

ASX ANNOUNCEMENT

(ASX code: CMY)

14 July 2010

DRILLING RESULTS CONFIRM GOLD POTENTIAL COWARRA PROJECT, NSW

Highlights

- Diamond drill assays peak at 42 grammes/tonne gold
- Shallow target of high potential confirmed at Ambassador-Vanderbilt Lode
- Best intersection 8.1 metres @ 4.5 g/t gold from 30m (Ambassador Lode)
- Gold distribution established by detailed sampling
- Potential in extensions to historic, un-mined stope blocks confirmed
- Potential of targets elsewhere in licence enhanced (e.g. Firestone Ridge prospect).

Capital's directors are pleased to announce that very positive results have been received from its recently completed 5 hole diamond drilling programme at its 100% owned Cowarra Gold Project area near Bredbo in southeast New South Wales (EL 5939).

The drilling was targeted on high-grade gold-sulphide veins and shoots in shear zones adjacent to known mineralised blocks in the former BHP and Horizon Pacific Cowarra Gold Mine above the Four Level.

The drilling was aimed at adding to the initial JORC Inferred oxide gold resource of **500,000 tonnes at 2.3 g/t gold, containing 37,000 ounces of gold** at Cowarra announced to the market on 20th August 2009.

A total of 801.6 metres were completed in the five holes which were drilled east to west to intersect the steep east dipping mineralised lodes (see Tables 1 and 2). In all, 594 half-core samples were sent for analysis and the gold grade distribution in visually identified mineralised intervals was established in detail. Each hole was surveyed for drift on completion and accurate survey pick up of the collars was completed at the end of the programme.

The highest assay value recorded in the programme of 42.0 g/t gold came from a 0.54m intercept in hole 10CWD_A1 which was drilled to test the Ambassador Lode beneath a line of old surface workings.

Outstanding intersections were made in several holes at comparatively shallow depth. These included:

AMBASSADOR LODE

- ***8.1m @ 4.5 g/t gold including 1.7m @ 17.1 g/t gold from 30.1m in hole 10CWD_A1***

VICTORIA LODE

- ***10.5m @ 2.57 g/t gold including 2.3m @ 9.71 g/t gold from 157.8m in hole 10CWD_V1***
- ***4.5m @ 1.17 g/t gold from 112.7m also in hole 10CWD_V1***
- ***1.3m @ 5.1 g/t gold including 0.3m @ 10.5 g/t gold from 107.1m in hole 10CWD_V3A***
- ***2.1m @ 14.3 g/t gold including 0.4m @ 28.7 g/t gold from 26.0m in hole 10CWD_P3***

PRINCESS LODE

- ***0.8m @ 6.7 g/t gold from 132.3m also in hole 10CWD_P3***

Hole 10CWD_V1 (178.7m TD) provided a successful test of the Victoria Lode system south of the old open cut and seven separate intersections were made over a down hole depth range of 12.0 to 168.3m. The best of these was **2.3m @ 9.7 g/t gold from 158.3m** in the main target zone which was within a broader envelope going 2.6 g/t gold over 10.5m.

Hole 10CWD_V3A (187.6m TD) was drilled to test the hanging wall of the Victoria Lode in an area where no surface expression of the mineralisation was evident. Four intersections at up to 1.3m @ 5.1 g/t gold and 1.0m @ 5.0 g/t gold were made in the hole over a down hole depth range of 80.9 to 157.0m.

Shallow mineralisation, representing a possible extension of the Victoria Lode, going **2.1m @ 14.3 g/t gold from 26.0m** was encountered near the top of **Hole 10CWD_P3** (151.3m TD), which was drilled to test the Princess Lode at depth. A deeper intercept of 0.8m @ 6.7 g/t gold at 132.3m was made in the principal target zone.

Hole 10CWD_P4 (163.5m TD), which was also targeted on the Princess Lode, was abandoned before reaching its target zone when the rods began binding and further advancement of the hole was not possible. A series of narrow, widely spaced lodes on the southern extension of the Victoria Lode system at up to 1.0m @ 1.4 g/t gold were encountered in the top 80m of the hole.

Hole 10CWD_A1 (120.6m TD) provided a successful test of mineralisation blocked out along the Ambassador Lode system during historic mining operations between 1948 and 1988. The conceptual exploration target here was a block of 10,000 tonnes at 15 g/t gold based on material delineated by BHP underground sampling in 1948. The principal intersection in the hole was made in mineralised, semi-massive sulphide material going **8.0m @ 4.5 g/t gold from 30.1m**. Two distinct sulphidic lodes were logged in the hole which also passed through a 3m cavity at 19.5m that is considered to be either an old open stope or a previously undocumented working.

Analysis of the results is continuing and the findings are being tied into the extensive historic exploration and mining database with the aim of designing a follow up drilling programme. Assay cross sections are being prepared and the new data are being integrated with the results of historic drilling and underground sampling records to identify targets and block out potentially open pit and narrow vein underground mineable resources.

The results of the drilling at the Ambassador Lode, where the gold-sulphide mineralisation is of significant width and grade, indicate that the 250m long strike segment between the Ambassador and Vanderbilt workings represents a target zone that is of high-priority for follow up. Similarly, there is significant exploration potential in the southern, 150-200m extension of the Ambassador Lode that has also been underexplored.

As a whole, the results also strengthen the case for follow up drilling at the **Firestone Ridge Prospect** (new name), where gold mineralisation of a similar style to that at the Cowarra mine has been outlined by recent mapping, rock chip sampling and by historic grid soil sampling. The Firestone Ridge exploration target is located 1.4 kilometres south of the Polar Star workings and extends over 750m of strike. Whilst there has been insufficient exploration of the prospect to date to define a resource, assessment of the available geological and geochemical data suggests that a conceptual exploration target in the order of 0.5-1.0 million tonnes at a grade of 3-5 g/t gold in the area is not unrealistic.

Analysis of the drilling results is continuing with a view to adding to the established resource at the Cowarra mine and the directors look forward to releasing results as soon as practicable. For further information please contact the management team or visit the company's website.

Dr Rick Hine
Capital Mining Limited (ASX code CMY)
P.O. Box 3770, Weston Creek, ACT. 2611 Australia
Web: www.capitalmining.com.au
Phone: 02 6281 7951

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.

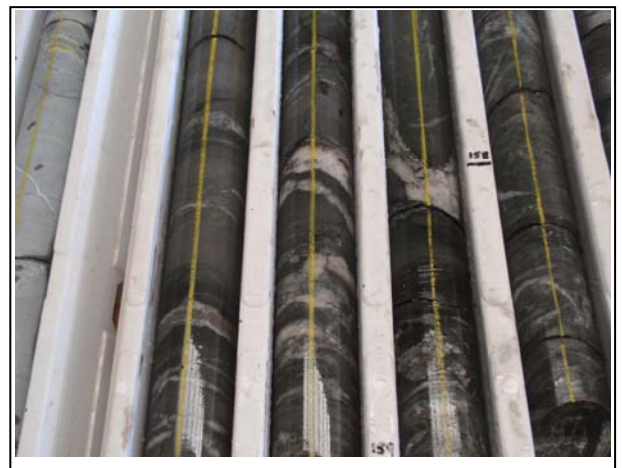
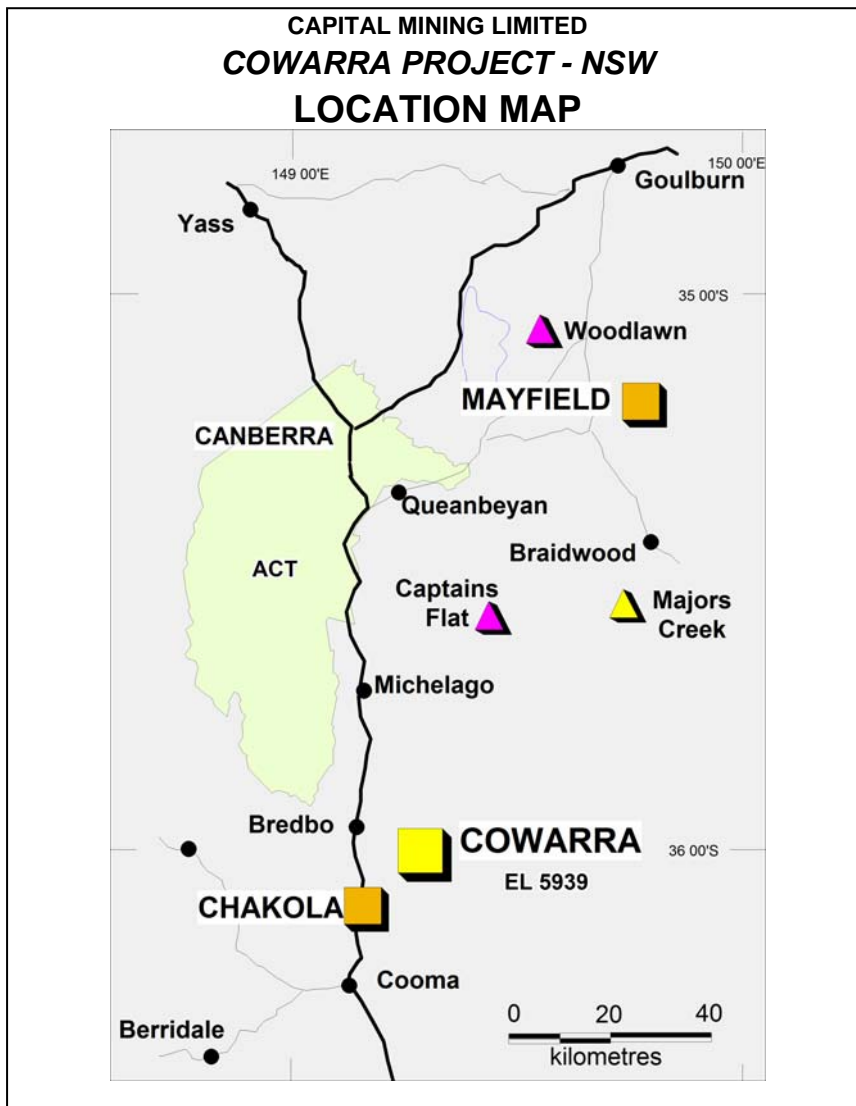
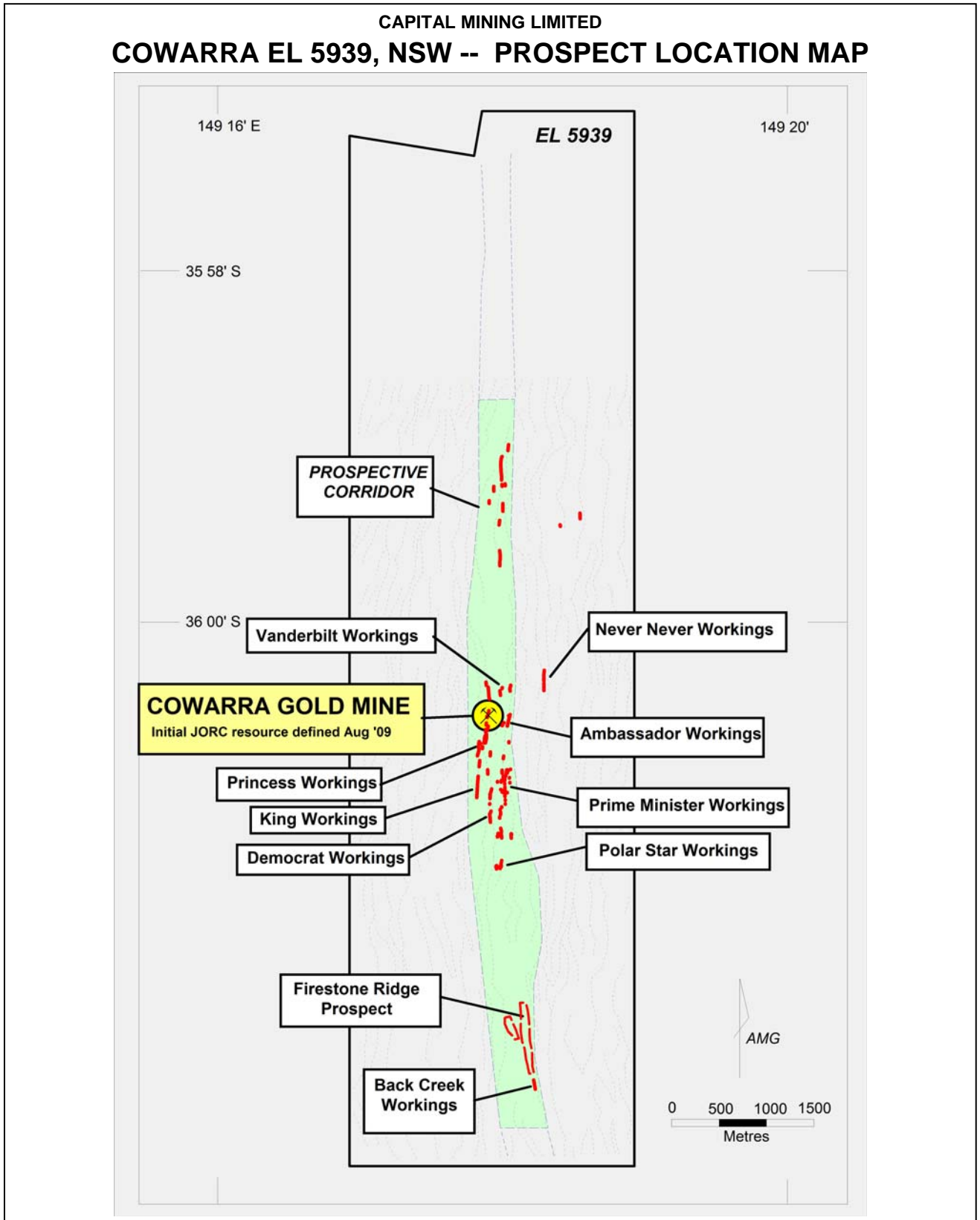


TABLE 1						
CAPITAL MINING LIMITED						
COWARRA PROJECT EL 5939, NSW						
COMPLETE RESULTS OF FIRST PASS DIAMOND DRILLING PROGRAMME						
Drill Hole	Intersection	From	To	Length	Gold	Comment
	No.	m	m	metres	g/t	
10CWD_V1*	1	12.00	12.22	0.22	3.30	Oxide mineralisation
	2	58.52	59.56	1.04	2.43	Sulphide mineralisation
	3	67.68	68.75	1.07	1.97
	4	90.77	93.30	2.53	1.55
	<i>Including</i>	90.77	91.00	0.23	4.25
	5	112.72	117.17	4.45	1.17
	6	121.40	122.83	1.43	2.87
	<i>Including</i>	121.40	122.00	0.60	4.93	
	7	157.80	168.33	10.53	2.57	Main target zone - Victoria Lode
	<i>Including</i>	158.33	160.66	2.33	9.71	Includes 19.1 g/t gold over 0.33m from 158.33m
*Results previously reported						
10CWD_V3A	1	80.87	81.78	0.91	2.84	Sulphide mineralisation
	2	97.36	98.13	0.77	1.63
	3	107.12	108.45	1.33	5.15	Main target zone - Victoria Lode
	<i>Including</i>	107.12	107.46	0.34	10.55	Semi-massive sulphide
	4	151.04	152.00	0.96	5.05	Sulphide mineralisation
10CWD_P4*	1	49.00	49.29	0.29	2.40	
	2	59.01	60.00	0.99	1.43	Intercept made within a 4.8m envelope @ 0.65 g/t gold
	3	79.20	79.91	0.71	1.11	
*Hole did not reach main target zone due to rods binding						
10CWD_P3	1	26.00	28.10	2.10	14.31	Semi-massive sulphide; possible Victoria Lode extension
	<i>Including</i>	27.72	28.10	0.38	28.70	
	2	132.30	133.06	0.76	6.66	Princes Lode target
10CWD_A1	1	30.10	38.17	8.07	4.48	1.0 g/t cut off; main Ambassador lode target
	<i>Including</i>	34.91	36.58	1.67	17.07	5.0 g/t cut off
	2	99.00	99.80	0.80	1.32	

TABLE 2 **CAPITAL MINING LIMITED**
COWARRA PROJECT EL 5939, NSW
FIRST PASS DRILLING PROGRAMME -- DRILL HOLE COLLAR DETAILS

Hole ID	Prospect	Easting	Northing	RL	Depth	Dip	Azimuth	Completed	Size
		<i>amg</i>	<i>amg</i>	<i>m</i>	<i>m</i>		<i>mag.</i>		
10CWD_V1	Victoria Lode	707188	6012413	966	178.7	-60	256	10-Apr-10	NQ
10CWD_V3A	Victoria Lode	707270	6012432	953	187.6	-55	256	06-May-10	NQ
10CWD_P3	Princess Lode	707126	6012307	952	151.3	-60	256	21-May-10	NQ
10CWD_P4	Princess Lode	707161	6012338	958	163.5	-55	256	15-May-10	NQ
10CWD_A1	Ambassador Lode	707383	6012546	904	120.6	-60	256	27-May-10	NQ



CAPITAL MINING LIMITED
COWARRA EL 5939, NSW
DRILL HOLE LOCATION MAP

