



20 August 2009
Company Announcements
ASX Limited

COWARRA INITIAL JORC RESOURCE 37,000 oz GOLD*

On behalf of the Board of Director's of Capital Mining Limited I am pleased to release the following report to the market and our shareholders. Capital Mining recently acquired the historic Cowarra Gold Project (EL 5939) from Atlas Resourced Pty. Ltd for the issue of 3 million ordinary shares in Capital Mining Limited.

The following is the calculated (at 1g/t lower cutoff) near surface resource estimate above the upper limits of stoping at the historic Cowarra Gold Mine and the adjacent Princess Lode Prospect.

An inferred JORC resource of 500,000 tonnes at 2.3g/t containing 37,000oz Gold*

It should be noted that the mineralization is not closed off at depth, or to the north along strike and there remains significant potential to expand the resource

Some significant drill results used in estimating this resource are:-

- **6.5m @ 6.2 g/t gold from 39m in CRC001**
- **4.0m @ 5.6 g/t gold from 41m in CRC003**
- **5.0m @ 11.2 g/t gold from 64m in CRC022**
- **2.0m @ 14.4 g/t gold from 8m in CRC007**

Capital considers the Cowarra Gold Project has the potential to provide further near term open pit and underground gold resources and to be prospective for a significant gold target. The spot price of Gold is currently A\$1,135oz having been above A\$1,000oz for almost the past year, recording a high of A\$1,552oz 6 months ago. I consider the price of Gold to continue its upward momentum and so add considerable enterprise value to Capital's tenement portfolio.

Robert J McCauley
Managing Director and CEO

* All results, terms and codes are to be read in conjunction with the attached report

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Company Announcements Office

ASX Limited

37,000 OUNCES GOLD ADDED TO RESOURCE INVENTORY

COWARRA GOLD PROJECT, NSW

HIGHLIGHTS

- Inferred gold resource estimated at 500,000 tonnes at 2.3 g/t containing 37,000 ounces
- Known deeper high grade mineralisation not included in resource
- Numerous drill targets identified within surrounding mineralised envelope
- Additional resource and exploration potential highlighted

Capital Mining Limited (ASX: CMY) is pleased to report the results of an independent assessment of the gold resource and exploration targets at its recently acquired Cowarra Gold Project in the well-mineralised Lachlan Fold Belt province of southeast New South Wales.

The inferred resource of **500,000 tonnes at a grade of 2.3 g/t gold, containing 37,000 ounces of gold** has been estimated at a 1 g/t gold cut-off and includes only shallow mineralised material lying above the upper limits of the underground workings at the historic **Cowarra Gold Mine** which is the focus for ongoing exploration in the project area.

The resource estimate was carried out by Derwent Geoscience Pty Ltd (A.C.N. 126 326 903) under the JORC 2004 guidelines utilising RC drill data generated by Atlas Resources Pty Limited (A.C.N. 003 463 036) in 2004, under the supervision of Derwent Geoscience Pty Ltd. The resource has been classified as Inferred due in the main to the 60 by 30 metre spacing of the drill holes. Grades were estimated using Inverse Distance Squared interpolation into a computer block model constrained by geologically controlled shapes representing the mineralised zones. Continuity of the mineralisation between drill holes is supported by surface and underground mapping and sampling, as well as by recorded historic mine development. The assays were composited to 2m intervals and an upper cut-off of 8g/t gold was applied. Reports on mineral processing and metallurgical testing by the former mine operators indicated that the ore was free milling and that gold recoveries in the order of 90% had been achieved by standard CIL (Carbon in Leach) processing techniques.

The Cowarra Project is located within 17 kilometres of Capital's Gold-Base Metals Project at Chakola and the Cowarra result has added significantly to Capital's gold resource inventory in the region as tabulated below:

Project	Ownership	JORC Resource – Gold Only	Contained Gold	Category
Cowarra	100% Capital	500,000 t @ 2.3 g/t gold	37,000 oz	Inferred - sulphide
Chakola*	100% Capital	125,000 t @ 1.3 g/t gold	5,000 oz	Measured - oxide
..	..	30,000 t @ 0.9 g/t gold	850 oz	Indicated - oxide
..	..	45,000 t @ 1.4 g/t gold	2,000 oz	Inferred - oxide
..	..	810,000 t @ 0.9 g/t gold	23,000 oz	Measured - sulphide
..	..	116,000 t @ 0.6 g/t gold	2,000 oz	Indicated - sulphide

* Within pit resource as announced to the ASX on 2 September 2008 excluding silver, copper, lead and zinc for comparison

CAPITAL MINING LIMITED



ABN 69 104 551 171

Results indicate that there is considerable potential to locate more resources within the Cowarra project area and a drill programme to close off the resource to the north, to test high-grade shoots at depth and to test conceptual targets as illustrated in the attached diagrams is being designed.

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Capital Mining Limited

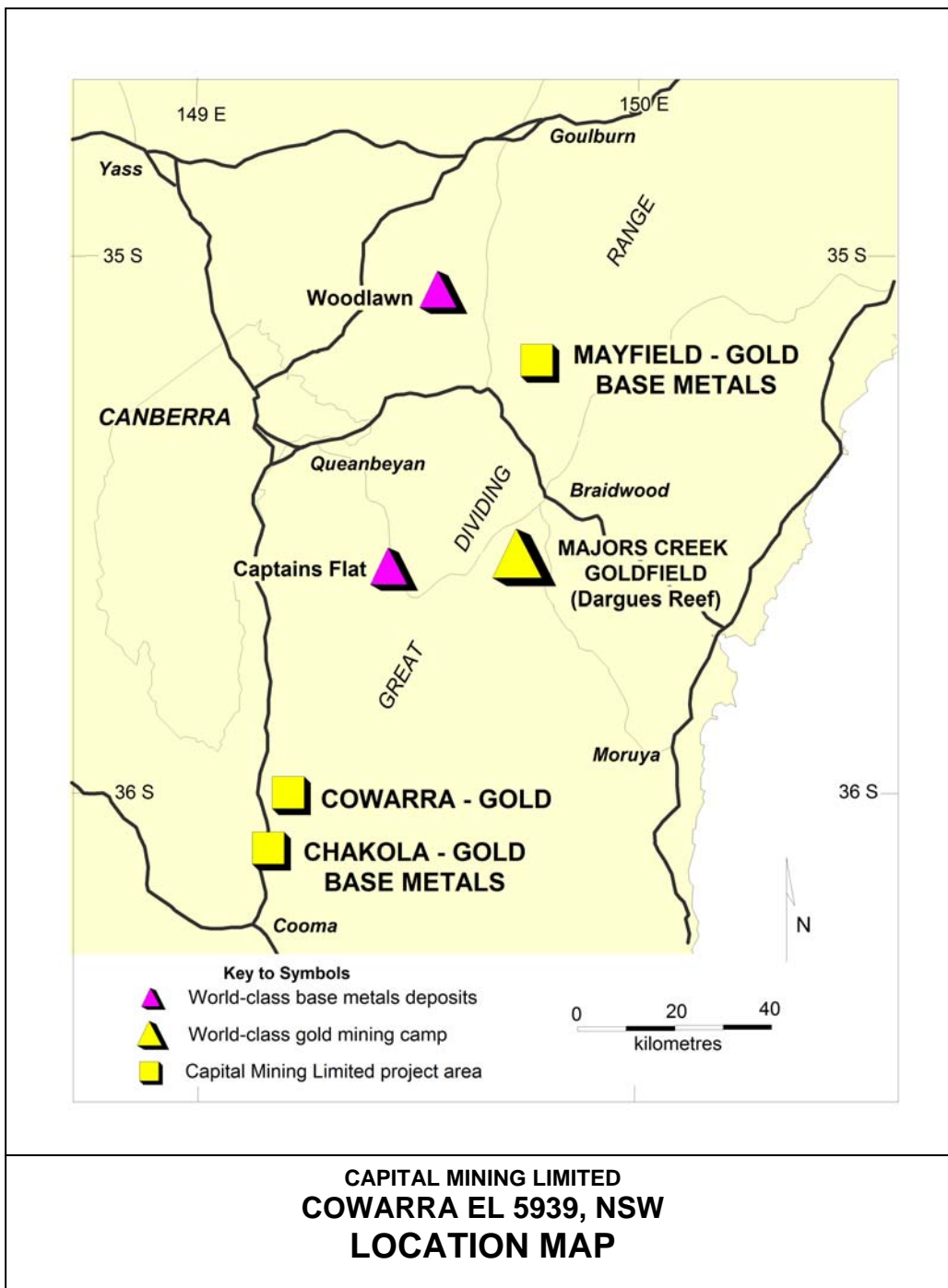
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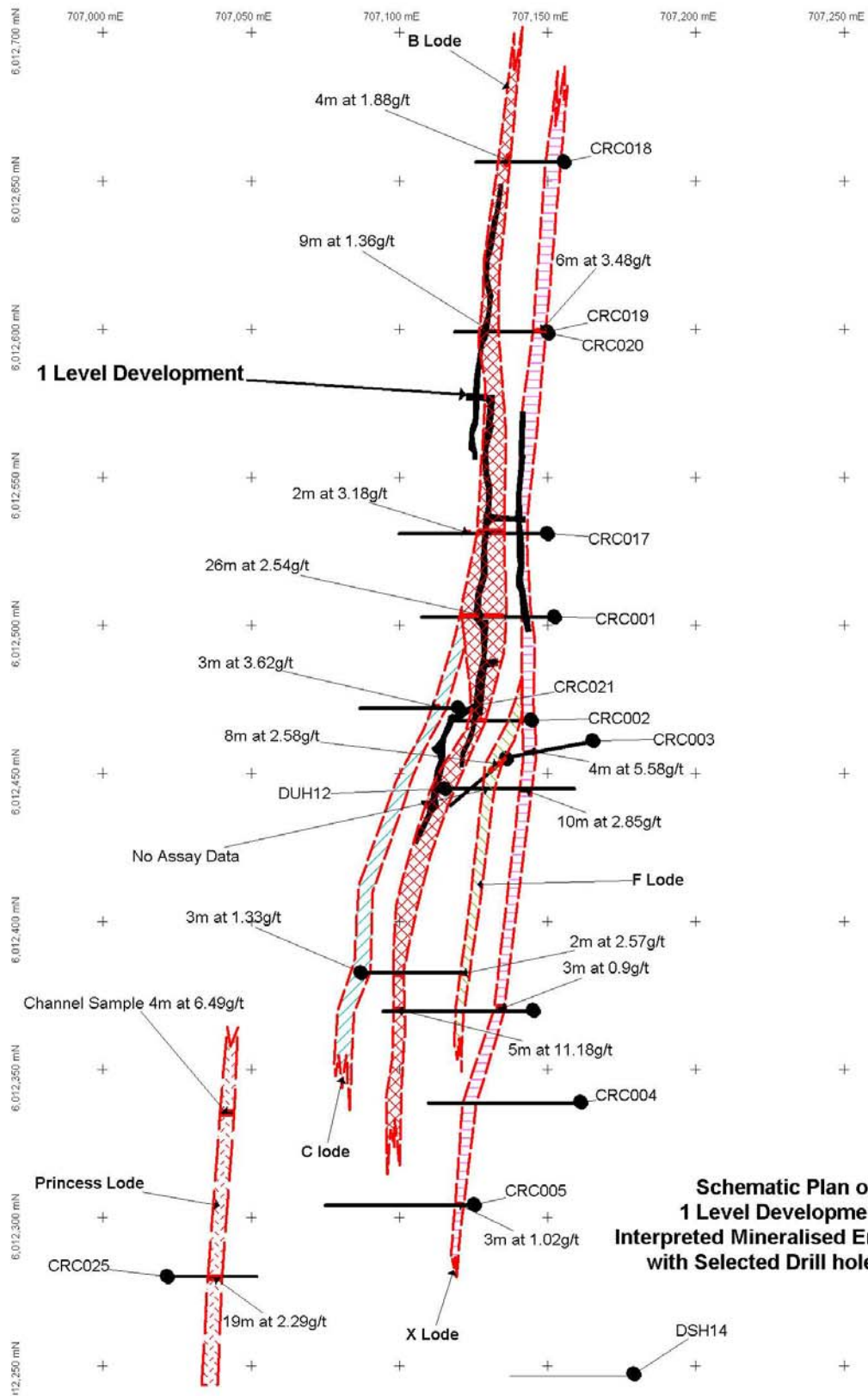
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Competent Persons Statement: *The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources is based on information compiled by Richard Hine who is a Member of the Australasian Institute 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.*

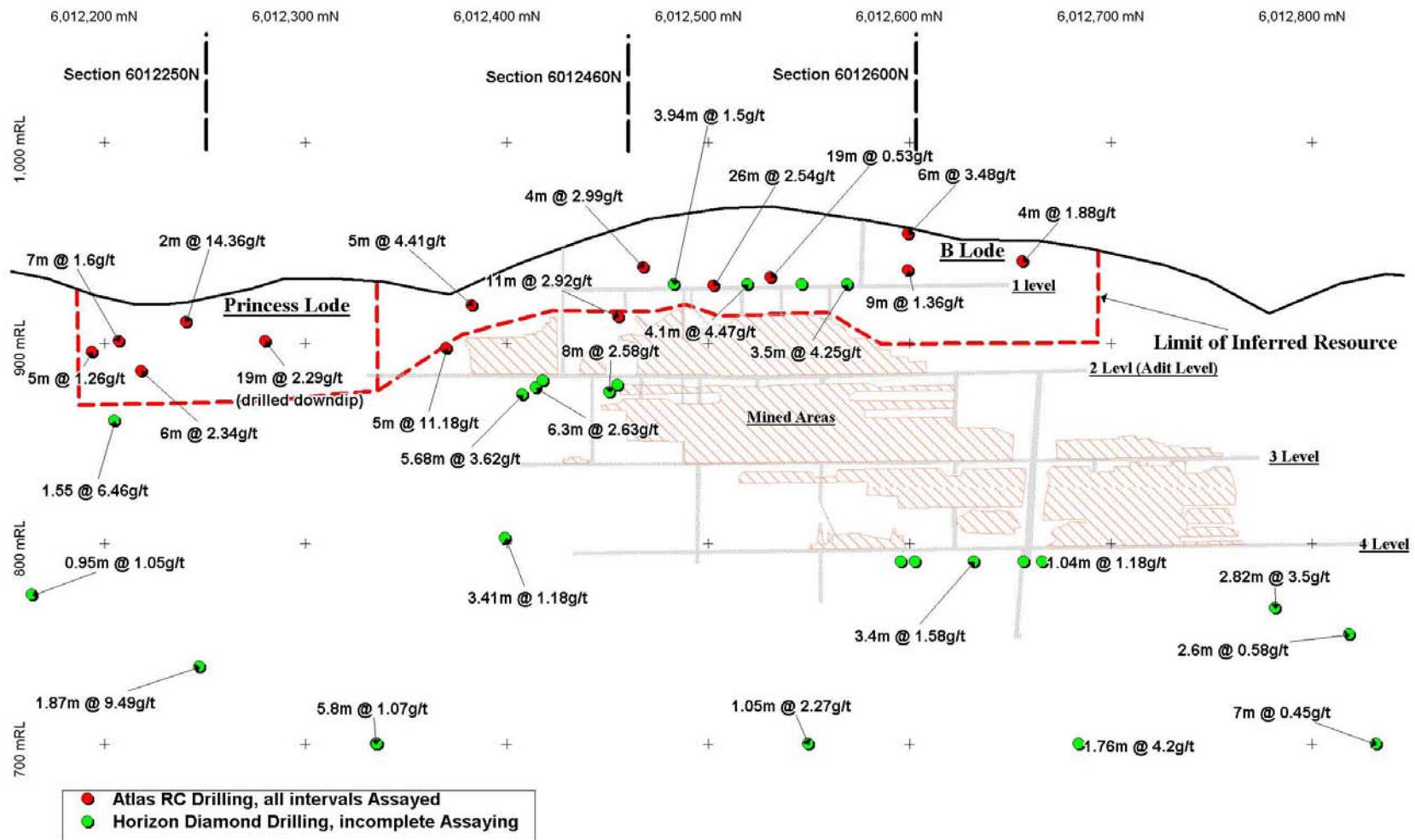
The Cowarra Project inferred resource estimate was prepared by Stewart Capp who is an employee of Derwent Geoscience Pty Ltd, an independent consultancy group specialising in mineral resource exploration and evaluation. The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources is based on information compiled by Stewart Capp who is a Member of the Australasian Institute of Mining and Metallurgy. Stewart Capp is a Consultant Geologist and an employee of Derwent Geoscience Pty Ltd. He 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". Stewart Capp consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.





Cowarra Mine Schematic Plan of 1 Level Historic Mine Development Showing Mineralised Envelopes and with Selected Drilling Intercepts Quoted at a 1g/t Gold Lower Cut-off.

S. Capp Derwent Geoscience Pty Ltd



COWARRA MINE AREA - B LODGE LONG SECTION LOOKING WEST With B Lode and Princess Lode Drilling Pierce Points

Limits of Inferred Resource and drilling pierce points plotted on Long Section with drilling intercepts quoted at a 1g/t gold cut-off.

S. Capp Derwent Geoscience Pty Ltd

