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Company Announcements Office  
ASX Limited

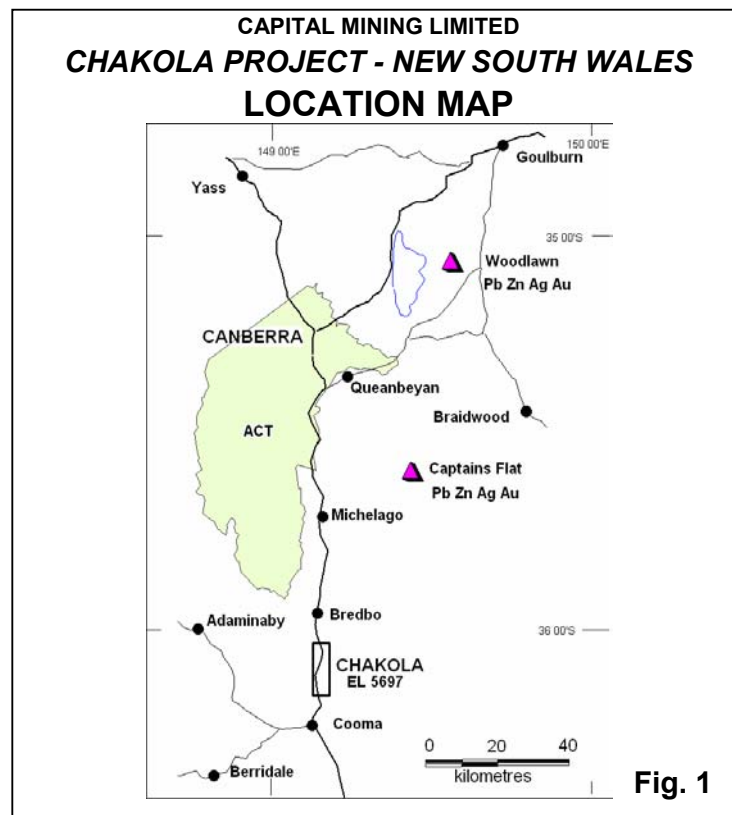
## Positive Results From Bedrock Chip Samples At Chakola EL 5697, NSW

Further encouraging results have been obtained from the latest batch of 61 bedrock chip samples collected from a 10 square kilometre area within Capital Mining Limited's (ASX:CMY) Exploration Licence 5697 at Chakola, near Cooma in southeast New South Wales.

Volcanogenic massive sulphide gold-copper-lead-zinc mineralisation (VMS) similar to that mined from the former world-class mines at Woodlawn and Captains Flat in the same geological province is being targeted.

Gossanous rock chip material collected from a 3.5km long corridor at the **Picasso and Gillans prospects** was found to be anomalous in gold, silver, bismuth, tellurium, molybdenum and base metals. Detailed mapping has shown that the corridor is underlain by prospective volcanic and sedimentary strata of Silurian age that include numerous stratabound lenses of gossan and gossanous material.

*As such, the mineralised horizon in the Picasso-Gillans corridor is considered to have excellent potential to host gold, silver and base metal mineralisation similar to that already located at the Harnett prospect where a resource has been outlined by drilling.*



## *Picasso Prospect*

The most significant results in the batch came from a 500m long by up to 100m wide zone at the **Picasso prospect** where a number of individual lenses of finely banded to semi-massive gossanous material have been located and mapped. Chip samples with trace gold (to 72 ppb), copper, tellurium, arsenic, bismuth, molybdenum and mercury in ferruginous material with up to 39% iron were recorded.

There are indications that there has been significant remobilisation of iron and leaching of sulphide-bearing bedrock in the area. This is interpreted to have led to the depletion of most metals in surface exposures. The gossanous zone is located in a favourable setting close to the contact between a sequence of metasedimentary rocks that include marble and calc-silicate units and an overlying metavolcanic sequence.

*Along with the VMS potential there is potential for gold and copper to be deposited in skarn and sulphide replacement style deposits in carbonate-bearing units of the metasedimentary sequence.*

Previous drill testing at **Picasso** by ESSO in 1982 was inconclusive in that 3 of 4 holes drilled were sited well to the east of the main zone of interest. In the fourth, more centrally located hole, a 3m intersection consisting of 30% pyrite was made at a vertical depth of 46m.

Consequently, considerable scope is seen for further exploration of the prospect and the rock chip results will be followed up initially by ground checking of outcrops and by reprocessing of available aeromagnetic data using an innovative new method.

This work is anticipated to generate drill targets out of any iron concentrations or prospective features outlined by the data review.

## *Gillans Prospect*

Gossanous rock chip material collected from exposures at the **Gillans** and **Gillans North** prospects was also anomalous in gold (up to 176 ppb), silver, copper, lead, zinc and the gold pathfinder elements bismuth, arsenic and tellurium. Samples were again relatively high in iron in the range 12-50%. The bedrock sequence at Gillans consists mainly of metasiltsstones, calc-silicate rocks, limestone and marble, which again form potential hosts for gold and copper skarns.

Minor amounts of stratabound pyrrhotite (up to 20% over 0.60m), which is a magnetic sulphide commonly associated with gold skarn deposits, were recorded from intersections made in 2 widely separated historic drill holes at Gillans (ESSO, 1982).

The historic holes were 300m apart along strike and there is ample remaining potential for location of gold-copper bearing pyrrhotite lenses or plunging pipes of significant size within the prospect.

# CAPITAL MINING LIMITED

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## *Summary*

Relative to results obtained from the first phase of rock chip sampling, which covered the nearby Harnett-Stonehenge and Gamma-Delta mineralised horizons (see Fig. 4 and Capital's ASX announcement of 25 September 2007), the **Picasso-Gillans** horizon shows up as being significantly anomalous in gold, copper, tellurium and bismuth.

Bismuth is a recognised gold and copper skarn pathfinder and the presence of pyrrhotite, another gold skarn associate, is seen as very encouraging.

*These features are very favourable in terms of the exploration models being pursued and Capital is confident that drill targets will be generated from the proposed follow up work.*

For further information please contact the author.

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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.*

## CAPITAL MINING LIMITED CHAKOLA EL 5697 PROSPECT LOCATION

FIGURE 2 CHAKOLA EL 5697, NSW PROSPECT LOCATION

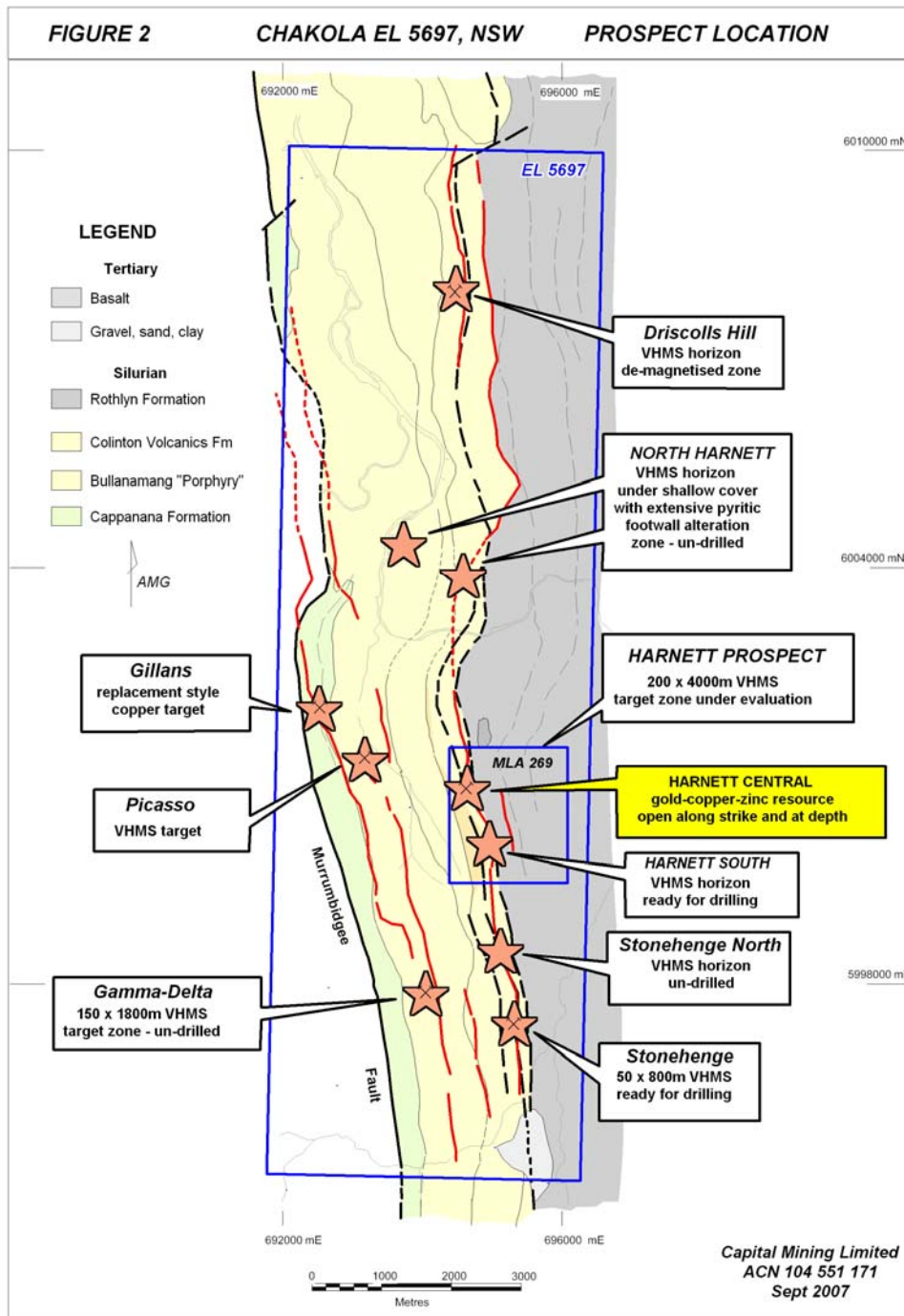
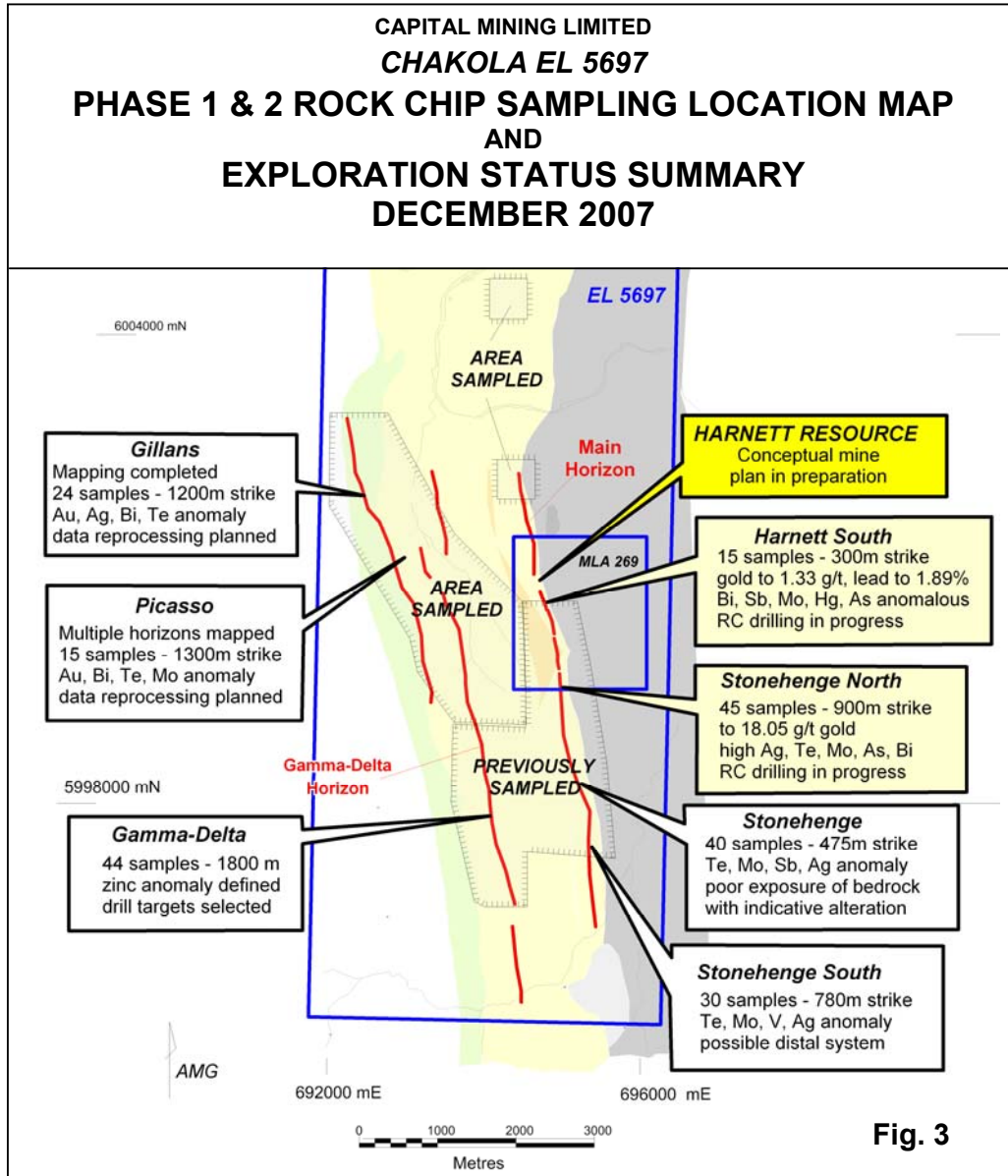
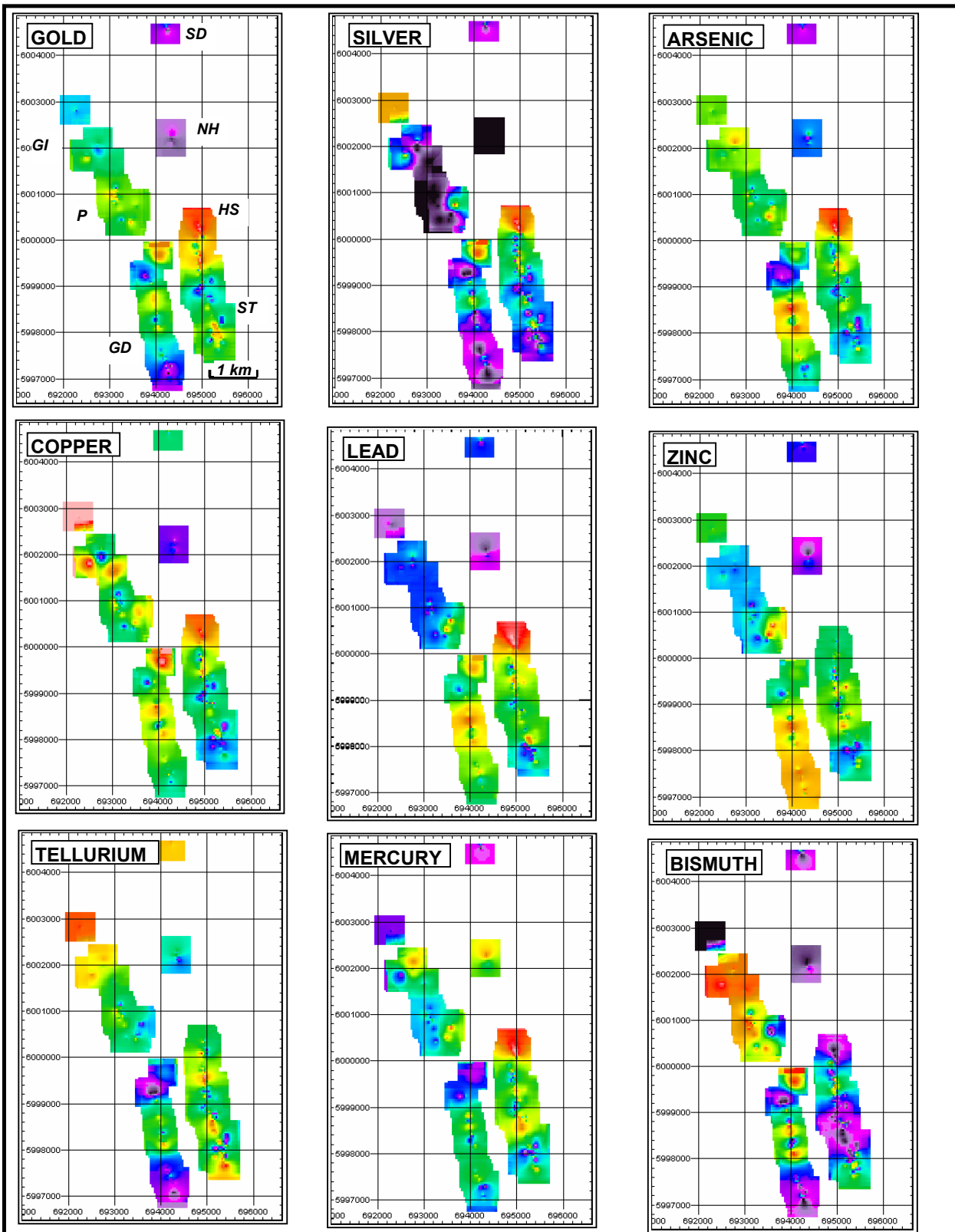


Fig. 2





CAPITAL MINING LIMITED

CHAKOLA EL 5697 NSW

**GOLD & BASE METAL DISTRIBUTION IN ROCK CHIP SAMPLES**

**SOUTH DRISCOLLS TO GAMMA-DELTA PROSPECTS**

(Values shown as colour images - hot colours represent high values; cold colours represent low values)

(HS - Harnett South, NH - Harnett North, ST - Stonehenge, GD - Gamma-Delta, P - Picasso, GI - Gillans, SD - South Driscolls)

Compiled: R.Hine

Scale : As Shown

Date : 20-12-2007

Fig. 4