

Capital Mining Limited

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ASX Release

30 June 2016

PROJECT UPDATE

HIGHLIGHTS

- ✦ **Planning for next phase of exploration at Chakola Gold Project in NSW underway.**
- ✦ **Due Diligence on Lithium Project acquisition ongoing.**

Capital Mining Limited (ASX: CMY) ("Capital" or "the Company") is pleased to provide the following update on activities.

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

Capital has commenced planning for the next phase of exploration at its Chakola Project, located near Heron Resources' (ASX: HRR) major Woodlawn Zinc-Copper Project, in southern New South Wales (see Figure 1 – Chakola Project Location Map).

The Company has identified a polymetallic deposit at the Harnett Prospect where previous estimates have indicated the presence of significant gold and base metal mineralization, viz:

1.22 million tonnes with a grade of 0.8g/t gold, 0.5% copper, 8.1g/t silver, 0.4% lead and 0.7% zinc.

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

The deposit sits within a broader 8km-long horizon of high exploration potential. Mineralisation is open at depth and along strike. Early metallurgical studies have indicated that 80% of the gold and 90% of the copper may be recoverable in a bulk sulphide flotation concentrate (along with lead and zinc).

Capital plans to undertake additional work at the Chakola project to better assess the prospectivity of the Harnett deposit as well as a number of other identified prospects (Figure 2).

Regional exploration in the form of mapping and sampling programs, metallurgical and environmental studies will be continued during the course of 2016 to enhance the existing mineralization and identify any new priority targets.

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.

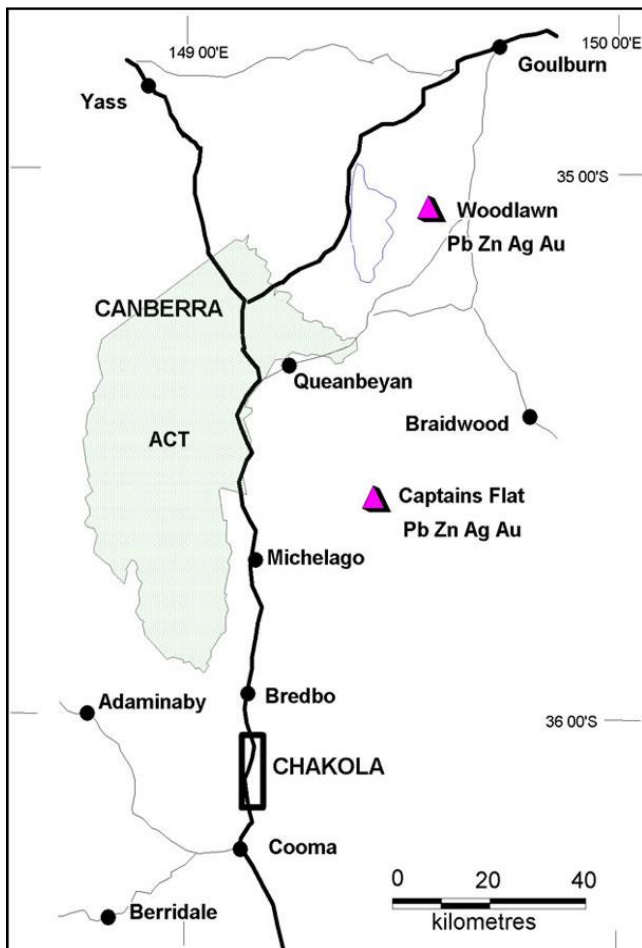


Figure 1: - Chakola Project Location Map

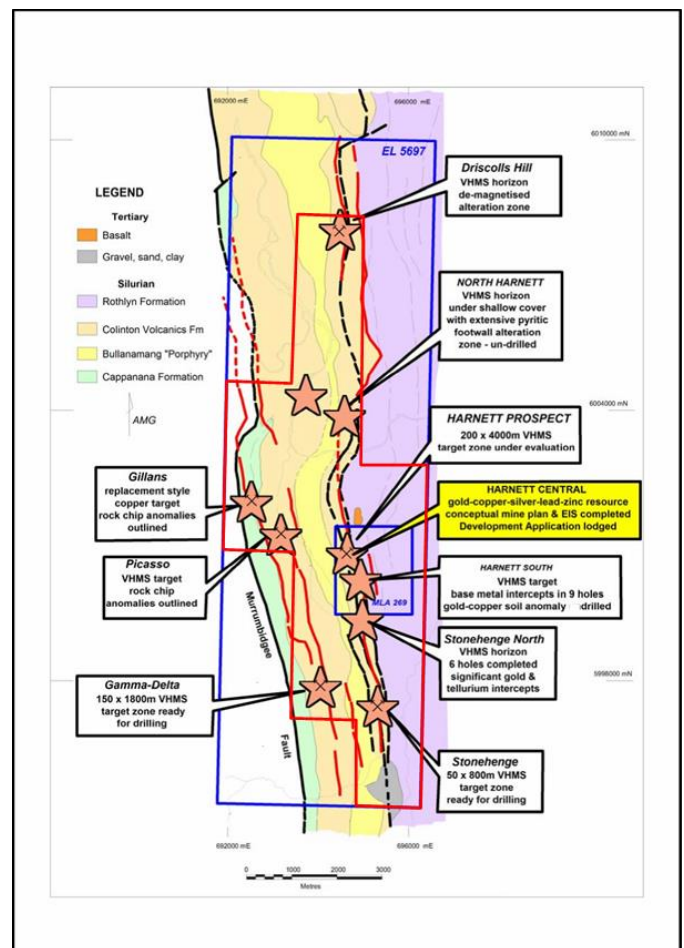


Figure 2: - EL 5697 license boundary (red) and prospects

Lithium Acquisition Due Diligence

The Company advises that due diligence at the Shaw River portfolio of lithium projects in the Pilbara region of Western Australia has been extended to ensure a full and complete assessment of the projects is undertaken.

Results of the airborne mapping and sample collection carried out earlier in the month are awaiting analysis and outcomes will be published as soon as they become available.

Capital Mining announced the acquisition of 100% of Shaw River Lithium on 13 May 2016. Completion of the acquisition remains subject to due diligence and satisfaction by the Company of all regulatory requirements.



The Company also announced on 1 June 2016, it had entered into a Binding Agreement with Wolfhound Lithium Limited to acquire three lithium projects in the Republic of Ireland. The due diligence on this acquisition has also commenced.

Capital will update the market on the due diligence on both assets in due course.

Future Developments

Capital is continuing to look for additional project opportunities to complement the Shaw River and Wolfhound acquisitions. Capital will update shareholders should any suitable opportunities be progressed.

Capital advises that, with this renewed focus on exploration, that the Company is no longer assessing investment opportunities in the technology sector.

-ENDS-

Peter Dykes

Director

Capital Mining Limited

Statements contained in this report relating to exploration results and mineral resources on the Chakola Project are based on information compiled by Mart Rampe, who is a Member of the Australasian Institute of Mining and Metallurgy and is an independent consultant geologist engaged by Capital Mining Limited. He has sufficient relevant experience in relation to the mineralisation styles being reported on, to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code). Mart Rampe consents to the use of applicable information in this report in the form and context in which it appears. The Company is reporting the historical exploration results under the 2004 edition of the Australian Code for the Reporting of Results, Mineral Resources and Ore reserves (JORC Code 2004) on the basis that the information has not materially changed since it was last reported.