



16 May 2011

Company Announcements  
ASX Limited

## **Capital Raising Transaction Update**

- **China Metallurgical Investment Ltd (CMI) tranche 2 share subscription received**

The Directors of CMY are pleased to advise that the Company has now received the second tranche (T2) of the company transforming capital raising originally announced to the ASX on 6 September 2010 and in later updates. The transaction will provide CMY with overall funding of A\$3.2M over an 15 month period through a strategic partnership with CMI that will advance the Company's existing projects, introduce a new source of exploration and create opportunities including the introduction of a range of technical and commercial skills to the Company.

### **Tranche 2 share subscription**

Capital Mining Limited has received the subscription funds for the second tranche of 15,000,000 CMY shares at a subscription price of 3.8 cents per share, raising \$570,000 in working capital. This, and the other share subscriptions tranches will make up the complete transaction and is set out in detail in CMY's ASX announcement on 6 September 2010 and later updates. The transaction was approved by CMY shareholders at an Extraordinary General Meeting held on 22 February 2011.

Attached is an Appendix 3B for the issue of the Tranche 2 shares.

Under the agreement, CMI is entitled to appoint an additional new director to the CMY Board after the Tranche 2 subscription funds are received, details of this appointment will be advised at a later date.

### **Cleansing Notice – Section 708A(5)(e) of the Corporations Act 2001**

On 17 May 2011 Capital Mining Limited (**Company**) issued 15,000,000 fully paid ordinary shares as Tranche 2 of the Share Subscription Agreement with China Metallurgical Investment Limited as announced on ASX on 6 September 2010.

As provided under sections 708A(6) of the *Corporations Act 2001* the Company states that:

1. the abovementioned securities were issued without disclosure to investors under Part 6D.2 of the *Corporations Act*;
2. this notice is being given under section 708A(5)(e) of the *Corporations Act*;
3. as at the date of this notice the Company has complied with:
  - (i) the provisions of Chapter 2M of the *Corporations Act* as they apply to the Company; and
  - (ii) section 674 of the *Corporations Act*; and
4. as at the date of this notice there is no information which is "excluded information" within the meaning of sections 708A(7) and 708A(8) of the *Corporations Act*.

### **Capital Mining Limited**

John Keppo  
**Company Secretary**

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# 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   | Fully paid ordinary shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 15,000,000 fully paid ordinary shares  |
| 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) | Issue of ordinary shares as the T2 tranche under Subscription Agreement dated 3 September 2010 with China Metallurgical Investment Ltd and as per ASX Announcement 22 February 2011 following shareholder approval of the transaction. |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>The shares rank equally in respect with existing quoted fully paid ordinary shares coded CMY.</p>						
<p>5 Issue price or consideration</p>	<p>\$0.038 per share for total consideration of \$570,000.</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issued for a placement of shares under a Subscription Agreement.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>17 May 2011</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1444 989 1478">Number</th> <th data-bbox="989 1444 1283 1478">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1478 989 1545">86,787,489</td> <td data-bbox="989 1478 1283 1545">Fully paid ordinary shares</td> </tr> <tr> <td data-bbox="686 1545 989 1700">12,785,166</td> <td data-bbox="989 1545 1283 1700">8 cent options expire 1 July 2011</td> </tr> </tbody> </table>	Number	+Class	86,787,489	Fully paid ordinary shares	12,785,166	8 cent options expire 1 July 2011
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86,787,489	Fully paid ordinary shares						
12,785,166	8 cent options expire 1 July 2011						

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+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	250,000	18.5 cent options expire 22 Mar 2012
	250,000	23.5 cent options expire 22 Mar 2012
	3,000,000	4 cent options expire 1 September 2014
	2,000,000	6 cent options expire 1 September 2014
	1,500,000	8 cent options expire 1 September 2014
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Full participation in any future dividends	

## Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	Not applicable
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17 Policy for deciding entitlements in relation to fractions	
18 Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19 Closing date for receipt of acceptances or renunciations	

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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|----|---|--|
| 20 | Names of any underwriters   |  |
| 21 | Amount of any underwriting fee or commission  |  |
| 22 | Names of any brokers to the issue   |  |
| 23 | Fee or commission payable to the broker to the issue  |  |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders   |  |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting  |  |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled  |  |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders |  |
| 28 | Date rights trading will begin (if applicable)  |  |
| 29 | Date rights trading will end (if applicable)  |  |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker?   |  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  |  |

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+ See chapter 19 for defined terms.

32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?

33 <sup>+</sup>Despatch date

### 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

*Tick to indicate you are providing the information or documents*

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

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>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 <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought 

Not applicable
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39 Class of +securities for which quotation is sought 

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40 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:

- 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

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

**Quotation agreement**

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

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+ See chapter 19 for defined terms.

- 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: ..... Date.16 May 2011.  
(Company Secretary)

Print name: ....John Keppo.....

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+ See chapter 19 for defined terms.