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ASX Release

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EXPLORATION TO COMMENCE AT GASCOYNE LITHIUM PROJECTS

Highlights

- **Capital Mining to commence first phase exploration at the Reynolds, Caroline Creek and Yinnietharra Lithium Projects in the Gascoyne region of Western Australia.**
- **Program will consist of soil sampling, rock chip sampling and mapping to identify spodumene (lithium-bearing) pegmatites.**
- **Samples collected will be sent for laboratory analysis.**
- **Program to be completed by end of September and results expected early October.**

Capital Mining Limited (ASX: CMY) ("**Capital**" or "**the Company**") is pleased to announce the commencement of its first phase exploration program at its Reynolds, Caroline Creek and Yinnietharra Lithium Projects in the Gascoyne Minerals District in Western Australia.

Capital announced the pegging of the three projects last month (ASX announcement, 15 August 2016). All are considered prospective for lithium-rich spodumene bearing pegmatites, and are located in close proximity to known mineral occurrences associated with Lithium-Caesium-Tantalum (LCT) pegmatites.

The projects comprise three exploration licence applications over a total area of 501.15km²; the Reynolds Project (ELA09/2209), the Caroline Creek Project (ELA08/2869) and the Yinnietharra Project (ELA09/2208), refer Project Location map; Figure 1.

The Company will this week commence its first phase of field work at the three projects.

This reconnaissance field work will comprise an extensive soil sampling program and rock chip sampling program across the three project areas. Samples collected will be sent for laboratory analysis.

Mapping of prospective target areas will also be undertaken as part of this field work.

The aim of this initial phase of exploration is to identify and sample spodumene (lithium-bearing) pegmatites, in order to delineate and refine priority targets for the Company's next phase of exploration at the projects.

The program is expected to be completed by the end of September and assay results are anticipated to be available in early October.

Upon grant of the tenements, which is expected in the next quarter, the Company plans to embark on a more detailed field work program to further define and refine target areas.

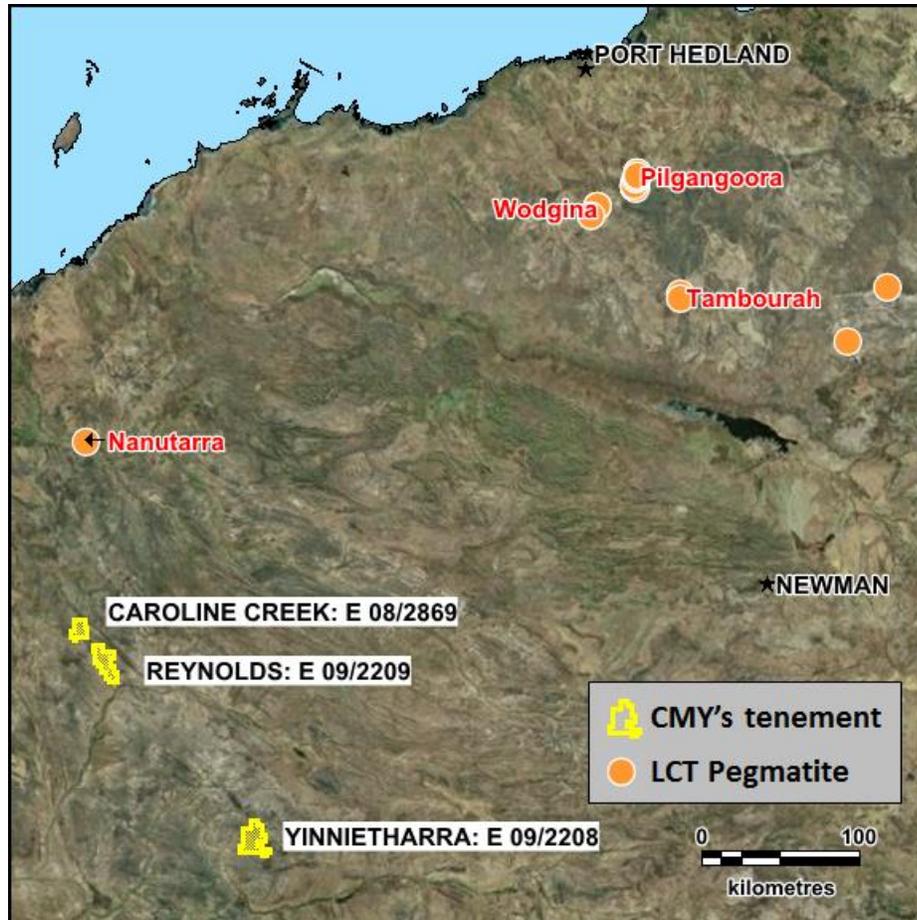


Figure 1: Reynolds, Caroline Creek and Yinnietharra Project locations.

About the Reynolds, Caroline Creek and Yinnietharra Projects

The Projects are located in an established and active mineral field in the Gascoyne region of WA. Caroline Creek is the northern most project and is situated approximately 5km north west of the Reynolds Project. The Yinnietharra Project is located approximately 120km south east of Reynolds. All three projects are all considered prospective for rare-element granitic pegmatites of the LCT geochemical group, and demonstrate a compelling conventional LCT Pegmatite model.

The projects all host a granite and greenstone contact, which is recognised as a prime target zone (or 'goldilocks zone') for LCT pegmatites. Also, an assessment of magnetics data over the project areas indicates the presence of greenstone, which further adds to the spodumene bearing pegmatite potential of the projects.

ENDS

Peter Dykes
Director