

ASX ANNOUNCEMENT

(ASX code: CMY)

01 June 2011

SUPPLEMENT TO OPTIONHOLDERS NOTICE

Dear Optionholder,

Capital Mining has established what it considers to be a valuable portfolio of mineral resources in southeast Australia. Since 2003, the Company has delineated JORC compliant resources containing **gold, silver, copper, zirconium, thorium, lithium and Rare Earths** in five project areas. Implementation of work programs is being stepped up in line with the current upsurge in activity and investment interest in the minerals sector that has been fuelled by predictions of unprecedented demand and record commodity prices.

IN RECENT TIMES, CAPITAL HAS SEEN:

- ◆ **Successful completion of the T1 and T2 share placements to China Metallurgical Investment Ltd (CMI) - now the Company's largest shareholder;**
- ◆ **The first A\$0.69 million, out of an anticipated A\$3.2 million, be made available to fund advancement of Capital's existing projects;**
- ◆ **A source of new opportunities brought into the Company through the mutually beneficial association with CMI; and**
- ◆ **The first of our new Chinese Directors, the dynamic Mr Meng Tian, bring a range of new technical and commercial skills to the Board.**

IN ADDITION, IN THE COMING MONTHS CAPITAL MINING WILL BE:

- ◆ **Placing priority on re-starting the process and gathering the information required to supplement the Development Application for a gold, silver and base metals mine at Chakola;**
- ◆ **Assessing the results of its recently completed drilling program on uranium, gold, copper and REE targets in South Australia;**
- ◆ **Drilling highly prospective targets aimed at adding to the gold resource at Cowarra;**
- ◆ **Drilling to upgrade the significant gold, silver and base metals resource at Mayfield; and**
- ◆ **Looking at new opportunities in Australia and overseas with the continued support of our new partner CMI.**

For interested readers, details have been posted on the Company's website.

Yours faithfully

Dr Rick Hine
Chairman