



CAPITAL MINING LIMITED

ACN 104 551 171

NON-RENOUNCEABLE PROSPECTUS

**for a non-renounceable Rights Issue
of three New Shares
for every five Shares held by Shareholders
at an Issue price of 4 cents per Share
with one free attaching New Option for every two New Shares subscribed for
and the placement of the Shortfall
of Shares and Options from the Rights Issue, if any.**

IMPORTANT NOTICE

This is an important document and requires your immediate attention.

It should be read in its entirety.

If you are in doubt about what to do,
you should consult your professional advisor without delay.

New Shares and New Options offered by this Prospectus should be considered speculative.

The last date for acceptance and payment in full is 14 July 2009.

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	CORPORATE DIRECTORY	

Important Notice

This Prospectus is dated 17 June 2009 and was lodged with ASIC on that date. Neither ASIC nor ASX takes responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

No shares or options will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for permission for the New Shares and New Options offered by this Prospectus to be listed for Quotation will be made within seven days of the date of this Prospectus.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for New Shares and attaching New Options. There are risks associated with an investment in Capital Mining Limited, and the New Shares and New Options offered under this Prospectus must be regarded as a speculative investment. In particular, you should consider the risk factors that could affect the value of an investment in Capital Mining Limited, some of which are outlined in Section 9 of the Prospectus. The New Shares and attaching New Options offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the New Shares and New Options.

This Prospectus is a "transaction specific prospectus" for an offer of "continuously quoted securities" prepared in accordance with Section 713 of the Corporations Act. In preparing this Prospectus regard has been made to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisors.

The Offer contained in this Prospectus to eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares and New Options in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in Section 12 of this Prospectus.

1. CHAIRMAN'S LETTER

17 June 2009

Dear Shareholders

The Board of Directors is pleased to offer to all eligible Capital Mining Limited Shareholders the opportunity to participate in a three-for-five non-renounceable Rights Issue of New Shares at an Issue Price of 4 cents per Share with one attaching New Option for every two New Shares issued and the placement of the shortfall (if any) of New Shares and New Options from the Rights Issue.

The purpose of this Rights Issue is to raise working capital to step up gold focused exploration which is aimed at establishing JORC compliant gold and gold-copper resources in a further three of the Company's four gold and base metals project areas in southeast New South Wales.

In the first instance, the funds raised will be applied to estimate gold resources at the Company's newly acquired **Cowarra** prospect where several shear hosted gold-bearing sulphidic lenses are under evaluation. Synthesis of recently obtained, high quality drilling information will be undertaken and funds will also be allocated for underground sampling and drilling conceptual targets.

At **Mayfield**, where the Company is earning a major interest in a highly prospective tenement and there is potential to quickly establish a gold-copper resource, funds will be allocated to continue work on verification of the integrity of the historic drill database and to carry out infill drilling, mine scoping and environmental studies.

A significant proportion of the funds raised will also be allocated to drilling new targets at the **Porters Mount** gold-copper porphyry prospect that have the most potential to result in the discovery of near surface oxide gold and oxide gold-copper deposits.

Funds will also be allocated for ongoing work at **Chakola** where a small mine Development Application has been lodged and a JORC gold-base metals resource has already been outlined. Drilling for metallurgical, engineering and other purposes is yet to be completed.

The Board considers that application of the funds raised in this manner will, as it has done in the past, continue to deliver asset growth for the Company through exploration success.

The Directors believe that this Rights Issue provides all Shareholders with an equitable opportunity to participate in the Company's future and would like to sincerely thank all Shareholders for what has been their very obvious ongoing support through turbulent economic times.

Yours faithfully



Richard Hine
Executive Chairman
Capital Mining Limited

2. TIMETABLE, IMPORTANT DATES AND HIGHLIGHTS

EVENT	DATE
Announcement of non-renounceable Rights Issue and lodge Appendix 3B with ASX	17 June 2009
Prospectus lodged with ASIC and ASX	17 June 2009
Notice sent to Shareholders containing information required by Appendix 3B	19 June 2009
Capital Mining Shares commence trading ex-Rights	22 June 2009
Record Date for determining Rights	26 June 2009
Despatch Prospectus and announcement of completion of despatch	30 June 2009
Closing Date of Rights Issue and Top Up Offer	14 July 2009
Securities quoted on a deferred settlement basis	15 July 2009
Notify ASX of under subscriptions	17 July 2009
Allotment of New Shares and New Options	20 July 2009
Holding statements despatched and deferred settlement trading ends	22 July 2009
Trading of New Shares and New Options expected to commence on ASX	23 July 2009

These dates are subject to change and are indicative only. Capital Mining reserves the right, subject to the Corporations Act and the Listing Rules, to alter this timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer or part of the Offer without prior notice.

2.1 Highlights of the Issue

- three-for-five non-renounceable Rights Issue of Shares at an Issue price of 4 cents per New Share;
- one bonus New Option for every two New Shares issued to Shareholders with an exercise price of 8 cents and an expiry date of 1 July 2011. Capital Mining will apply for the New Options to be listed on the ASX;
- Shareholders may apply for New Shares and New Options in addition to their Entitlement under the Top Up Offer; and
- placement of any Shortfall of New Shares and New Options (if applicable) from the Rights Issue and the Top Up Offer.

3. DETAILS OF THE OFFER

3.1 Purpose of the Offer

The funds raised by the Offer of up to \$1,023,000 (which excludes any funds raised from the exercise of New Options issued under the Offer) will be applied to working capital and also to meet Issue expenses of approximately \$43,000.

The Company intends to expend the funds raised in the Offer as follows:

ACTIVITY	BUDGETED AMOUNT
Fund precious metal exploration - Cowarra	\$150,000
Chakola gold and base metal project	\$300,000
Mayfield gold and base metals	\$150,000
On going exploration for Capital Mining's other projects	\$180,000
Project generation work	\$100,000
Corporate costs and working capital	\$100,000
Expenses of the Issue	\$ 43,000
Total	\$1,023,000

If no funds or limited funds are raised as a result of this Offer, the Company will modify its planned activities to ensure that it has sufficient working capital to meet its obligations.

3.2 The Rights Issue

The Company is making a pro-rata non-renounceable Rights Issue of up to approximately 25,568,300* New Shares and approximately 12,784,150* attaching New Options at an Issue price of 4 cents per Share to Shareholders who are registered at 5.00pm EST on 26 June 2009 (the Record Date) to raise approximately \$1,023,000 (before costs of the Issue). This amount excludes any funds raised from the exercise of New Options issued.

The New Shares will be offered on the basis of three New Shares for every five Shares held at the Record Date. One attaching New Option will be issued to the holder of every two New Shares subscribed for under the Rights Issue.

**Due to rounding of Entitlements the exact maximum number of New Shares and attaching New Options that may be issued under the Offer will not be known until the Record Date.*

3.3 Entitlement

The number of New Shares and attaching New Options to which each Shareholder is entitled (Entitlement or Rights) is shown on the Acceptance Form accompanying this Prospectus.

Shareholders may accept their Entitlement in full or part by returning a completed Acceptance Form to the Company Share Registry by 5.00pm EST on 14 July 2009 and Shareholders should refer to Section 3.5 for full instructions. Any fractional entitlements to New Shares and New Options will be rounded up to the nearest whole number.

3. DETAILS OF THE OFFER

3.4 Top Up Offer – Application for Additional New Shares

Shareholders who accept their full Entitlement have the opportunity to apply for Additional New Shares at the issue price of \$0.04 each, together with one free attaching New Option for every two New Shares issued ("Top Up Offer"). The allocation of these Additional New Shares and New Options will be limited to any New Shares and New Options not taken up by other Shareholders under the Rights Issue and will be at the discretion of the Directors. Shareholders wishing to apply for Additional New Shares should do so on the Entitlement and Acceptance Form. The attaching New Options will automatically be issued upon successful subscription of any Additional New Shares.

If you wish to apply for any Additional New Shares under the Top Up Offer, complete the accompanying Entitlement and Acceptance Form in respect of the number of Additional New Shares you wish to apply for and pay the Application Monies. A single cheque should be used for the Application Monies for your Entitlement and the Additional New Shares being applied for under the Top Up Offer. That is, the total New Shares applied for multiplied by \$0.04.

Send the completed Entitlement and Acceptance Form and cheque to the Share Registry before the Closing Date. The Directors reserve the right to allocate any Additional New Shares applied for at their absolute discretion. As such, Shareholders who apply for Additional New Shares may receive fewer than the number applied for or none at all. In this event, any surplus Application Monies will be refunded without interest as soon as practicable. Holding statements in relation to the New Shares and New Options will be dispatched to Shareholders as soon as practicable after allotment. It is the responsibility of Shareholders to confirm the number of New Shares and New Options allotted to them prior to trading on the ASX. Shareholders who sell their New Shares or New Options before they receive their holding statements do so at their own risk.

3.5 Action Required by Shareholders

If you are an eligible Shareholder, the following Section sets out the actions you may take in response to this Prospectus and the accompanying Entitlement and Acceptance Form.

3.5 (a) What you may do

The number of New Shares to which you are entitled to apply for is shown on the accompanying Entitlement and Acceptance Form. You may:

- take up all of your Rights to New Shares;
- take up all of your Rights to New Shares and apply for Additional New Shares (more than your Rights);
- take up part of your Rights and allow the balance to lapse; or
- not take up any of your Rights and allow them to lapse.

Shareholders should note that they are not able to sell all or part of their Rights.

3.5 (b) If you wish to take up all of your Rights

If you wish to take up your Rights in full, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form.

3. DETAILS OF THE OFFER

Forward your completed form together with your cheque for the amount shown on the form to reach the Company's Share Registry no later than 5.00pm EST on 14 July 2009. Shareholders may also pay by Bpay.

3.5 (c) If you wish to take up all of your Rights and apply for Additional New Shares

If you have elected to take up your Rights in full, you may apply for Additional New Shares under the Top Up Offer by completing the appropriate section of the accompanying Entitlement and Acceptance Form. The issue of Additional New Shares is limited to any shortfall arising from other Shareholders not taking up part or all of their Rights under the Rights Issue. Applications to acquire Additional New Shares will be scaled-back at the discretion of the Directors to the maximum of any New Shares not taken up under the Rights Issue. The Directors reserve the right to allocate any Additional New Shares applied for at their absolute discretion.

Forward your completed Entitlement and Acceptance Form together with your cheque for the amount calculated in accordance with the instructions on the form to reach the Company's Share Registry no later than 5.00pm EST on 14 July 2009. Shareholders may also pay by Bpay.

3.5 (d) If you wish to take up part of your Rights and allow the balance to lapse

If you wish to accept part of your Rights and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form in respect of the number of New Shares you wish to take up in accordance with the instructions set out on the form.

Forward your completed form together with your cheque for the amount due in respect of New Shares to reach the Company's Share Registry no later than 5.00pm EST on 14 July 2009.

3.5 (e) Rights and Additional New Shares not taken up

If you do nothing, your Rights and your right to apply for Additional New Shares will lapse and the New Shares will be taken up by those Shareholders that apply for Additional New Shares or by other investors under the Shortfall.

3.6 Non-renounceable Offer

The Rights to New Shares are non-renounceable, which means they may not be sold or otherwise transferred.

3.7 Issue Price

The Issue price is 4 cents per New Share payable in full in Australian currency on the acceptance of the Rights Issue by a cheque drawn on and payable at any Australian bank or Shareholders may pay by Bpay.

3.8 Acceptance

This Offer may be accepted in whole or in part. Acceptance and payment in full of 4 cents per New Share must be received before 5.00pm EST on 14 July 2009. Instructions for completion and lodgement of acceptances are set out on the back of the Entitlement and Acceptance Form.

3.9 Action Required

If you wish to take up **some or all** of your Entitlement, complete the enclosed Entitlement and Acceptance Form in accordance with the instructions set out in the form and lodge the form together with your cheque for the amount shown on the form so that it reaches the Company's Share Registry:

3. DETAILS OF THE OFFER

Registries Limited
GPO Box 3993, Sydney NSW 2001

by no later than 5.00pm EST on 14 July 2009.

Cheques should be made payable to "Capital Mining Limited - New Issue Account" and crossed "Not Negotiable". Shareholders may also pay by Bpay.

3.10 Underwriters and Brokers' Fees

This Offer is not underwritten. Applications received and accepted which bear the stamp of a member firm of ASX will be entitled to receive a 5% handling fee payable by the Company. Additionally, a completed Shortfall Application Form applying for a portion of any Shortfall, which has been accepted and which bears an ASX member's stamp, will result in a 5% handling fee payable by the Company.

3.11 Shortfall

A shortfall may arise from Shareholders not taking up all New Shares and attaching New Options offered pursuant to this Prospectus, after the completion of the Rights Issue and the Top Up Offer ("Shortfall").

The Directors reserve the right to issue, or not to issue, any New Shares and attaching New Options forming the Shortfall at their discretion. The offer of any New Shares and attaching New Options under the Shortfall is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date ("Shortfall Closing Date"). The Directors may close this offer at any earlier time at their discretion.

The New Shares and attaching New Options forming the Shortfall are offered under the same terms as those offered to Shareholders pursuant to the Rights Issue under this Prospectus. If you wish to apply for New Shares under the Shortfall, send a completed Shortfall Application Form and the Application Monies by cheque to the Share Registry before the Shortfall Closing Date.

3.12 Closing Date

The Closing Date for the Rights Issue is 5.00pm EST on 14 July 2009.

3.13 Offer Period

This Prospectus will be despatched to Shareholders on 30 June 2009. The Rights Issue closes on 14 July 2009.

3.14 Allotment

The New Shares and attaching New Options will be allotted and issued no later than 20 July 2009.

Statements of holding for the New Shares and attaching New Options will be mailed no later than 22 July 2009.

No New Shares or attaching New Options will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

3. DETAILS OF THE OFFER

3.15 Stock Exchange Quotation

Application for official quotation of the New Shares and attaching New Options by the Australian Securities Exchange (ASX) will be made by the Company within seven days of the date of this Prospectus. If approval is not obtained from ASX before the expiration of three months after the date of this Prospectus (or such period as varied by the ASIC), the Company will not issue any New Shares or attaching New Options and will repay all Application Monies for the New Shares within the time prescribed under the Corporations Act, without interest.

Application for official quotation of Shares allotted and issued as a result of the exercise of New Options issued under this Prospectus will be made within three Business Days of allotment and issue.

3.16 Overseas Shareholders

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares and New Options in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

Eligible overseas Shareholders are responsible for ensuring that taking up their Entitlement does not breach the laws and regulations in the relevant overseas jurisdiction. The making of an Application will constitute a representation that there has been no breach of such laws or regulations.

3.17 Important note

A duly completed and lodged Entitlement and Acceptance Form or Shortfall Application Form will constitute an offer by the Applicant to subscribe, on the terms set out in this Prospectus and the Entitlement and Acceptance Form or the Shortfall Application Form, for the number of New Shares and New Options specified in the Entitlement and Acceptance Form or the Shortfall Application Form.

Application Monies will be held on trust for Applicants until the allotment of the New Shares and New Options. Any interest earned on Application Monies will be for the benefit of the Company and will be retained by the Company whether or not an allotment takes place.

3.18 Prospectus is Available on the Company's Website

In addition to issuing this Prospectus in printed form, a read-only version of this Prospectus is also available on the Company's website, www.capitalmining.com.au. There is no facility for online Applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia. The Corporations Act prohibits any person passing on to another person an Entitlement and Acceptance Form unless it is accompanying a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

3.19 Privacy Disclosure

3. DETAILS OF THE OFFER

Persons who apply for New Shares and New Options pursuant to this Prospectus are asked to provide minimum personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold, and use that personal information to assess applications for New Shares and New Options, to provide facilities and services to shareholders, and to carry out various administrative functions. The Company is committed to respecting the privacy of your personal information. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for New Shares and New Options will not be processed. In accordance with privacy laws, information collected in relation to specific shareholders can be obtained by that shareholder by contacting the Company or the Share Registry.

3.20 Enquiries

If you have any questions concerning your Entitlement, please contact Rob McCauley, Managing Director on 0432 327015 or contact your stockbroker or professional advisor.

4. FINANCIAL INFORMATION

4.1 Half-Year Financial Report

The Company informs investors and their professional advisors that they are able to obtain, free of charge, a copy of the 2008 Half-Year Financial Report by contacting the Company at its registered office during normal business hours during the Offer Period or by visiting the Company's website at www.capitalmining.com.au.

The 2008 Half-Year Financial Report contains audit reviewed financial statements of the financial position as at 31 December 2008 and of its financial performance, as represented by the results of its operations and cash flows, for the financial half-year ended 31 December 2008 reflecting the position of the Company.

4.2 Balance Sheet

Set out below is Capital Mining Limited's audit reviewed balance sheet as at 31 December 2008 and its proforma balance sheet at 31 December 2008, incorporating transactions as set out below. The proforma balance sheet shows Capital Mining Limited's financial position on the assumption that the full subscription is taken up under the Offer.

The accounting policies adopted in preparation of the pro forma consolidated statement of financial position are consistent with the policies adopted for the year ended 30 June 2008.

	HISTORICAL BALANCE SHEET	PROFORMA SUBSCRIPTION
	31 DEC 08	31 DEC 08
	\$	\$
ASSETS		
Current Assets		
Cash	1,041,477	2,021,477
Receivables	26,790	26,790
Total Current Assets	1,068,267	2,048,267
Non-Current Assets		
Tenement security deposits	105,000	105,000
Plant and equipment	84,223	84,223
Other	1,380	1,380
Deferred exploration expenditure	1,872,825	1,872,825
Total Non-Current Assets	2,063,428	2,063,428
Total Assets	3,131,695	4,111,695
Current Liabilities		
Payables	34,622	34,622
Total Current Liabilities	34,622	34,622

4. FINANCIAL INFORMATION

Non-Current Liabilities	0	0
Total Liabilities	34,622	34,622
Net Assets	3,097,073	4,077,073
Shareholders' Equity		
Issued Capital	3,741,470	4,721,470
Issued options capital	143,096	143,096
Reserves	86,250	86,250
Retained Profits (Losses)	(873,743)	(873,743)
Total Shareholders' Equity	3,097,073	4,077,073

The proforma balance sheet as at 31 December 2008 reflects the completion of the Issue of New Shares under the Offer as though it had taken place on 31 December 2008, the last audit reviewed financial report (approximately 25,568,300 New Shares at 4 cents for \$1,023,000), and also includes expenses of the Issue of \$43,000.

For the purpose of the preparation of the proforma financial information, exploration and corporate expenditure since 31 December 2008, which amounted to \$144,000 at 31 March 2009, has not been taken into account.

5. COMPANY OVERVIEW

COWARRA GOLD PROJECT

EL 5939 – 28.4 km²

(Capital Mining 100% subject to transfer of licence following acquisition of tenement)

Target commodity	Gold
Target type	High-grade shear hosted sulphide lenses and veins
Metallogenic Province	Southern Divide Gold and Base Metals Belt

Exploration of the recently acquired Cowarra project area is for gold mineralisation in shear zones in strongly folded Ordovician sediments. The shear zones being investigated vary from 150 metres to 2 kilometres in length and carry narrow, sinuous sulphide and quartz-sulphide veins in a system that extends for over 3 kilometres of strike. The gold occurs in pyritic veinlets parallel to the slaty cleavage and in blebs of sulphide in deformed quartz veins at grades of up to 60-90g/t gold.

Historic production from the Cowarra gold mine was at relatively high grades of around 8g/t in the 1940's and between 5 and 13g/t in the 1980's. Un-mined ore remains in some shoots and encouraging results were obtained from recent shallow drilling by the property's former owner, Atlas Resources Pty Limited (A.C.N. 003 463 036) as listed below:

- 6.5m @ 6.2 g/t gold from 39m in CRC001–VictoriaLode;
- 4.0m @ 5.6 g/t gold from 41m in CRC003–VictoriaLode;
- 5.0m @ 11.2 g/t gold from 64m in CRC022–VictoriaLode;
- 2.0m @ 14.4 g/t gold from 8m in CRC007–PrincessLode;
- 4.0m @ 10.8 g/t gold from 69m in CRC029–DemocratLode.

The mineralisation is open along strike and at depth in numerous places and the discovery potential of the field is considered to be exceptional.

Due diligence studies associated with acquisition of the licence have only recently been completed and Capital Mining's exploration of the area has just commenced.

Ongoing evaluation of the property will be directed towards:

- Assessment of the mineralisation remaining in underground blocks and pillars for possible extraction and off-site processing;
- Search for additional high grade mineralisation in shoots down plunge and along strike; and
- Assessment of the potential to retreat tailings.

Collation of the information contained in the historic mining and exploration database has commenced. Underground inspection and channel sampling is planned and detailed structural mapping and surface rock chip sampling will be undertaken ahead of conceptual studies and drill target generation.

A budget of \$150,000 has been allowed for completion of the proposed work programme which allows for conceptual and field studies, infill resource outline and exploration drilling, mine scoping and environmental studies over the next two years.

5. COMPANY OVERVIEW

MAYFIELD GOLD- BASE METALS JOINT VENTURE

EL 6358 – 49.4 km²

(Capital Mining Earning up to 75% from Monaro Mining NL A.C.N. 073 155 781)

Target commodity	Gold-Copper-Silver-Lead-Zinc
Target type	Gold-copper in skarn
Metallogenic Province	Southern Divide Gold and Base Metals Belt

At Mayfield, Capital Mining is managing exploration of a series of promising gold and copper prospects in a very favourable geological setting close to the world-class Majors Creek Gold Field near Braidwood. The tenement is in an emerging exploration hotspot and covers a significant gold-copper skarn deposit at the Mayfield Prospect where very encouraging results were obtained from historic exploration in the mid-nineties.

The principal asset in the project area is a body of gold-copper mineralised skarn which crops out on a low hill at the southern end of a 1500m long by 30-40m wide zone of interest. Significant historic drill intercepts, which attest to the excellent gold and copper discovery potential of the area, as documented in the literature, have included:

- 42m @ 2.54 g/t gold and 0.67% copper from surface in hole MR-4
- 75m @ 0.51 g/t gold and 0.5% copper from 8m in hole MARC-5
- 50m @ 0.52 g/t gold and 0.25% copper from surface in hole MA-18; and
- 66m @ 0.40% copper from 119m in hole MA-22 (inc. 8m @ 1.25% copper from 163m)

In addition, there are several other highly promising gold prospects within the tenement such as the Limekilns prospect where intercepts in surface enriched material up to 3m @ 41.8 g/t gold from surface have been recorded and where follow up has so far been inconclusive.

Capital Mining is aiming to fast track the definition of a shallow, open cut mineable gold resource in the Mayfield Project area similar to the gold-base metals resource that it has under Development Application at Chakola.

Work is already underway on the ground to verify the integrity of the historic drill database as a first step in the resource estimation process. High resolution air magnetic and radiometric survey data from a 1992 survey has been acquired and re-processing and analysis of the dataset with state of the art target mapping software has been commissioned.

A budget of \$150,000 has been allowed for the proposed work programme which is planned to include conceptual and field studies, infill resource outline and exploration drilling, mine scoping and environmental studies over the next two years.

CHAKOLA GOLD & BASE METALS PROJECT

EL 5697 - 66.4 km²; MLA 269 - 332 hectares

(Capital Mining 100%)

Target commodity	Gold, copper, lead, zinc, silver, tellurium
Target type	Volcanogenic massive sulphide
Metallogenic Province	Woodlawn-Captains Flat Silurian Volcanic Belt

5. COMPANY OVERVIEW

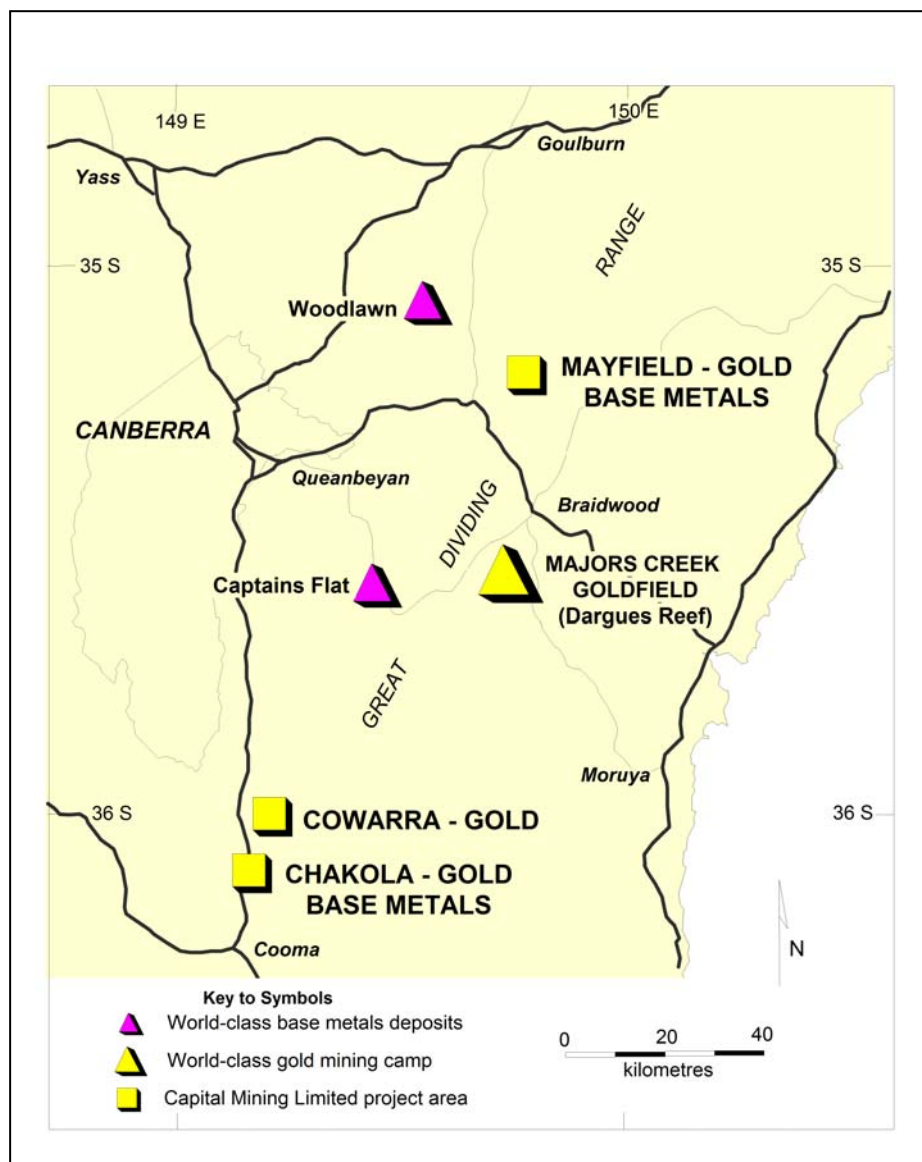
Exploration within the Chakola project area is for gold, silver, copper, lead and zinc in deposits located along persistent mineralised horizons in metamorphosed volcanic rocks.

A significant gold and base metal resource has been outlined at the Harnett prospect within Mining Lease Application (MLA) 269 and the search for similar deposits along strike and at depth is continuing.

A Development Application (DA) has been lodged in support of MLA 269 which details the Company's proposals to develop a small open cut mine operation at Chakola. Drilling to obtain samples for a second round of metallurgical testing and for engineering and other purposes is planned.

Preliminary economic modelling and financial analysis of the project has been completed and a working model for ongoing analysis has been obtained.

A budget of \$300,000 has been allowed for a proposed work programme over a two year period which is planned to include core drilling at Harnett and exploration drilling of geochemically anomalous targets elsewhere in the licence.



5. COMPANY OVERVIEW

PORTERS MOUNT GOLD-COPPER-MOLYBDENUM PROJECT

EL 6591 - 65.7 km²

(Capital Mining 100%)

Target commodity	Gold, copper, silver, molybdenum
Target type	Porphyry copper-gold, epithermal gold, gold skarns
Metallogenic Province	Temora - Forbes- Parkes Porphyry Copper-Gold Belt

At Porters Mount, exploration of a large diatreme breccia and intrusive complex has been underway since mid 2006 for targets that include epithermal, porphyry and skarn style gold and base metal deposits.

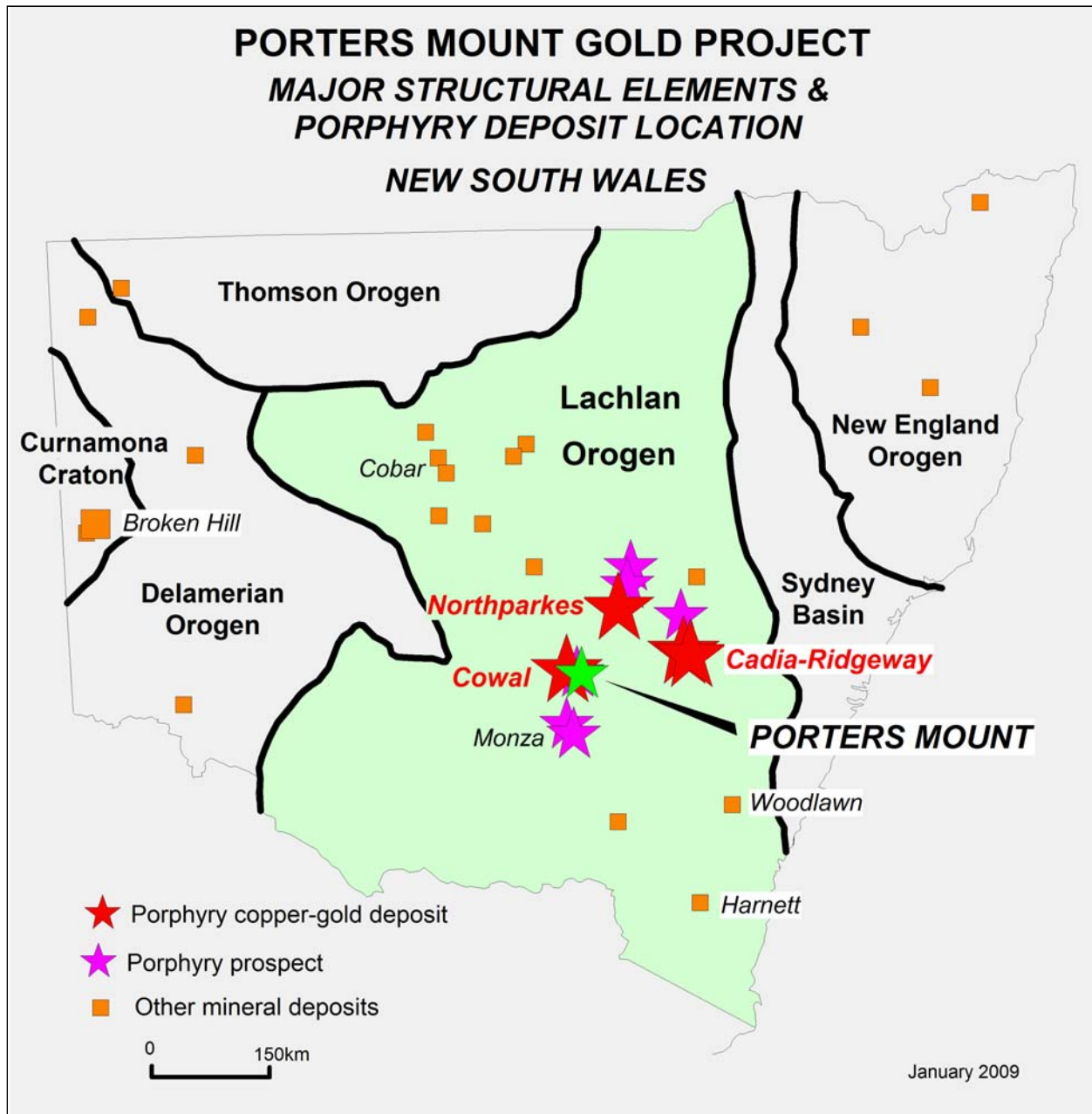
Exploration has reached the stage where numerous very attractive drill targets with significant discovery potential have been defined within a broad area of geochemical and geophysical anomalism.

High on the list of priorities is the drill testing of a possible high-grade gold depositional zone that is predicted to lie close to the surface and above the intercept of epithermal breccia style mineralisation made at 750m depth in hole PMD001. Close examination of drill core samples indicates that the mineral depositional environment was in the deep epithermal to mesothermal range and that the drill intersection was very likely to have been made below any boiling zone or potential high-grade gold depositional zone within the system.

Other drill targets have been identified by reinterpretation of historic drilling results and by reanalysis of high resolution ground magnetic and gravity survey data. These include an oxide gold target below shallow cover to the south of Porters Mount and a range of prospective, previously untested geophysical anomalies to the north and west.

A budget of \$90,000 has been allowed for the proposed work programme which is planned to consist largely of exploration and resource outline drilling over the coming year.

5. COMPANY OVERVIEW



The information in the Prospectus to which this statement is attached that relates to Exploration Results and Mineral Resources is based on information compiled by Richard Hine who is a Member of the Australasian Institute of Mining and Metallurgy. Richard Hine is a Director of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Richard Hine consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

6. EFFECT OF THE OFFER ON THE COMPANY

Other than as stated in this Prospectus, the Company is not aware of any material matter or circumstance that the Offer would impact on the activities and prospects of the Company and be relevant to assist investors or their professional advisors making an informed assessment of relevant matters.

At the date of the Offer the Company had 42,613,834 fully paid ordinary shares (ASX code: CMY), 14,306,231 listed Options (ASX code: CMYO) and 500,000 unlisted Options on issue. The number of shares includes 3,000,000 ordinary Shares issued as consideration for the Cowarra licence purchase (see Section 5 of this Prospectus) which are subject to six months voluntary escrow ending on 12 December 2009.

Under the Offer, up to approximately 25,568,300 New Shares and approximately 12,784,150 New Options are available for issue and will be issued if the Offer is fully subscribed (either by Shareholders accepting the Offer under this Prospectus or pursuant to the Directors' discretion to place any Shortfall referred to in Section 3.11 of this Prospectus).

Upon completion of the Issue and assuming the Offer is fully subscribed and that none of the current Options are exercised prior to the Record Date, the issued capital of the Company will comprise approximately 68,182,134 ordinary shares, 27,090,381 Options (listed) and 250,000 Options (unlisted) which have an exercise price of 24.1 cents and an expiry date of 22 March 2012 and 250,000 Options (unlisted) which have an exercise price of 19.1 cents and an expiry date of 22 March 2012. The listed Options are made up of 14,306,231 existing Options which have an exercise price of 20 cents and an expiry date of 18 October 2010 and 12,784,150 new Options with an exercise price of 8 cents and an expiry date of 1 July 2011.

After expenses of the Offer, the proceeds from the Issue of New Shares and attaching New Options (excluding any proceeds from the exercise of the New Options) will increase cash reserves by approximately \$980,000. These funds will be applied to the general working capital requirements of the Company, specifically towards the Company's mining projects as set out in Sections 3.1 and 5 of this Prospectus.

7. TERMS AND CONDITIONS OF OPTIONS AND RIGHTS ATTACHING TO SHARES

7.1 Terms and Conditions of New Options

The New Options will entitle the holders to subscribe for fully paid ordinary shares in the Company on the following terms:

- (a) Each New Option entitles the holder to acquire one fully paid ordinary share in the Company.
- (b) The New Options may be exercised at any time until 1 July 2011. Each New Option may be exercised by forwarding to the Company, at its registered office, the exercise notice, duly completed, together with payment by way of cheque drawn on an Australian Bank in Australian Dollars the sum of 8 cents per New Option exercised. The New Options will lapse at 5.00pm EST on 1 July 2011.
- (c) The New Options may be transferred in the form commonly used for transfer of New Options at any time until 1 July 2011, subject to any restrictions that may be imposed by ASX.
- (d) Holders of New Options cannot participate in new issues without first exercising the New Option. Holders of New Options will have the right to exercise their New Options prior to the date for determining entitlements to any capital issue offered to Shareholders during the currency of the New Options, and will be afforded a period of at least seven Business Days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise their New Option.
- (e) Shares issued on the exercise of New Options will be issued not more than 14 days after receipt of a properly executed exercise notice and application monies. Shares allotted pursuant to the exercise of a New Option will rank equally with the then issued ordinary shares of the Company in all respects. The Company will apply for quotation of the Shares allotted pursuant to the exercise of the New Options within the time required by the Listing Rules after the date of allotment.
- (f) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the holder of the New Option will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (g) If there is a bonus issue to Shareholders, the number of Shares over which the New Option is exercisable may be increased by the number of Shares the holder of the New Option would have received if the New Option had been exercised before the Record Date for the bonus issue.

7.2 Rights Attaching to New Shares and Shares issued upon Conversion of New Options

The New Shares and Shares that may be issued following the exercise of New Options issued under this Prospectus will rank equally with the then issued fully paid ordinary shares in the Company.

The rights attaching to the Shares are set out in the Company's Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law. Where the Constitution omits any provision required under the Listing Rules, the Constitution is deemed to contain such a provision and the Constitution is deemed not to contain any provision inconsistent with the Listing Rules. The Constitution of the Company may be inspected during normal business hours at the registered office of the Company.

The following is a summary of the more significant rights of the holders of Shares (including New Shares) of the Company. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

7. TERMS AND CONDITIONS OF OPTIONS AND RIGHTS ATTACHING TO SHARES

General Meeting

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. General meetings may also be called as requested by the Shareholders or as ordered by a court under Section 249D, E, F and G of the Corporations Act.

A Notice of General Meeting must be given in accordance with the Corporations Act, and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy and, if a special resolution is to be proposed at the meeting, the text of the special resolution.

A quorum is met with three Shareholders present at the time when the meeting proceeds to business.

Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by a representative has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per Share on a poll. A person who holds a Share that is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion that the amount paid bears to the total Issue price of the Share (as at the date of this Prospectus, no partly paid shares have been issued). A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of Shares in the Company have been paid. Where there are two or more joint holders of the Share and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members. No Shares may be issued with voting rights more advantageous than those available to any previously issued Shares. In the case of an equality of votes, the Chairman of the meeting does not have a casting vote.

Issues of Further Shares

The Directors may, on behalf of the Company, issue, grant options over, or otherwise dispose of un-issued Shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

Variation of Rights

At present, the Company has on issue one class of shares only, namely ordinary shares. The rights attached to the Shares in any class may be altered only by special resolution passed at a separate meeting of the holders of the issued Shares of the affected class, or with the written consent of the holders of at least three quarters of the issued Shares of the affected class.

7. TERMS AND CONDITIONS OF OPTIONS AND RIGHTS ATTACHING TO SHARES

Transfer of Shares

Subject to the Company's Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASTC Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act. The Company may decline to register a transfer of Shares in the circumstances described in the Company's Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASTC Settlement Rules.

Partly Paid Shares

The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the Listing Rules, issue partly paid Shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid Issue price.

Dividends

The Company in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends.

Subject to the rights of members entitled to Shares with special rights as to dividends (if any), all dividends in respect of Shares (including ordinary shares) are to be declared and paid to those persons entitled to those dividends in proportions to the Shares held by them respectively irrespective of the amount paid up or credited as paid up on the Shares.

Dividend Plans

The members of the Company, in general meeting, may authorise the Directors to establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for Shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the Shares held by that member and to receive instead some other entitlement, including the issue of Shares.

Winding Up

Subject to the rights of holders of Shares with special rights in a winding up, if the Company is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of the Company in proportion to the Shares held by them, respectively, irrespective of the amount paid up or credited as paid up on the Shares.

Directors

The Company's Constitution states that the minimum number of directors is three.

7. TERMS AND CONDITIONS OF OPTIONS AND RIGHTS ATTACHING TO SHARES

The Shareholders may appoint and remove a Director by ordinary resolution. The Board of Directors may appoint any person to be a director to either fill a casual vacancy or as an addition to the existing Directors and any Director may appoint an alternate director by notice to the Company.

The Listing Rules require that the Company hold an election of Directors by ordinary resolution each year. The Directors, other than a managing director, must not hold office (without re-election) past the third annual general meeting following the Director's appointment, or for three years, whichever is longer. However, a Director appointed by the Board to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting.

Under the Constitution, a Director ceases to hold office if the Director becomes bankrupt, becomes of unsound mind, becomes disqualified from being a Director, resigns, is removed or has been absent without permission from the Board of Directors for a period longer than six months.

Directors who have a direct or indirect material personal interest in a matter that is being considered at a Directors' meeting must not vote in respect of that matter or be present at the meeting while the matter is being considered, except as permitted by the Corporations Act.

Powers of the Board

The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Company's Constitution.

8. ADDITIONAL INFORMATION

8.1 Market Prices of Ordinary Shares

Official quotation of the Company's Shares commenced on 22 March 2007 and consequently, the trading history on ASX, as at the date of this Prospectus, is limited to that period.

The highest and lowest recorded market sale prices of the Company's Shares quoted on ASX during the period of three months to the date of this Prospectus were \$0.09 and \$0.051 respectively.

The last market sale price of the Company's Shares on ASX on the last day that trading took place in these shares prior to the date of this Prospectus was \$0.08 as at 16 June 2009.

The Company has 14,306,231 options over Shares currently quoted on ASX.

8.2 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisors before investing in the New Shares and attaching New Options. Taxation consequences will depend on particular circumstances. Neither Capital Mining Limited nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the New Shares and attaching New Options in Capital Mining Limited or dealing with an entitlement in this Rights Issue.

8.3 Legal Proceedings

As far as the Company is aware, there is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

8.4 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares are quoted on ASX.

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it, during the application period for this Prospectus:

- (a) the annual financial report for the financial period of the Company ended 30 June 2008 (being the last annual financial report lodged with ASIC in relation to the Company before the issue of this Prospectus);
- (b) the half year financial report for the half year financial period of the Company ended 31 December 2008 (being the last half year report financial report lodged with ASIC after the lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Prospectus with ASIC); and

8. ADDITIONAL INFORMATION

- (c) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Prospectus with ASIC being:

Date	Number	Details
23/10/08	1	<i>Annual Report to shareholders</i>
23/10/08	2	<i>Notice of Annual General Meeting/Proxy Form</i>
28/10/08	3	<i>Change of Director's Interest Notice</i>
31/10/08	4	<i>Quarterly Activities and Cashflow Reports</i>
28/11/08	5	<i>AGM 2008 Managing Director's Review</i>
28/11/08	6	<i>AGM 2008 Presentation to Shareholders</i>
28/11/08	7	<i>AGM 2008 Chairman's Address</i>
28/11/08	8	<i>AGM 2008 Results of Meeting</i>
23/12/08	9	<i>Change of Director's Interest Notice</i>
15/01/09	10	<i>Gold Target Doubled to 4800m of Strike at Porters Mount NSW</i>
29/01/09	11	<i>Quarterly Activities and Cashflow Report December 2008</i>
02/03/09	12	<i>Half Year Accounts December 2008</i>
06/03/09	13	<i>Trading Halt (Cowarra Gold project acquisition)</i>
09/03/09	14	<i>Release shares from escrow. Directors continue further escrow</i>
10/03/09	15	<i>DA Application lodged for Chakola Gold and base metals Project</i>
10/03/09	16	<i>Outstanding Gold focused acquisition – Cowarra Gold Project</i>
25/03/09	17	<i>Appendix 3B including Directors voluntary escrow</i>
14/04/09	18	<i>DA Lodged for Alluvial Gold Mine Operation, Craigie NSW</i>
29/04/09	19	<i>Gold-Copper Focus for Farm-in Monaro Mining Mayfield NSW</i>
29/04/09	20	<i>MRO: Farm-in Agreement with Capital Mining Ltd</i>
30/04/09	21	<i>Quarterly Activities and Cashflow Report March 2009</i>
09/06/09	22	<i>Exercise of Purchase Option for Cowarra Gold Project</i>
12/06/09	23	<i>Appendix 3B for issue of shares for Cowarra Gold Project</i>
16/06/09	24	<i>Initial substantial holder notice</i>

8.5 Interests of Directors

Other than as disclosed in this Prospectus, no Director or proposed Director of Capital Mining holds, or has held at any time during the last two years, any interest in:

- (i) the formation or promotion of Capital Mining;
- (ii) property acquired or to be acquired by Capital Mining in connection with its formation or promotion of the Offer; or
- (iii) the Offer,

and no amounts, whether in cash or Shares or securities or otherwise, have been paid or agreed to be paid, and no-one has given or agreed to give a benefit, to any Director or proposed Director of Capital Mining either to induce them to become, or to qualify them as, a Director, or otherwise for services rendered by them in connection with the promotion or formation of Capital Mining or the Offer.

Interests in securities as at the date of this Prospectus

The interests of the Directors in the securities of the Company at the date of this Prospectus are as follows:

8. ADDITIONAL INFORMATION

DIRECTORS	SHARES	OPTIONS
R Hine	9,020,000	3,006,667
R McCauley	4,190,000	1,961,168
C Ablett	6,000,000	2,000,000
J Seeley	0	0

Each Director will be entitled to participate in the Rights Issue to the extent that the Director holds Shares on the Record Date.

Directors' remuneration

Details of the remuneration for each Director for period 1 July 2008 to 31 March 2009 are set out as follows:

Name	Directors' Fees	Salaries	Consulting Fees*	Super-annuation	Total
R Hine	-	-	98,256	-	98,256
R McCauley	-	-	57,323	-	57,323
C Ablett	-	-	62,081	-	62,081
J Seeley	26,250	-	-	2,363	28,613

Non-executive directors' fees not exceeding an aggregate of \$200,000 per annum have been approved by Shareholders in general meeting. The level of non-executive directors' fees may be varied by Shareholders in general meeting in accordance with its Constitution.

*The Directors or companies related to the Directors have been paid by Capital Mining for providing consulting services to Capital Mining during the last two years. Details of these arrangements have been previously disclosed by Capital Mining to the ASX, in particular, please refer to Capital Mining's annual report for the year ended 30 June 2008.

8.6 Interests of other persons

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, a promoter of Capital Mining, or a financial services licensee named in this Prospectus as a financial services licensee involved in the Offer, holds or held at any time within two years before lodgement of this Prospectus with ASIC any interest in:

- the formation or promotion of Capital Mining;
- property acquired or proposed to be acquired by Capital Mining in connection with the formation of Capital Mining or promotion or the Offer; or
- the Offer;

8. ADDITIONAL INFORMATION

and except as set out in this Section no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by him or her in connection with the formation or promotion of Capital Mining or the Offer.

O'Loughlins Lawyers has acted as lawyers to the Rights Issue and has performed certain work in relation to preparation of this Prospectus and due diligence enquiries, for which an amount of approximately \$7,500 exclusive of GST has been paid or has agreed to be paid. During the two year period preceding the lodgement of this Prospectus with ASIC, O'Loughlins Lawyers has received \$24,837 exclusive of GST from the Company for the provision of legal services.

Barnes Dowell James has performed certain work in relation to the historical financial information for which an amount of approximately \$1,000 exclusive of GST has been paid or has agreed to be paid. During the two year period preceding the lodgement of this Prospectus with ASIC, Barnes Dowell James has received \$29,876 exclusive of GST from the Company for the provision of auditing services.

Spencer Hamilton Pty Ltd has acted as Corporate Advisor and has performed certain work in relation to this Rights Issue in this role. Spencer Hamilton Pty Ltd will receive \$15,000 exclusive of GST. During the two year period preceding the lodgement of this Prospectus with ASIC, Spencer Hamilton Pty Ltd has received no fees from the Company for the provision of corporate advisory services, but an associated company Oakhill Hamilton Pty Ltd has received \$4,816 exclusive of GST from the Company for corporate advisory services.

8.7 Expenses of the Issue

The total expenses of the Issue are estimated to be \$43,000 exclusive of GST comprising legal and due diligence costs, printing, ASIC fee, brokers' fees and other administrative expenses.

8.8 Governing Law

This Prospectus and the Offer and the contracts formed on acceptance of the Applications are governed by the laws applicable in New South Wales, Australia. Each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

9. RISK FACTORS

In accepting their Entitlements under the Rights Issue, Shareholders will be subscribing for New Shares and New Options in Capital Mining. There are risks involved in making this investment. This Section identifies the major areas of risk associated with an investment in Capital Mining, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

9.1 General Investment Risks

Investment Risk

The New Shares and New Options to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or market value. The prices at which the New Shares and New Options trade on the ASX may be above or below the Issue price paid for the New Shares. While the Directors commend the Rights Issue, Shareholders must make their own assessment of the likely risks and determine whether taking up their Entitlements is appropriate to their own circumstances.

Share Market Risk

The Company proposes to apply to the ASX for quotation of the New Shares and New Options. Share market conditions may affect the listed securities regardless of the operating performance of the Company. Many factors will affect the market price of the securities including local and international stock markets, movements in interest rates, commodity prices and currency fluctuations, general economic outlook and investor sentiment generally. The market price of the New Shares and New Options may fall as well as rise.

Availability of Capital Risk

The ability of the Company to access debt and/or raise equity capital as and when required will be influenced by many factors and capital may not be available on commercially acceptable terms or may not be available at all.

Economic Factors and Government Risks

The future viability of the Company is also dependent on a number of factors affecting performance of all industries, including, but not limited to, the following:

- general economic conditions in Australia and its major trading partners;
- changes in Government policies, taxation and other laws;
- the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector;
- movement in, or outlook on, interest rates and inflation rates; and
- natural disasters, social upheaval or war in Australia or overseas.

9.2 Risks Specific to Mine Development, Mining and Processing

Mine project development and mining contain elements of significant risk. The future success of the Company, like all mining companies, will be heavily dependent upon a number of factors many of which are beyond the control of the Company. Such risk factors include:

9. RISK FACTORS

- maintenance of tenure and access to the Company's tenements and the granting of any mining tenements and approvals required for the conduct of mining activities;
- reliance on key personnel, including the Directors, and ongoing access to competent management and technical personnel;
- the discovery, confirmation and exploitation of economically recoverable ore reserves on the Company's tenements or any other tenements that may be acquired in the future;
- the calculation and interpretation of resource estimates are by their nature expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may in turn adversely affect the Company's operations;
- finalisation of bankable feasibility studies and access to adequate project development capital on acceptable terms;
- financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become a party;
- mechanical failure or breakdown of mining or drilling plant and equipment or mine structure resulting in significant delays;
- adverse weather conditions, accidents or industrial disputes over a prolonged period adversely affecting mining activities and the earning of revenues; and
- adverse changes in government policies or legislation affecting mining and exploration activities.

9.3 Title Risks and Native Title

Interests in tenements in Australia are governed by the respective state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

The current and future assets of the Company may be subject to land claims or native title claims by indigenous people. Should this occur, the Company's ability to conduct exploration and/or mining activities may be affected, which may have a material adverse effect on the Company's financial performance.

9.4 Risks Specific to the Company

There are also a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities. In particular, the Company is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other businesses.

Operational and Technical Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns;
- unanticipated operational and technical difficulties encountered in survey, drilling and production activities;

9. RISK FACTORS

- mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.

Title, Environmental Bonds and Conditions

All mining tenements which the Company may acquire either by application, sale and purchase, tribute agreement or farm-in are regulated by applicable State mining legislation. There is no guarantee that applications will be granted as applied for. Various conditions may also be imposed as a condition of grant or approval to mine and process ores. In addition the relevant minister may need to consent to any agreement relating to tenements operated by the Company.

The Company's projects are subject to State and Federal laws and regulations regarding environmental matters. Many of the activities and operations of the Company cannot be carried out without prior approval from and compliance with all relevant authorities. Resource activities can be environmentally sensitive and can give rise to substantial costs for environmental rehabilitation, damage control and losses. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws.

Feasibility Studies and Mine Development

There is no certainty that capital expended by the Company on feasibility studies and on pre-development will result in a viable operation. The Company may undertake a trial mining programme to assist in understanding ore body variation and the metallurgical and geotechnical factors which may impact on a larger scale mine development. The trial mining programme may reveal unexpected technical issues which impact on the viability of the mine plan. Further work on the mining plans and other pre-development work may show that the development may not be technically or financially viable. In addition, there may be delays and/or budget overruns which are beyond the control of the Company. To reduce these risks, the Company will retain appropriately skilled and experienced staff, consultants and contractors.

Commodity Price and Exchange Rate Risk

As the Company's potential earnings from proposed operations will be largely derived from the sale of base metals and gold in concentrate form, the Company's future revenues and cash flows may be impacted by changes in the prices of these commodities. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major metal producing centres as well as macroeconomic conditions such as inflation and interest rates. Furthermore, the international prices of most commodities are denominated in United States dollars while the Company's cost base will be in Australian dollars. Consequently changes in the Australian dollar exchange rate may impact on the earnings of the Company. The exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

Agreements with Third Parties

The Company is and will be subject to various contracts and agreements with third parties. There is a risk of financial failure or default by a counterparty to these arrangements. Any breach or failure may lead to penalties or termination of the relevant contract.

10. CONSENTS

Each of the parties referred to in this Section 10:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based, other than as specified in this Section;
- (b) has had no involvement in the preparation of this Prospectus (unless expressly stated to the contrary in this Section);
- (c) has not authorised or caused the issue of this Prospectus; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Barnes Dowell James has given its written consent to the incorporation by reference of the 2008 Half-Year Financial Report and to all statements referring to the 2008 Half-Year Financial Report in the form and context in which they are included, and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Each of the following has consented to being named in this Prospectus in the capacity as noted below and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (a) Registries Limited as the Share Registry to the Company;
- (b) Barnes Dowell James as the Company's Auditors;
- (c) O'Loughlins Lawyers as Solicitors to the Company; and
- (d) Spencer Hamilton Pty Ltd as Corporate Advisor to the Company.

11. AUTHORITY OF DIRECTORS

Each of the Directors of Capital Mining Limited has consented to the issue of this Prospectus and to its lodgement with ASIC and has not withdrawn that consent in accordance with the Corporations Act.

Dated 17 June 2009

A handwritten signature in black ink, appearing to read 'Rob McCauley', written over a horizontal line.

Signed for and on behalf of
Capital Mining Limited
by Rob McCauley (Managing Director)

12. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

2008 Half-Year Financial Report means the financial report for the half-year ended 31 December 2008 audit reviewed by Barnes Dowell James dated 2 March 2009 and announced to ASX on the same date.

Additional New Shares means New Shares applied for by eligible Shareholders, above their Entitlement.

Applicant means a person who submits an application.

Application means a valid application to subscribe for New Shares and attaching New Options.

Application Monies mean the amount payable by the Applicant for the number of New Shares subscribed for by the Applicant under the Offer.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

ASTC Settlement Rules means the operating rules of ASTC.

ASX means ASX Limited (ACN 008 624 691).

Auditors means Barnes Dowell James.

Board means the Board of Directors of Capital Mining Limited, unless the context indicates otherwise.

Breccia means a class of rocks formed by fragmentation of pre-existing rocks by natural forces; often consisting of angular fragments in a matrix of fine rock and chemically precipitated cement.

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Sydney, NSW or as specified by ASX.

Capital Mining or Capital Mining Limited means Capital Mining Limited (ABN 69 104 551 171).

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the date on which the Offer closes.

Company means Capital Mining Limited.

Corporations Act means the Corporations Act 2001 of Australia.

Diatreme means a vertical pipe or funnel shaped igneous intrusion made up of breccia.

Directors means the Directors of the Company from time to time.

Dollars or \$ means Australian dollars, unless otherwise stated.

Entitlement means the entitlement to take up New Shares and New Options under the Rights Issue.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus.

Epithermal deposit means a hydrothermal mineral deposit formed at a relatively low temperature near the surface from ascending solutions

12. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

EST means Eastern Standard Time, Sydney, NSW.

Geochemical anomaly means an abnormal concentration of elements with respect to the background level.

Geophysical anomaly means a deviation from the norm in a measured physical property of the Earth.

g/t an abbreviation for grams per tonne, equivalent to parts per million (ppm).

Intrusive means an igneous rock formed by intrusion of magma into the Earth's crust below the surface where it crystallised to form a solid rock.

Issue means the issue of New Shares and attaching New Options pursuant to this Prospectus.

JORC Code means the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves drawn up by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia.

Listing Rules or **ASX Listing Rules** means the official Listing Rules of ASX.

Mesothermal deposit means a mineral deposit formed generally under moderate temperature and pressure conditions in association with near-surface igneous intrusions

Metallurgical testing means the application of the science and technology of metals pertaining to the processing and extraction of metals and minerals from ores in mining.

New Option means an option to subscribe for one Share in Capital Mining Limited exercisable at 8 cents on or before 5.00pm EST on 1 July 2011 and issued on the terms and conditions set out in this Prospectus.

New Shares are Shares issued pursuant to the Offer (including the Rights Issue).

Offer means the offer of New Shares and attaching New Options pursuant to this Prospectus (including the Rights Issue, the Top Up Offer and the offer of the Shortfall).

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Opening Date means the date on which the Offer opens.

Plunge means the angle between a dipping linear geological structure and a vertical plane.

Prospectus means this prospectus, dated 17 June 2009 for the Issue of up to approximately 25,568,300 New Shares and approximately 12,784,150 New Options, including any electronic or online version.

Pyritic means containing pyrite a common iron sulphide mineral (FeS₂)

Quotation means quotation of the New Shares or New Options on ASX.

Record Date means the date to identify Shareholders entitled to participate in the Offer.

12. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Rights and **Rights Issue** means the right by eligible Shareholders to take up New Shares and New Options under the Offer.

Rock chip sampling means the collection of rock samples by breaking chips from a rock face.

Share means one fully paid ordinary share in Capital Mining Limited.

Shareholder means a holder of Shares in the Company.

Share Registry means Registries Limited.

Shear Zone a zone of ductile deformation in a rock mass induced by stress and rotational strain

Shortfall means those New Shares and attaching New Options for which valid applications have not been received by the Closing Date under the Rights Issue or the Top Up Offer, which the Directors may issue at their discretion.

Shortfall Application Form is the "Shortfall Application Form" attached to this Prospectus, for use by those to whom the Company may issue New Shares and attaching New Options forming the Shortfall, in accordance with the terms of this Prospectus.

Shortfall Closing Date means the date on which the offer of Shortfall securities closes, as set out in Section 3.11 of this Prospectus.

Skarn means a product of the thermal metamorphism and metasomatism of carbonate bearing sedimentary rocks principally limestone and dolomite.

Strike the horizontal direction or trend of a geologic structure.

Top Up Offer means an offer to Shareholders to enable Shareholders to acquire Additional New Shares in excess of their Entitlement, as set out in Section 3.4 of this Prospectus.

ONLY COMPLETE THIS SHORTFALL APPLICATION FORM IF YOU WISH TO
SUBSCRIBE FOR ADDITIONAL NEW SHARES UNDER THE OFFER.

INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the share registry of the Company. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone the Share Registry on 02 9290 9600. The Form must be received by the Registry no later than **CLOSE**.

A. Application for New Shares

The Shortfall Application Form must only be completed in accordance with instructions included in Prospectus.

B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.

F. CHESSE HIN or existing SRN Details

The Company participates in CHESSE. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESSE HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. Cheque Details

Make cheques payable to "**Capital Mining Limited - New Issue Account**" in Australian currency and cross them "**Not Negotiable**". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.

H. Declaration

By completing the Shortfall Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Shortfall Application Form does not need to be signed.

If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it, shall be final. A Shortfall Application Form will not however, be treated as having offered to subscribe for more New Shares than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

**Capital Mining Limited – Rights Issue
C/- Registries Limited
GPO Box 3993
Sydney NSW 2001**

**Capital Mining Limited – Rights Issue
C/- Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000**

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Shortfall Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname are required for each natural person. Shortfall Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	A/C P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith deceased
Minor (a person under the age of 18). Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

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Minor (a person under the age of 18). Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
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Superannuation Funds Use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Richard Hine Executive Chairman
Robert McCauley Managing Director & CEO
Christopher Ablett Non-Executive Director
John Seeley Non-Executive Director

COMPANY SECRETARY

John Keppo

PRINCIPAL OFFICE

Capital Mining Limited
Unit 7, 23 Colbee Court
Phillip ACT 2606
PO Box 3770
Weston Creek, ACT 2611
Telephone: 02 6281 7951
Mobile: 0432 327015
Facsimile: 02 6282 5324
Website: www.capitalmining.com.au
Email: admin@capitalmining.com.au

REGISTERED OFFICE

72 Dundas Court
Phillip ACT 2606

SOLICITORS

O'Loughlins Lawyers
Level 2, 99 Frome Street
Adelaide SA 5000

AUDITORS

Barnes Dowell James
Level 13, 122 Arthur Street
North Sydney, NSW 2060
PO Box 1664
North Sydney, NSW 2059

SHARE REGISTRY

Registries Limited
GPO Box 3993
Sydney NSW 2001
Telephone: 02 9290 9600
Facsimile: 02 9279 0664
Website: www.registries.com.au

CORPORATE ADVISOR

Spencer Hamilton Pty Ltd
PO Box 324
Crows Nest, NSW 1585

ASX CODE

CMY



Capital Mining Limited
ACN 104 551 171
PO Box 3770
Weston Creek, ACT 2611
Telephone: 02 6281 7951
Mobile 0432 327015
Facsimile: 02 6282 5324
Website: www.capitalmining.com.au
Email: admin@capitalmining.com.au