

Capital Mining Limited: Medicinal Cannabis Investment Update

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Perth - [Capital Mining Ltd.](#) (ASX:CMY) ("Capital" or "the Company") is pleased to provide the following update on its investment in the medicinal cannabis sector with Broken Coast Cannabis Limited (BCC).

Highlights:

- [Capital Mining Ltd.](#) agrees settlement with medicinal cannabis company Broken Coast Cannabis Limited (BCC)
- Capital to receive a final settlement; C\$250,000 in cash payment and the rights to negotiate an investment in BCC
- BCC is a leading, profitable Canadian medicinal cannabis producer and distributor
- Capital may also pursue other high quality medicinal cannabis opportunities
- Capital Cannabis Limited ("Capital Cannabis") established as a specific purpose entity to own and manage any future material medicinal cannabis opportunities
- Leading medicinal cannabis industry expert Cameron McDonald-Stuart appointed to board of Capital Cannabis
- Any material investment in medicinal cannabis sector to be done via Capital Cannabis independent of Capital's core minerals exploration activities
- Capital's core focus to remain on exploration and development of key demand-driven commodities
- Update on due diligence at Scotia Cobalt Project due in near future

Capital advises it has agreed a settlement with BCC to finalise its dispute in relation to a Binding Heads of Agreement dated 4 March 2015 (and varied under a Deed of Variation of Heads of Agreement of 20 May 2015) under which Capital was to acquire up to 50.1% of BCC. (ASX announcements, 9 March 2015 and 21 May 2015).

Under the settlement;

- BCC has agreed to pay Capital the sum of C\$250,000.00 to finalise the matter; and
- Capital (or its subsidiaries) will retain the rights to negotiate an investment in BCC for a period of 90 days following the execution of the settlement agreement.

Capital is delighted to reach what it views as a mutually beneficial settlement, which sees Capital receive a financial settlement and also the opportunity to invest in the growth of BCC's highly successful medicinal cannabis business, and deliver value for Capital shareholders.

BCC is an established, profitable medicinal cannabis company headquartered in British Columbia, Canada. It was incorporated in 2013 and has grown to become one of Canada's leading medicinal cannabis producers and distributors. BCC is licensed under Canada's Controlled Drugs and Substances Act, and adheres to Canada's Access to Cannabis for Medicinal Purposes regulations.

Capital also advises that in addition to a potential investment in BCC, it may also pursue other high quality, value accretive opportunities in the rapidly emerging medicinal cannabis sector.

Capital remains a mineral resources exploration company whose business model is focused on the exploration and development of demand-driven commodities. This will continue to be the Company's core business focus.

In order to best position Capital for potential future investment in BCC's medicinal cannabis business (and

other potential medicinal cannabis opportunities), the Company has established an unlisted public company, Capital Cannabis Limited, which would own and manage any material medicinal cannabis opportunities secured by Capital.

Further, in order to assess the merits of any potential medicinal cannabis opportunities, leading medicinal cannabis sector expert, Mr Cameron McDonald-Stuart has been appointed a Non-Executive Director of Capital Cannabis. He was the founding Chief Operating Officer and Chief Technical Officer of Cann Operations, the first company to be awarded an Australian medicinal cannabis licence. He was also a founding board member of the Australian Cannabis Industry Association, and runs cannabis consulting and technology company, Medicabis.

Mr Cameron McDonald-Stuart is also the Australian publisher of medicinal cannabis investment publication, CannInvestor Magazine, and has an extensive network of industry contacts. He also has cannabis industry qualifications from Oaksterdam University, California.

Further Information

Capital's participation in the medicinal cannabis sector is entirely conditional on it proceeding to provide further investment in BCC, pursuant to its settlement agreement with BCC. The Company is of the view that an appropriate entry into the medicinal cannabis sector has the potential to be significantly value accretive for Capital shareholders.

As outlined above, any material investment in BCC (and other medicinal cannabis opportunities) would be done via Capital Cannabis, independent of the business and operations of Capital's minerals exploration business. Further, Capital would seek to bring any such material medicinal cannabis opportunity to IPO via Capital Cannabis and list it independently on the ASX.

About Capital Mining Limited:

[Capital Mining Ltd.](#) (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 lithium prospective assets in Western Australia and the Republic of Ireland, plus gold and base metals projects in New South Wales.

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