CAPITAL MINING TO ACQUIRE 100% OF US HEMP BASED PRODUCTS COMPANY NUTRAWERX INC.

- Nutrawerx has secured exclusive agreement for development of branded hemp products in a joint-venture arrangement with MMI Market Management, Inc (MMI) – second largest USA food brokerage and marketing company
- Products include hemp based food, cosmetics and nutritional supplement
- Nutrawerx projected to achieve significant market share of US$580m hemp retail market\(^1\) within three years
- Renowned industry figure, Nutrawerx’s Michael Sautman, to become CEO of CMY
- Darwin Millard and Tamar Wise to spearhead CMY core science team and lead R&D efforts
- CMY set to become turnkey market leader of medicinal cannabis and hemp based retail spaces with exposure to the entire value chain
- Nutrawerx complements CMY’s pending investments in Broken Coast Cannabis Ltd and Cannan Growers Inc.

Capital Mining Limited (ASX: CMY) is pleased to announce its continuing investment in the medical cannabis and hemp based products sector with the proposed acquisition of United States based Nutrawerx Inc., a company focused on the development and production of hemp related products and cannabinoid science.

Nutrawerx is a science driven, Colorado based, corporation focused on the development and production of hemp based food, cosmetic and nutritional supplement products. Nutrawerx is developing mainstream, pharmaceutical-grade, GMP, FDA, and ISO compliant supplements for the global market as well as promoting the therapeutic potential of cannabinoids, with a focus on cannabidiol.

Nutrawerx specialises in the science of cannabis-based botanical drug substances, mono-cannabinoid active pharmacological ingredients, and cannabinoid-based nutritional supplements derived from industrial hemp.

The United States retail market for hemp based food and health and beauty-aid products is estimated to have been in excess of US$600 million in 2014 and growing at a rate of ~25% per annum. Comparable to soy, the hemp market continues to experience exponential growth due to changes in legislation and cutting edge research efforts bringing the benefits of hemp to mainstream consumers. Hemp seed and derived products, such as oil and hemp protein powders, are used as a raw material in the production of hundreds of products now being sold across the U.S. and in Europe\(^2\).

Michael Sautman, prospective CMY CEO commented “CMY has brought together an

\(^1\) http://www.thehia.org/
\(^2\) http://www.thehia.org/
outstanding group of companies poised to take a leading position in the medical cannabis and hemp food products industries. By combining the science, manufacturing, management, and marketing skills of CMY’s proposed consortium, CMY will aim to serve the best interests of patients, consumers, investors and regulators. I am thrilled by the opportunity to lead this operation in Australia and have confidence that we will achieve broad support in the market for our medical cannabis and hemp based product lines”.

Nutrawerx’s MMI Joint Venture

Nutrawerx has entered into joint venture agreement with MMI (www.mmimarketsolutions.com/) to develop branded mainstream hemp products for the retail market. As part of the consideration payable for the acquisition of Nutrawerx, MMI will become a shareholder of the Nutrawerx parent company, CMY.

MMI is the second largest private label food brokerage and marketing company in the United States providing concept-to-consumer support services for the development of private and national brands. MMI has been a leader in the grocery business for almost 50 years helping manufacturers and retailers bring new and innovative products to market. MMI represents product sales in excess of US$3 billion with access to over 3,000 foreign and domestic manufacturers. MMI has teams embedded in major grocery and big-box retailers as well as a comprehensive client list of multibillion dollar, high profile distribution companies. It also hosts a brand development and advertising division, product and consumer research teams and a sales force to manage distribution and promotion of the new hemp-infused products.

Leveraging the MMI relationship, Nutrawerx is aiming to achieve a projected meaningful market share within a three year timeframe.

Randy Hurr, President of MMI has stated, “This is a historic partnership opportunity to re-establish the domestic demand and establish new manufacturing in the United States for hemp infused products. Ultimately this will put new innovative products on our grocery shelves and create a profitable domestic crop for US farmers once again. We anticipate hemp infused products to meet the ever evolving and growing needs of health minded consumers in the United States”.

Product Development

Nutrawerx and MMI have conducted extensive analysis of hundreds of hemp based products currently available on the market and has produced a robust range of prototypes to present to customers during the second quarter of 2015. Product categories include:

- Hull seeds (nuts)
- Protein powders
- Meat substitutes
- Oil and butter
- Non-dairy beverages
- Cereals
- Snack bars
- Cosmetics
- Skin care items.
Product Creation

Nutrawerx is at the center of a sophisticated supply chain managed by a science team that executes standardized quality control procedures. As production increases, these new procedures will allow Nutrawerx unprecedented access to reliable high quality low cost raw materials.

Concurrently, Nutrawerx is working with associate company Broken Coast Cannabis Ltd (BCC) to cultivate other potential cannabis and hemp derivatives. The manufacturing expertise of BCC, combined with the cutting edge scientific team of Nutrawerx, is a natural fit within the industry. As announced by CMY on 9 March 2015, CMY has entered into a binding Heads of Agreement with BCC to acquire up to a 49% interest in BCC.

Nutrawerx Global Opportunity

With its branded suite of products, US based Nutrawerx will play a hemp based role in the global health and wellness market. CMY director, Dr James Ellingford commented, “The United States sets the stage for the world market. Hemp food products are an innovative new market for functional foods and are exploding globally following the lead of the U.S.”

Key Management Team to join CMY

Previously mentioned in the CMY announcement dated 9 March 2015, CMY will be appointing a management team consisting of experienced personnel with synergistic backgrounds in the cannabis industry. The proposed appointments are as follows.

Chief Executive Officer – Michael Sautman

Michael Sautman is an industry renowned medical cannabis expert in the areas production, sales and distribution. He has over 25 years of experience in natural product manufacturing.

As CEO of California Cashmere Co. Inc., (1990–2005) Sautman became a recognized expert in the production of rare animal fibre products including cashmere, silk and camel hair. He founded manufacturing operations in Mongolia, Tibet, China and the U.S. that provided natural fibre products to manufacturers and finished products to major-brand department stores.

Sautman then held the position of CEO of Bedrocan International, Inc.; a joint-venture with Bedrocan BV, the only licensed company in The Netherlands to grow cannabis for medicinal use by patients. He consulted with lawmakers and regulators in Canada, Israel and several U.S. states regarding the production and distribution of
medical marijuana in The Netherlands. He initiated Bedrocan International’s medical marijuana drug approval program with Health Canada, the Canadian Ministry of Health. Michael has a comprehensive understanding of cannabis legislation and manufacturing processes from around the world.

Before joining Nutrawerx, Michael was CEO of the Canadian Cannabis Research Institute Ltd. in Victoria, B.C. Sautman is a graduate of U.C. Berkeley, and holds a Master’s Degree in International Administration from The School for International Training located in Vermont.

Chief Science Officer – Tamar Wise

Tamar Wise was the Head of Science at Dixie Botanicals, formerly part of Dixie Elixirs, a leading producer of cannabis infused, lab tested products in the USA. Wise was core in the research and development of a multimillion dollar product range that is currently sold and distributed throughout the state of Colorado. Wise is at the forefront of the industry and is proficient in cannabinoid formulation technologies and methodologies. At Dixie Botanicals, Tamar led the reformulation of medicine delivery systems.

As a member of Colorado’s Medical Marijuana Enforcement Division’s Lab Rules and Regulations Committee, Wise has been an active participant in the state’s evolving legislation.

Wise has a degree from the University of Colorado in Biochemistry and Molecular, Cellular and Developmental Biology. Her specialty is organic pharmaceuticals and reactive medicine including medical marijuana and proactive prevention and management of disease.

She is an industry leader in the field of cannabinoid’s molecular and biochemical mechanisms and their influence on the human body. She is actively involved in cannabinoid education on national radio shows, conferences and panels around the world.

Chief of Extraction Engineering – Darwin Millard

Darwin Millard was a key member of the Science Division at Dixie Botanicals with responsibility for extraction methods and Standardized Operating Procedures. Millard was an important part of the team that developed and introduced the first hemp based cannabinoid dietary supplement products onto the world market.

Millard is a strong proponent of cannabinoid-based treatment therapies as a replacement for pharmaceutical drugs. Through Nutrawerx, his efforts are directed towards developing commercially viable extraction methods for utilizing supercritical CO₂ in the isolation of mono-specific cannabinoids from nonpsychoactive varieties of cannabis, aka hemp. Millard has a degree in Mechanical Engineering and specializes in mechanical and solvent-based extraction methodologies for isolating highly volatile terpenophenolic secondary metabolites from botanicals. He has spent the last eight years focusing on the extraction of cannabinoids and other molecular constituents from the cannabis plant.

CMY Director Comments

Dr James Ellingford commented, “Nutrawerx has an excellent leadership team. As CMY pursues this transformation to a medical cannabis and hemp-related products company, with exposure to the growing North American market, having experienced leadership in place is absolutely critical for future success. Michael Sautman and the rest of the proposed management team deliver this to CMY.”
“Nutrawerx provides us a strong presence in the US and the proposed acquisition of the company means that CMY will have investments across every aspect of the medical cannabis and hemp value chain – from cultivation operations through product development and wholesale and retail exposure. No other business in the sector will have this breadth of operations and we believe it will be key to unlocking value in the future for our shareholders.

“Over the course of the coming months, we look forward to updating shareholders on the progress of the acquisitions.”

**US Government Laws**

In the United States, the Government has introduced the The Industrial Hemp Farming Act of 2013 which:
- Amends the Controlled Substances Act to exclude industrial hemp from the definition of "marihuana”.
- Defines "industrial hemp" to mean the plant Cannabis sativa L. and any part of such plant, whether growing or not, with a delta-nine tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.
- Deems Cannabis sativa L. to meet that concentration limit if a person grows or processes it for purposes of making industrial hemp in accordance with state law.

**Key Terms of Acquisition**

As consideration for the 100% acquisition of Nutrawerx, CMY will issue 11,000,000 Shares and 1,000,000 Options. These securities will be issued on a post-consolidation basis and on recommencement of quotation of CMY’s securities on ASX following completion of the acquisitions.

Of these securities, current shareholders of Nutrawerx will receive 10,000,000 shares and 1,000,000 options and MMI will receive 1,000,000 shares.

Proposed CMY CEO, Mr Sautman will also receive 4,000,000 Options as part of his proposed remuneration.

**Change in Nature and Scale of Activities**

In addition to the BCC and Cannan Growers Inc. (CGI) acquisitions announced on 9 March 2015, the Nutrawerx agreement will constitute a significant change in the nature and scale of CMY’s activities. As a result, CMY will need to seek shareholder approval for the transactions and will also need to re-comply with the new listing requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

This will involve a consolidation of CMY’s existing shares and also the preparation of a full form prospectus.

Should the acquisitions proceed, CMY will seek to divest its existing mining interests.
Anticipated Timetable of Key Events

The anticipated timetable for the key events around the Nutrawerx, BCC and CGI acquisitions is as follows:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announcement of the BCC and CGI Acquisitions</td>
<td>9 March 2015</td>
</tr>
<tr>
<td>Announcement of the Nutrawerx Acquisition</td>
<td>18 March 2015</td>
</tr>
<tr>
<td>Dispatch of Notice of Meeting to CMY shareholders for approvals required under the ASX Listing Rules and Corporations Act for the Acquisitions</td>
<td>7 April 2015</td>
</tr>
<tr>
<td>Lodgment of Prospectus for Capital Raising</td>
<td>1 May 2015</td>
</tr>
<tr>
<td>General Meeting of CMY shareholders</td>
<td>15 May 2015</td>
</tr>
<tr>
<td>Capital Raising under Prospectus closes</td>
<td>18 May 2015</td>
</tr>
<tr>
<td>Completion of the Acquisitions</td>
<td>29 May 2015</td>
</tr>
<tr>
<td>Commencement of trading of CMY shares on ASX (subject to any re-compliance with the ASX Listing Rules required by ASX)</td>
<td>5 June 2015</td>
</tr>
</tbody>
</table>

*The Directors of CMY reserve the right to change the above indicative timetable without requiring any disclosure to CMY’s shareholders.

Pro-forma Capital Structure of CMY

As at the date of this announcement, CMY has 1,329,156,618 fully paid ordinary shares and 269,336,524 listed options (2 cent exercise, 31 December 2016 expiry) on issue.

The following table sets out the securities to be issued under the terms of the Nutrawerx, BCC and CGI acquisitions, to be issued after a proposed consolidation:

<table>
<thead>
<tr>
<th></th>
<th>Shares</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed issue pursuant to Capital Raising at $0.20</td>
<td>75,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Proposed issue of BCC Consideration Shares &amp; Options</td>
<td>12,500,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Proposed issue of CGI Consideration Shares</td>
<td>5,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Proposed issue of Nutrawerx Consideration Shares &amp; Options</td>
<td>11,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Proposed issue to Options to Michael Sautman</td>
<td>-</td>
<td>4,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>103,500,000</strong></td>
<td><strong>15,000,000</strong></td>
</tr>
</tbody>
</table>

The actual total number of shares and options on issue on completion of the BCC and CGI acquisitions will be dependent on the consolidation ratio undertaken by CMY. The market price of CMY’s shares will largely influence the consolidation ratio CMY puts to shareholders for approval.
Financial impact on CMY

An unaudited pro-forma balance sheet showing the impact of both the Nutrawerx acquisition and BCC and CGI acquisitions is set out in an Appendix to this announcement.

Given that both the Nutrawerx business is in a growth phase, it is not possible to provide any forecast revenue or profit numbers.

-ENDS-

Further information please contact:

Dr James Ellingford
Director
Capital Mining Limited
+61 8 9481 0389

Elizabeth Hunt
Company Secretary
Capital Mining Limited
+61 8 9481 0389

Media please contact:

Six Degrees Investor Relations:
Ben Jarvis, +61 2 9230 0661 or +61 413 150 448
Sam Burns: +61 8 9322 8288 or +61 400 164 067
## APPENDIX – PRO-FORMA BALANCE SHEET

<table>
<thead>
<tr>
<th>Notes</th>
<th>Balance sheet at 31 Dec 2014 (unaudited)</th>
<th>Adjustments for BCC and CGI acquisitions</th>
<th>Adjustments for Nutrawerx acquisition</th>
<th>Pro forma balance sheet at 31 December 2014 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1, 2, 3, 5, 6</td>
<td>$101</td>
<td>$8,218,538</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
<td>$54,347</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets at fair value</td>
<td></td>
<td>$3,198</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>$57,646</td>
<td>$8,218,538</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in BCC</td>
<td>3, 4, 5</td>
<td>-</td>
<td>$10,223,996</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of CGI</td>
<td>6, 7</td>
<td>-</td>
<td>$1,257,467</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of Nutrawerx</td>
<td>8</td>
<td>-</td>
<td>$2,200,000</td>
<td>-</td>
</tr>
<tr>
<td>Security deposits</td>
<td></td>
<td>$75,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plant &amp; equipment</td>
<td></td>
<td>$1,319</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exploration</td>
<td></td>
<td>$1,740,845</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>$1,817,164</td>
<td>$11,481,462</td>
<td>$2,200,000</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>$1,874,810</td>
<td>$19,700,000</td>
<td>$2,200,000</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td></td>
<td>$1,055,357</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>$1,055,357</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>$1,055,357</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>$819,453</td>
<td>$19,700,000</td>
<td>$2,200,000</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Issued capital</td>
<td>1, 2, 4, 7, 8</td>
<td>$12,337,751</td>
<td>$19,700,000</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td>$286,826</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>($11,805,123)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td>$819,453</td>
<td>$19,700,000</td>
<td>$2,200,000</td>
</tr>
</tbody>
</table>
Notes:

The above pro-forma balance sheet does not include the option payment to BCC to increase the stake from 24% to 49%
AUD$/CAD$ amounts converted at a rate of AUD$1:CAD$0.97100

1. Placement of CMY shares to raise AUD$1.2M cash (completed 13/2/2015)
2. Proposed placement of 75M shares at AUD$0.20 (before costs of capital raising)
3. Cash payment of CAD$1,511,146.12 to acquire 7,065.392 BCC common shares from existing BCC shareholders (AUD$1,556,278)
4. Equity payment to BCC of 12.5M CMY shares at AUD$0.20
5. Subscription for 28,001 common shares in BCC for CAD$5,988,853.88 (AUD$6,167,718)
6. Cash payment of CAD$250,000 to acquire 100% of CGI (AUD$257,467)
7. Equity payment to CGI of 5M CMY shares at AUD$0.20
8. Equity payment to Nutrawerx of 11M CMY shares at AUD$0.20