



ASX ANNOUNCEMENT 16 April 2007

RESOURCE ESTIMATE - SUPPORTING INFORMATION HARNETT GOLD-BASE METALS PROSPECT

Further to the market release of 04 April 2007 in which a significant upgrade of the resource estimate for the Harnett gold-base metals prospect in EL 5697 near Cooma, New South Wales, was announced, the Company is happy to provide additional information to assist the market with assessment of the result.

1. RESOURCE ESTIMATION METHOD

1.1 Philosophy Behind The Method - Maximization and Conservation of Resources

The Harnett deposit is a polymetallic sulphide mineral deposit that contains 5 demonstrably recoverable metals in potentially economic quantities (see Section 1.3 below). These are the precious metals gold and silver and the base metals copper, lead and zinc.

The gold occurs as finely disseminated grains of the native metal and the silver and base metals are present as disseminated sulphide grains and semi-massive aggregates. The metals do not occur in the same ratio throughout the deposit and they vary both across strike and along strike. Also, with the exception of some parts along the footwall, the deposit does not have recognisably visible, sharp geological boundaries. That is to say, assay cut offs have to be applied to define the boundary between the mineral resource and its surrounding envelope of lower grade.

In order to set the boundary surfaces of the deposit, which is the essential step in determining the volume, tonnes and grade of the resource, it is necessary to combine the drill assay grades for each of the 5 recoverable metals into a single value and apply a lower cut off grade to that set of values.

The equivalent value takes into account the contribution of all demonstrably recoverable metals in the rock mass tested. From the historical perspective, gold was chosen at Harnett as the equivalent yardstick since the gold-enriched core of the deposit formed the initial focus for drilling. When work began on assessment of the prospect in 1999-2000 base metal prices were at an historic low and little was known about the distribution of copper, lead and zinc in the depth window of interest. This changed as exploration of the deposit progressed and the potential for contributions to the resource from firstly copper and later zinc and lead was recognised. The commodity price boom over recent years, which has also had a direct bearing on the economic potential of the deposit, has been well documented.

Whereas the individual components either form smaller resources, or could not be classed as resources at all, when considered in combination, the principal metals constitute a significant resource (see Section 2). Combining the recoverable metals by estimating equivalent grades has the effect of maximizing the resource and is considered the best approach to conservation of such resources in general. For instance, in the event that the resource is converted into an ore reserve, extraction of a higher grade core say, at the expense of leaving material that would become sub-economic as a result in the ground, would be poor conservation and would be a contravention of World's best mining practice.

It is important to point out that the Harnett deposit is in no way unique in this regard and is but one of a class of deposits that includes many similar occurrences in the region from which polymetallic ores have been mined in the past or are currently being mined or explored.

1.2 Resource Estimation Method

Potentially recoverable minerals in the Harnett resource include gold, silver, copper, lead, zinc, molybdenum, antimony and barite. The mineralisation is in the form of a coherent, tabular body consisting of from one to three steeply west dipping lenses in a broad sub-grade envelope. Gold, silver and copper grades are comparable to those recorded from producing mines of a similar size in New South Wales (e.g. Peak Hill and Mineral Hill).

The resource at Harnett was estimated by the cross sectional method using data from Capital Mining Stage 1 and 2 RC drilling programmes (2281 metres in 41 holes), historic drill data compiled from NSW Geological Survey open file reports and structural information gained from detailed mapping. Results are summarized in Tables 3 to 5 below.

The drill pattern and historic drill data allowed for definition of a coherent body of mineralisation to a depth of 60-100m below the natural surface over a strike length of up to 720m. Material was classified as oxide (i.e. lacking any sulphides), transition (i.e. having partially weathered sulphide) and primary (i.e. having only sulphide). The proportion of transition material was found to be relatively low and this material was included with the primary for the purposes of the estimation.

The drilling was on 30m spaced sections with 2 to 3 holes per section drilled from the west to east at an inclination of minus 60 degrees. The face sampling RC method of drilling was used to minimise contamination of samples. Drill cuttings were sampled at 1m intervals by riffle splitter attached to the cyclone and assayed for gold, copper, lead, zinc, silver, arsenic, molybdenum, antimony and barium by a NATA registered laboratory. The drill collars were accurately picked up by EDM survey on completion and down hole surveys by Eastman camera were completed on all holes to measure the deviation. Judging from the sharp cut-offs in assay values, sidewall contamination of samples was apparently minimal.

Cut-off grades used in the estimations were 0.5 g/t gold equivalent in gold and silver only for oxide, which is relatively low in copper, and 1.0 g/t gold equivalent in gold, copper, zinc, lead and silver for transition and primary material. Gold assay values were high cut to 7 g/t and silver values to 18 g/t. Gold equivalent grades were calculated on the basis of January 2007 metal prices as tabulated below.

The estimates in the inferred category do not include any material below the base of the conceptual open pit or any copper oxide material in an inferred body at shallow depth to the east of the identified resource.



TABLE 1 HARNETT GOLD-BASE METALS PROSPECT

COMMODITY PRICES USED IN MINERAL RESOURCE ESTIMATE AT JANUARY 2007

Commodity	Pricing Units	Approx. Trading Range \$USD December '06 - January '07		Price Used In Estimate \$USD	Spot Price 7th April '07	Assay Equivalent To 1 g/t Gold Applied In Estimate
		Low	High			
<i>Gold</i>	<i>troy ounces</i>	610	650	630	673	1 g/t
<i>Silver</i>	<i>troy ounces</i>	12.2	14.0	12.7	13.6	49 g/t
<i>Copper</i>	<i>tonne</i>	5400	7000	6300	7460	0.32%
<i>Lead</i>	<i>tonne</i>	1580	1810	1670	2020	1.21%
<i>Zinc</i>	<i>tonne</i>	3450	4600	4200	3400	0.48%

Conversions:
1 troy oz = 31.103 grams

Specific gravities of 2.15 g/cc for oxide material and 2.90 g/cc for primary material were assumed for the tonnage estimates based on a series of 133 measurements made on samples selected from historic drill cores housed at the New South Wales Department of Primary Industries core storage facility at Londonderry, NSW. The information is summarised in Table 2.

TABLE 2 HARNETT PROSPECT - SPECIFIC GRAVITIES OF MATERIAL CLASSES

MATERIAL CLASS	NUMBER OF MEASUREMENTS	AVERAGE SPECIFIC GRAVITY g/cc
Oxide Above Cut Off	1	1.88
Oxide Waste	7	2.41
Primary Above Cut Off	6	3.13
Primary Marginal	12	2.93
Primary Waste	78	2.69
Sulphidic Waste	29	2.72

Conceptual mining of the resource to either the 740 RL or 710 RL level by drill and blast from within a 540-750m long by 100-180m wide open pit designed provisionally around 15m benches with 5m berms and an overall pit slope of 56° could be achieved at an overall ore to waste ratio in the order of 1:5. At this stage the conceptual open pits of approximately 70 and 100m depth respectively have not been optimised.

1.3 Harnett Prospect - Metallurgical Testing

Sulphide flotation tests were carried out by a reputable Sydney laboratory on drill chip and drill core samples in 2004 and 2005-6 respectively. Initial tests were on a 30kg chip sample from hole HRC011 (45-46m) representing high-grade sulphide material with a head grade of 8.10 g/t gold and 1.48% copper. Grinding trials and 3 tests to determine sulphide flotation efficiencies were carried out.

The material proved to be free-milling and readily amenable to treatment by flotation methods. Results showed that gold and gold-copper concentrates at around 80-90% overall recovery could be produced by a combination of both gravity separation and sulphide flotation. Forty percent of the gold was coarse enough to be recovered in a gravity concentrate.

The initial tests provided only an approximate guide to expected final recoveries since percussion drill chip material is in part over-ground and particle surfaces may be oxidized and pre-activated in the drilling process.

Testing of more suitable material in the form of drill core samples obtained during the Stage 2 drilling programme was undertaken between June 2005 and March 2006 under the guidance of the company's consultant metallurgist. 27 bench scale milling and sulphide flotation test procedures were carried out on bulk samples of quarter core from holes HDD001 and HDD002, which were specifically drilled for the purpose. Results were positive and indicated that 90% of the copper and 80% of the gold, the main constituents of the ore, would be recoverable in a rougher flotation concentrate. The bulk concentrate may be marketable as it stands, however further tests to produce a range of more saleable products and thus increase the marketing options have been recommended. More testing will be required before a basic overall process flow sheet can be developed.

2. HARNETT PROSPECT RESOURCES

2.1 PRIMARY RESOURCE

a) SHALLOW OPEN CUT POTENTIAL TO 70m DEPTH

The primary (sulphide) resource at Harnett to a depth of 70m, as tabulated below, has been estimated at:

3.13 Mt @ 3.0 g/t gold equivalent¹.

The estimate is for mineralization extending from the base of oxide to the 740m RL over 720m of strike at a 1 g/t gold equivalent cut off. This is in comparison with the previous estimate of 943,000t at 2.9 g/t gold equivalent (gold, copper and silver only) over 480m of strike as documented in the Company's Prospectus dated 8 November 2006 (p. 30). The threefold lift in tonnage over the original estimate came from an increase in continuity of the mineralization within the cut off boundary surfaces and from the addition of mineralization intersected in historic holes at Harnett South (see Figures 2a, 2b and 3).

The bulk of the resource remains in the Measured and Indicated JORC² categories as listed in Table 3. In making the estimate, gold and silver assay values were high cut to 7 g/t and 18 g/t respectively.

TABLE 3 HARNETT PROSPECT OPEN PIT PRIMARY RESOURCE TO 740 RL

CATEGORY	TONNES	GRADE Gold Equiv. g/t		Au g/t	Cu %	Ag g/t	Pb %	Zn %
Measured	926,000	3.5		0.60	0.41	6.8	0.33	0.57
Indicated	1,068,000	3.1		0.41	0.22	5.1	0.30	0.79
Inferred	1,137,000	2.4		0.33	0.21	5.1	0.28	0.53
TOTAL	3,131,000	3.0		0.44	0.27	5.6	0.30	0.63
TOTAL ESTIMATED CONTAINED METAL								
	Gold	44,000	ozs					
	Silver	561,000	ozs					
	Copper	8,500	tonnes					
	Lead	9,500	tonnes					
	Zinc	19,500	tonnes					

¹Gold equivalent calculated as gold plus copper, zinc, lead and silver

² Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004, Joint Ore Reserves Committee of AusIMM, AIG and MC.

b) DEEPER OPEN CUT POTENTIAL TO 100m DEPTH

Projection of the mineralization to a depth of 100m below the surface, that is, to the 710m RL is justified by the thicker true width and greater continuity of the mineralization as illustrated in Figure 2. The addition of Indicated and Inferred material between the 740 and 710m RL's brings the resource total as listed in Table 4 to:

4.63 Mt @ 2.9 g/t gold equivalent

TABLE 4 HARNETT PROSPECT OPEN PIT PRIMARY RESOURCE TO 710 RL

RESOURCE CATEGORY	TONNES	GRADE g/t Gold Equivalent		Au g/t	Cu_%	Ag g/t	Pb %	Zn %
Measured	926,000	3.5		0.60	0.41	6.8	0.33	0.57
Indicated	1,110,000	3.1		0.40	0.22	5.0	0.30	0.79
Inferred	2,596,000	2.7		0.39	0.22	5.4	0.28	0.59
TOTAL	4,632,000	2.9		0.43	0.26	5.6	0.30	0.63
TOTAL ESTIMATED CONTAINED METAL								
	Gold	64,000	ozs					
	Silver	827,000	ozs					
	Copper	12,000	tonnes					
	Lead	13,500	tonnes					
	Zinc	29,000	tonnes					

2.2 OXIDE RESOURCE

Oxidized gold and silver-bearing material which overlies the primary sulphide resource at Harnett constitutes a resource at a 0.5 g/t gold equivalent cut off of:

195,000 tonnes @ 1.3 g/t gold equivalent ³.

The oxide resource is up to 20m thick and extends for at least 480m along strike (see Tables 5). The material is fundamentally different to that which constitutes the primary resource and would require a different treatment method, conceptually involving heap leaching or stack leaching.

No studies relating to the specific treatment, beneficiation or metallurgical recoveries of the oxide resource material have yet been undertaken. Recoveries are predicted to fall in the range 40-70% based on an analysis of historical production data from comparable operations.

³Gold equivalent calculated as gold and silver

TABLE 5 HARNETT PROSPECT OPEN PIT OXIDE RESOURCE

RESOURCE CATEGORY	TONNES	GRADE g/t Gold Equivalent	Au g/t	Ag g/t
Measured	130,500	1.4	1.14	10.5
Indicated	19,000	0.9	0.63	11.2
Inferred	45,500	1.3	1.12	5.3
TOTAL	195,000	1.3	1.1	9.3
TOTAL ESTIMATED CONTAINED METAL				
	Gold	6,800	ozs	
	Silver	58,000	ozs	

3) HARNETT PROSPECT - PRE-RESOURCE MINERALIZATION

Continuity of the primary sulphide mineralization to a depth of 300m below the surface has been established at the Harnett and Harnett South prospects by historic diamond drilling (see Long Section Figure 3). The deeper mineralization lies within an alteration envelope measuring some 900m long by 20 - 150m wide. The lack of precise drill survey information and the variable integrity of the sampling and analytical data do not permit reliable quantitative estimates of this material, which is classified as pre-resource mineralization, to be made. Results from historic holes drilled into this zone are summarized in Figure 3.

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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.

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CHAKOLA PROJECT - EL 5697 NSW

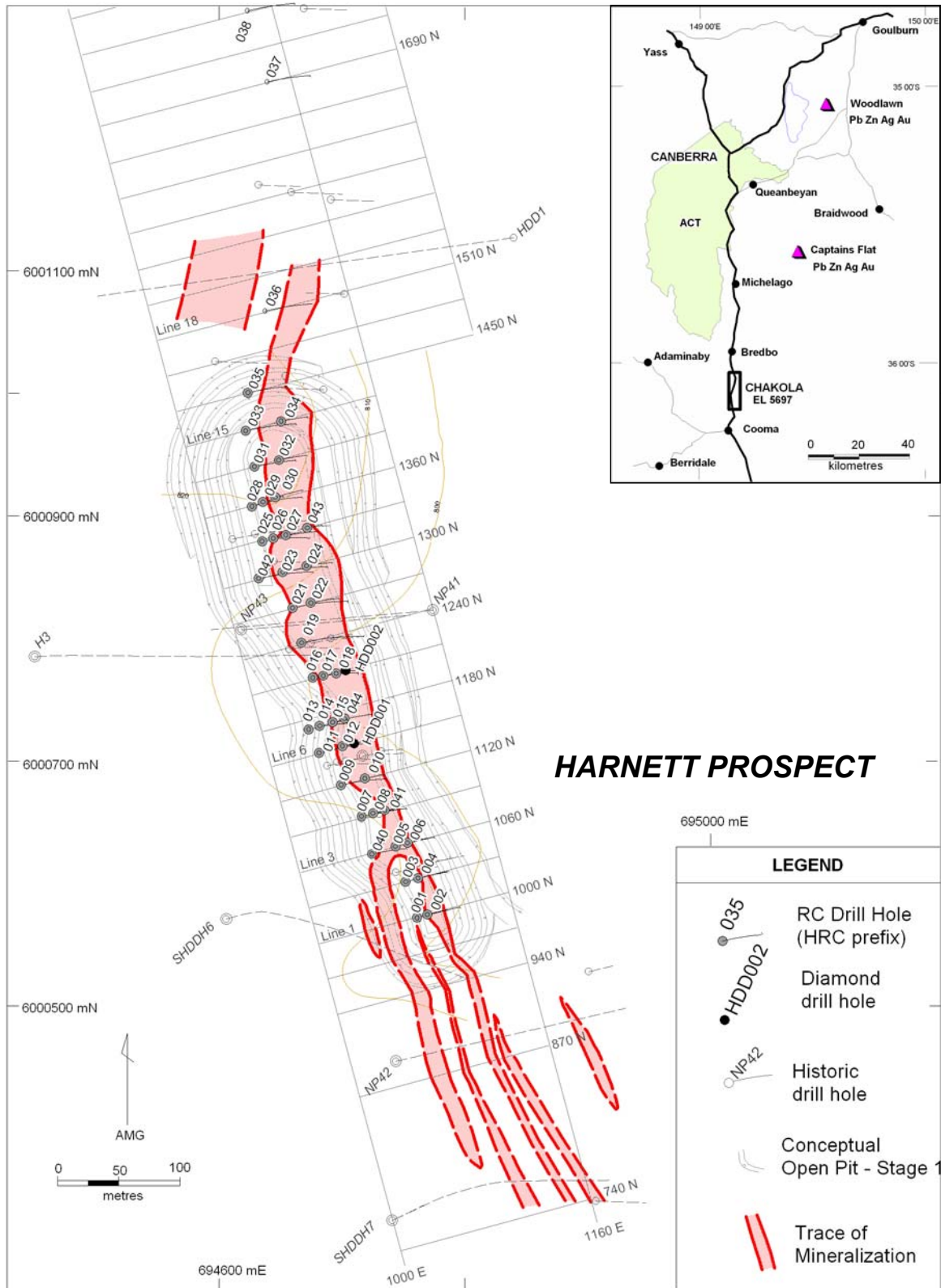


Figure 1 - Chakola Project - Harnett Prospect Drill Hole Locations & Surface Trace of Mineralization

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HARNETT PROSPECT - CROSS SECTIONS

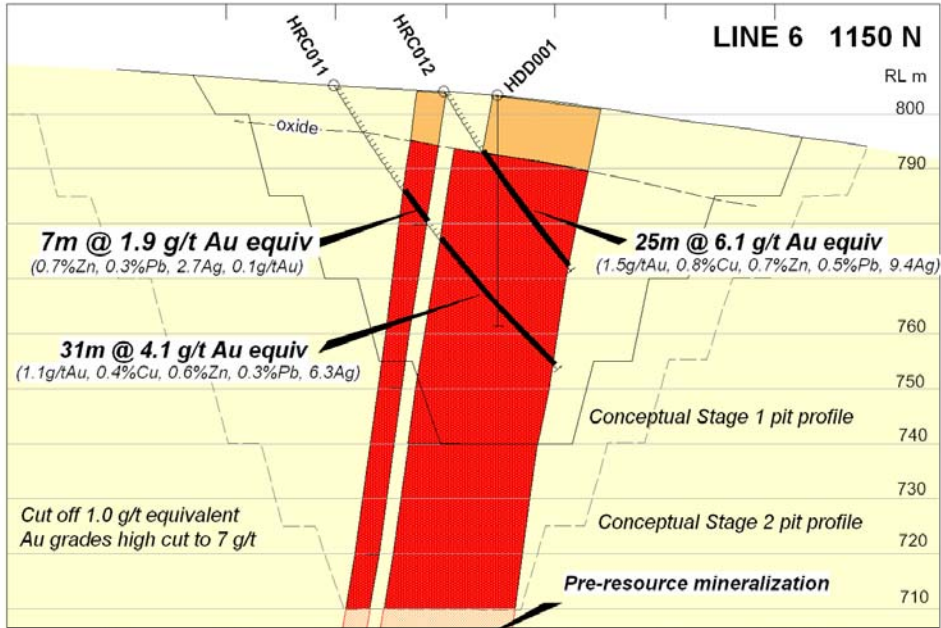


Figure 2a Harnett prospect - Drill Cross Section 1150 N

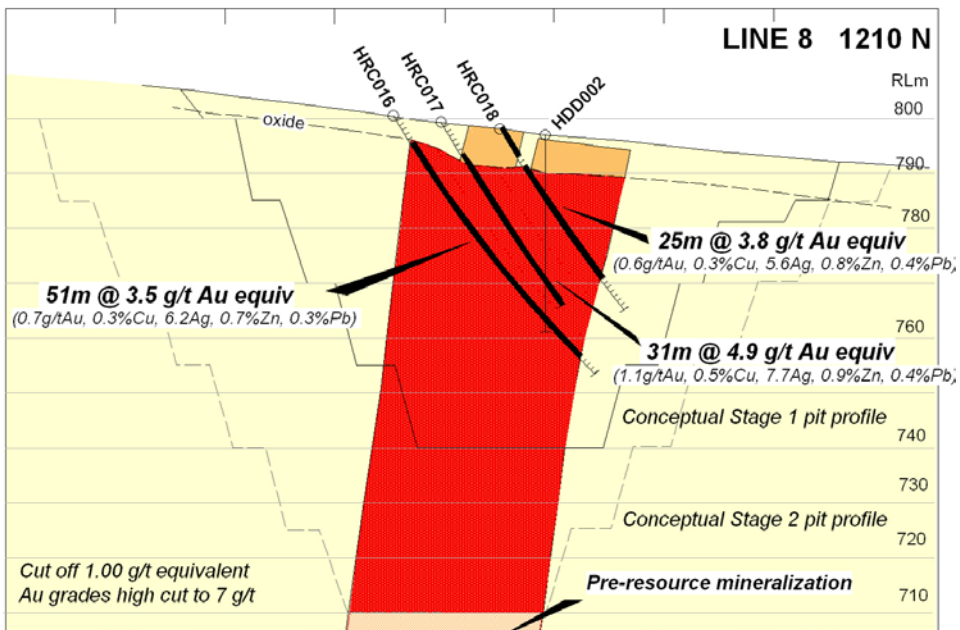


Figure 2b Harnett Prospect - Drill Cross Section 1210 N

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HARNETT GOLD & BASE METALS PROSPECT

LONG SECTION LOOKING WEST SHOWING ESTIMATED RESOURCES AND PRE-RESOURCE MINERALIZATION

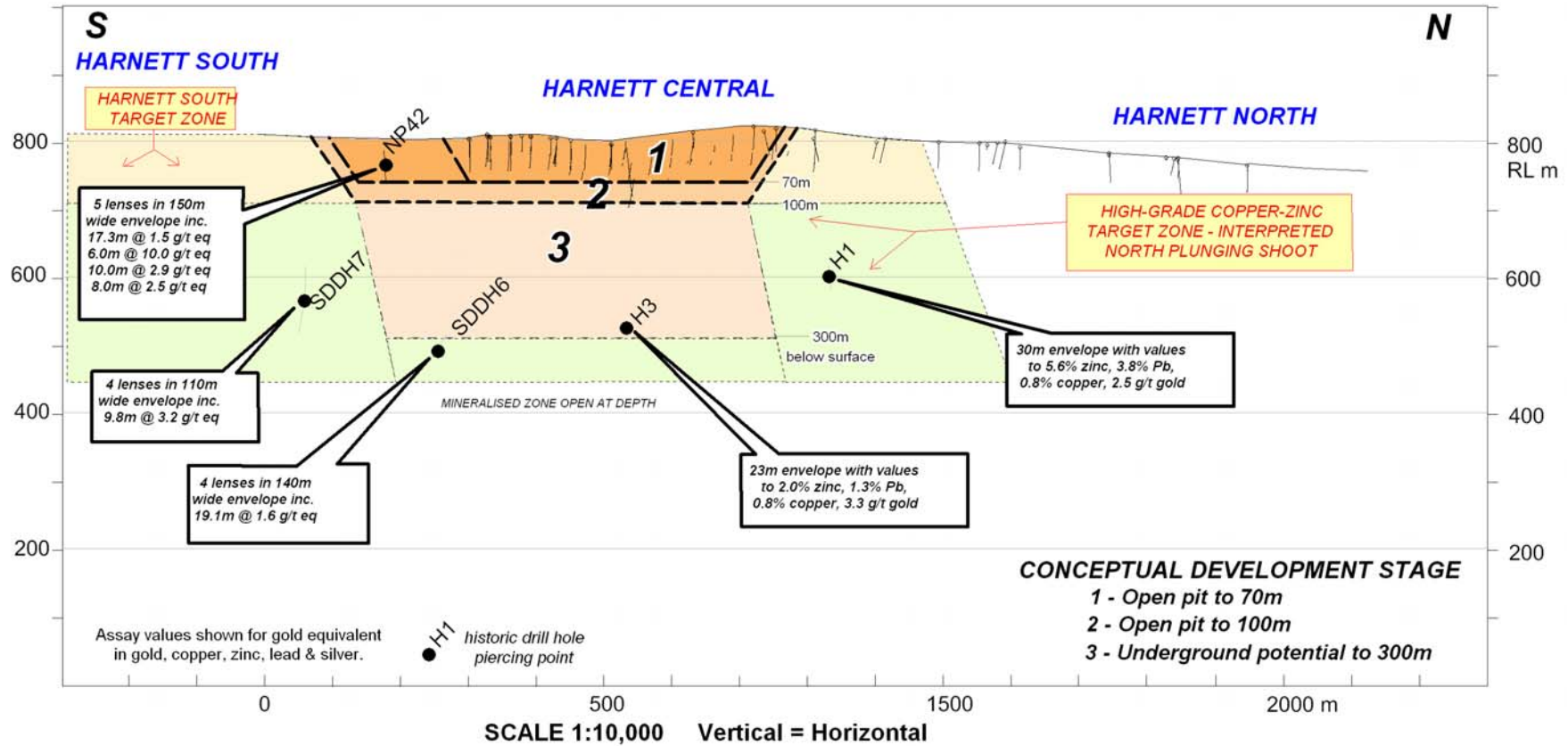


Figure 3 - Chakola Project - Harnett Prospect - Long Section Showing Distribution of Mineralization and Outlined Resources