

ASX ANNOUNCEMENT

(ASX code: CMY)

04 April 2011

PORTERS MOUNT PROJECT, NSW

AGREEMENT WITH FLINDERS EXPLORATION LIMITED

HIGHLIGHTS

- **Flinders Exploration Limited (FEX) to purchase Capital's 100% interest in its prospective Porters Mount gold and base metals exploration project area in Central New South Wales**
- **Settlement by way of \$200,000 cash and 2 million fully paid ordinary twenty cent shares in FEX on successful ASX listing**
- **Capital to receive royalties on any future production of refined precious metals and base metals**
- **Exploration to be pursued by highly experienced FEX team with focus on drill definition of world-class gold deposits using new conceptual model**

The directors of Capital Mining Limited (ASX code: CMY) are pleased to advise that they have reached an agreement to sell the company's 100% interest in its **Porters Mount Gold Exploration Project** area, that is Exploration Licence 6591 in Central New South Wales, to emerging Adelaide based explorer **Flinders Exploration Limited** (A.C.N. 110 336 733).

The sale has been negotiated on mutually beneficial terms that on settlement will see Capital receive \$200,000 in cash and be issued 2,000,000 FEX ordinary twenty cent shares.

In addition, should ongoing exploration result in the discovery of a mineable deposit within the tenement, Capital will be paid royalties on any future refined precious metals and minerals production capped at \$22.5 million and \$20.0 million respectively.

FEX has a highly experienced exploration team that has assessed the current and historic exploration results provided by CMY and has developed new conceptual targets for world-class gold deposits at Porters Mount as a result.

FEX is seeking to raise \$5M through an initial public offering of 25 million shares at 20 cents per share with allowances for oversubscriptions of a further \$2 million to fund its ongoing exploration programs.

The Porters Mount sale is conditional on FEX having received notification from ASX Limited (A.C.N. 008 624 691) that its shares have been admitted to quotation on the ASX pursuant to a prospectus lodged by FEX with the Australian Securities and Investments Commission.

Capital has been exploring at Porters Mount since mid 2006 and has delineated a number of promising sub-epithermal style, intrusion related and breccia hosted gold targets. Considering the potential to locate more mineralisation within the tenement and to outline resources, the directors consider the terms to be very favourable for both parties.

For further information about **Flinders Exploration Limited** and its prospects readers are invited to visit www.fexploration.com.au or for more information and progress reports on the Porters Mount prospect and the results of current work programs please visit Capital's website www.capitalmining.com.au or contact the Capital management team.

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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.