

EXPLORATION UPDATE - 18 December 2006

CHAKOLA -- GOLD-BASE METALS (COOMA, NSW)

REVISION OF RESOURCE ESTIMATES COMMENCES

Revision of gold-copper-zinc-lead-silver resources at the Harnett volcanic hosted massive sulphide prospect within EL 5697 has commenced. The update is being carried out in view of significant increases in the price of gold, copper, zinc and silver since November 2005 when resources were last estimated. Zinc was not included in the previous estimates and at the current price of around \$US4300/tonne it has risen to the point where it is worth as much as the gold in the deposit.

The estimates will be categorized as:

- a) Stage 1 potentially open pit extractable mineralization to a depth of 70m (current resource);
- b) Stage 2 potentially open pit extractable mineralization to a depth of 100m;
- c) Stage 3 potentially underground extractable mineralization to a depth of 300m; and
- d) Mineralization in immediately adjacent segments.

As can be seen from the distribution of the mineralization in Figure 1, a long section of the deposit and its mineralized envelope, the revision is expected to add substantially to *in situ* resources at Harnett. Results will be available in January 2007.

NARRABURRA -- ZIRCONIUM-RARE METALS (TEMORA, NSW)

INVESTIGATION OF ZIRCON-BEARING DEEP LEADS WITH THORIUM PATHFINDER

Investigation of potentially zircon-rich deep leads, or buried alluvial channels, that are located to the northwest of the Narraburra Rare Metals deposit has commenced. The deep leads follow ancient north trending stream courses and coincide with ribbon-like thorium radiometric anomalies that were detected by a regional airborne survey in the nineties.

Relatively high concentrations of zircon are predicted to have accumulated in the deep leads as a result of prolonged erosion of peralkaline granitic intrusions in the source region. The intrusions were naturally enriched in zirconium, thorium and other rare metals.

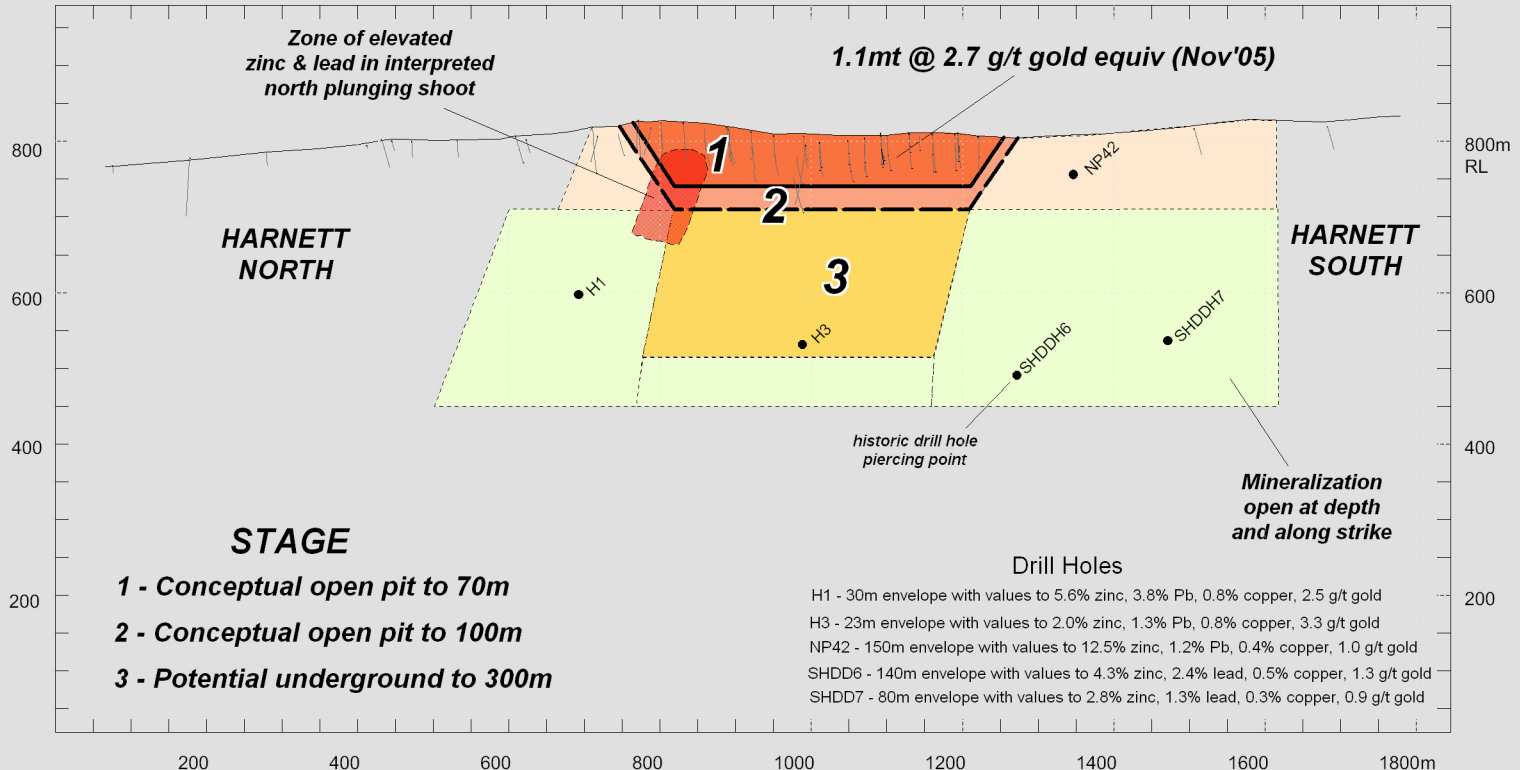
The deep leads make attractive targets in the light of recent substantial increases in the price of zircon. Ground radiometric surveys will be carried out in the first quarter of 2007 to gather the information necessary to lay out an exploration drilling programme.

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The information in this statement was 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".

HARNETT GOLD & BASE METALS PROSPECT EL 5697 CHAKOLA NSW

LONG SECTION SHOWING ESTABLISHED RESOURCE AND POTENTIAL MINERAL INVENTORY



SCALE 1:10,000 V=H

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Figure 1