

# ASX ANNOUNCEMENT

(ASX code: CMY)

15 June 2010

## ENCOURAGING DRILL RESULTS FROM COPPER-GOLD TARGETS AT PORTERS MOUNT, NSW

### *Highlights*

- Gold mineralisation intersected at shallow depth below thin cover
- 400m magnetic anomaly corresponds with prospective magnetite-rich alteration
- Geochemical haloes detected at large step-outs from main prospect centre
- Drilling confirms further potential for “blind” mineralisation within large area

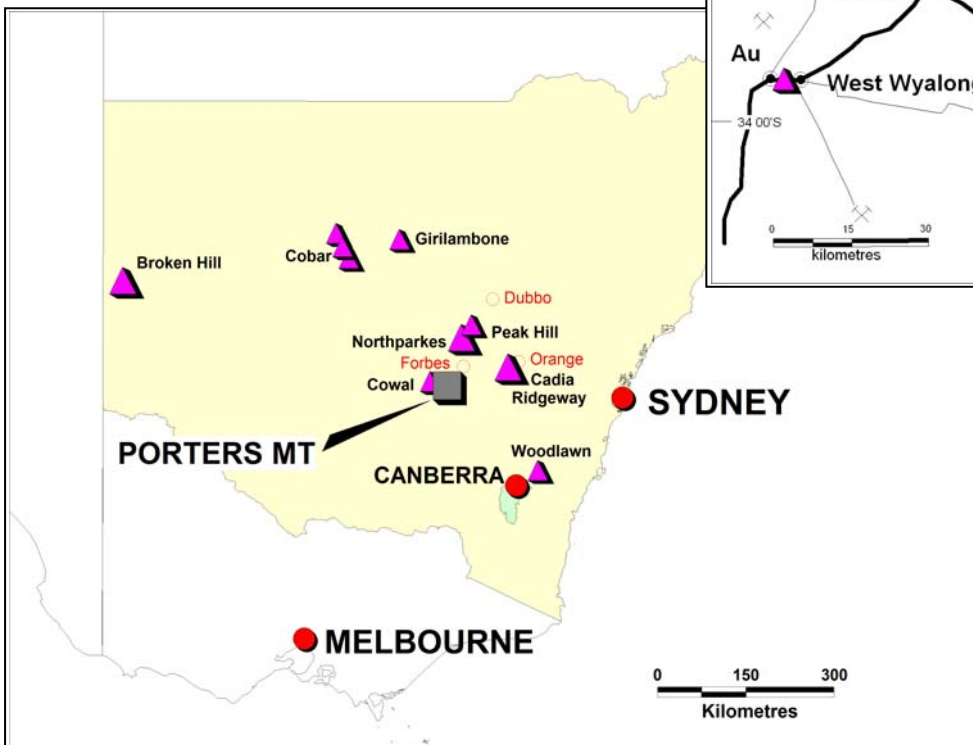
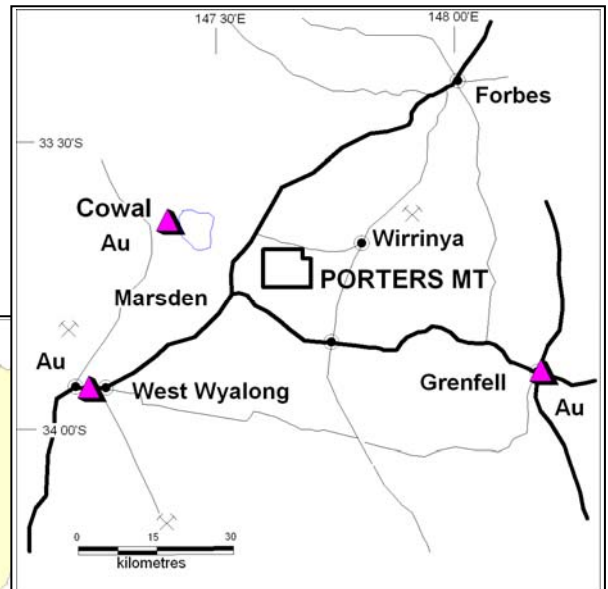
Capital’s Directors are pleased to report that *encouraging gold values and a promising new type of mineralisation, which was previously unknown in the area*, have been recorded from thirteen holes drilled on a diverse range of targets at the Company’s **Porters Mount Copper-Gold prospect within Exploration Licence 6591** in central New South Wales.



Capital has been exploring for epithermal gold and silver deposits, gold-copper skarns and porphyry gold-copper-molybdenum deposits at Porters Mount since 2006. The mineralisation is associated with a large diatreme breccia and intrusive complex and the project area is located close to a world-class gold mine with 139 tonnes of contained gold in the pre-production resource (i.e. Barrack’s Cowal mine).

***Thirteen holes for a total of 871 metres were drilled in the current programme on five targets which included concealed magnetic and gravity anomalies, geochemical anomalies and previously underexplored mineralised structures.***

The results of the programme that include significant gold intercepts are summarized in Tables 1 and 2 and in Figures 1 to 3 below.



### Shallow Oxide Gold Target – South Porters Mount

In the search for a shallow, bulk-mineable, sheeted vein style gold deposit in the Porters Mount south area, two fences of RC percussion holes were drilled across a series of gossanous veins concealed beneath thin cover (holes PMRC001 to PMRC006).

Best results from the 6 holes came from **PMRC002** which intersected two separate ferruginous and sulphidic vein zones respectively going:

- 12.0m @ 0.5 g/t gold from 22-34m including 2m @ 2.5 g/t gold from 22m and
- 8.0m @ 0.5 g/t gold from 60-68m including 4m @ 0.8 g/t gold from 62m.

Other results from holes PMRC004 and PMRC005 respectively included:

- 10.0m @ 0.5 g/t gold from 8-18m including 2m @ 1.5 g/t gold from 12m and
- 6.0m @ 1.0 g/t gold from 36-42m including 2m @ 1.5 g/t gold from 38m.

A 12m intercept of sub-grade gold mineralisation in hole PMRC006 went 0.2 g/t gold from 10m and intercepts with silver to 15 g/t, anomalous tellurium to 18 ppm, antimony to 30 ppm and mercury to 837 ppb were also recorded. **Results from the target are positive and the potential to establish a resource at this location based around an oxide gold deposit to a vertical depth of around 50-55m has been established.** Close spaced follow up drilling aimed at outlining a resource and testing extensions along strike is being designed.

### Breccia Target -- South Porters Mount -- PMD001 890m Core Hole Follow Up

Low level elevated manganese, arsenic, silver, copper and zinc values were recorded in two aircore holes (PMAC007 and -008) that were drilled to test a predicted high-grade gold-silver deposition zone in vein breccia that was previously intersected at depth in hole PMD001 at 750m. The structure targeted was not intersected in either hole, both of which passed through deeply weathered hematitic siltstone with minor iron and manganese oxide veinlets. **Evidence suggests that the breccia body targeted may have feathered out upwards into a network of smaller veins below the level drilled on the section.** The manganese anomaly is interpreted to be due to the weathering of manganese-bearing carbonate veinlets similar to those seen at depth in the breccia halo intersected in PMD001. **The result confirms that essentially “blind” bodies of semi-massive and disseminated sulphide mineralisation are present in the Porters Mount area and that continued systematic search by deep drilling is justified.**

### Discrete 200m Diameter Magnetic Low -- Southern Porters Mount Complex

In the test of a circular magnetic low within the much larger Porters Mount Magnetic Complex (see Figure 2 – aircore hole PMAC009), **very prospective magnetite destructive sericite alteration and mineralization in the form of a network of very fine limonite and hematite-bearing veinlets was encountered in a mafic intrusion below 10-12m of cover.** Elevated gold values (to 0.25 g/t) together with unusually high manganese (to 3.38% within a 20m intercept at 1.7%) and weakly anomalous copper, zinc, silver, arsenic and cobalt values were recorded in the hole, which was drilled entirely in the oxide zone to refusal. Assay results indicate that parts of the veinlet network are preferentially mineralized. **From the style of alteration and the form of the anomaly, the magnetic low is interpreted to coincide with an ellipsoidal shaped zone of phyllic alteration that could be capping a body of disseminated mineralisation at depth. The anomaly has an ideal footprint size for the porphyry style mineralization being sought and results support further investigation of the feature by deep drilling.**

### Prominent 400m Magnetic High -- Central Porters Mount Complex

Further indications of mineralisation were also found in the two aircore holes (PMAC010, -011) which were drilled to test a prominent magnetic high near the centre of the Porters Mount Magnetic Complex (see Figures 1 and 2). **Both holes intersected strongly magnetic, pervasively altered, dark grey to black monzonite or diorite porphyry with an endoskarn-like alteration assemblage.** The assemblage included feldspar, quartz, carbonate, magnetite, biotite, sericite, tourmaline and epidote. Other positives, which included evidence for mineral deposition in open fractures and voids, were the presence of cavity fill quartz crystals in chip from PMAC011 and quartz-goethite-magnetite veinlets in both holes. The depth of cover at around 30m was also found to be much less than predicted in this area of the prospect. **The discovery of relatively high temperature, oxidizing magnetite-biotite alteration in this part of the Porters Mount Complex represents an important development in the exploration of the system and again warrants follow up by systematic deep drilling.**

### Spot Magnetic and Gravity High Northwest of Porters Mount Complex

Both of the aircore holes (PMAC012 and -013), which were drilled to test a spot magnetic and gravity high in the northwest sector of the prospect failed to intersect any bedrock units that could be identified as the source of the anomaly (see Fig. 3). Both were drilled through 50m of cover into deeply weathered, red, hematite-rich siltstone which carried traces of zinc, gold, mercury, copper and manganese. Petrographic study of a sandstone unit at the base of PMAC013 showed that the unit contained volcanic sediment particles that were hydrothermally altered prior to deposition of the unit. **The result is taken to indicate that the sequence intersected in the drilling is post-mineral in age and that the source of the geophysical anomaly is in older basement rocks at greater depth. Deeper drilling of this anomaly and of similar features along strike, which remain to be tested, is planned.**

In general, the results of the current drill programme are taken to be very positive. Signs of mineralisation were located over a large area of the prospect and the Company sees considerable potential in the investigation of the many incompletely tested and as yet untested anomalies within the project area. **History has shown that much persistence is needed to find world-class ore deposits in the Lachlan. The long list of discoveries in this category includes the deposits at Northparkes, Cowl and Cadia-Ridgeway. Capital's search at Porters Mount is continuing, joint venture partners are being sought and the next phase of the ongoing exploration programme at Porters Mount is being planned.** For further information please contact the management team and visit the Company's website.

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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.*

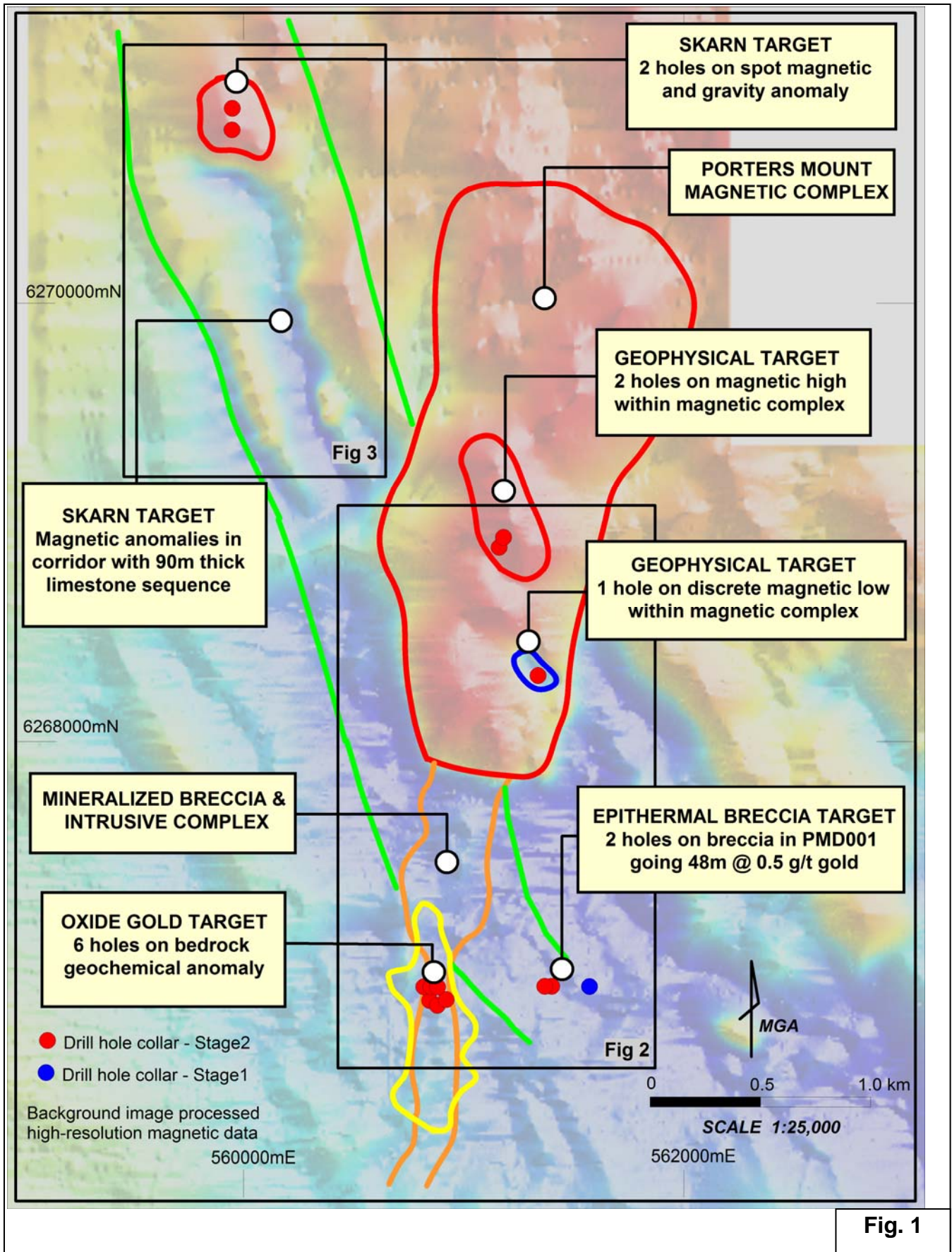


Fig. 1

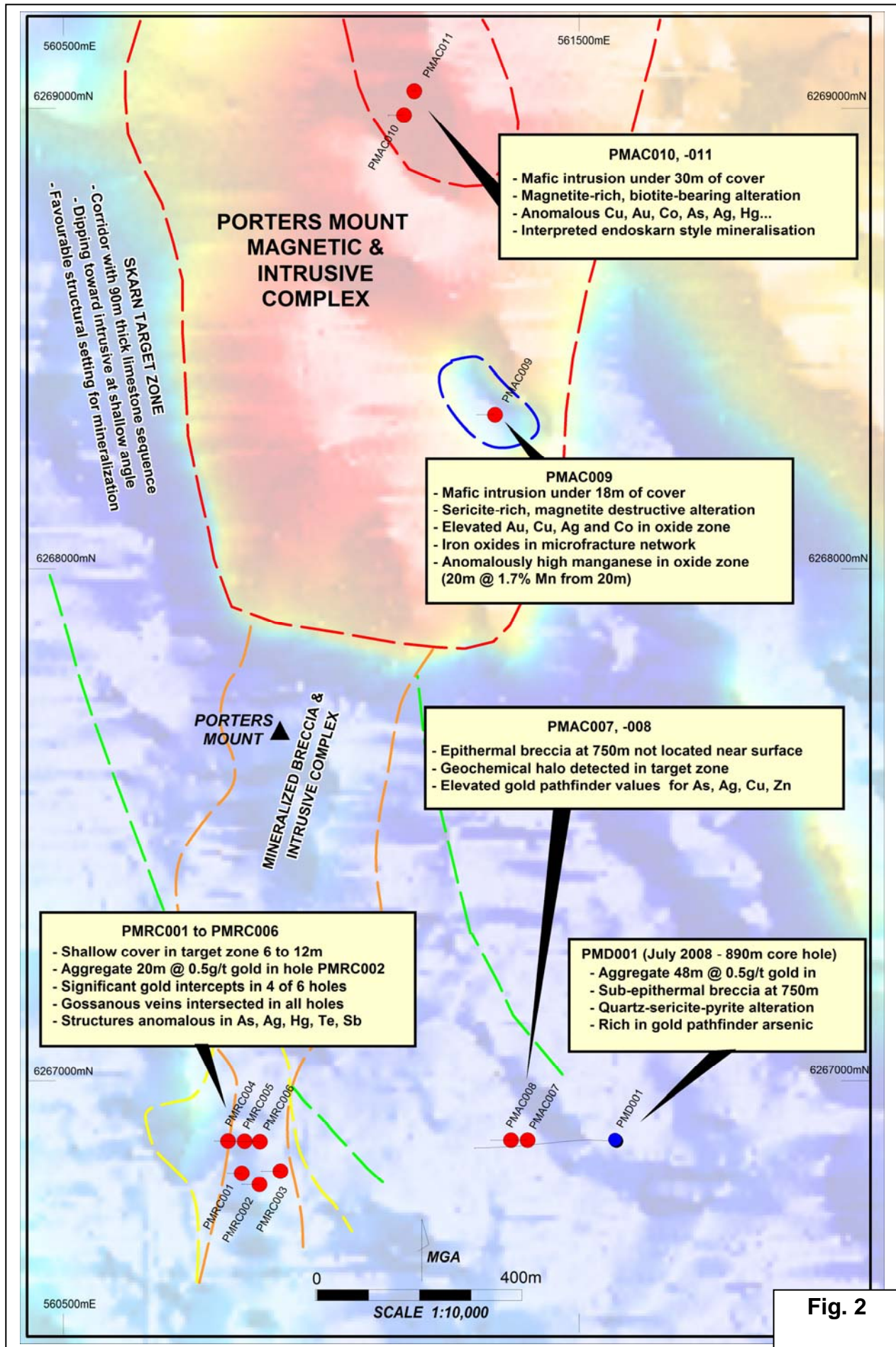


Fig. 2

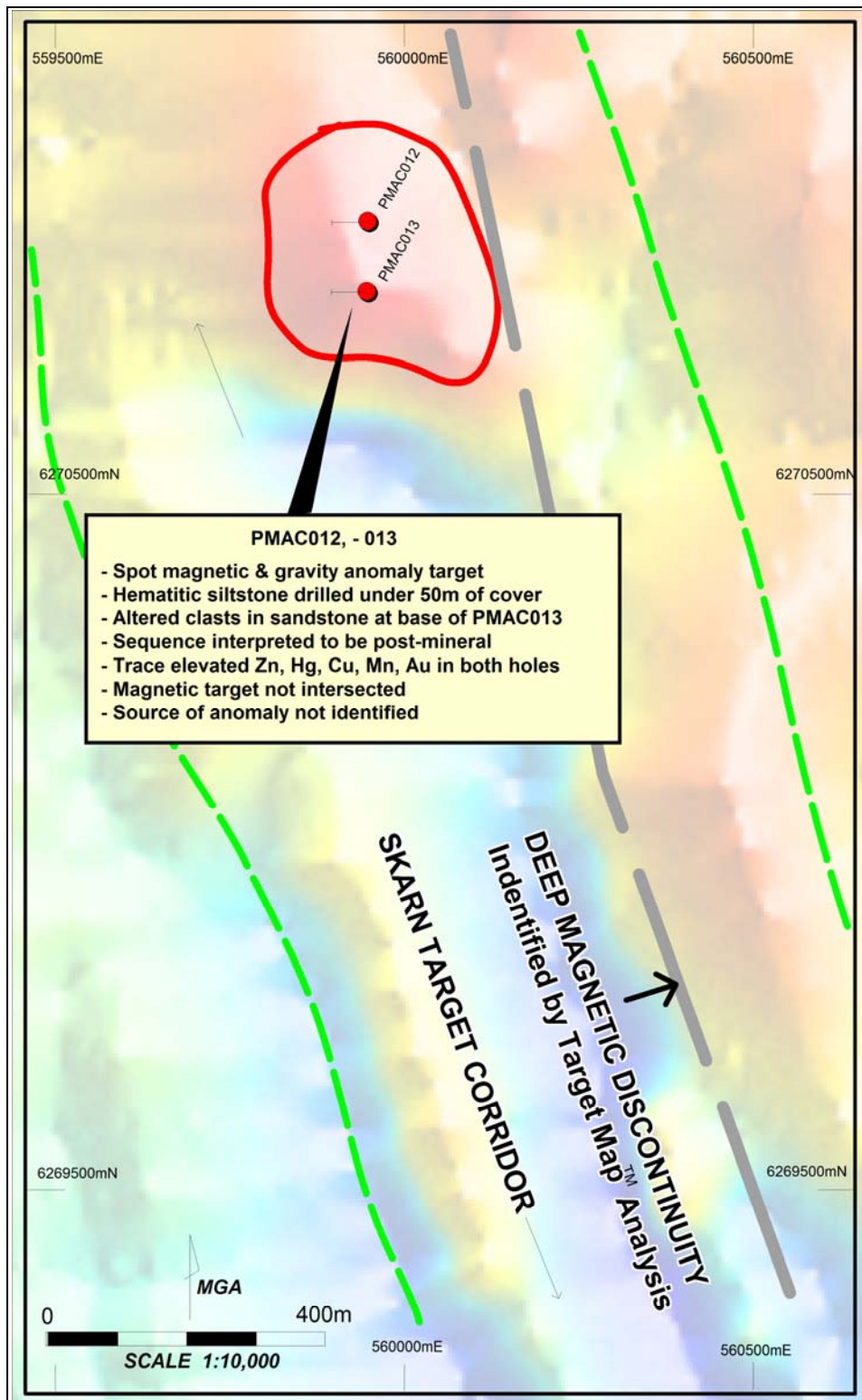


Fig. 3

CAPITAL MINING LIMITED														
PORTERS MOUNT PROJECT EL 6591, NSW														
RESULTS OF SECOND PASS DRILL PROGRAMME -- DRILL HOLES PMRC001 to PMAC013														
Hole_ID	From	To	Intercept	Gold	Silver	Copper	Lead	Zinc	Arsenic	Cobalt	Antimony	Mercury	Tellurium	Comment
	m	m	m	g/t	g/t	ppm	ppm	ppm	ppm	ppm	ppm	ppb	ppm	
PMRC001	8	10	2		9.2									Hole drilled through breccia contact zone into quartzite with anomalous arsenic, silver and gold
	16	18	2	0.13										
	28	30	2	0.11										
PMRC002	22	34	12	0.50										Hole intercepted auriferous, gossanous veins in breccia and quartzite at 22, 42 and 61m
	inc. 22	24	2	2.49										
	and inc. 60	68	8	0.55										
	62	66	4	0.79	4.9		330		7585		18		18	
PMRC003	16	28	12	0.22					1396		17			Hole intercepted strongly ferruginous zones in mineralized breccia at 24 and 34m
	inc. 18	20	2	0.59										
PMRC004	8	18	10	0.47		141		1539	1329		24	11	5	Hole intersected strongly ferruginous and auriferous zones at 8-13m and 16-29m respectively; anomalous in mercury, arsenic and zinc
	inc. 12	14	2	1.47										
	and 52	53	1	0.02								535		
PMRC005	36	42	6	0.97			105		3010		30	33		Hole intersected strongly altered breccia with ferruginous zones between 34-43m and with disseminated pyrite and arsenopyrite at 51-57m with anomalous copper, zinc arsenic and mercury
	inc. 38	40	2	1.48										
	and 50	58	8	0.10	6	104			858					
	inc. 52	54	2	0.02	15	276			401			272		
PMRC006	10	22	12	0.23					495					Hole penetrated strongly altered ferruginous breccia with diorite dykes at 10-23m, 28-33m and 40-43m; terminated in silica-sericite altered auriferous, pyritic breccia from 45-60m (EOH)
	inc. 14	16	2	0.81					333					
	and 44	60	16	0.19				311	407			165	6	
	inc. 46	48	2	0.32					592			14	13	
	inc. 50	52	2	0.19	4				391			837	8	
PMAC007														Hole abandoned in difficult ground with elevated manganese from 34-80m(TD) and weakly anomalous arsenic, copper, zinc, lead and silver increasing at base; section re-drilled in hole PMAC008
PMAC008														Hole passed through hematite bearing siltstone with weakly anomalous arsenic, silver and copper associated with 1-2m wide ferruginous zones
PMAC009	22	38	16	0.07				208	96	191		21		Hole intersected sericite-quartz altered intrusive cut by network of iron oxide veinlets with anomalous gold, zinc, copper and silver over 20m interval from 22m; also averaged 1.74% manganese over 20m from 20-40m.
	inc. 26	28	2	0.25				167	129	145		18		
PMAC010	40	42	2	0.01		95			487	109	11	34		Hole intersected a mafic intrusive with a magnetite rich alteration assemblage at the base of the hole; anomalous copper to 284 ppm and gold to 12 ppb with elevated cobalt, mercury, zinc, arsenic and silver.
	and 52	56	4	-0.01		224		86	473	54	51	60		
PMAC011	36	38	2	0.01		122		68				126		Hole intersected altered monzodiorite with abundant secondary magnetite, quartz and carbonate veinlets and anomalous copper and gold at base of hole with high iron and elevated mercury, vanadium and phosphorus.
PMAC012	98	100	2	0.02				50						Hole drilled entirely in cover sediments with minor elevated zinc, trace gold and mercury below 82m
PMAC013	94	100	6					138						Hole drilled in cover sediments to sandstone unit at base with altered clasts and elevated in zinc, mercury, copper, manganese; slightly anomalous in gold

TABLE 2

**CAPITAL MINING LIMITED**  
**PORTERS MOUNT PROJECT EL 6591, NSW**  
**DRILL HOLE COLLAR DETAILS -- SECOND PASS PROGRAMME**

Hole #	Prospect	Easting	Northing	RL	Depth	Dip	Azimuth	Commenced	Completed	Size
		<i>amg</i>	<i>amg</i>	<i>m</i>	<i>m</i>		<i>mag.</i>			
PMRC001	PortersS	560733	6266637	210	55	-60	258	29-Mar-10	29-Mar-10	95mm
PMRC002	PortersS	560768	6266615	210	69	-60	259	30-Mar-10	30-Mar-10	95mm
PMRC003	PortersS	560808	6266641	210	74	-60	259	31-Mar-10	31-Mar-10	95mm
PMRC004	PortersS	560707	6266699	211	53	-60	259	31-Mar-10	31-Mar-10	95mm
PMRC005	PortersS	560739	6266699	210	62	-60	259	01-Apr-10	01-Apr-10	95mm
PMRC006	PortersS	560768	6266698	210	60	-60	258	02-Apr-10	02-Apr-10	95mm
PMAC007	PortersSE	561287	6266701	211	44	-60	259	02-Apr-10	02-Apr-10	76mm
PMAC008	PortersSE	561255	6266701	211	80	-60	259	03-Apr-10	03-Apr-10	76mm
PMAC009	PortersN	561225	6268117	210	72	-60	259	03-Apr-10	04-Apr-10	76mm
PMAC010	PortersN	561048	6268703	210	61	-60	258	04-Apr-10	05-Apr-10	76mm
PMAC011	PortersN	561068	6268749	210	38	-90	000	05-Apr-10	05-Apr-10	76mm
PMAC012	Elenora	559837	6270706	207	103	-60	259	05-Apr-10	06-Apr-10	76mm
PMAC013	Elenora	559835	6270607	208	100	-60	259	07-Apr-10	07-Apr-10	76mm