



ASX : CMY

28 November 2008  
Company Announcements  
ASX Limited

## **Managing Director's Review to Shareholders A.G.M. 2008** ***28 November 11.00am - Menzies Room, Statesman Hotel, Canberra***

Following on from Rick Hine's Chairman's address and technical presentation, I would also like to welcome you all to Capital Mining's second Annual General Meeting. On behalf of the Board I would like to welcome Mr. John Seeley to his first Capital Mining AGM as a Director; our Company Secretary Mr. John Keppo and Mr. Tony Dowell representing our Auditors, Barnes Dowell James. I would also like to take this opportunity and extend a warm welcome to Mr. Heath Roberts our corporate advisor from Sydney based company Oakhill Hamilton Pty. Ltd. Mr. Roberts is currently Executive Director and Company Secretary of Western Plains Resources (ASX:WPG) and has many years of working knowledge within the minerals industry.

Rick has updated you on the progress and status of our tenements in his technical presentation so therefore I won't go into detail again, except to give my views and summary on our flagship project at Chakola. As mentioned in our Annual Report we are on target and expect the Development Application (DA) for the proposed open pit mine at **Chakola** to be lodged by the end of the year. The integrity of this resource has now been strengthened and 99% of this conceptual open pit resource is in the highest JORC categories of measured and indicated. The lodgment and approval of this DA will add significant value to Capital Mining. I believe that as we now live in new times where cash is king investors are now becoming more focused on companies that have, or will have the potential for revenue streams in the near term. That is to say, that I believe the production – revenue stream factor is now very much more on the minds of investors than (although important) the so called "blue sky" factor.

I also mentioned in the Annual Report that the spot price of gold in Australian dollar terms recently rose to over \$1,400 per troy ounce and is now currently around \$1,250. At Chakola on the potential revenue side we have three main variables – Gold and base metal prices and the exchange rate. Fortunately the mix of our polymetallic resource at Chakola is such that there tends to be a natural hedge between all of these three variables ie. as base metals prices decrease the AUD also tends to decrease so reducing the amount of decreasing value of these base metals. Also in this scenario the gold price tends to have less downside and therefore with the falling exchange rate gold in AUD terms can hold it's own or increase substantially.... thus offsetting the other decreasing values.

Finally on behalf of the Board of Directors I would like to thank you all for your interest and attendance today and I look forward to talking with you at the conclusion of our AGM.

***Robert J McCauley***

Managing Director and CEO

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