



Capital Mining Limited

ASX: CMY, CMYO

Level 11, 216 St Georges Tce
Perth WA 6000

Telephone +61 8 9481
0389

Fax +61 8 9463
6103

www.capitalmining.com.au

Directors

Mr Peter Torney
Mr Peter Dykes
Mr Anthony Dunlop

Company Secretary

Mrs Elizabeth Hunt

ASX Release

25 May 2016

Capital Mining to commence Field Program at Lithium Project Portfolio

Highlights

- Progress on Shaw River Lithium Pty Ltd acquisition due diligence.
- Capital Mining to commence first stage field program at the lithium-prospective asset portfolio in the Pilbara, Western Australia, proposed to be acquired by Capital.
- Field program to include:
 - airborne mapping program of project area - outcropping pegmatites and other geological features;
 - field visit to 14 priority targets ; and
 - sampling of pegmatite outcrops identified within project area plus sampling of granitic and other country rocks.

Capital Mining Limited (ASX: CMY) ("Capital" or "the Company") is pleased to announce plans to commence its first stage field program at the Company's proposed portfolio of lithium-prospective assets in the Pilbara region of Western Australia.

Completion of the acquisition of 100% of Shaw River Lithium ("SRL") (announced 13 May 2016) remains subject to due diligence and satisfaction by the Company of all regulatory requirements. The Company anticipates due diligence enquiries will be completed shortly.

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. The licences cover multiple areas of tin and tantalum mineralisation, which are commonly pathfinders for lithium mineralisation. The locations comprise:

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



The Company will conduct an airborne mapping program over the project area to map outcropping pegmatites and other geological features. The program is designed to refine the priority targets and assist in the Company's exploration planning. This work will be undertaken under a Miners Right with the consent of the pastoral lessee as the tenements are still under application.

In collaboration with SRL, Capital will also conduct a field visit to 14 priority targets within the project portfolio. This will include the Shaw River Group, which comprises four targets prospective for tin. Lithium minerals (spodumene, lepidolite and zinnwaldite) have also been recorded in the area by Geological Survey of Western Australia¹.

Figures 2 and 3 show mineral occurrences plus areas of interest (identified from remote sensing data) at the Shaw River Group tenements. Mineralisation here, and at the Railway Group tenements, is evident in shallow workings adjacent to pegmatitic rocks as well as alluvial/eluvial workings. Importantly, these brief descriptions also suggest that the source for the tin and tantalum minerals may be local to the recorded location of these minerals.

The field program will also include reconnaissance of historical tin and tantalum mineralisation within the Shaw River Group tenements plus sampling of pegmatite outcrops identified within the tenement area. The samples will be assayed for lithium, tantalum and other economically significant minerals.

Samples will also be taken from granitic and other country rocks for geochemical analysis to assess the characterisation of these rock-types and identify the presence of mineralisation within the granitoids (or sourced from them).

Samples collected will be assessed by geological consultants and then submitted for laboratory analysis. The Company will update the market on the results of this process and any significant findings from the field program in due course.

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

¹ Geological Survey of Western Australia¹ (GSWA) (Guidebook to Pegmatites, 2007, page 51; as noted in ASX release of 13 May 2016)

Figure 1: Location of Capital Mining's Pilbara prospecting licence applications

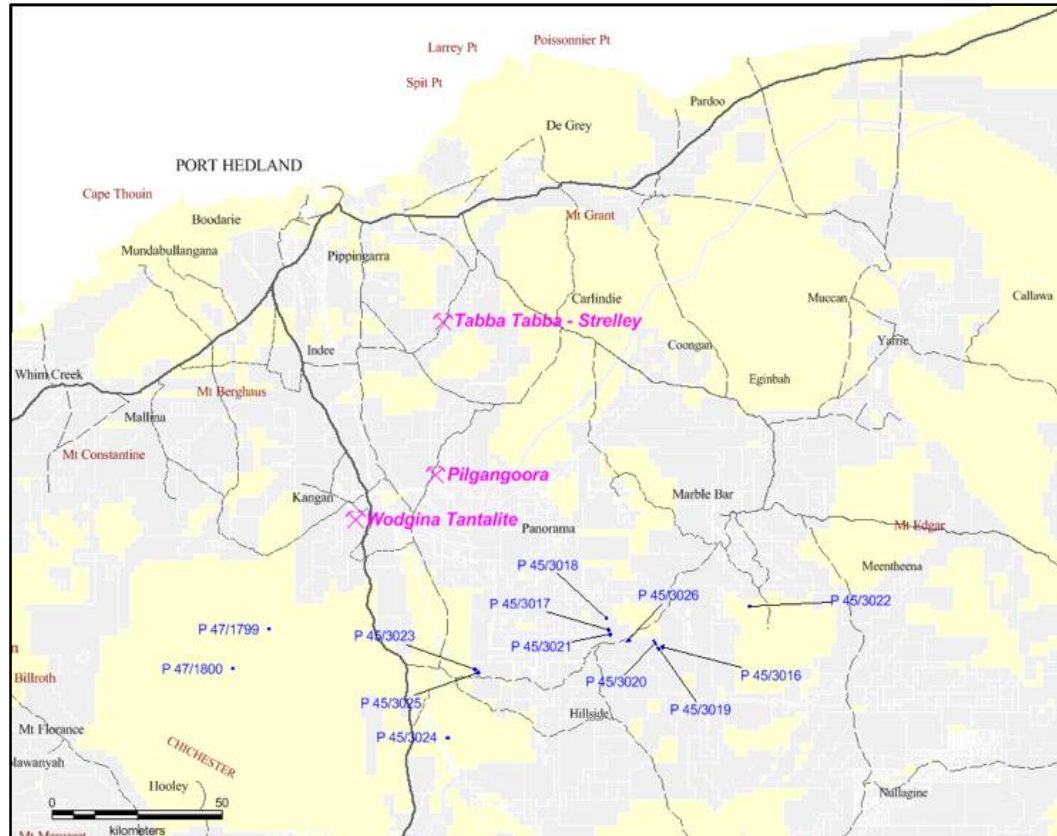


Figure 2: Shaw River Group eastern tenements (P45/3016, P45/3019 and P45/3020) showing mineral occurrences and areas of interest.

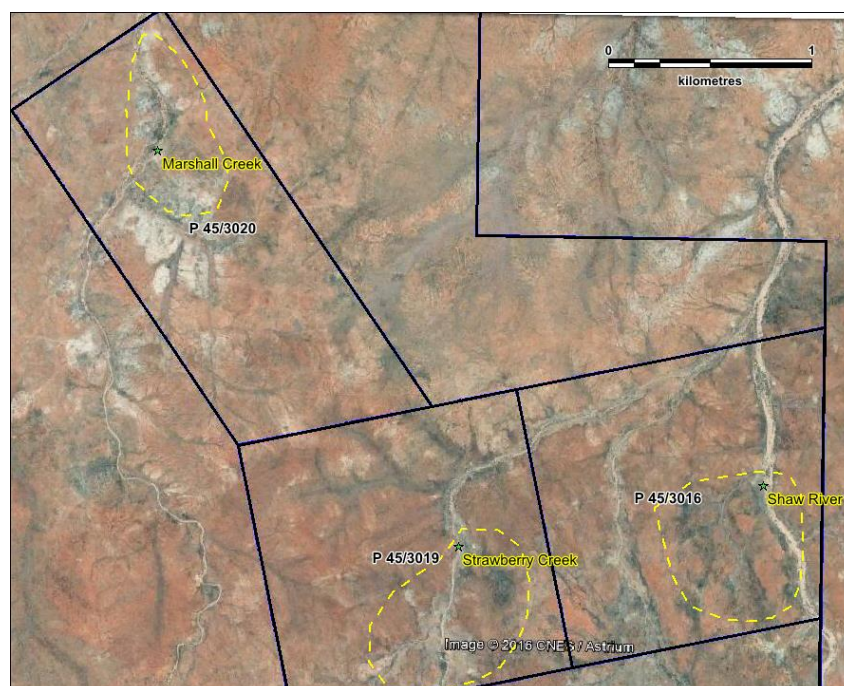
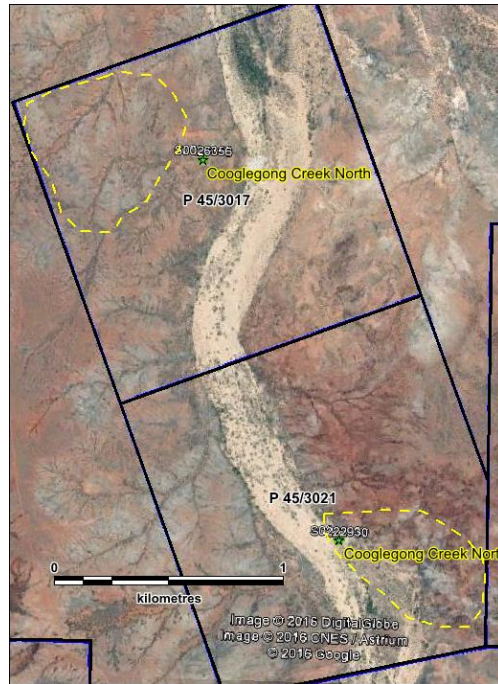


Figure 3: Shaw River Group western tenements (P45/3017, P45/3021) showing mineral occurrences and areas of interest.



Background on Shaw River Lithium Pty Ltd acquisition

On 13 May 2016, Capital Mining Limited executed a binding Sale and Purchase Agreement (Agreement) to acquire 100% of the shares in Shaw River Lithium (“SRL”), the holder of 13 prospecting licence applications prospective for lithium, in the Pilbara region of Western Australia. Under the terms of the Agreement, Capital agreed to issue a total of 30 million shares at a deemed issue price of \$0.005 to SRL shareholders 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 13 licence applications being granted. Capital will also reimburse SRL shareholders for expenditure incurred in applying for the licences.

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

CMY Director, Peter Dykes said *“We are delighted to be in a position to commence our initial field program at the Shaw River Lithium sites in such a short period since executing the Sale and Purchase Agreement. We are excited by the potential of the project area to host significant lithium mineralisation, and look forward to updating the market on the outcomes of the program in due course.”*



Other lithium acquisition opportunities

As mentioned in Capital's ASX announcement of 13 May, the Company is also pursuing other potentially value accretive lithium project acquisition opportunities in highly prospective regions globally. These include Argentina, Chile and Canada. The Company can now advise that it is currently in advanced stage negotiations in respect of material acquisition(s), and hopes to be in a position to formally update the market on this in the near future.

Peter Dykes
Director