

CAPITAL MINING LIMITED

ABN 69 104 551 171



27 August 2007

Company Announcements
ASX Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Issue of Bonus Options Prospectus and Placement Options

Further to the Company's announcement of 30 March 2007, the directors are pleased to advise that the Company will this week issue a prospectus in relation to a non-renounceable 1:3 entitlement offer of 20 cent exercise price options to existing shareholders.

The prospectus will contain all information required for shareholders to consider the offer, including a detailed timetable of the important dates related to the offer. In particular, it should be noted that the **record date** to participate in the offer has been set as **24 September 2007**.

As also noted in the Company's announcement of 30 March 2007, the Directors propose to separately issue 2 million options by way of placement on terms matching those to be issued to shareholders under the prospectus. These options will be issued to advisers who assisted in the Company's successful listing on the ASX earlier in the year. These options will be issued on Friday, 31 August 2007 and an appendix 3B New Issues Announcement is attached.

Yours faithfully

A handwritten signature in black ink, appearing to read "Richard Hine".

Richard Hine
Chairman

Capital Mining Limited ACN 104 551 171
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Email: admin@capitalmining.com.au Web: www.capitalmining.com.au

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Capital Mining Limited

ABN

69 104 551 171

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 2,000,000 Options |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 2,000,000 options with an exercise price of \$0.20 expiring on 17 October 2010. |

+ See chapter 19 for defined terms.

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	The securities will rank equally in all respects with CMY fully paid ordinary shares when exercised.								
5	Issue price or consideration	Exercise price \$0.20 per option.								
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	These options will be issued to advisers who assisted in the Company's successful listing on the ASX earlier in the year								
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	31 August 2007								
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">39,610,500</td> <td style="padding: 2px;">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	39,610,500	Fully paid ordinary shares				
Number	+Class									
39,610,500	Fully paid ordinary shares									
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">250,000</td> <td style="padding: 2px;">25 cent options expire 22 Mar 2012</td> </tr> <tr> <td style="padding: 2px;">250,000</td> <td style="padding: 2px;">30 cent options expire 22 Mar 2012</td> </tr> <tr> <td style="padding: 2px;">2,000,000</td> <td style="padding: 2px;">20 cent options expire 17 Oct 2010</td> </tr> </tbody> </table>	Number	+Class	250,000	25 cent options expire 22 Mar 2012	250,000	30 cent options expire 22 Mar 2012	2,000,000	20 cent options expire 17 Oct 2010
Number	+Class									
250,000	25 cent options expire 22 Mar 2012									
250,000	30 cent options expire 22 Mar 2012									
2,000,000	20 cent options expire 17 Oct 2010									
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Full participation in any future dividends								

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Part 2 - Bonus issue or pro rata issue

Questions 11 to 33

Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities NOT APPLICABLE

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

Questions 38 to 42

Not applicable

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ***Richard Hine***
(Director)

Date: 27 August 2007

Print name: Richard Hine

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