



CAPITAL MINING LIMITED
ASX: CMY

BOARD OF DIRECTORS

Mr Robert Crossman
Mr Peter Torney
Mr Anthony Dunlop

COMPANY SECRETARY

Mrs Elizabeth Hunt

CONTACT DETAILS

Registered Office:
Level 11, 216 St Georges Tce
Perth WA 6000

Phone: +61 8 9481 0389
Fax: +61 8 9463 6103

Website:
www.capitalmining.com.au

30 November 2017

September 2017 Quarterly Activities Report

Capital Mining Limited (ASX: CMY) ("**Capital**" or "**the Company**") is pleased to present its Quarterly Activities Report for the period ending 30 September 2017.

Capital Mining has a portfolio of gold, base metal and lithium exploration projects with two project areas in NSW, a larger spread of lithium projects, one nickel sulphide project in Western Australia and one lithium project in the Republic of Ireland.

During the September Quarter, a drilling program of 7 percussion holes was completed at the Company's Scotia nickel-cobalt project located north of Kalgoorlie in Western Australia with the drill samples being submitted for assaying.

Results of various soil and rock chip samples for several of its lithium, tantalum projects were also reviewed.

Drill hole rehabilitation and planning for some down hole geophysics at the Company's NSW projects was undertaken including the commencement of a review of past drilling. Other gold projects for potential acquisition were also reviewed and considered by the Company.

KEY HIGHLIGHTS

- ◆ Scotia Nickel and Cobalt Project reverse circulation percussion drilling program of 7 holes for 1,224 metres has been completed
- ◆ Conducted first pass exploration of 12 potential licenses with some returning significantly elevated results within the LCT field
- ◆ The Mayfield and Chakola projects are being reviewed for their shallow oxide gold potential

SCOTIA NICKEL AND COBALT PROJECT (E29/897; CAPITAL MINING 100%)

Capital Mining acquired Scotia project exploration license (Figure 1) with the aim of drilling for nickel and any associated cobalt along the basal contact zone of the Scotia komatiite at Ringlock and Red Dam. The project area is 20 km north west along strike of the Silver Swan and Black Swan nickel mines.

A reverse circulation percussion drilling program of 7 holes (Figure 2) for 1,224 metres was completed during the quarter at Capital Mining's Scotia project, 65 km north north-west of Kalgoorlie WA with the following results.

STRC002: 8m@0.98% Ni and 455ppm Co from 32m down-hole; STRC005: 6m @ 0.81% Ni and 369ppm Co from 228m down-hole (Figure 3). Table 1 below presents the summary from drilling and table 2 below presents the results from the significant intersections.

Key Observations

STRC002

Mineralisation identified in STRC002 (8m @ 0.98% Ni and 455ppm Co from 32m) represents a zone of laterite enrichment that was previously identified in historical Aircore drilling. No primary sulphide mineralization was intersected in this hole at the targeted basal contact of the ultramafic stratigraphy;

STRC005

Fine grained disseminated sulphides, predominantly pyrrhotite with minor pyrite, were identified in STRC005 (6m @ 0.81% Ni from 228m in STRC005). The targeted basal contact of the prospective ultramafic stratigraphy was not penetrated in this hole due to the hole depth exceeding the rigs capability. It is possible the intersected disseminated sulphides are distal to an accumulation of massive sulphides on the untested basal contact. STRC005 is relatively central to a 300m section of untested (below the base of oxidation) of the basal contact of the prospective ultramafic unit that is coincident with near-surface Ni enrichment (up to 1% Ni).

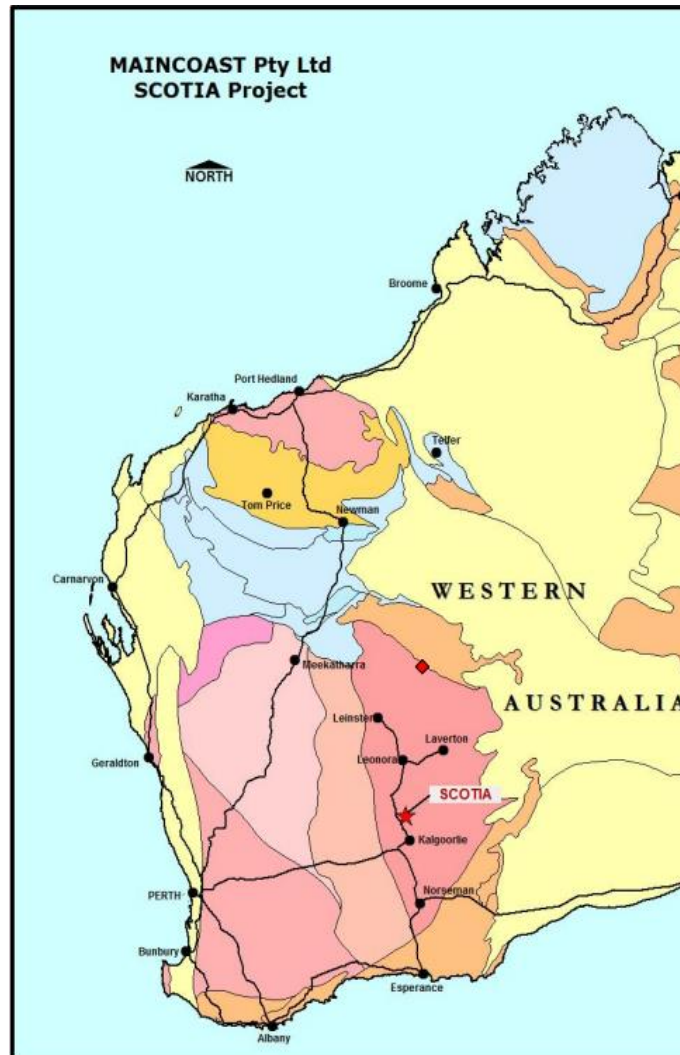


Figure 1: Scotia Nickel-Cobalt Project Map

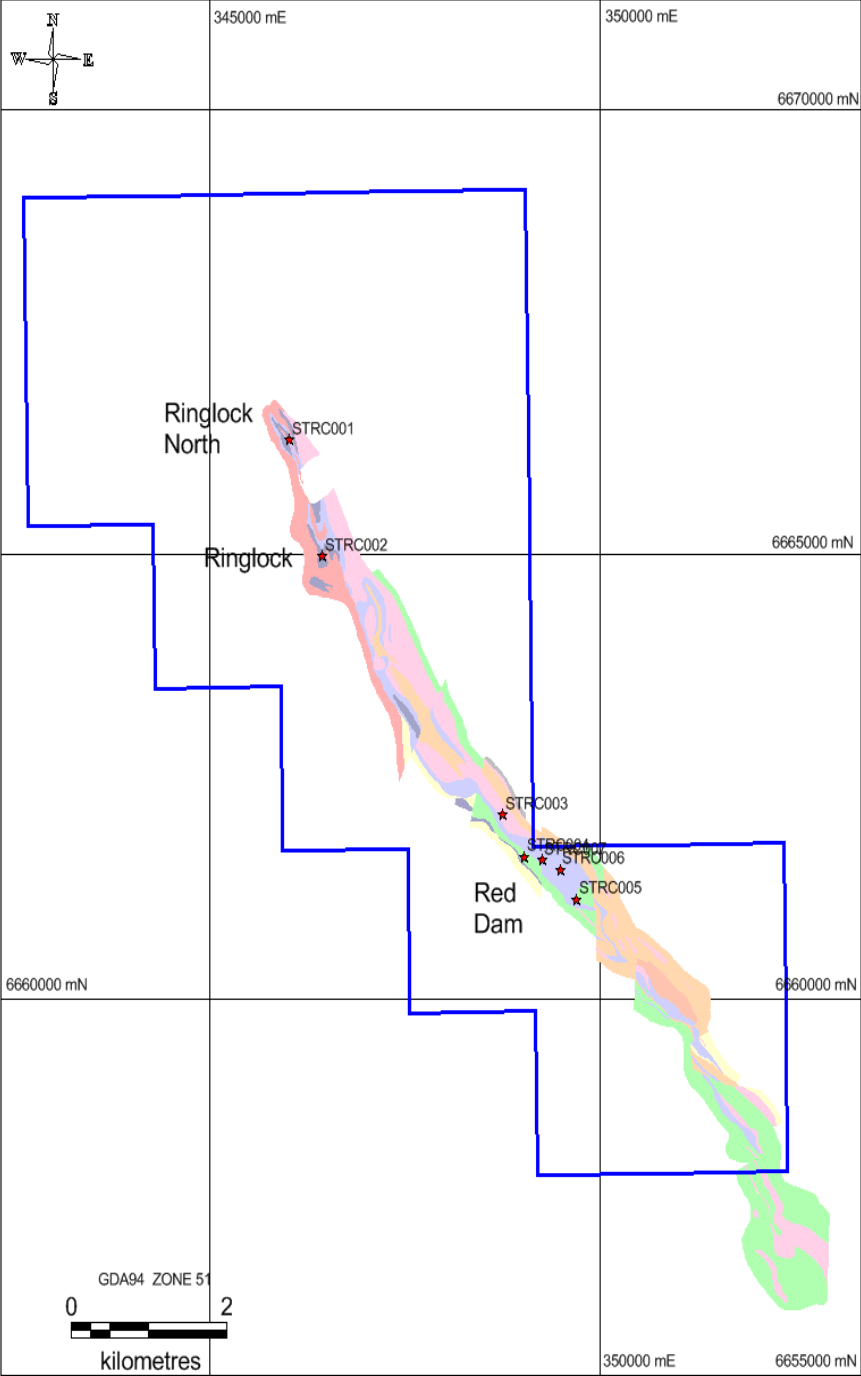


Figure 2: Drill Plan for Scotia Nickel-Cobalt Project

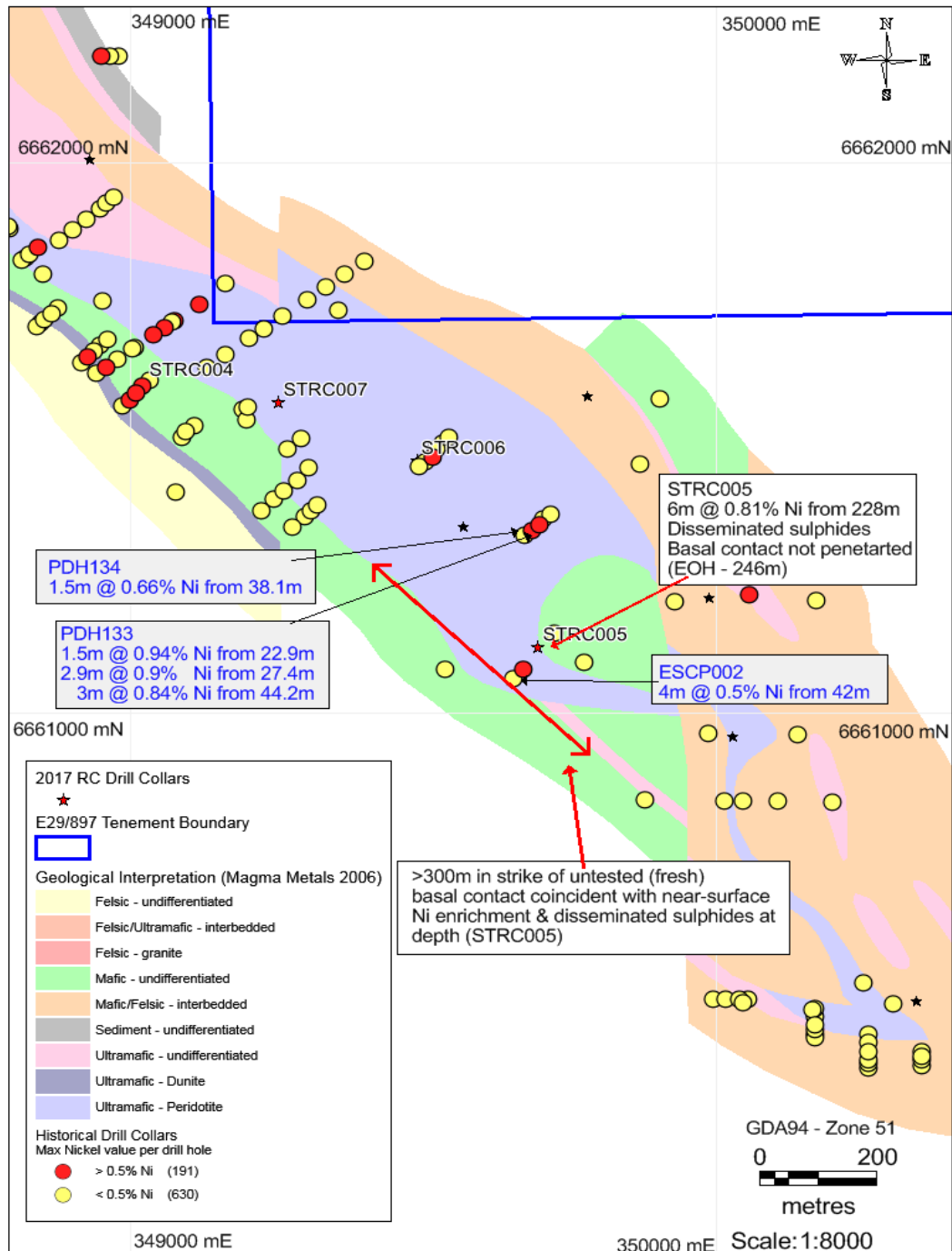


Figure 3: Drill Plan outlining location of STRC005 at Red Dam. Historical drill intercepts in blue (cut-off grade 0.5% Ni, no internal dilution)

Hole ID	GDA94 EAST	GDA94 NORTH	Elevation RL	Total Depth (m)	Drill Type	Azimuth	Dip
STRC001	346021	6666297	440	168	RC	235	-60
STRC002	346440	6664988	440	174	RC	235	-70
STRC003	348754	6662071	439	186	RC	220	-60
STRC004	349025	6661601	437	114	RC	230	-60
STRC005	349695	6661122	436	246	RC	235	-60
STRC006	349489	6661459	437	222	RC	230	-60
STRC007	349253	6661565	437	114	RC	235	-75

Table 1 – Drill hole summary

Hole ID		From (m)	To(m)	Interval (m)	Internal Dilution	Ni(%)	Co (ppm)
STRC002		16	40	24	4m	0.66%	259
STRC002	Including	32	40	8		0.98%	455
STRC002	Including	36	40	4		1%	467
STRC005		228	238	10	2m	0.66%	302
STRC005	Including	228	234	6		0.81%	369
STRC006		16	20	4		0.54%	197

Table 2 – Significant intersections from the Scotia Project based on greater than 0.45% Ni (may include up to 1m of internal dilution, with a minimum composite grade of 0.5% Ni)

MAYFIELD PROJECT NSW (EL 6358; CAPITAL MINING 75%, BBI GROUP 23.75%, ROBERTS CONSULTING 1.25%; EL8576; CAPITAL MINING 100%)

This project is located 51 kilometres east northeast of Queanbeyan NSW, 20km from Woodlawn Mine and is within the highly prospective Lachlan Fold Belt (Figure 4). It is a polymetallic gold, copper, zinc skarn type deposit hosted in sediments and developed through hot hydrothermal fluids derived from approximately 40 million years old early Devonian intrusive granite which is assumed from its magnetic signature to underlie the greater part of the licence at relatively shallow depth.

This sulphide mineralisation, inclusive of fault breccias is found within a zone up to 55m wide and extends to at least 250m depth often in sharp contact with weakly mineralised granite. The main mineralised body is tabular, 25m to 30m wide and up to 630m in length with a steep easterly to vertical dip angle. It is largely oxidised to around 175m depth with various poly metallic sulphide minerals converted to oxides and carbonate species in the oxide zone, leading into supergene sulphides then to primary sulphides at depth.

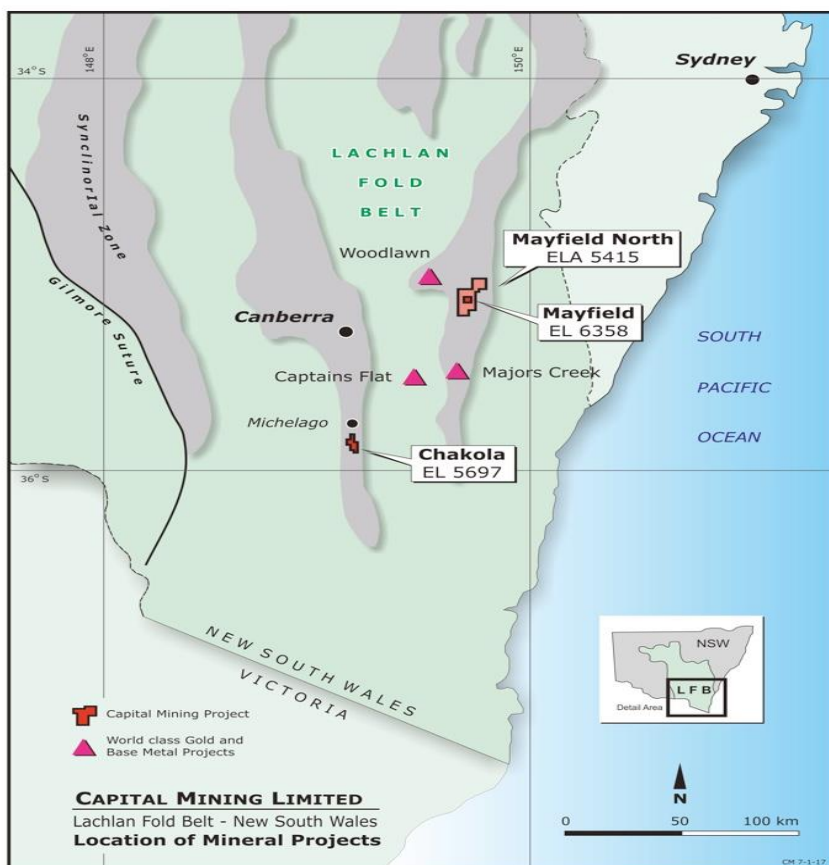


Figure 4: Mayfield and Chakola Project Location Map

The principal ore minerals that have been recorded to date include native copper, other copper minerals such as cuprite, chalcocite, covellite, chalcopyrite together with native silver, gold, zinc minerals smithsonite, willemite, sphalerite and the lead sulphide mineral galena.

Significant historic drill intercepts made at the Mayfield Prospect have included:

- 42m @ 2.54 g/t gold and 0.67% copper from surface in hole MR-4
- 75m @ 0.51 g/t gold and 0.5% copper from 8m in hole MARC-5
- 50m @ 0.52 g/t gold and 0.25% copper from surface in hole MA-18;
- 66m @ 0.40% copper from 119m in hole MA-22 (inc. 8m @ 1.25% copper from 163m)
- 7m @ 98g/t silver and 0.8% copper (from 76m in hole MA13) have been recorded and peak values of up to 10.3% for zinc.

Drilling reported in February 2017 confirmed the tenor of the zinc rich mineralised sub zone, viz

- 7.2m @ 4.31% zinc, 0.58% Cu and 16 g/t silver from 198.5m in hole MAY2.

Planned activities include the completion of rehabilitation of some historic past drilling sites, revisiting past geophysical surveys to categorise the response of known mineralisation to assess the potential for further electromagnetic and magnetic surveys for additional target selection. A review of metallurgical options is also planned for the oxide zone as a prelude to further drilling.

CHAKOLA (EL 5697; CAPITAL MINING 100%)

The Chakola Project lies within EL5697 that covers 33 square km, 15km north of Cooma (Figure 4). It is a gold and base metals deposit (gold, copper, silver, lead, zinc), and is classified as a Volcanic-Hosted Massive Sulphide (VHMS) deposit. Recent electromagnetic survey work has indicated responses at Chakola have parallels with a number of other significant VHMS deposits located in the Lachlan Fold Belt, such as Wilga, Dry River South, Woodlawn and Currawang.

A number of historic drill holes were inspected for accessibility during the previous Quarter to conduct a downhole EM survey. It was found that many of these drill holes are still accessible and would therefore enable a down hole geophysical survey to be completed.

There are a series of mineralised zones at Chakola and most past work was conducted along the Harnett zone which is 4km long and up to 200m wide, as a steeply dipping mineralised body.

Historic exploration sampling returned surface values up to 15 g/t gold plus 33 g/t silver and drilling intercepts up to 16m @ 3.1 g/t gold plus 9 g/t silver.

Intercepts from reverse circulation drilling from 2007 to 2008 show peak results assayed to 16.5 g/t gold, 37 g/t silver and 0.96% copper from 47 - 48m. Samples from core drilling were metallurgically tested with

54 tests showing gravity and flotation concentrates. A new review of the oxide zone gold potential at Chakola has commenced along with Mayfield. The sulphide zones are considered separately as being more amenable to treatment with flotation.

LITHIUM EXPLORATION WESTERN AUSTRALIA

Capital acquired a portfolio of lithium prospective assets in active exploration and mining jurisdictions in Western Australia (Figures 5 and 6) in 2016, and completed a systematic first stage, reconnaissance field program across the portfolio. The initial field program confirmed the presence of lithium-bearing pegmatites at multiple project areas, and confirmed their potential to host mineralised Lithium-Caesium-Tantalum (LCT) pegmatite systems.

A geological contract group was used to conduct first pass exploration of 12 licenses in sectors of WA from the Murchison in the north to Ravensthorpe in the south.

Reconnaissance soil and rock chip samples were collected as widely spaced first passes over most of the ELs. They were screened by pXRF (portable X ray fluorescence) and anomalous samples submitted for more accurate wet geochemistry assays.

Some of these tenements returned significantly elevated results within the LCT (lithium, caesium, tantalum) field and are disclosed below.

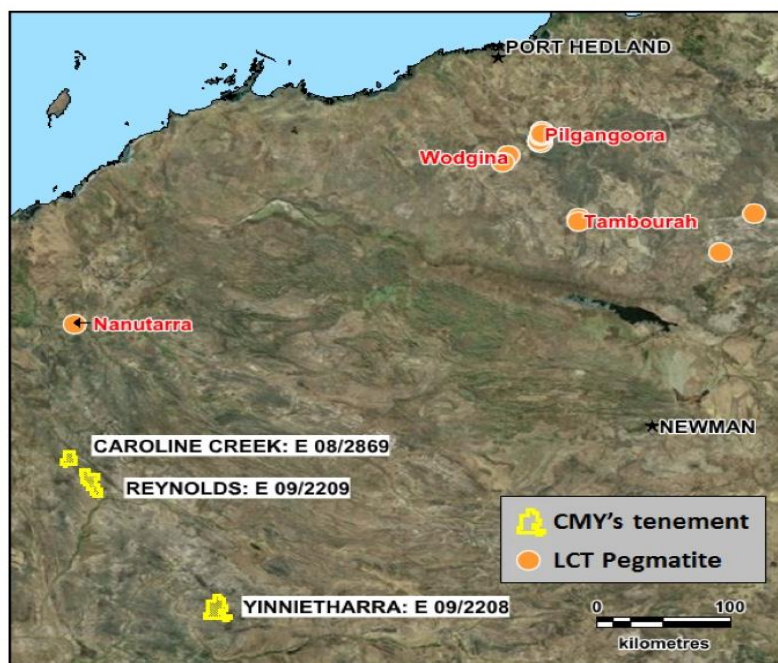


Figure 5: Reynolds, Caroline Creek and Yinnietharra Projects in the Gascoyne Region of WA

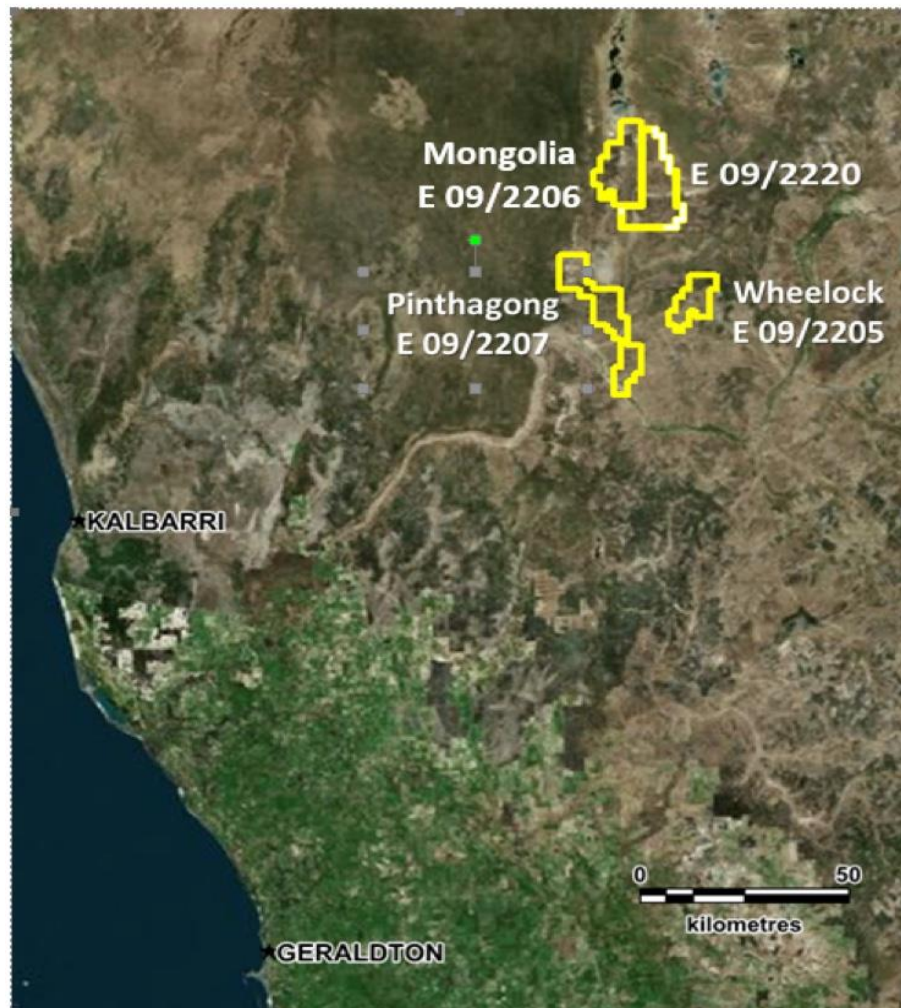


Figure 6: Location Map of the expanded Wail Project in WA

BIG BELL SOUTH (ELA 20/906; CAPITAL MINING 100%)

Located 23 km west of Cue and 75 km NNW of Mt Magnet in Western Australia. The ELA application is a few km south of the historic Big Bell Gold Mine and initial exploration was under the Miner's Right provisions of the WA Mining Act.

69 soils and 8 rock chip samples were collected at wide spacings and tested via X-ray fluorescence as a screening tool. pXRF of rock samples tested positive for Li, Rb, Ta, Nb, Sn, Cs.

7 rock chip and 20 soils were assayed. Rock chips returned up to 0.27% Li₂O plus anomalous Be, Cs, Ga, Nb, Rb, Sn, Ta and Tl. Soils peaked at 67 ppm Li.

Initially, expected to be dominantly granitic, field work found massive quartzite, BIF, mica schists as well as pegmatitic granites. Moderate width pegmatite dykes up to a few metres were observed in granitic outcrops.

These results are of interest. Although 2 km east of the Big Bell Gold Mine stratigraphy, rock types within this ELA have some similarities to quartz - mica schists and BIF at the Big Bell gold mine a few km to the north. Consequently, the ELA will also be reviewed for its gold potential.

DALGARANGA (ELA 59/2221; CAPITAL MINING 100%)

ELA 59/2221 tenement is located 72 km WNW of Mt Magnet in Western Australia and immediately north of the better known Dalgaranga historic tantalite mine. The ELA covers a magnetically defined alteration zone along a granite contact. Complex pegmatites were noted in field work.

pXRF anomalous results were returned for Ta, Rb, Cs, Nb and Li.

The soil samples returned Li results > 130 ppm associated with anomalous Be, Cs, Ga, Nb, Rb, Sn, Ta and Tl.

Five rock chip and 3 soil samples were submitted for assay. The rock chips returned up to 0.50 % Li₂O associated with anomalous Be, Cs, Ga, Nb, Rb, Sn, Ta and Tl. Three of the rock samples exceed 500 ppm Ta with one returning 0.14% Ta₂O₅.

The project is being assessed for further work with additional emphasis on its tantalum potential.

Gascoyne Projects (1 EL and 2 ELAs).

Caroline Creek ELA 08/2869 Capital Mining 100%,

Reynolds ELA 09/2209 Capital Mining 100%,

Yinnietharra E 09/2208 Capital Mining 100%.

Two ELAs, Caroline and Reynolds are located 215 km NE of Carnarvon WA and Yinnietharra is 280 km east of Carnarvon WA, The initial field reconnaissance programme (September to early October 2016) indicated these ELAs and EL cover a prospective region for the discovery of LCT pegmatites. The geologists noted and sampled multiple pegmatites through the three project areas. Initial results (pXRF) were been reported by CMY in 2016.

Subsequent laboratory results confirmed these areas are prospective for complex pegmatites of the LCT group.

No further work was completed during the quarter other than commencement of a review of the project.

Other 100% Capital Mining owned lithium projects under review are listed as follows:

Mindoolie E 20/907

NW of Cue and the Big Bell tenement.

Wail Group Tenements NE of Kalbarri WA.

Mongolia E 09/2206

Pinthagong E 09/2207

Wheelock E 09/2205

Ravensthorpe E74/609

WOLFHOUND LITHIUM PROJECT (REPUBLIC OF IRELAND)

Wolfhound Lithium Project covers five licenses in two blocks in the Republic of Ireland; Boris of 141 km² and Ballon of 68 km² near Kilkenny in Ireland (Figure 7). Reconnaissance exploration in 2016 confirmed a mineral occurrence on the Borris block returning 2.47% Li₂O.

Follow up work from the June 2017 Quarterly Reporting period involved a review of historic exploration work from the June 2017 Quarterly Reporting period involved a review of historic exploration data, extensive prospecting, sampling of float and outcrops with 70 rock samples sent to ALS labs.

A ground magnetic survey was completed along with magnetic susceptibility records of rock samples.

The license blocks are underlain by the Leinster granite batholith that intruded during the Devonian some 400 million years ago into Ordovician (444 to 488 million years old) sedimentary rocks. A number of smaller granite bodies as part of a polyphase intrusive system with contact metamorphic aureoles are developed within the Ordovician sediments and some volcanic units.

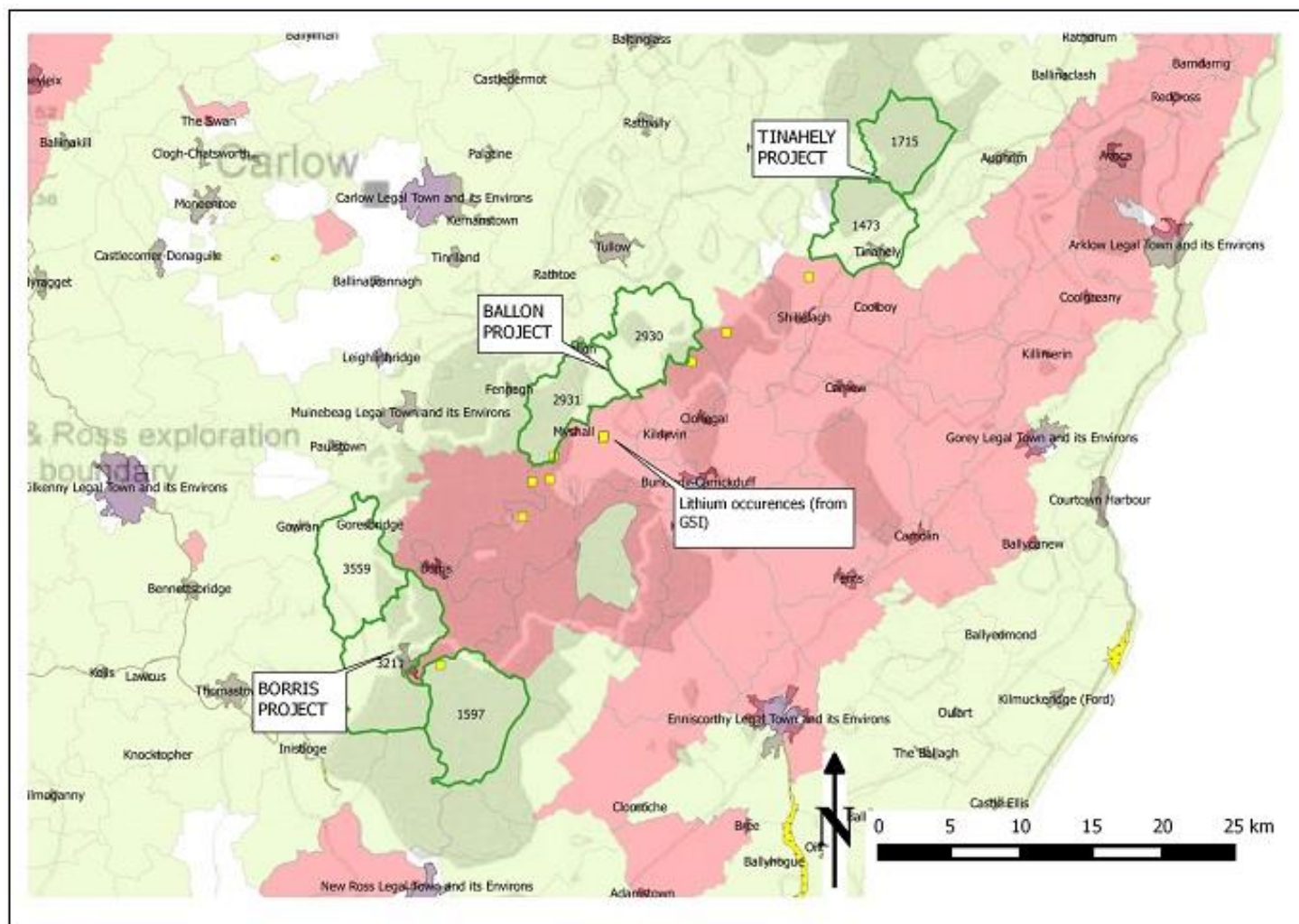


Figure 7: Location Map of the Wolfhound Project in the Republic of Ireland

At Ballon Project, the area is underlain by two granite phases and an historic pegmatite occurrence at Aclare towards the south east of the license block. To the northwest of this area mapping and prospecting found numerous sampled of float with coarse feldspar and mica with a pegmatitic affinity. Twenty-two samples were assayed by ALS with a peak value of 441 ppm Li.

Detailed prospecting at the Borris North area found a number of samples with coarsely crystalline feldspar and mica of pegmatitic affinity. Twenty-four samples had a peak Li value of 361 ppm. Borris South target area hosts a mineral occurrence of lithium bearing pegmatite that previously returned 2.47% Li₂O. During the current phase of work forty-four float and outcrop samples were collected during two phases of mapping. Two samples (Figure 8), 350m apart returned 11,490 ppm (1.149%) and 3,450 ppm (0.345%) lithium. Both were of coarsely crystalline pegmatite containing spodumene, feldspar and muscovite mica.

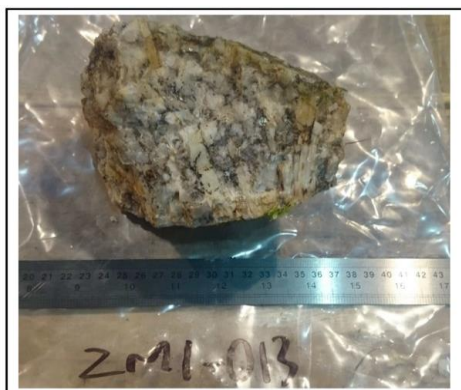


Figure 8: Samples from the Borris Project

A total of 131 samples were sent to ALS labs for multi element analysis that included microscopic work and seventy samples with pegmatite affinity including visible spodumene were assayed with mixed acid digests and Inductively Coupled Plasma - Atomic Emission Spectroscopy. Better results are shown below:

Sample	East	North	Li (ppm)	Li (%)	Li20 (%)	Target
ZMI-009	273154.3	143779.5	98.2	0.00982	0.02	Borris South
ZMI-010	273136.4	143821.7	161.5	0.01615	0.03	Borris South
ZMI-011	273223.3	143855.2	148.5	0.01485	0.03	Borris South
ZMI-012	273194.6	143816.0	122	0.0122	0.03	Borris South
ZMI-013	273230.5	143824.7	11490	1.149	2.47	Borris South
ZMI-014	273524.9	143811.4	74	0.0074	0.02	Borris South
ZMI-015	273199.1	143738.7	57	0.0057	0.01	Borris South
ZMI-016	273115.3	143706.6	124	0.0124	0.03	Borris South
ZMI-017	273082.1	143642.4	51.8	0.00518	0.01	Borris South
ZMI-018	273166.3	143653.7	140.5	0.01405	0.03	Borris South
Z-068	272268.14	143206.92	100.5	0.01	0.022	Borris South
Z-069	272374.4	143226.9	36.1	0.004	0.008	Borris South
Z-070	272894.86	143143.29	30.6	0.003	0.007	Borris South
Z-072	272766.13	143475.44	195.5	0.02	0.042	Borris South
Z-073	272750.69	143388.31	98.7	0.01	0.021	Borris South
Z-076	273065.81	143454.87	134.5	0.013	0.029	Borris South
Z-077	273113.42	143535.93	99.6	0.01	0.021	Borris South
Z-078	272982.11	143616.7	40.4	0.004	0.009	Borris South
Z-080	272986.98	143878.66	34.9	0.003	0.008	Borris South
Z-083	273066.9	143493.42	3450	0.345	0.743	Borris South
Z-084	272918.65	143507.06	124.5	0.012	0.027	Borris South
Z-086	272800.01	143638.16	129	0.013	0.028	Borris South
Z-089	272628.69	143628.24	61.7	0.006	0.013	Borris South
Z-090	272766.84	143506.47	47.7	0.005	0.01	Borris South
Z-091	273048.33	143407.83	274	0.027	0.059	Borris South
Z-094	273390.74	143580.16	22.8	0.002	0.005	Borris South
Z-095	273509.95	143551.64	15.1	0.002	0.003	Borris South
Z-097	273563.26	143899.54	72.6	0.007	0.016	Borris South
Z-100	273234.01	143486.33	69.4	0.007	0.015	Borris South
Z-103	273184.98	143300.85	157	0.016	0.034	Borris South
Z-105	273213.07	143218.26	79.6	0.008	0.017	Borris South
Z-106	273339.68	143297.17	156.5	0.016	0.034	Borris South
Z-107	273369.19	143242.44	79.6	0.008	0.017	Borris South
Z-110	272366.71	142807.54	137	0.014	0.029	Borris South
Z-111	272370.09	142863.85	24.9	0.002	0.005	Borris South
Z-112	272319.64	142703.41	55.4	0.006	0.012	Borris South
Z-115	272154	142869.42	78.7	0.008	0.017	Borris South
Z-117	272033.88	142754.49	167	0.017	0.036	Borris South
Z-120	272870.22	142684.34	145.5	0.015	0.031	Borris South

CORPORATE ACTIVITIES

Subsequent to 30 September 2017 quarter end, the Company made a decision to discontinue medical cannabis investment opportunities and is currently finalising an exit from this business unit.

Placement completed

Subsequent to 30 September 2017 quarter end, Capital successfully completed a placement to raise \$500,000 via the issue of 167 million fully paid ordinary shares.

The funds raised will be used to fund targeted exploration programs across the Company's project portfolio and also for working capital. The Company would like to acknowledge the support of all investors who participated in the Placement.

ASX LISTING RULE 5.3.3

The Company presents the tenement information in Table 3 below in accordance with ASX Listing Rule 5.3.3.

Table 3: Tenement Information

Project Name	Location	Tenement Licence	Interest held at 30 June 2017	Interest acquired/ disposed of	Interest held at 30 September 2017
Mayfield	NSW	EL6358	75%	N/A	75%
Mayfield	NSW	EL8576	100%	N/A	100%
Chakola	NSW	EL5697	100%	N/A	100%
Yinnietharra	Gascoyne, WA	E09/2208	100% (Application only)	N/A	100%
Ravensthorpe	Ravensthorpe, WA	E74/609	100% (Application only)	N/A	100%
Yalgoo North	Yalgoo, WA	E59/2195	100% (Application only)	N/A	100%
Yalgoo South	Yalgoo, WA	E59/2196	100% (Application only)	N/A	100%
Mindoole	Murchison, WA	E20/907	100% (Application only)	N/A	100%
Wheelock	Wail, WA	E09/2205	100% (Application only)	N/A	100%
Mongolia	Wail, WA	E09/2206	100% (Application only)	N/A	100%
Pinthagong	Wail, WA	E09/2207	100% (Application only)	N/A	100%
Mt Vettors	North Coolgardie, WA	E29/897	Nil	N/A	100%
Reynolds	Gascoyne, WA	EL09/2209	100% (Application only)	N/A	100% (Application only)
Caroline Creek	Gascoyne, WA	EL08/2869	100% (Application only)	N/A	100% (Application only)
Dalgaranga	Dalgaranga, WA	EL59/2221	100% (Application only)	N/A	100% (Application only)
Bigbell	Murchison, WA	EL20/906	100% (Application only)	N/A	100% (Application only)
Wail	Gascoyne, WA	EL09/2220	100% (Application only)	N/A	100% (Application only)
Borris	Republic of	PL1597	100%	N/A	100%
Borris	Republic of	PL3211	100%	N/A	100%
Borris	Republic of	PL3559	100%	N/A	100%
Ballon	Republic of	PL2930	100%	N/A	100%
Ballon	Republic of	PL2931	100%	N/A	100%
Tinahely	Republic of	PL1473	100%	N/A	100%
Tinahely	Republic of	PL1715	100%	N/A	100%

-ENDS-

ABOUT CAPITAL MINING LIMITED

Capital Mining Limited (ASX: CMY) is an active ASX listed junior mineral resources company focused on the acquisition and exploration of key, demand driven commodities. Its project portfolio includes cobalt and lithium prospective assets in Western Australia and the Republic of Ireland, plus gold and base metals projects in New South Wales.

COMPETENT PERSONS STATEMENTS

The information in this document that relates to exploration results has been reviewed by Mr Ray Muskett, a Member of the Australasian Institute of Mining and Metallurgy. Mr Muskett has sufficient experience 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 Muskett consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Statements contained in this report relating to exploration results and mineral resources on the Chakola and Mayfield Projects are based on information originally 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.

DISCLAIMER

Certain statements contained in this announcement, including information as to the future financial or operating performance of Capital Mining Limited 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 Capital Mining Limited, 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.*

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> 7 reverse circulation (RC) drill holes were completed by Capital Mining Limited for a total of 1224m of drilling. Hole depths were variable, ranging from 114m to 246m. All sampling was conducted using Capital Mining Ltd (CMY) procedures including QAQC practices such as duplicates and laboratory standards and blanks. RC samples were collected in 1 metre intervals from a rig mounted cyclone with attached cone splitter. The dry samples were split into a bulk sample (plastic bag) and a representative 3kg split (calico). All 1 metre samples were lined up in rows of 20 beside the hole. Composite samples were collected from each 1 metre bulk plastic bag using a sample spear to ensure a representative sample was combined from 2-4 metre intervals, depending on the geologist's discretion. In some intervals, only 1 metre cone split representative samples were collected for analysis. 2-3kg composite samples were sent to Bureau Veritas in Perth where they were dried, sorted, crushed, pulverised and split to produce a 40g charge for Aqua Regia digest. Au (1ppb) was determined by ICP-MS directly from the acid digest. Samples were also analysed for Al, As, Co, Cr, Cu, Fe, Mg, Ni, Pb and Zn (ICP off 40g Aqua Regia Digest).

Criteria	JORC Code explanation	Commentary
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • RC drilling utilized a face sampling percussion hammer with 5 ½ inch bits.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • RC drill recoveries were visually estimated. • Driller's used appropriate measures to minimise down-hole and/or cross hole contamination in RC drilling. Sample recovery was generally estimated to be good. • No relationship between sample recovery and/or and grade has been identified.
<i>Logging</i>	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • All drill chips were geologically logged on site by geologists following the CMY logging scheme. • Geological logging is qualitative in nature and records interpreted lithology, alteration, mineralisation, structure, veining and other features of the samples. • All drill holes were logged in full.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • No drill core was sampled – RC drilling only. • 1 metre RC drill samples fall through a rotary cone splitter directly below the rig mounted cyclone. A 2-3 kg sample is collected in a pre-numbered calico bag, and lined up in rows with the corresponding plastic bag. • Duplicate field sample composites were collected in RC drilling at the rate of 1 sample per hole. • Appropriate sampling protocols were used during RC composite sampling. These included spear collection at various angles through bulk 1 metre sample bags to maximize representation. • The sample sizes are considered appropriate to give an accurate indication of the mineralization at the Scotia Project.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> 2-3kg composite samples were sent to Bureau Veritas in Perth where they were dried sorted, crushed, pulverised and split to produce a 40g charge for Aqua Regia digest. Au (1ppb) was determined by ICP-MS directly from the acid digest. Samples were also analysed for Al, As, Co, Cr, Cu, Fe, Mg, Ni, Pb and Zn (ICP off 40g Aqua Regia Digest). Aqua Regia is considered a partial digest technique however in weathered samples it is considered to approximate a total digest assay. Field duplicate samples were submitted with each sample batch at a rate of 1 per 50 samples. The laboratory inserted standards, blanks and duplicate samples. Results are within tolerable limits.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> All data has been checked internally by senior CMY staff. No twinned holes have been drilled. Field data was recorded on paper logging sheets and then entered, validated and stored electronically. No adjustment to assay data has been made.
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> All location points were collected using handheld GPS (3m accuracy). The grid system used is MGA 94 – Zone 51. Elevation was determined by handheld GPS and correlates with historical data.

Criteria	JORC Code explanation	Commentary
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Drilling was completed at 3 different targets within the Project area covering a total strike length of 6.7km, including 1 RC hole at Ringlock North, 1 RC hole Ringlock and 5 RC holes at Red Dam. Drill spacing at Red Dam varied between 200m-500m. Mineralisation has not yet demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied. 2-4 metre composite samples have been collected for RC drilling via spearing.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> The drilling orientation is suitable to delineate near-surface enrichment when co-incident with historical AC drilling, however each hole represents the only deeper hole per drill line and as such morphology of potential structures is uncertain. No sampling bias is identified in the RC drill data
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> RC samples were delivered by CMY staff directly to the laboratory depot in Kalgoorlie. The laboratory managed secure transport of samples from the regional depot to the Perth laboratory.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> Data is audited and reviewed in house, no discrepancies have been identified.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>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.</i> <i>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.</i> 	<ul style="list-style-type: none"> All drilling is located within granted tenement E29/897, which is held 100% by CMY. The Department of Minerals and Petroleum initiated a forfeiture action against E29/897, Scotia (Mt Vettors) due to a delay in Annual Reporting due by May 2017 by the previous holder. Reporting has been subsequently submitted to DMP and the DMP is reviewing it for reporting compliance. There are no competing applications over the tenement.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> Historic holders of the Project area include Magma Metals Ltd, Western Areas NL, Fodina Minerals Pty Ltd, Talon Resources NL, AUR NL, Abminco NL, International Nickel, Union Miniere Ltd, Great Boulder Mines Ltd, Kennecott Exploration (Australia) Pty Ltd, Westralian Nickel NL, Western Mining Corporation Ltd and Group Exploration Ltd. Previous exploration activities have included, geochemical/soil sampling, geological mapping, RAB/AC drilling, RC drilling, diamond core drilling and geophysical surveys (IP surveys, EM surveys and aeromagnetic surveys).
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> Drilling within the Project area was designed to target Komatiite-hosted nickel sulfide deposits (Kambalda-type) and lateritic nickel-cobalt ores. Orogenic Archean gold mineralization was also tested.

Criteria	JORC Code explanation	Commentary
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>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:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>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.</i> 	<ul style="list-style-type: none"> Refer to tables within this announcement for drill hole locations and results.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>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.</i> <i>Where aggregate intercepts 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.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> Significant intersections reported from the Scotia Project are based on greater than 0.45% Ni and may include up to 4m (1 sample) of internal dilution, with a minimum composite grade of 0.5% Ni. All reported assays have been length weighted, with a nominal 0.45% Ni lower cut-off. No upper cuts-offs have been applied. Higher grade intervals that are internal to broader zones of nickel mineralisation are reported as included intervals. No metal equivalents have been reported in this announcement.

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	<ul style="list-style-type: none"> • The geometry of the mineralisation is not yet known due to insufficient drilling in the targeted area. • Down hole lengths are reported, true width not known due to limited drilling.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Refer to body of this announcement.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • All significant intervals are reported with a 0.45% Ni lower cut-off with no minimum width.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • This project is subject to review and no further drilling is planned at present.