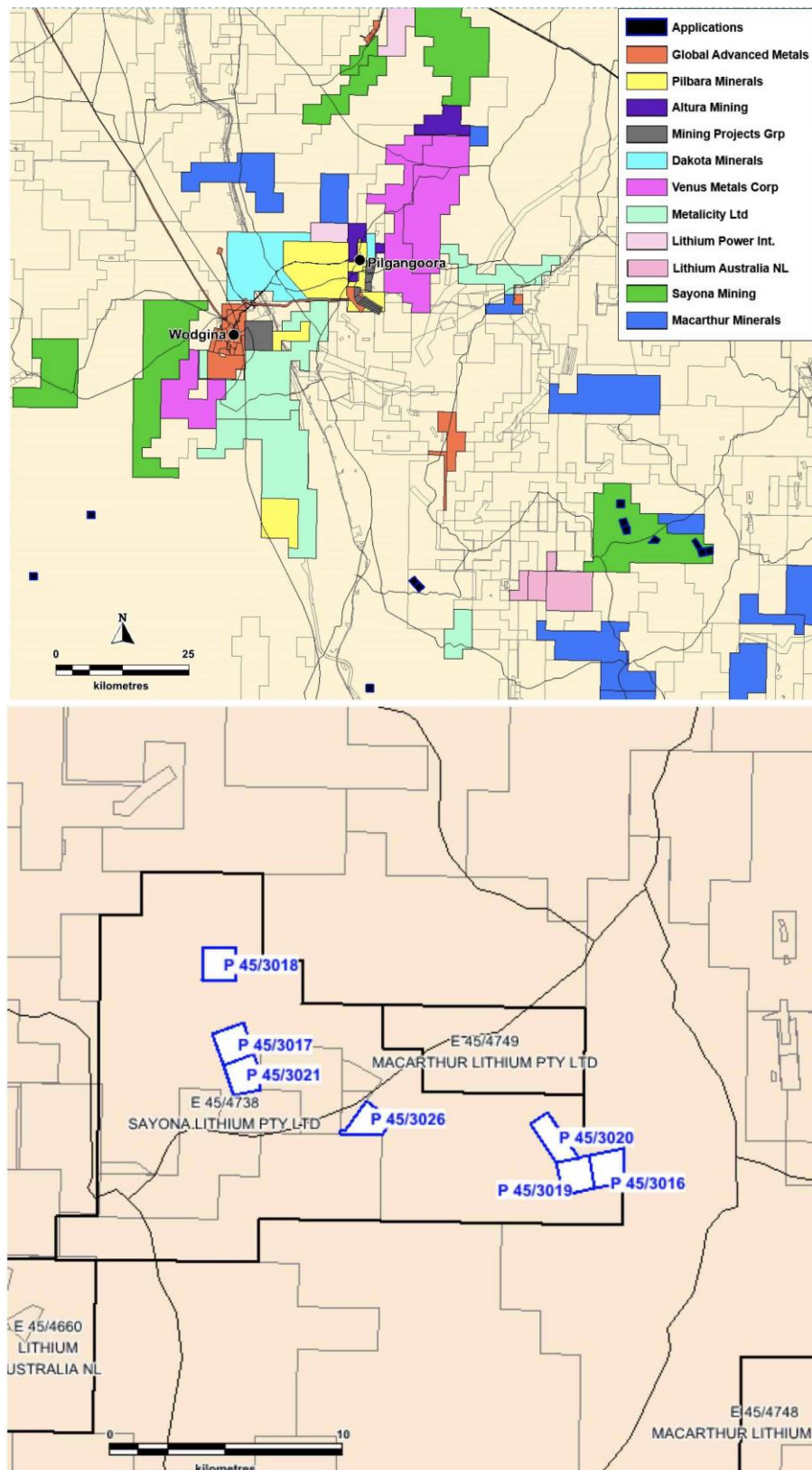
#### Corunna Downs Prospect

P45/3022	Corunna Downs	Old mine - Sn	-21.42154	119.787279	Shallow tin workings	196.25 Ha
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**Figures 4a and 4b: Location of Pilbara prospecting licence applications relative to active explorers and developers in the region.**



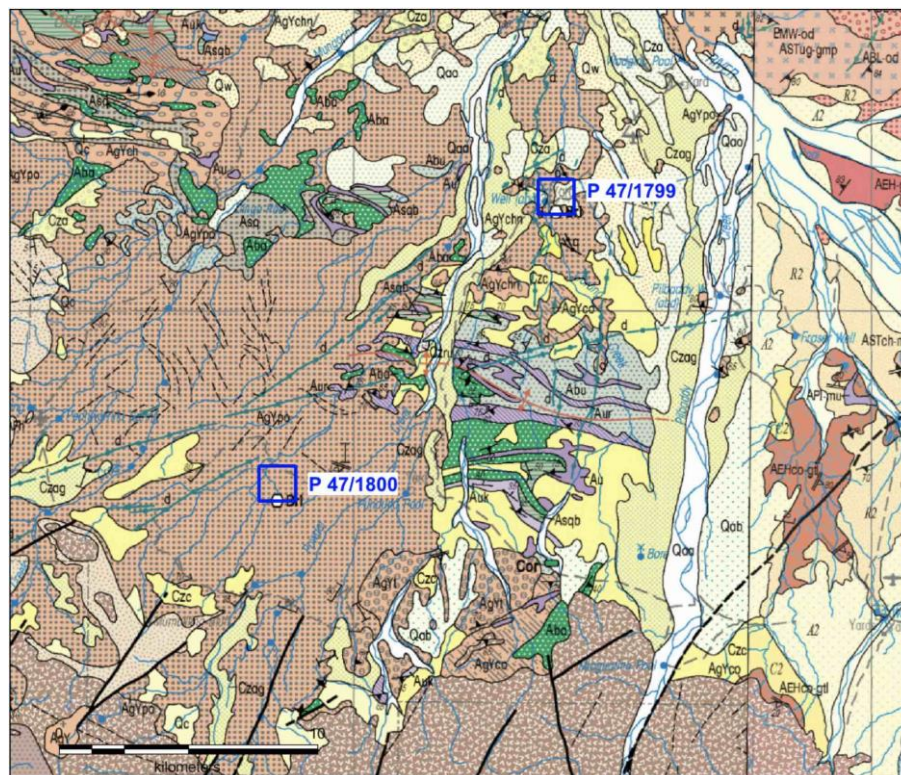


## South Yule Group

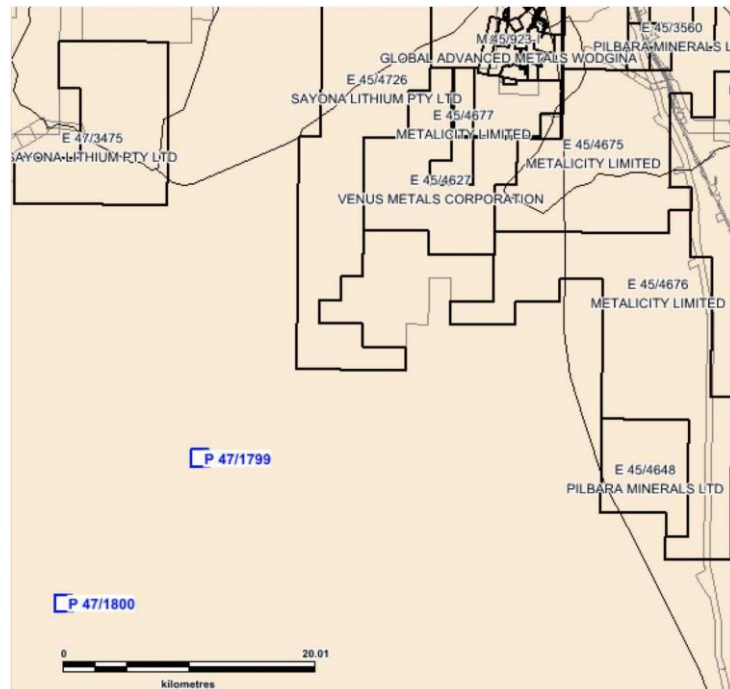
Corung Creek and Mumbilina are isolated occurrences of beryllium in the broad but thin Yule River flood plain, located south-east of the Wodgina Tantalite Deposit (**Figure 5**).

Sub cropping pegmatites may include lithium minerals. Metalicity Ltd (ASX: "MCT") and Venus Metals Corporations Ltd (ASX: "VMC") have identified lithium bearing pegmatites on their tenure to the north-east (**Figure 5a**).

**Figure 5: South Yule group applications**



**Figure 5a: South Yule Group applications near other explorers**



### **Railway Group**

The Railway Group includes Woodstock and Coonarie Creek workings. These are similar to the Shaw River targets, with shallow eluvial concentrations of Tin and Tantalite (**Figure 6**).

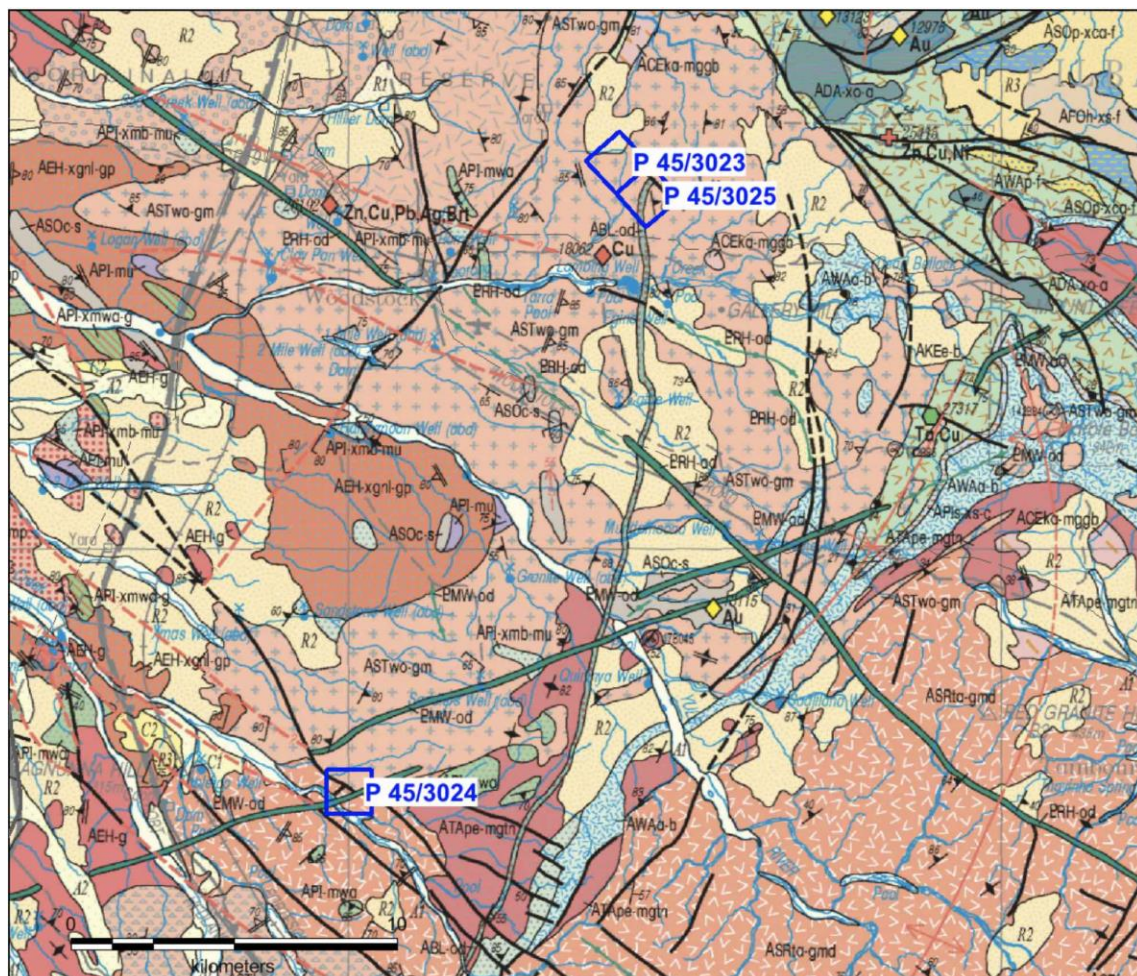
Preliminary descriptions of the workings suggest local sources for the tin and tantalum minerals. Field mapping will enable potential sources for these minerals to be reviewed and the presence of any pegmatitic or intrusive lithologies to be identified and sampled.

On 15 April 2016, a second in time application for exploration licence E45/4739 was made by Golden Mount Pty Ltd which overlaps and surrounds applications P45/3023 and P45/3025.

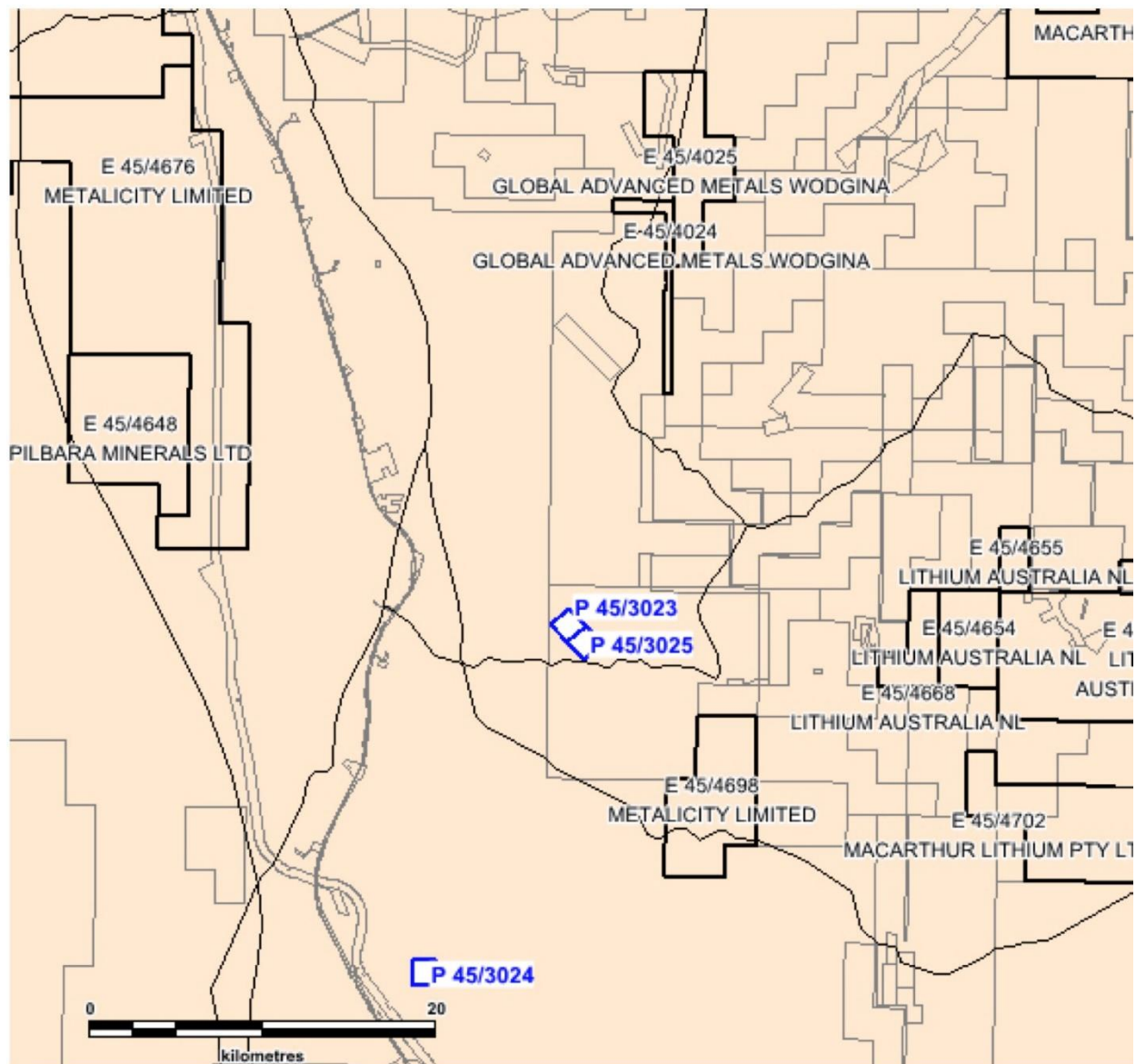
The Company has priority for its applications P45/3023 and P45/3025 and the second in time overlapping and surrounding application by Golden Mount shows interest in the area.

Also holding tenure in the area are Global Advanced Metals (the owner of the Wodgina Tantalum Deposit), Pilbara Minerals Ltd (ASX: "PLS"), Metalicity Ltd (ASX: "MCT"), Macarthur Minerals Ltd (TSX-V: "MMS") and Lithium Australia NL (ASX: "LIT") (**Figure 6a**).





**Figure 6a: Railway Group applications showing other tenement holders in the area**





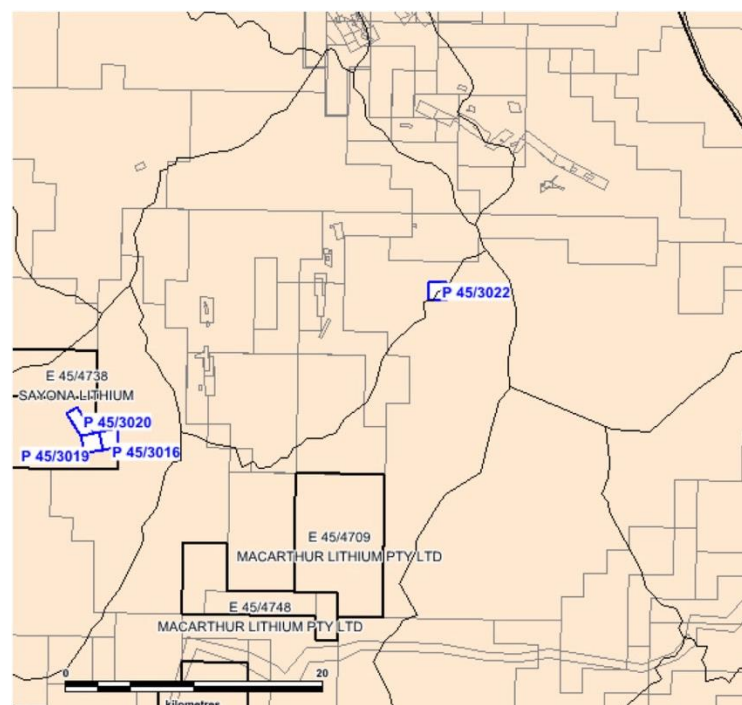
## Corunna Downs Prospect

Corunna Downs is an isolated tin bearing pegmatite also prospective for lithium mineralisation. It lies to the north-east of the Shaw River group (**Figure 7a**) with Macarthur Minerals Ltd (TSX-V: “MMS”) also holding tenure in the area.

**Figure 7: Corunna Downs application**



**Figure 7a: Corunna Downs application showing other tenement holders in the area**





### **Proposed Work Program**

The nature of the targets lend themselves to relatively low cost and short time horizon surface exploration of the prospecting licences in a staged process as follows.

Mapping and sampling will be first undertaken.

The mapping should determine the distribution of prospective rocks or the likelihood of proximal mineralisation beneath shallow cover. The sampling should resolve the broader suite of minerals at those localities and the potential for a lithium spodumene deposit.

Should fieldwork identify lithium bearing pegmatites or potential lithium bearing pegmatites, the projects could be quickly advanced to drill testing. Drilling may occur in phases, based upon the tenement groups, giving priority to the Shaw River Group as the lead project.

The Company estimates that its initial exploration budget on the licenses will be in the order of \$50,000 to \$100,000. Thereafter, an assessment will be made on whether additional exploration is warranted. This initial exploration will be financed from existing cash reserves of the Company.

CMY Director, Peter Dykes commented, “A move into the lithium sector is a logical next step for Capital Mining because it keeps the company’s core business activities in the mineral exploration sector. This initial acquisition, although relatively small, positions the company to take advantage of an exciting new opportunity.”

The Company will keep shareholders informed on the status of its due diligence enquiries in due course.

Peter Dykes  
Director