



8 December 2009
Company Announcements
ASX Limited

NARRABURRA ZIRCONIUM and RARE EARTHS PROJECT

Zirconium – Rare Earths Assays confirm Resource Potential

On behalf of the Board of Director's of Capital Mining Limited I am very pleased to release the following report. The assay results from the six representative samples taken from the bulk sample pit 7 metres deep located between previous drill holes GRR003 and GRR004 (see Fig.2) confirms the large resource potential of this project.

Results of the six representative samples in the test pit averaged:-

1290 g/t Zirconium; 143 g/t Niobium; 54 g/t Yttrium; 64 g/t Thorium; 68 g/t REE*

**** It should be noted that previous results in Capital's 2006 IPO Prospectus from drill holes GRR003 - 0 to 48m deep located 35m NW of the test pit and GRR004 – 0 to 36m deep located 115m SE of the test pit averaged 1320 g/t Rare Metals (Zirconium, Niobium, Yttrium) and 395 g/t Rare Earth Elements.***

These test pit sample results confirm the past drilling results and potential of the previously announced large defined JORC resource (as shown in the attached report). Metallurgical testing is currently underway using a 60kg test pit sample. We are very encouraged and pleased with these results and we look forward to reporting further positive results for the NARRABURRA ZIRCONIUM AND RARE EARTHS PROJECT.

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

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08 December 2009
Company Announcements Office
ASX Limited

Zirconium - Rare Earths Assays Confirm Resource Potential – Narraburra, NSW

Capital Mining Limited (**ASX:CMY**) is pleased to announce that assay results of six representative rock samples from its recently completed **bulk sample pit** at the 100% owned **Narraburra Rare Metals and Rare Earths Prospect** are in line with expectations and have confirmed the resource potential as previously announced (see the Company's 2006 IPO Prospectus).

The Company is targeting Rare Metals (RM) such as zirconium, niobium, yttrium, thorium, beryllium, lithium, gallium and Rare Earth Elements (REE) at Narraburra, which is located near Temora in Central West New South Wales (Fig. 1). Two campaigns of drilling have been completed at the prospect since evaluation of the discovery began in earnest in 2003.

Current investigations are aimed at locating higher grade material within the deposit and at establishing a treatment path to produce a marketable RM and REE oxide concentrate from the weathered, largely friable granitic material that makes up the resource.

The bulk sample pit was excavated to a depth of 7.2m near the geographic centre of the currently defined resource (see Fig. 2), which is in the JORC Inferred category and has been estimated at:

- **55 million tonnes at 1000 g/t ZrO₂, 60 g/t Y₂O₃, 300 g/t REO, 80 g/t NbO₂ and 50 g/t ThO₂**

A 10-15 tonne parcel of material from the pit was obtained for specialist metallurgical test work. The mineralised granitic bedrock was encountered at a depth of 2.4m under a thin cover of clay, sand and weathered granite cobbles. The material at the base of the pit, at the limit of reach of the excavator, was found to be relatively soft and free digging as predicted from drill logs.

Analytical results for samples of the material excavated were in the range **1170-1410 g/t zirconium, 128-158 g/t niobium, 46-61 g/t yttrium, 58-70 g/t thorium and 61-76 g/t total REE**. Apart from the REE, which appear to have been leached from the near surface oxide material in the pit¹, values are consistent with both those of the average for the resource and with those obtained from a drill hole 35m to the northwest of the pit.

The results of the bulk sampling exercise are very positive, firstly in that the mineralisation has been confirmed as being consistent in grade over significant distances, which is important for keeping milling and processing costs down and secondly, in that the material, on account of its relative softness, has been confirmed as being amenable to low cost mining methods such as ripping and scraping or continuous mining.



¹ In comparison with the pit samples at an average grade of 67 g/t total REE, the drill samples averaged 318 g/t over the interval 8-44m in oxidised material and 479 g/t from 44-48m in un-weathered bedrock.

Material characterization tests on a 60kg sub-sample of the mineralisation are currently in progress and the consultant metallurgist's preliminary report is in preparation. The results of this work are awaited ahead of dispatch of the remainder of the bulk sample for more extensive test work.

For further information please contact.

Dr Rick Hine
Executive Chairman

Mr Rob McCauley
Managing Director

Mr Chris Ablett
Executive Director

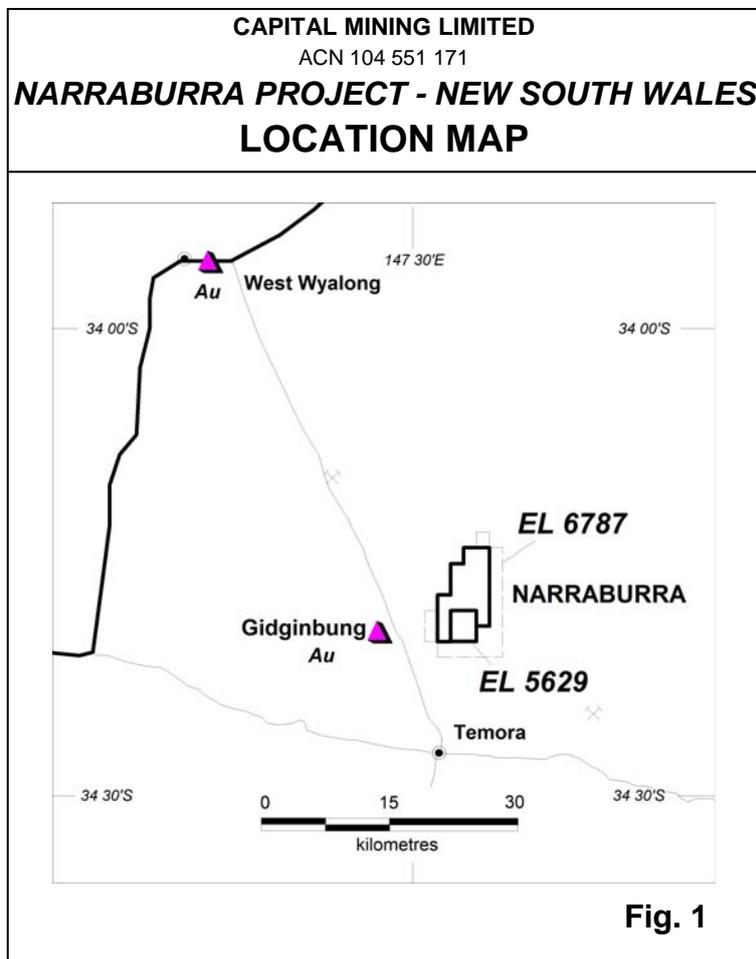
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The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources is based on information compiled by Richard Hine who is a Member of the Australasian Institute of Mining and Metallurgy. Richard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



NARRABURRA PROJECT EL's 5629, 6787 NSW PROSPECT LOCATION MAP

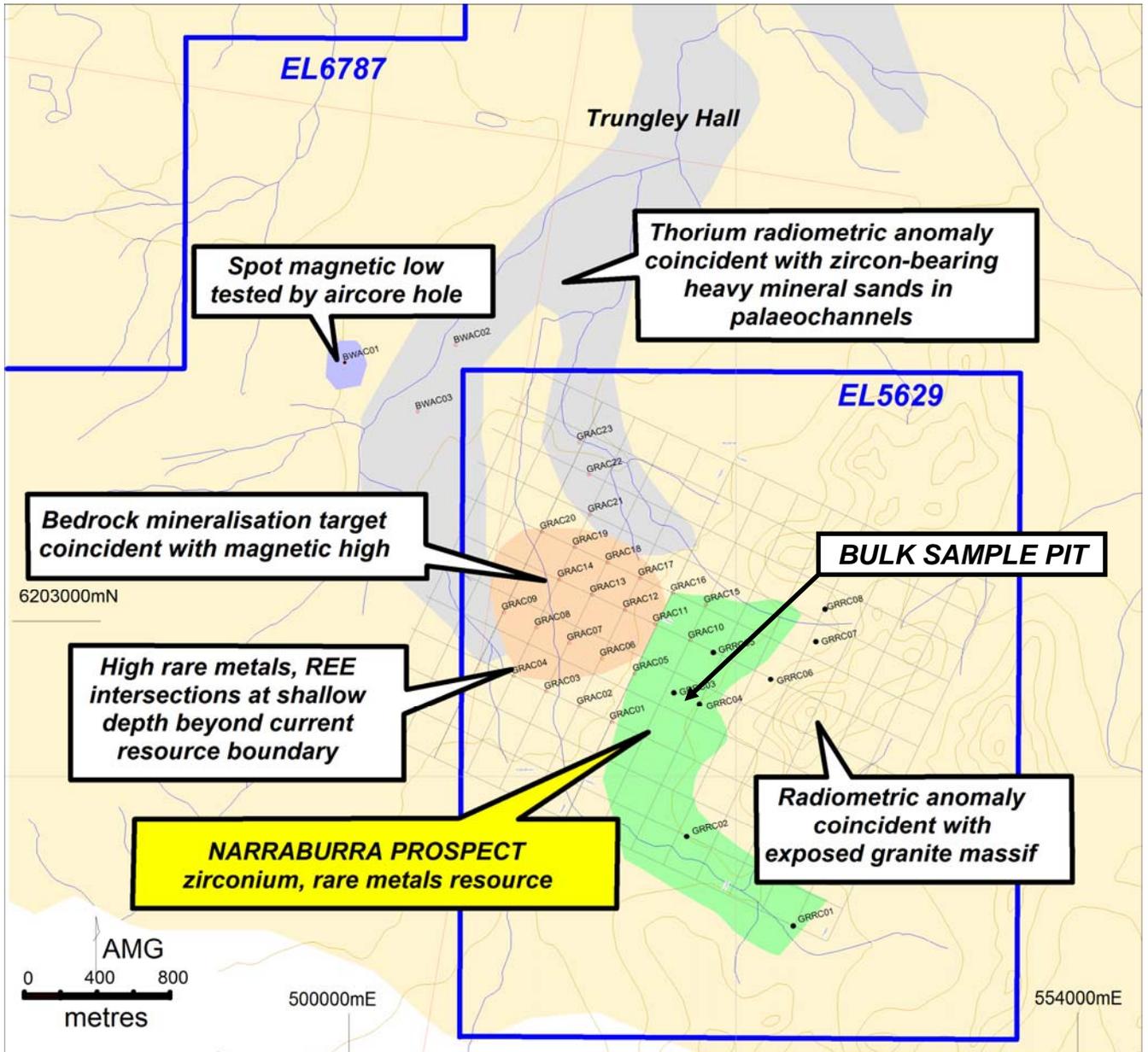


Fig. 2