

# CAPITAL MINING LIMITED

ABN 69 104 551 171

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## NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

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TIME: 10.00am (AEDT)  
DATE: Thursday, 18 February 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

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### VENUE

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The General Meeting of the Shareholders of Capital Mining Limited which this Notice of Meeting relates to will be held at 10.00am AEDT on Thursday, 18 February 2016 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000.

### YOUR VOTE IS IMPORTANT

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

### VOTING IN PERSON

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

### VOTING BY PROXY

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To vote by proxy, please complete and sign the proxy form enclosed and either:

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

so that it is received not later than 10.00am AEDT on Tuesday, 16 February 2016.

### Proxy forms received later than this time will be invalid.

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

- each member has a right to appoint a proxy;
- the proxy need not be a member of the company; and
- a member 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 each proxy may exercise, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting of Shareholders of Capital Mining Limited will be held at 10.00am AEDT on Thursday, 18 February 2016 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000.

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

In accordance with Regulation 7.11.37 of the *Corporations Regulations*, the Directors have set a date to determine the identity of those entitled to attend and vote at the General Meeting. For the purposes of determining voting entitlements at the General Meeting, Shares will be taken to be held by the persons who are registered as holding them at 5.00pm (WST) on, Tuesday, 16 February 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

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

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## AGENDA

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### RESOLUTION 1 - APPROVAL FOR PLACEMENT OF SHARES

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

*"That, for the purposes of ASX 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 up to \$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 a 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 a 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.

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### RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES

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

*"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 22,000,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

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### RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

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

*"That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 77,381,718 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

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**BY ORDER OF THE BOARD**



**Elizabeth Hunt**  
**Company Secretary**  
14 January 2016

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting of Capital Mining Limited to be held at 10.00am AEDT on Thursday, 18 February 2016 at: Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting (of which this Explanatory Statement forms a part).

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### 1. RESOLUTION 1 - APPROVAL FOR PLACEMENT OF SHARES

#### 1.1 General

Resolution 1 seeks Shareholder approval for the issue of that number of Shares, when multiplied by the issue price, will raise up to \$2,000,000 (before costs) (**Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Shares under the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX).

#### 1.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the 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 will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be calculated at not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares were 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 Securities were recorded before the date the prospectus is signed in accordance with Listing Rule 7.3.3;
- (d) the person to whom the Shares will be issued 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. None of the persons will be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to allocate funds, assuming the full \$2,000,000 is raised, to working capital, corporate overheads, exploration programs and review of other project opportunities.

#### 1.3 Dilutionary Effect

The dilutionary effect which the proposed issue of the Shares under the Placement will have on current Shareholders will be dependent upon the actual price at which Shares are issued. The table illustrated below gives an example of the dilutionary effect the future issue may have on current Shareholders based on possible prices (\$0.04, \$0.06 and \$0.08) at which the Share issue may take place (the actual number of Shares which will be issued will depend upon the Company's share price at the time the issues are made and cannot therefore be determined at this time):

	Issue Price		
	\$0.004	\$0.006	\$0.008
Shares on issue*	761,927,274	761,927,274	761,927,274
Shares issued under Placement	500,000,000	333,333,333	250,000,000
Total	<b>1,261,927,274</b>	<b>1,095,260,607</b>	<b>1,011,927,274</b>
Dilution	65.6%	43.7%	32.8%

*Assumes that no other Shares are issued and none of the existing Options have been converted into Shares.*

## **2. RESOLUTION 2 - RATIFICATION OF PRIOR ISSUE OF SHARES**

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of issue of 22,000,000 Shares on the terms set out below ('Ratification').

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **2.1 ASX Listing Rule 7.4**

Under Chapter 7 of the Listing Rules, there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than then amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Approval is sought under Resolution 2 to allow the Company to ratify the issue of the 22,000,000 Shares issued on 20 October 2015 and not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue, the subject of Resolution 2 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities issued by the Company was 22,000,000 Shares;
- (b) those Shares were issued and allotted on 20 October 2015;
- (c) the Shares were issued at \$0.015 each;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (e) the recipient of the Shares were private subscribers none of which are a related party of the Company; and
- (f) \$260,000 in cash was raised via the issue of the Shares which has been used to pay various creditors and operating costs and \$70,000 of shares were issued to settle long term liabilities.

### **2.2 Directors' Recommendation**

None of the Directors has a material personal interest in the subject matter of Resolution 2. The Board believes that the ratification of the Share issue the subject of Resolution 2 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 2 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

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### **3. RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF SHARES**

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of issue of 77,381,718 Shares on the terms set out below ('Ratification').

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### **3.1 ASX Listing Rule 7.4**

Refer Section 2.1 above for a summary of ASX Listing Rule 7.4.

Approval is sought under Resolution 3 to allow the Company to ratify the issue of the 77,381,718 Shares issued on 11 December 2015 and not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue, the subject of Resolution 3 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities issued by the Company was 77,381,718 Shares;
- (b) those Shares were issued and allotted on 11 December 2015;
- (c) the Shares were issued at \$0.007 each;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (e) the recipient of the Shares were private subscribers none of which are a related party of the Company; and
- (f) \$541,672 in cash was raised via the issue of the Shares which is still held by the Company as working capital.

#### **3.2 Directors' Recommendation**

None of the Directors has a material personal interest in the subject matter of Resolution 3. The Board believes that the ratification of the Share issue the subject of Resolution 3 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

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## GLOSSARY

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For assistance in considering the Notice and accompanying Explanatory Memorandum, the following words are defined here:

**\$** means the official currency of the Commonwealth of Australia.

**AEDT** means Australian Eastern Daylight Savings Time.

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of Directors of the Company.

**Chairman** means the chairman of the General Meeting.

**Company** means Capital Mining Limited (ACN 104 551 171).

**Constitution** means the constitution of the Company.

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

**Corporations Regulations** means the *Corporations Regulations 2011* (Commonwealth).

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum enclosed with, and comprising part of, this notice of general meeting.

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

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

**Notice** means this notice of general meeting.

**Option** means a listed option to acquire a Share(s).

**Proxy Form** means the proxy form enclosed with the Notice.

**Resolutions** means the resolutions proposed in the Notice.

**Security or Securities** means a Share and/or Option.

**Security Holder** means a holder of a Security.

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

**Shareholder** means a registered holder of a Share.

**WST** means Australian Western Standard Time.

**CAPITAL MINING LIMITED**

**ACN 104 551 171**

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**PROXY FORM**

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Name  
Address

**Appointment of a proxy**

I/We being a member(s) of Capital Mining Limited hereby appoint:

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(Write here the name of the person you are appointing)

or failing the person named, or if no person is named, the Chairman as my/our proxy and to vote in accordance with the following directions (or if no directions have been given, but subject to relevant laws, as the proxy sees fit) at the General Meeting of Capital Mining Ltd to be held at 10.00am AEDT on Thursday, 18 February 2016 at Thomson Geer, Level 25, 1 O'Connell Street, Sydney NSW 2000 and at any adjournment of that meeting.

**Votes on items of business**

(Voting directions to your proxy – please mark **X** to indicate your directions)

		FOR	AGAINST	ABSTAIN *
Resolution 1	Approval for Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman intends to vote any undirected proxies in favour of all Resolutions.

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

**Appointment of a second proxy**

I/We wish to appoint a second proxy

mark with an "X" if you wish to appoint a second proxy

AND  % OR

State the percentage of your voting rights or the number of shares for this Proxy Form

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

**Authorised signature(s)**

INDIVIDUAL/SECURITY HOLDER 1  
Individual/Sole Director and Sole  
Company Secretary

SECURITY HOLDER 2  
Director

SECURITY HOLDER 3  
Director/Company Secretary

**Contact details**

**Contact Email address**

**Contact Telephone Number**

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## Voting By Proxy - How to complete the Proxy Form

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company 5.00pm (WST) on Tuesday, 16 February 2016.

1. **Appointing a Proxy:** A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the General Meeting. If a member is entitled to cast 2 or more votes at the General Meeting, the member may appoint a second proxy to attend and vote on their behalf at the General 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. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a member of the Company.
2. **Direction to Vote:** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose subject to relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **New sections 250BB and 250BC of the Corporations Act)** These sections came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes 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 resolution; and
- either of the following applies:
  - (a) the proxy is not recorded as attending the meeting;

(b) 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.

4. **Signing Instructions:**

- **(Individual):** Where the holding is in one name, the member must sign.
- **(Joint Holding):** Where the holding is in more than one name, all of the members 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 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.

5. **Attending the Meeting:** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.

6. **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](mailto:liz@miningcorporate.com.au); or
- send on facsimile number +61 (0)8 9463 6103,

so that it is received not later than 10.00am AEDT on Tuesday, 16 February 2016.