

ASX Release

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CAPITAL MINING STRENGTHENS LITHIUM PORTFOLIO WITH ACQUISITION OF IRISH LITHIUM PROJECTS

HIGHLIGHTS

- ✦ CMY enters into a binding agreement to acquire Wolfhound Lithium Limited, the holder of 7 prospecting licence applications in the Republic of Ireland.
- ✦ Large landholding of approximately 270km² in an area known to host lithium in pegmatites.
- ✦ Spodumene bearing pegmatities identified at two locations by Geological Survey of Ireland.
- ✦ Adjacent tenements have reported high grade drill intercepts of 2.23% Li₂O over max width 23.3m incl. 3.43% Li₂O over 6m.
- ✦ Immediate exploration program to commence post due diligence to delineate drill targets.
- ✦ Small up-front scrip payment to secure access to the tightly held lithium-rich province.

Capital Mining Limited (ASX: CMY) ("Capital" or "the Company") is pleased to announce it has entered into a Binding Agreement (Agreement) with Wolfhound Lithium Limited (Wolfhound) to acquire three lithium projects in the Republic of Ireland.

Under the Agreement Capital will acquire 100% of the issued capital of Wolfhound. Wolfhound is an unlisted Irish public company, which holds seven prospecting licence applications across three projects in the highly prospective Leinster Granite in the south east of Ireland. **Acquisition terms are provided in this ASX announcement.**



The three projects are the Borris, Ballon and Tinahely Projects (refer Project Location maps; Figures 1 and 5) and are considered prospective for lithium-rich spodumene bearing pegmatites. **Details of each project are provided in this ASX announcement.**

The Leinster Granite hosts lithium-bearing pegmatites that are analogous to Talison's world class Greenbushes Lithium Project in Western Australia – the Greenbushes Mineral field hosts the world's largest pegmatite-hosted lithium resource.

The area of the Leinster Granite is very tightly held, and has been of interest for its lithium potential since the 1970's. The granitoid is of interest as the pegmatites in the region include up to 60 wt.% spodumene (Li_2O contents over 4 wt.%). International Lithium Corp (TSXV:ILC) has previously intersected **2.23% Li_2O over 23.3m incl. 3.43% Li_2O over 6.0m** at its Avalonia Project, which is adjacent to the Ballon and Tinahely Projects.

The Agreement is subject to a 90 day exclusive due diligence period. Subject to successful completion of due diligence, Capital plans to immediately commence exploration to define priority drill targets.

GEOLOGICAL OVERVIEW

The Leinster Granite is a Paleozoic (Silurian-Devonian) granitoid located in the Republic of Ireland, in the Province of Leinster, County Carlow covering some 2,700km². The granite underlies the townships of Castledermot, Rathtoe, Graiguenamangh-Tinnahinch, Hacketstown, Goresbridge, Ballon, Fennagh, Borris, Rathvilly, Tinahely and Knockananna.

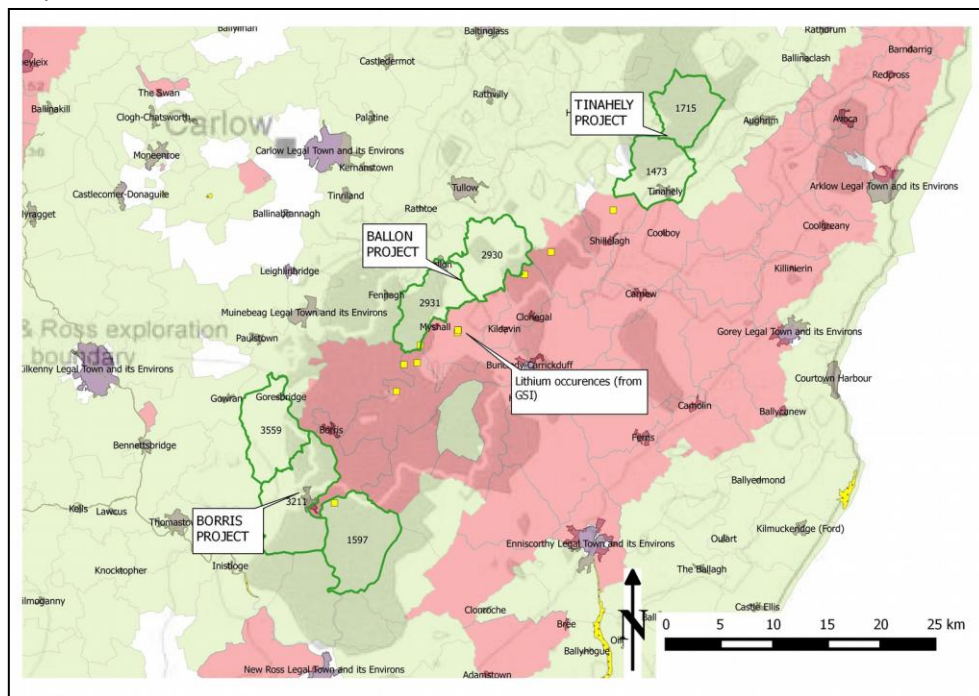


Figure 1: Project locations. Wolfhound licence areas are identified by green outline, and red outlined areas identify current occupied tenure. Grey areas indicate elevated lithium occurrences.

PROJECTS OVERVIEW

The Borris Project (PL1597, PL3211 & PL3559)

The Borris Project (Figure 2) comprises three tenements at the south-western end of the Leinster granite. The tenure covers majority of the granite-deep marine contact and is along a perceived strike from the lithium occurrences in the area. No environmental or special protection areas exist in the project area.

One occurrence of lithium is recorded by the geological survey in PL1597 of a “*small amount of float of spodumene pegmatite boulders (with lithium content)*”. A map from Angus & Ross, 2000 correlates this showing a wide spread of lithium anomalism from stream samples that continues beyond ILC’s tenure in to PL1597 and PL3211. The project has good potential to host lithium-bearing pegmatites based on historic information, the occurrence of lithium-bearing pegmatites and the geology of the tenements.

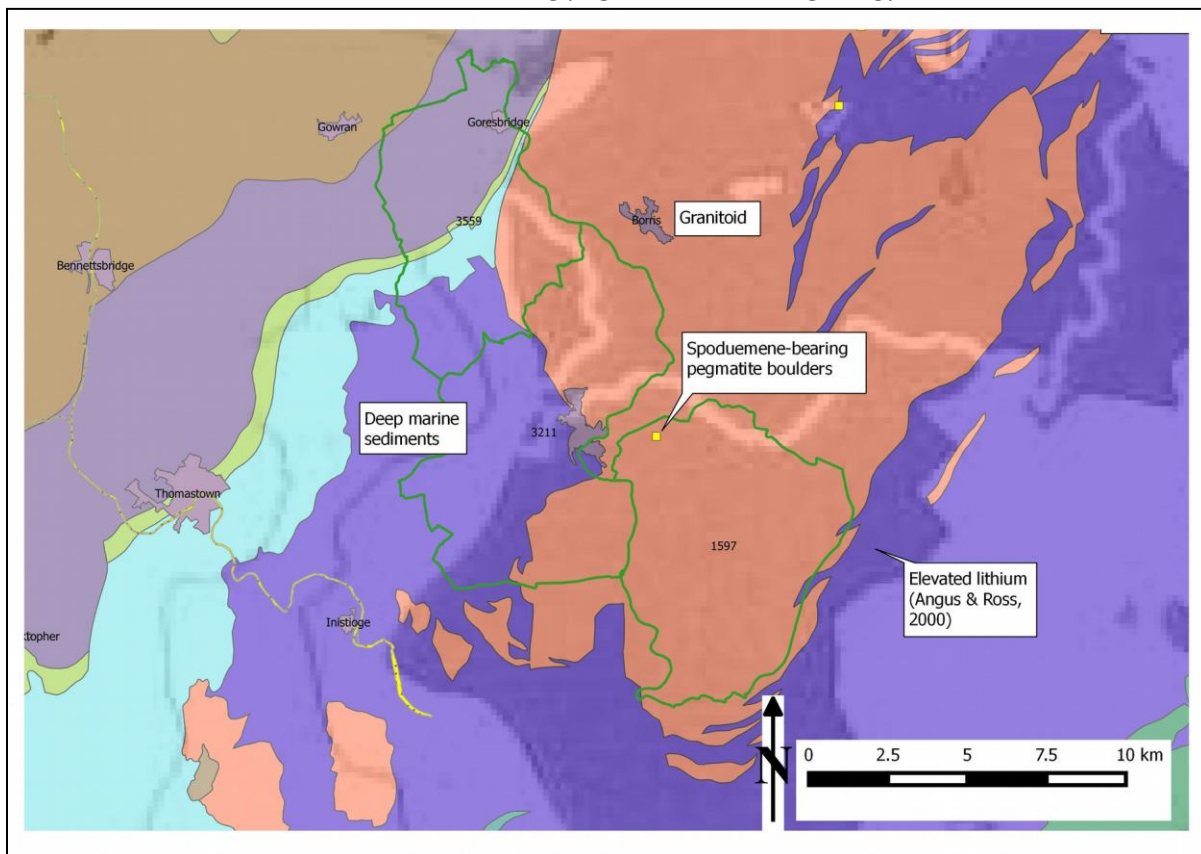


Figure 2: Borris Project showing lithium pegmatite location and area of elevated lithium occurrences.

Ballon Project (PL2930 & PL 2931)

The Ballon Project (Figure 3) comprises two tenements north of and adjacent to ILC's Avalonia tenure. ILC declared in January 2015 that *"the prospective Belt may be significantly wider than previously realized, with pegmatite bodies now indicated to occur in parallel at the Leinster granite contact or on either side of the contact in the two host rock units"*. This area on the NW side of the granite contact as alluded to by ILC comprises the Ballon Project. No environmental or special protection areas exist in the project area.

The tenements border two lithium-bearing mineral locations as recorded by the Geological Survey of Ireland (GSI) and one occurrence of *"interesting occurrence of lithium in spodumene pegmatite"* is located within PL2931.

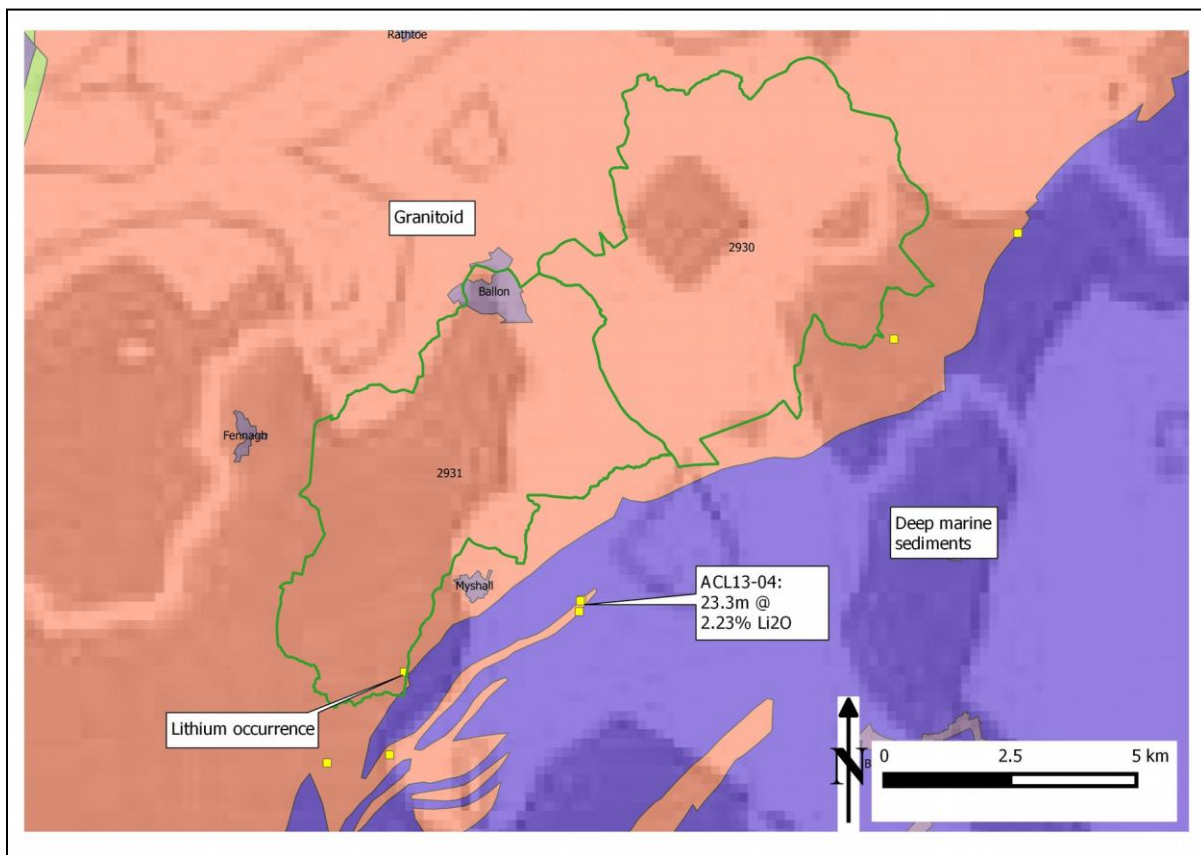


Figure 3: Ballon Project showing spodumene-bearing pegmatite locations and elevated lithium occurrences.

Tinahely Project (PL1473 & PL1715)

The Tinahely Project (Figure 4) comprises two tenements on the north-eastern boundary of ILC's Avalonia Project. The project lies atop of the deep marine sequence. The tenements cover the granitoid/deep marine sediments similar to the Borris Project. No environmental or special protection areas exist in the project area.

Angus & Ross¹ highlight elevated lithium covering all of PL1715 and the north-western half of PL1473. This anomalous area is broadly coincident with the contact between the Leinster Granite and the deep marine sediments.

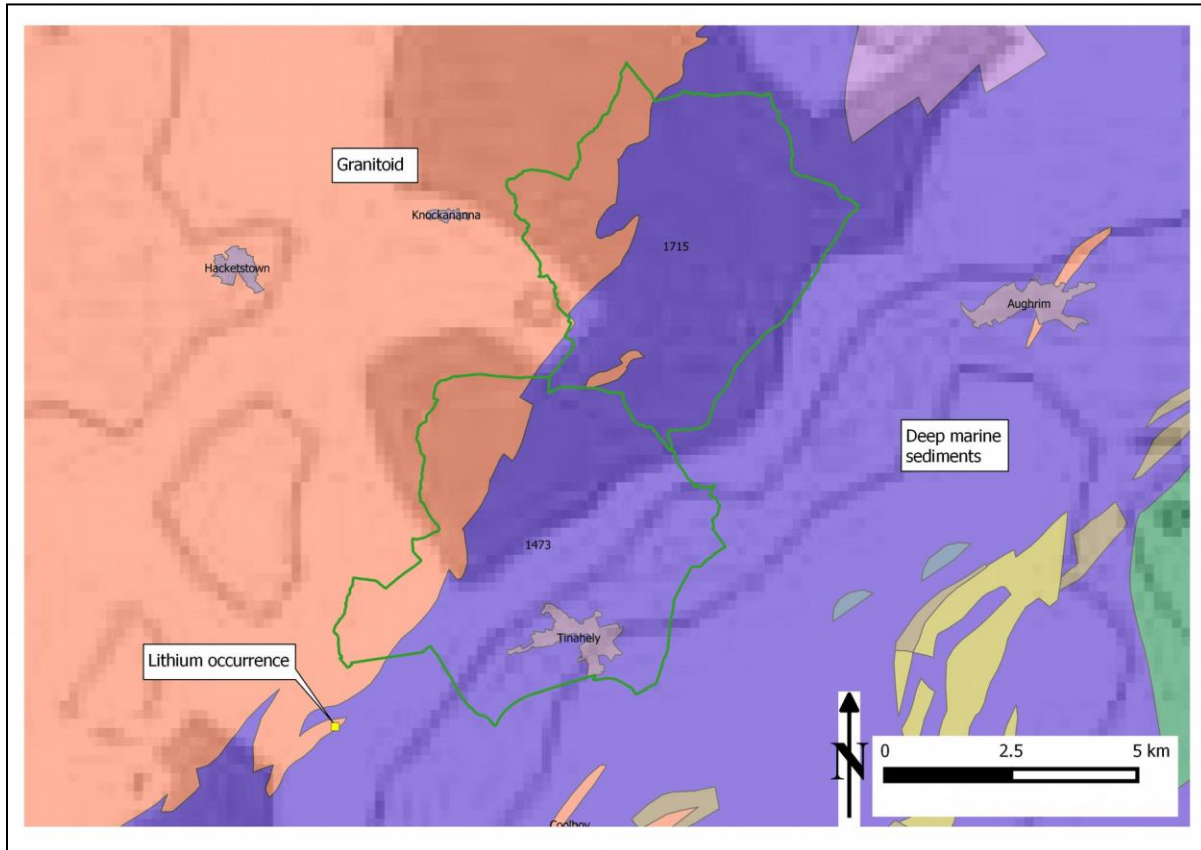


Figure 4: Tinahely Project showing areas of elevated lithium (greyed area) and discoveries of lithium in spodumene pegmatites are marked by yellow squares.

Proposed Work Program

Previous work in the region has identified that the spodumene bearing pegmatites have virtually zero magnetic susceptibility in contrast to neighbouring lithologies. Differentiation of these spodumene-bearing pegmatites using open file geophysics and/or a ground magnetometer survey will be followed by systematic geochemical sampling to delineate drill targets. The drill targets will be ranked and tested accordingly.

¹ See Armour-Brown, A. 2000. Report No 1: Tantalum Exploration Blackstairs Mountain Area, Co Carlow, Republic of Ireland. Angus & Ross PLC from DCENR

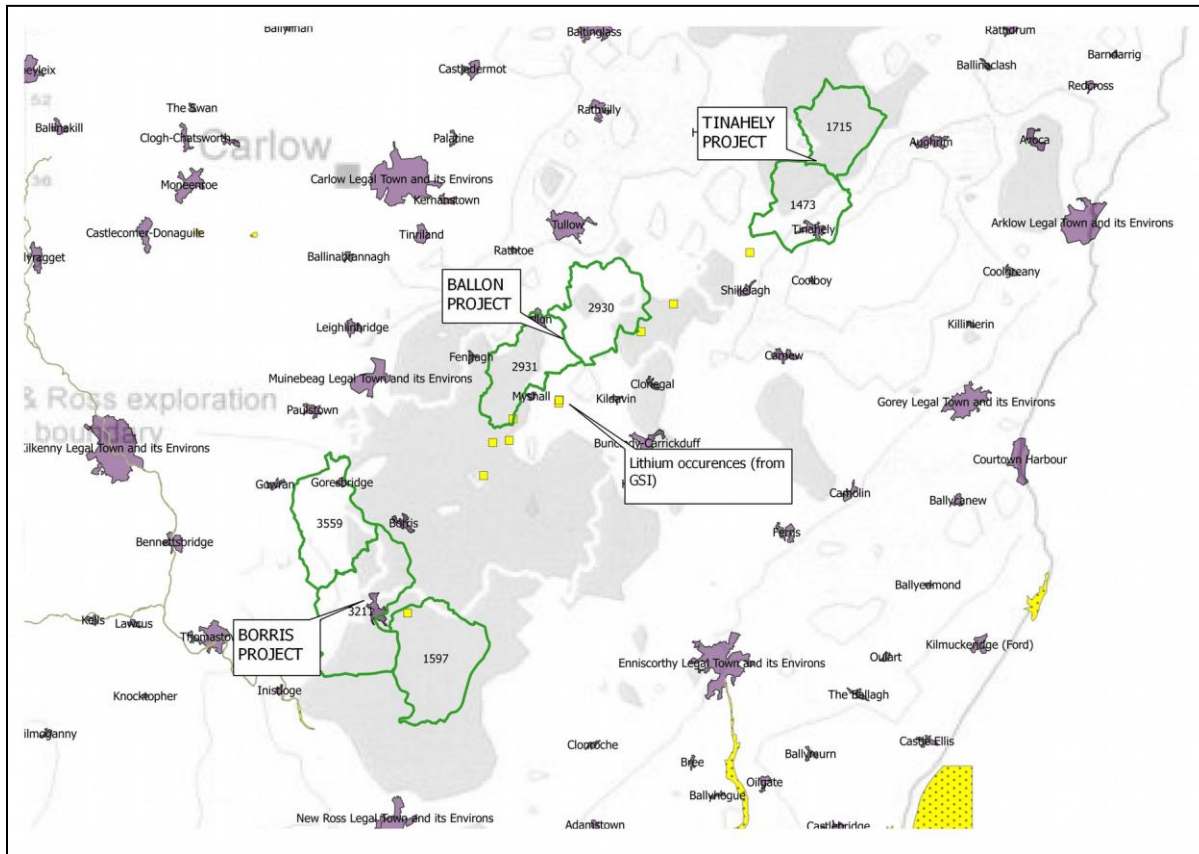


Figure 5: Project map, showing areas of elevated lithium (greyed area) and discoveries of lithium in spodumene pegmatites are marked by yellow squares

ACQUISITION TERMS

Under the Agreement CMY has agreed to acquire 100% of the issued capital of Wolfhound from the Wolfhound Shareholders.

The Acquisition is conditional on the satisfactory completion of due diligence by CMY in respect of Wolfhound and the projects.

The consideration for the Acquisition is:

- (a) 15,000,000 fully paid ordinary CMY shares for the grant of a 90 day exclusive due diligence/option period;
- (b) 50,000,000 fully paid ordinary CMY shares upon completion of the Acquisition;

CMY will also reimburse the shareholders of Wolfhound for certain costs of applying for the Tenements.

CMY will keep shareholders informed of the status of its due diligence process in due course.



CMY Director, Peter Dykes said:

“We are excited by the opportunity that our Agreement with Wolfhound Lithium represents for Capital Mining. Subject to successful due diligence, we will have direct access to a large ground position in a tightly held precinct known to host lithium in spodumene pegmatites. The Agreement is consistent with our current growth strategy, to build a portfolio of high potential lithium assets, and systematically assess their potential to host significant lithium deposits.”

-ENDS-

Peter Dykes

Director

Capital Mining Limited

Competent Person Statement

The information in this document that relates to exploration results is based on information compiled by Mr Benjamin Sharp BSc MAIG, a Competent Person who is a Member of the Australian Institute of Geoscientists (Membership No.4289). Mr Sharp is a director and shareholder of Wolfhound Limited. Mr Sharp has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Sharp consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer

Certain statements contained in this announcement, including information as to the future financial or operating performance of CMY and its projects, are forward-looking statements that:

- may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions;
- are necessarily based upon a number of estimates and assumptions that, while considered reasonable by CMY, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and,
- involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.

CMY disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. The words 'believe', 'expect', 'anticipate', 'indicate', 'contemplate', 'target', 'plan', 'intends', 'continue', 'budget', 'estimate', 'may', 'will', 'schedule' and similar expressions identify forward-looking statements. All forward looking statements made in this announcement are qualified by the foregoing cautionary statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

ADDITIONAL INFORMATION
JORC CODE, 2012 EDITION – TABLE 1

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| Mineral tenement and land tenure status | <ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | <ul style="list-style-type: none"> All tenements are under application at 100% by Wolfhound Lithium Limited. No historical, wilderness or national parks are known to infringe significantly on the tenure. A comprehensive list of all tenure applied for by Wolfhound Lithium Limited is included in Annexure A. |
| Exploration done by other parties | <ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. | <ul style="list-style-type: none"> The intercepts stated in this ASX release are referenced and refer to the International Lithium Corp Announcement 14th January 2015 available here (http://internationallithium.com/international-lithium-corp-update-on-avalonia-ireland-and-mariana-argentina-lithium-projects/) |
| Geology | <ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. | <ul style="list-style-type: none"> The projects are situated in County Carlow and occupy the southern margin of a granitoid and marine sediment contact. The area is considered prospective for hard-rock lithium mineralisation associated with spodumene-bearing pegmatites. |
| Drill hole Information | <ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | <ul style="list-style-type: none"> See International Lithium Corp Announcement 14th January 2015 |
| Data aggregation methods | <ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts | <ul style="list-style-type: none"> Methods for weighting and averaging of results are unknown. |

| Criteria | JORC Code explanation | Commentary |
|--|---|--|
| | <p>incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. | |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). | <ul style="list-style-type: none"> Relationship between true mineralisation width and reported intercepts are unknown. |
| Diagrams | <ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | <ul style="list-style-type: none"> This information does not refer to a discovery but unverified historical drill information. |
| Balanced reporting | <ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | <ul style="list-style-type: none"> The reported intersections are the maximum width & grade intercepts which is clearly stated in the highlights section. |
| Other substantive exploration data | <ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | <ul style="list-style-type: none"> The project is in early stage of exploration and as such reviews have not been completed. |
| Further work | <ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | <ul style="list-style-type: none"> Confirmation sampling and drilling of historical results is planned to assess the validity of historical data. |



ANNEXURE A
Tenement Details

| PL Application Number | Owner | Status | County |
|--------------------------------------|--------------------------|---------------|---------------|
| PL1473 | Wolfhound Lithium Ltd | Application | Carlow |
| PL1597 | Wolfhound Lithium Ltd | Application | Carlow |
| PL1715 | Wolfhound Lithium Ltd | Application | Carlow |
| PL2930 | Wolfhound Lithium Ltd | Application | Carlow |
| PL2931 | Wolfhound Lithium Ltd | Application | Carlow |
| PL3211 | Wolfhound Lithium Ltd | Application | Carlow |
| PL3559 | Wolfhound Lithium Ltd | Application | Carlow |