

07 August 2008

Company Announcements Office

ASX Limited

Positive First Pass Drilling Results Confirm Gold-Silver Potential at Porters Mount

Encouraging gold and silver values have been recorded in drill core samples from hole PMD001 at the Porters Mount prospect. ***Unexpected and potentially very promising epithermal style mineralisation was intersected in the hole, the company's first at Porters Mount, which was designed to gather information on the system over a considerable depth range. Values up to 2.37g/t gold, 35.6 g/t silver, 7.08% arsenic and 1535 g/t cobalt were recorded.***

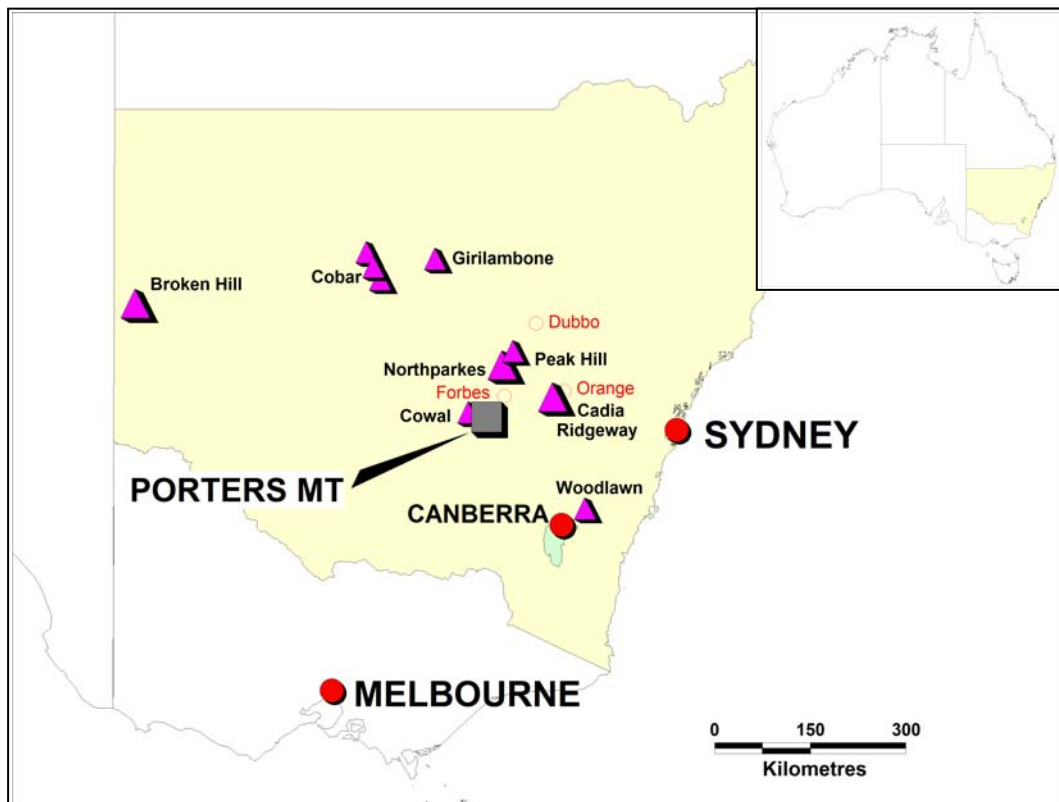
The drill hole is within Capital Mining Limited's (ASX code: CMY) 100% owned Exploration Licence 6591 near Grenfell in central New South Wales, which is being explored for large porphyry copper-gold-molybdenum style mineral deposits in the very productive East Lachlan Orogen province.

The province is host to the world-class Cadia-Ridgeway and Northparkes copper-gold porphyry deposits and the EL is in close proximity to Barrack's Cowal gold mine (resource 51 Mt @ 1.7 g/t containing 139 tonnes of gold) and Newcrest's Marsden porphyry copper prospect (resource 190 Mt @ 0.35% copper).

Highly encouraging signs of mineralisation were seen in the PMD001 core and significant intercepts included a pyrite-rich vein breccia with colloform banded and chalcedonic quartz, and intervals with disseminated and stockwork style pyrite-dominant mineralisation.

Significant assay results, which taken along with the historic data, indicate that the system is strongly metalliferous, included intercepts of:

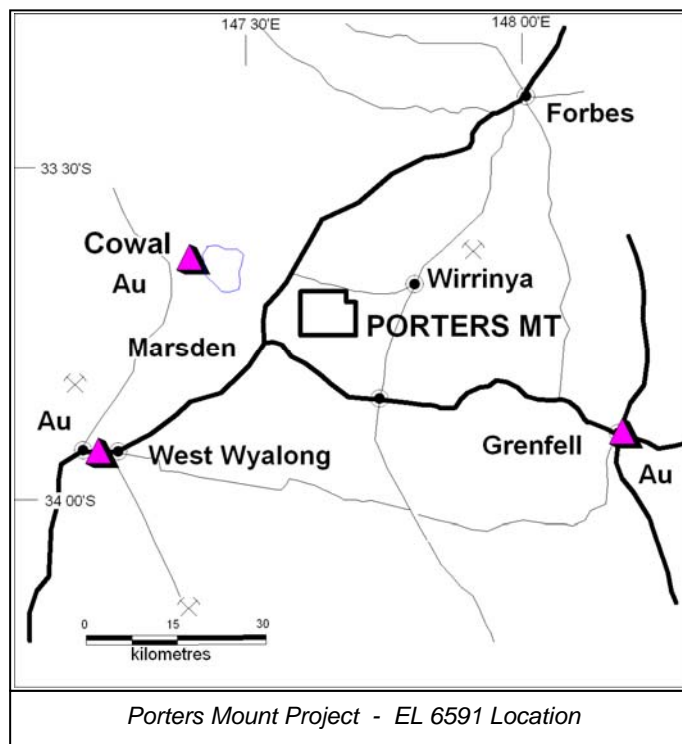
- 4.4m @ 24.5 g/t silver;
- 28.0m @ 0.5 g/t gold including 16m @ 0.8 g/t gold; and
- 20.5m @ 0.5 g/t gold including 2.4m @ 2.37 g/t gold with 3.32% arsenic



PMD001 Drill Details

PMD001 was drilled east to west at an inclination of 75 degrees to a depth of 891.5m and was located on the eastern flank of the prospect some 800m southeast of the mineralised breccias exposed at Porters Mount and 900m northeast of the mineralised breccia intersected in historic drill hole TARD065.

The drilling was designed to investigate the source of coincident Induced Polarisation (IP) and magnetic low geophysical anomalies, which in this environment, are generally taken to be indicative of the presence of disseminated pyrite mineralisation and magnetite destructive alteration respectively. The hole was deepened beyond its initial target depth of 800m to get a better look at the mineralisation encountered below 700m. Drilling was stopped however, on the way to 1000m at 891.5m when the hole could no longer be safely advanced in broken and soft ground.



PMD001 Geology

From surface, the hole passed through 30m of clay-rich transported cover and 80m of deeply weathered sediments and porphyritic andesite before passing into a previously undocumented sequence of carbonaceous and calcareous siltstones and fine sandstones. No significant deformation was observed and moderate northeast dips were recorded mostly throughout. Numerous discordant and concordant intrusions of porphyritic diorite and andesite were present and all lithologies were cut by a network of carbonate and quartz-carbonate veinlets at densities of up to 12 per metre. Metamorphism was weak and quartzite, which is prominently exposed at Porters Mount, where it is tourmalinised and strongly silicified near the contact with a quartz monzonite intrusion, was not encountered until deeper in the hole (i.e. 670m). Alteration was in the form of silicification and minor thermal metamorphism of the sediments at intrusive contacts and development of a pervasive sericite-albite-quartz-carbonate assemblage in the intrusions particularly near the base of the hole.

PMD001 Mineralisation

Pyrite as disseminations, aggregates in veins and fracture coatings was logged in significant quantities generally around 1-3% and up to 6-7% per metre from around 200m to the base of the hole. Sulphur assays peaked at 13% and in general sufficient pyrite was recorded to satisfactorily explain the IP anomaly. Other sulphides logged included sphalerite, galena, arsenopyrite and chalcopyrite.

The strongest mineralisation, which was clearly of epithermal character, was generally confined to quartz-carbonate-sulphide veins and vein breccias that were intersected from below 530m and which were best developed over the intervals 740 to 768m and 779 to 800m (see pictures and tables below). The vein breccias contained ragged pyrite aggregates, sedimentary wallrock fragments, and in places, angular, pink micromonzonite fragments that were enveloped in cavity fill and colloform banded quartz and carbonate. The latter was interspersed locally with fine dark sulphide bands and patches of chalcedonic quartz.

PMD001 Geochemistry

Seven significant intercepts with gold and pathfinder elements at highly anomalous levels were made in the hole and results calculated at 0.1g/t and 0.5g/t cut offs are summarised in Table 1 below. The mineralised intervals were notably high in arsenic and values in the range plus 1000 to 70,800 ppm were recorded over long intervals from 730m to the base of the hole.

High silver to gold ratios and high lead and zinc to copper ratios that are typical of distal veins in zoned porphyry systems were also recorded. Copper and molybdenum values to 550ppm and 14ppm respectively, also reflected the low temperature nature of the alteration assemblages.

PMD001 Findings

The information obtained from PMD001 has significant implications for the ongoing exploration of the system at Porters Mount. First is the discovery of significant epithermal style mineralisation with an associated IP anomaly which opens up the search for gold and silver, potentially at bonanza grades, in boiling zone depositional sites. Gold mineralisation was recorded in shallow historic holes to the west of PMD001, which makes the extensive intervening block from the surface to 750m depth highly prospective for similar vein swarms.

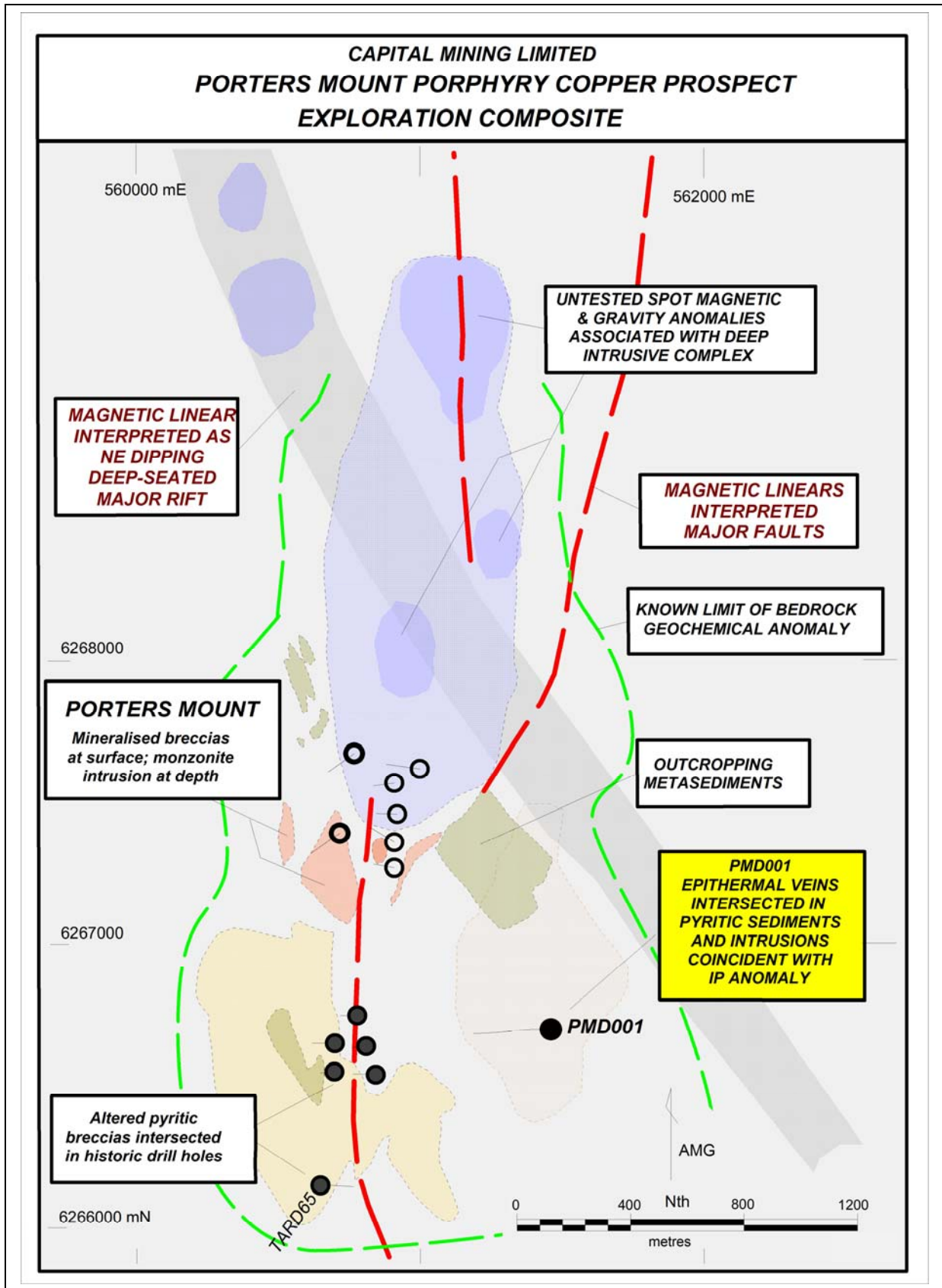
Second is the discovery of calcareous sedimentary rocks in the host sequence that constitute potentially very good hosts for copper-gold skarn or metasomatic replacement deposits. The most favourable structural sites for such deposits at Porters Mount would be to the north of the intrusive complex where the sequence is up dip from any potential hydrothermal fluid source. Analysis of the airborne magnetic data shows that several discreet, circular magnetic high anomalies that have not been drilled are present at this location.

Summary

Whereas the gold intercepts recorded in PMD001 were sub-grade for the depth at which they were made, nevertheless results confirmed that the system is very expansive and that there is good potential for the discovery of a nearby high grade vein swarm.

The epithermal vein style mineralisation intersected was unexpected at the depth it was encountered and the find significantly increases the depth range over which any underlying porphyry-related gold-copper mineralisation may be present in the system.

There is considerable scope for follow up drilling of both shallow and deep targets to the west, northwest and southwest of PMD001. Studies are in progress to establish the alteration mineralogy of core samples and the drilling results are being applied to refine the conceptual model to predict the location of ore mineral concentrations within the system.



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TABLE 1										
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PORTERS MOUNT PROJECT EL 6591, NSW										
RESULTS OF FIRST PASS DRILLING -- DRILL HOLE PMD001										
From	To	Intercept	Gold	Silver	Copper	Lead	Zinc	Arsenic	Cobalt	Antimony
<i>m</i>	<i>m</i>	<i>m</i>	<i>g/t</i>	<i>g/t</i>	<i>ppm</i>	<i>ppm</i>	<i>ppm</i>	<i>ppm</i>	<i>ppm</i>	<i>ppm</i>
530.90	535.30	4.40	0.23	24.5	266	4071	2845	6679	31	39
702.00	707.00	5.00	0.30	1.1	197	55	39	24445	474	80
<i>including</i>										
703.00	704.00	1.00	0.63	2.4	550	89	64	70800	1535	248
716.00	724.00	8.00	0.39	2.2	59	37	50	9174	10	42
<i>including</i>										
719.00	720.00	1.00	0.72	1.7	54	88	67	23100	11	101
740.00	768.00	28.00	0.47	1.2	57	84	1176	5507	17	40
<i>including</i>										
748.00	764.00	16.00	0.76	1.6	69	127	1178	8255	17	51
773.03	775.22	2.19	0.70	1.5	78	87	996	11050	18	77
779.50	800.00	20.50	0.49	1.8	54	45	66	8461	13	58
<i>including</i>										
779.50	786.00	6.50	1.16	4.1	100	99	174	17344	11	135
<i>and inc.</i>										
779.50	781.90	2.40	2.37	9.8	216	204	402	33200	14	291
812.00	818.00	6.00	0.41	0.1	17	8	7	5573	20	21



Drill core showing sharp transition between metasedimentary host rock and colloform banded quartz-sulphide vein breccia; PMD001 – 743.85 – 748.38m Porters Mount Prospect – July 2008 ©



Drill core as above after sampling showing colloform banding in close up; PMD001; Porters Mount Prospect – July 2008 ©



Drill core sample showing angular fragments of pink micromonzonite and pyrite aggregates entrained in vein breccia; PMD001 – 755m; Porters Mount Prospect – July 2008 ©

TABLE 2

**CAPITAL MINING LIMITED
PORTERS MOUNT PROJECT EL 6591, NSW
DRILL HOLE COLLAR DETAILS -- PMD001**

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>			
PMD001	Porters SE	561462	6266700	10210	890.5	-75	259	03-Jun-08	02-Jul-08	HQD_NQD

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.