

CAPITAL MINING LIMITED

ABN 69 104 551 171



9 July 2007

Company Announcements Office
ASX Limited

Zircon Heavy Mineral Sands Prospects Covered By Grant of Exploration Licence 6787

Capital Mining Limited advises that it has today received notice from the NSW Department of Primary Industries of the grant of Exploration Licence No. 6787 in the Central West region of NSW. The new Licence of 84.7 km² covers Mineral Groups 1 and 10 and forms part of the Narraburra Project area at Temora in conjunction with current EL 5629 (Fig. 1).

EL 6787 replaces EL 5985 (Group 1 only), which covered the same area as EL 6787 and which was cancelled upon grant of EL 6787.

The principal targets within EL 6787 are zircon bearing heavy mineral sand accumulations in palaeo-channels of Tertiary to Quaternary age and disseminated zirconium, niobium, hafnium and other rare metals prospects hosted by specialised granitic intrusive rocks of Late Devonian age.

The heavy mineral sands prospects are associated with a northward trending system of palaeo-channels which appear to emanate from a source at the foot of the Narraburra Hills in EL 5629. The palaeo-channel system is marked by an anomalous thorium radiometric signature as shown in Figure 2.

Specifications for drill testing of targets in EL 6787, which is anticipated to take place in the fourth quarter of 2007, are being drawn up.

Yours faithfully

Richard Hine
Chairman

Capital Mining Limited ACN 104 551 171
P.O. Box 3770, Weston Creek, ACT. 2611 Australia
Email: admin@capitalmining.com.au Web: www.capitalmining.com.au

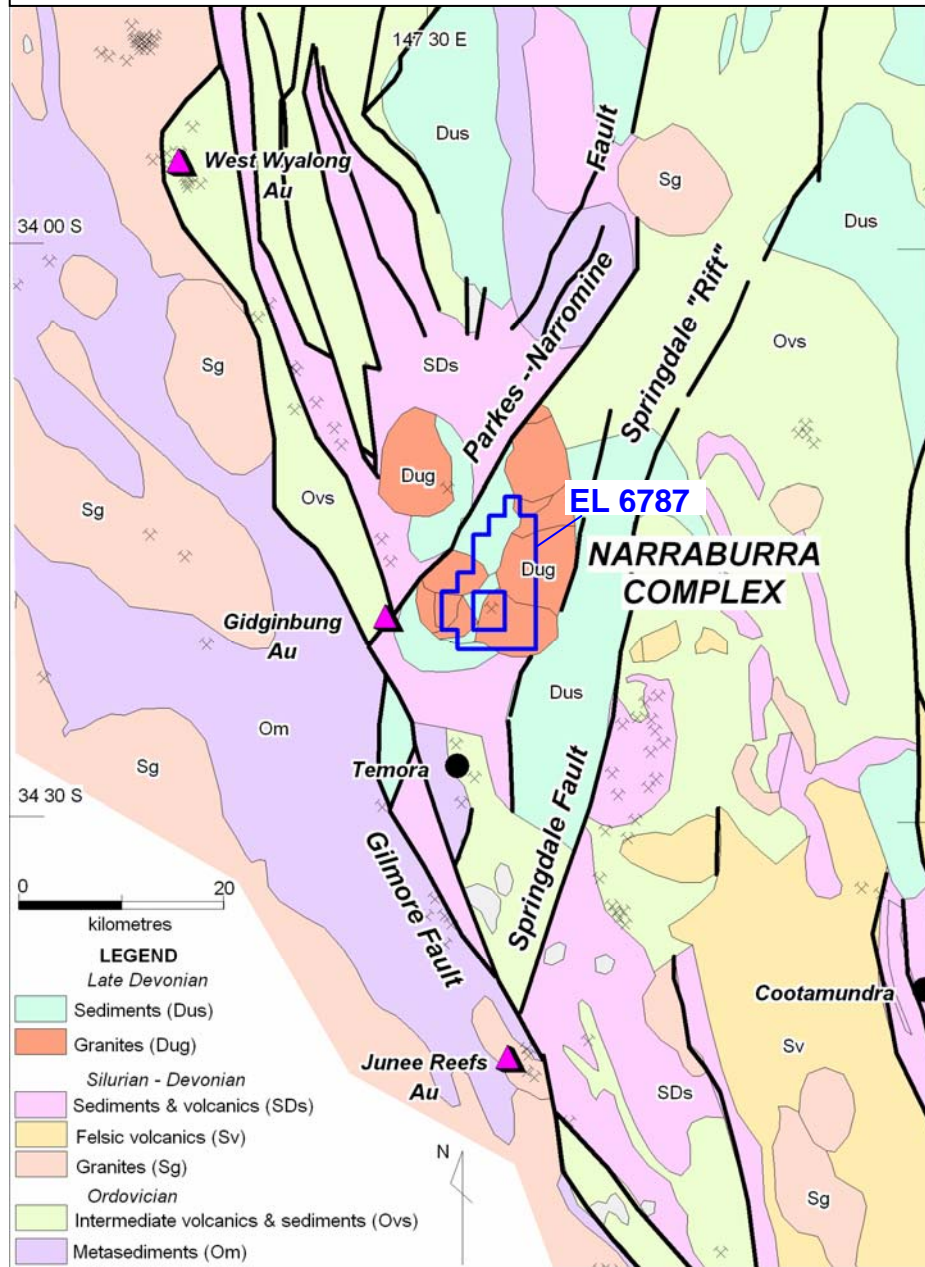
The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources is based on information compiled by Richard Hine who is a Member of the Australasian Institute of Mining and Metallurgy. Richard Hine is a Director of the Company and has sufficient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

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Figure 1 *EL 6787 and 5629 NARRABURRA PROJECT NSW
LOCATION and REGIONAL GEOLOGICAL SETTING*



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