

25 September 2007

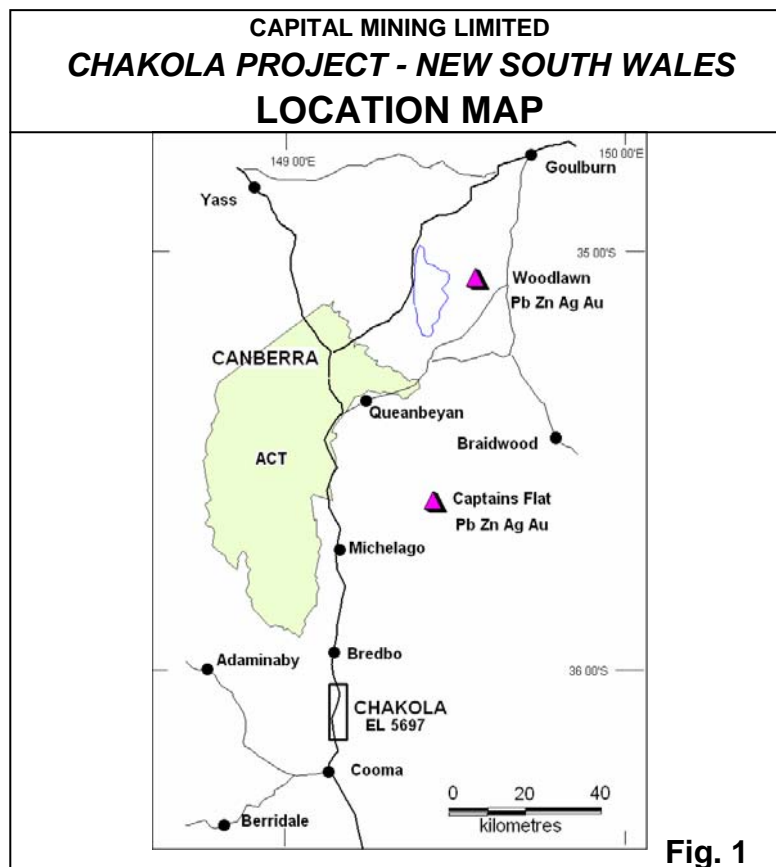
Company Announcements Office  
ASX Limited

## Gold Values to 18g/t Recorded In Chakola Rock Chip Samples - EL 5697, NSW

Relatively high gold, silver and lead values have been recorded from a batch of 174 rock chip samples collected from exposures in the southern part of Exploration Licence 5697 at Chakola, near Cooma in southeast New South Wales (Fig. 1). The sampling covered the Harnett South, Stonehenge and Gamma-Delta prospects on two mineralized horizons to the south and southwest of the Harnett gold-base metals resource respectively (Fig. 2).

The highest gold values in the batch, 18.05 g/t and 12.06 g/t, came from the *Stonehenge North prospect* at a point some 1400m along strike from the Harnett resource (see following maps). The ferruginous, sericite altered and gossanous material analyzed is also anomalous in silver, base metals and a range of gold pathfinder elements such as tellurium, arsenic, antimony and bismuth.

*The mineralisation is similar in many respects to that outlined by drilling at the Harnett prospect and for this reason the results are considered to be very encouraging.*



### *Stonehenge North Prospect*

Best results came from the Stonehenge North Prospect where a high proportion of the 45 samples collected from exposures over 900m of strike were significantly anomalous in gold (see Figures 3 and 4). The highest gold values of 18 g/t and 12 g/t respectively came from samples of shear foliated

## *Stonehenge North Prospect (cont.)*

sericitized volcanic sandstone with limonite after disseminated pyrite and sulphidic bands. 14 of the 45 samples were over 0.10 g/t including 4 which were over 1.0 g/t. Samples with elevated gold were also high in silver (to 6.9 ppm), arsenic (to 779 ppm), bismuth (to 244 ppm), antimony (to 85 ppm), molybdenum (to 140 ppm) and tellurium (to 35.6 ppm). Copper (to 1150 ppm), zinc (to 815 ppm) and lead (to 1610 ppm) were only moderately anomalous by comparison. This is interpreted to indicate that the base metals have been depleted in surface exposures by acid leaching that has been promoted by the breakdown of pyrite in the course of weathering.

The results are considered to be very encouraging since the material sampled comes from a sizeable structure, an 8 to 70m wide alteration envelope that is of considerable strike length. The geochemical signature is similar to that of the mineralisation which comprises the known resource at Harnett. Also, the mode of occurrence or style of the mineralisation is similar in both segments. There is consequently considered to be very good potential for location of mineralized bodies of significant volume at shallow depth in the Stonehenge North area. Drill testing here is to be given high priority.

## *Harnett South Prospect*

The Harnett South prospect is on a segment of the main Harnett-Stonehenge VMS horizon immediately south of the resource outlined at the Harnett prospect. 15 samples were collected from exposures in the area over 300m of strike. Gold values up to a maximum of 1.33 g/t at an average of 0.44 g/t were significant for the type of weathered material assayed. 10 samples had over 0.20 g/t gold and peak values for silver (40 ppm), lead (1.89%), arsenic (1820 ppm), antimony (316 ppm) and mercury (19.9 ppm) for example, point to the area as having significant anomalism and to its being a high priority for follow up. Drill testing of the Harnett South prospect has already been planned as part of the Harnett Stage 3 resource outline drilling programme.

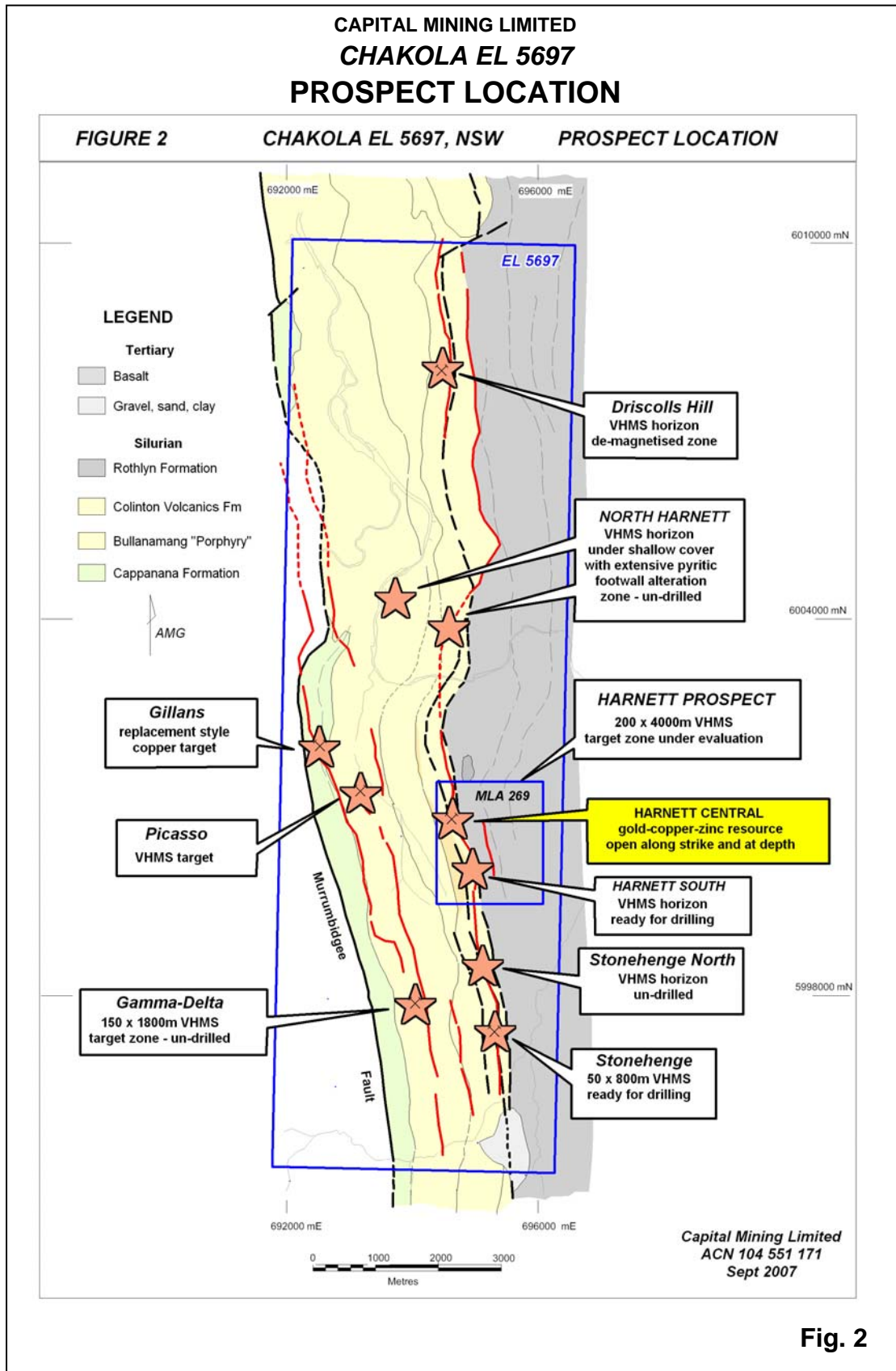
## *Stonehenge Prospect*

Weakly anomalous gold at over 0.1 g/t and up to 0.20 g/t was recorded in only 2 of 40 samples collected over 475m of strike at the Stonehenge prospect. Of the other elements analysed, tellurium (to 7.69 ppm) is one to show up as the most significantly anomalous at the scale under consideration (see Figure 4). In general, moderate to weakly anomalous values for a range of elements including silver (to 4.7 ppm), lead (to 727 ppm), arsenic (to 188 ppm), antimony (to 32 ppm) and mercury (to 2.64 ppm) indicate that the mineralisation is of similar character to that elsewhere along the main horizon. Given that there is little bedrock exposure in the area and that weathering appears to be deeper, results are still considered to be sufficiently encouraging to warrant follow up by drilling.

## *Stonehenge South Prospect*

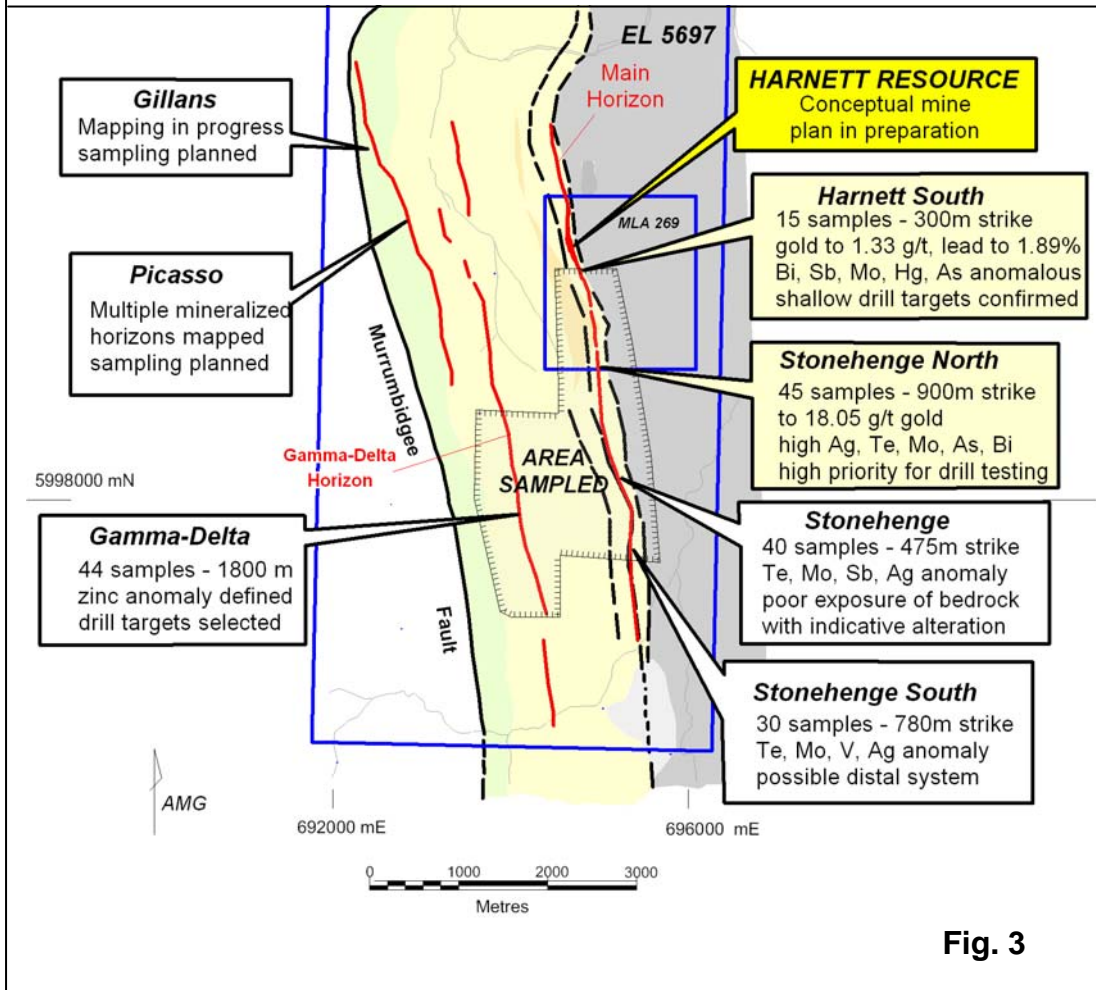
Exposure is also very limited at the Stonehenge South prospect and most of the 30 samples collected from 780m of strike were of hard, iron oxide poor, metachert bands and lenses. 3 samples were weakly anomalous in gold over 0.1 g/t to 0.103 g/t and tellurium was again significantly anomalous with 10 samples having over 1.0 ppm up to a maximum of 5.4 ppm. The tellurium anomaly and the accompanying weak anomalies for mercury, antimony, vanadium, arsenic and molybdenum may be indicative that the mineralisation at Stonehenge South is distal to any feeder zones and that the chert lenses have in part at least some exhalative component. This is favourable in terms of the exploration model being pursued.

## CAPITAL MINING LIMITED CHAKOLA EL 5697 PROSPECT LOCATION



**Fig. 2**

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**CHAKOLA EL 5697**  
**PHASE 1 ROCK CHIP SAMPLING LOCATION MAP**  
**AND**  
**EXPLORATION STATUS SUMMARY**  
**SEPTEMBER 2007**





## *Gamma-Delta Prospect*

The mineralized horizon at the Gamma-Delta prospect is exposed along a high, narrow ridge for much of its length. 44 samples including sericite altered gossanous material and largely barren chlorite altered enveloping rocks were collected from variably weathered exposures along 1800m of strike. Gold values in the range less than 0.001 to 0.07 g/t were not significantly anomalous. However, results for zinc (to 909 ppm), lead (to 3230 ppm), arsenic (to 2300 ppm) and bismuth (to 83 ppm) in combination with relatively low mercury (max. 1.35 ppm), tellurium (max. 1.62 ppm), copper (max. 288 ppm) and gold show that the mineralisation on the Gamma-Delta horizon has a different geochemical signature to that along the main Harnett-Stonehenge horizon as illustrated in Figure 4. Different conditions during formation of the mineralisation on the two horizons are inferred and the Gamma-Delta horizon is considered to represent more of a target for lead and zinc at higher grades than those established to date on the Harnett-Stonehenge horizon. Drill testing has been planned and a series of RC holes will be put down below the weathered zone at several points along the horizon as soon as is practicable.

## *Summary*

The rock chip results have confirmed that there is potential for further discovery of gold and base metals resources at relatively shallow depth along both of the Harnett-Stonehenge and Gamma-Delta horizons. This assertion was made some years ago on the basis of observations made during detailed mapping. The results have enabled priorities for drill testing of specific targets to be set and a drill rig is being sourced to complete the follow up as soon as practicable. Exploration drilling will be concentrated in the Harnett South and Stonehenge North areas in the first instance.

A second phase of rock chip sampling of mineralized horizons at the Gamma-Delta North, Picasso and Gillans prospects is planned. Outcrop mapping is nearing completion in these areas in which prospective features similar to those found elsewhere in the Licence have been identified.

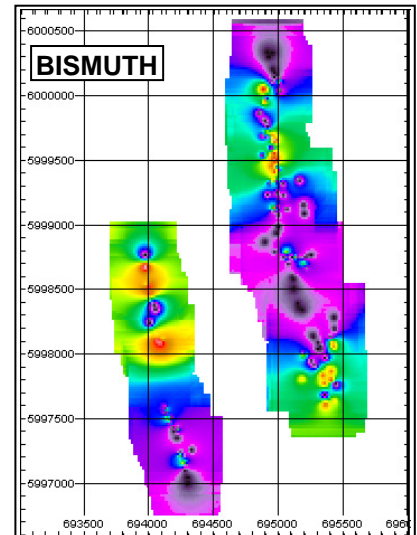
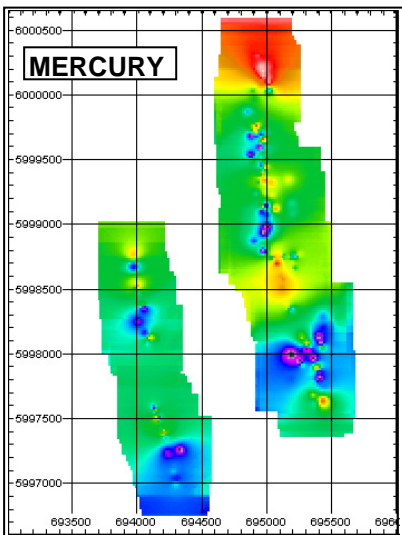
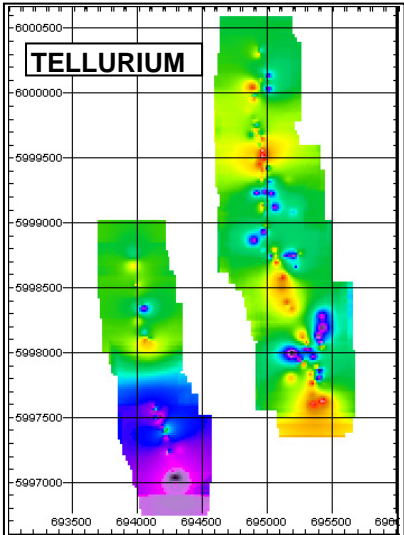
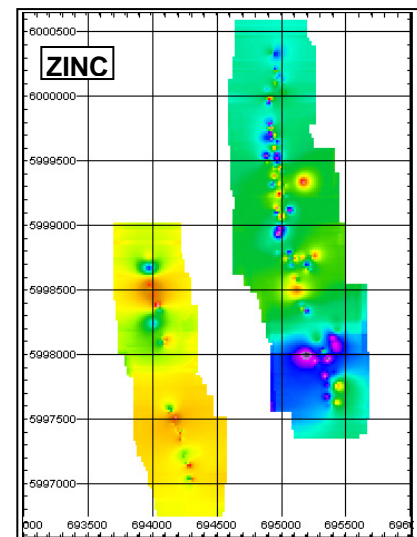
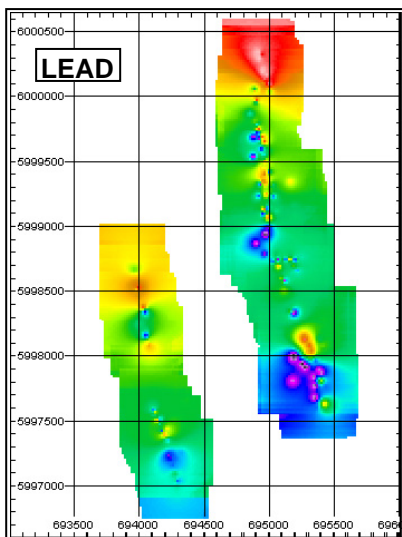
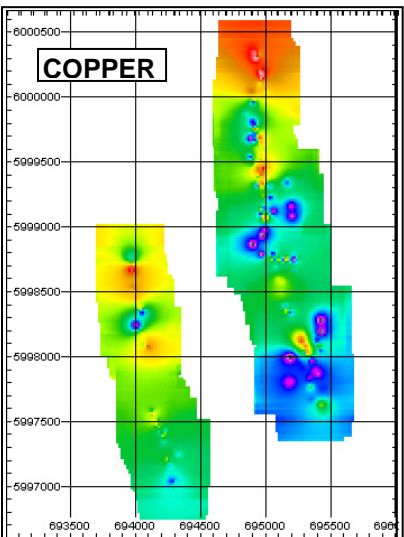
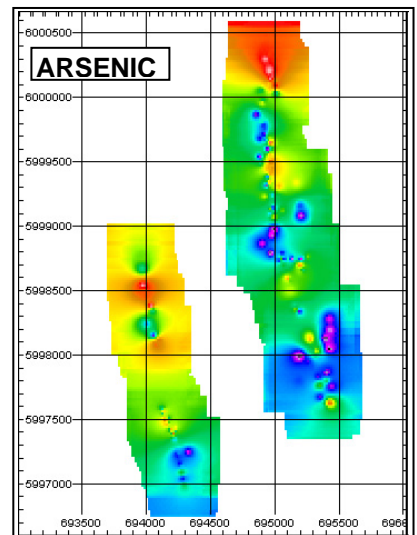
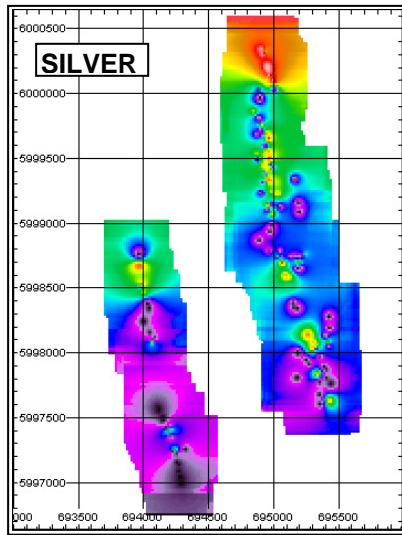
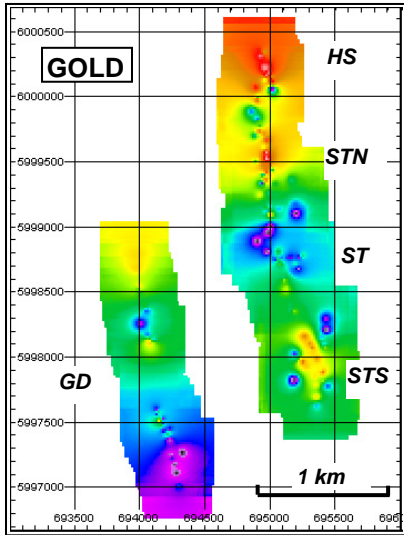
For further information please contact the author or visit the Company's website.

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](mailto:admin@capitalmining.com.au) Web: [www.capitalmining.com.au](http://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.*



CAPITAL MINING LIMITED  
CHAKOLA EL 5697 NSW

Fig. 4

**GOLD & BASE METAL DISTRIBUTION IN ROCK CHIP SAMPLES  
HARNETT SOUTH, STONEHENGE AND GAMMA-DELTA PROSPECTS**

(Values shown as colour images - hot colours represent higher values; cold colours represent low values)  
(HS - Harnett South, STN - Stonehenge North, ST - Stonehenge, STS - Stonehenge South, GD - Gamma-Delta)

Compiled: R.Hine

Scale: As Shown

Date: 24-09-2007