



29 April 2009

ASX ANNOUNCEMENT

GOLD FOCUS STRENGTHENED WITH STRATEGIC JOINT VENTURE CAPITAL MINING LIMITED and MONARO MINERALS NL

In a further move to strengthen Capital's portfolio of gold prospects in the increasingly attractive SE region of New South Wales, the directors of Capital Mining Limited ("Capital") are pleased to announce that the company has entered into an Heads of Agreement with **Monaro Mining NL** ("Monaro" ACN 073 155 781) to step up evaluation of the highly prospective **MAYFIELD PROJECT** area near Braidwood in southeast New South Wales.

Capital's directors believe that there is outstanding, hitherto unrecognised potential at Mayfield based on their local knowledge and on an assessment of the very encouraging results of previous exploration in the area of interest.

MAIN FOCUS OF NEW JOINT VENTURE

The main focus of the joint venture, which is located within Capital's area of geographical and technical expertise, will be:

- *to delineate a gold resource at the Mayfield Prospect; and*
- *to explore the surrounding terrain for additional gold-base metals resources based on a fresh interpretation of the geology and geophysics.*

Capital anticipates being able to fast track the definition of a shallow, open cut mineable gold resource in the Mayfield Project area, similar to the gold-base metals resource that it has under Development Application at Chakola.

The proposed work programme will benefit considerably from access to the extensive historic exploration database that is available. This includes a wealth of information obtained at considerable cost by previous explorers from geological, geochemical and airborne geophysical surveys, numerous drilling campaigns and metallurgical testing.

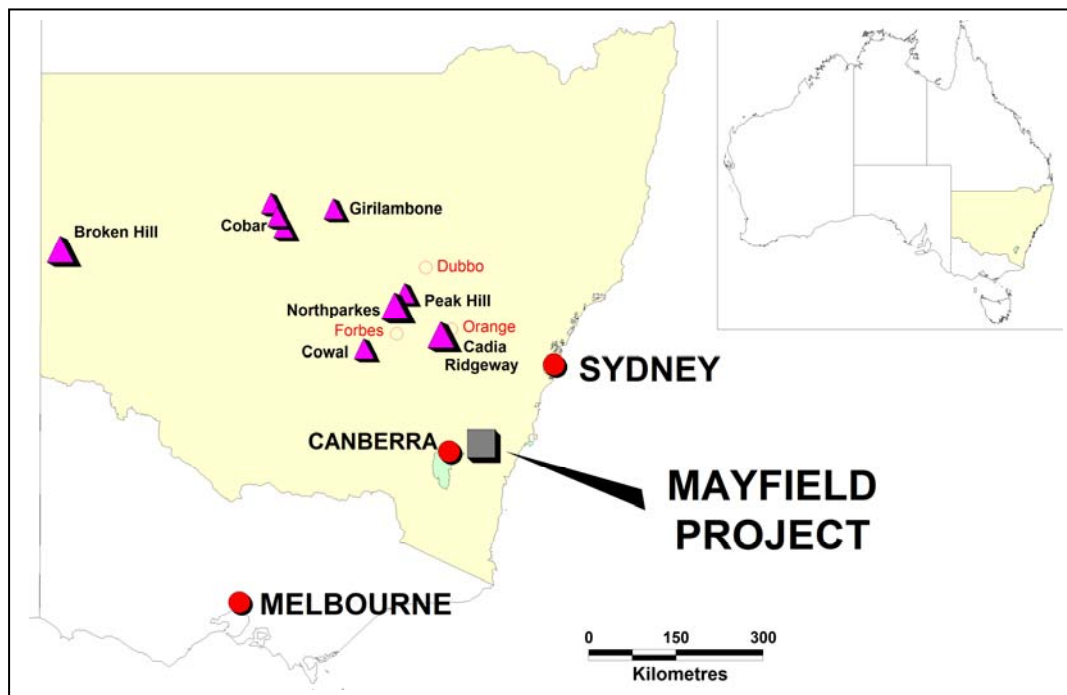
EXPLORATION POTENTIAL

The key asset within the joint venture area is a coherent body of gold-copper dominant skarn mineralisation at the Mayfield prospect that was previously delineated by drilling in the mid-nineties.

Significant historic drill intercepts at the *Mayfield Prospect* which attests to the excellent gold and copper discovery potential in the surrounding area, as documented in the literature by previous explorers, have included:

- 42m @ 2.54 g/t gold and 0.67% copper from surface in hole MR-4
- 75m @ 0.51 g/t gold and 0.5% copper from 8m in hole MARC-5
- 50m @ 0.52 g/t gold and 0.25% copper from surface in hole MA-18; and
- 66m @ 0.40% copper from 119m in hole MA-22 (inc. 8m @ 1.25% copper from 163m)

In addition, there are several other highly promising gold prospects within the area such as the Limekilns prospect where intercepts in surface enriched material up to 3m @ 41.8 g/t gold from surface have been recorded and where follow up has been inconclusive.



THE AGREEMENT

Under the terms of the Heads of Agreement Capital will be the manager and has:

- the exclusive right to earn a 51% equity interest in EL 6358 for expenditure of \$100,000 to December 2010;
- the right to earn a 75% equity interest for expenditure of a further \$100,000 should Monaro elect not to contribute and to dilute its interest.

The directors consider the terms to be very favourable for both Capital and Monaro given the potential to upgrade known mineral deposits to JORC compliant resources and the potential for discovery of extensions to known mineralisation.

GEOLOGICAL SETTING

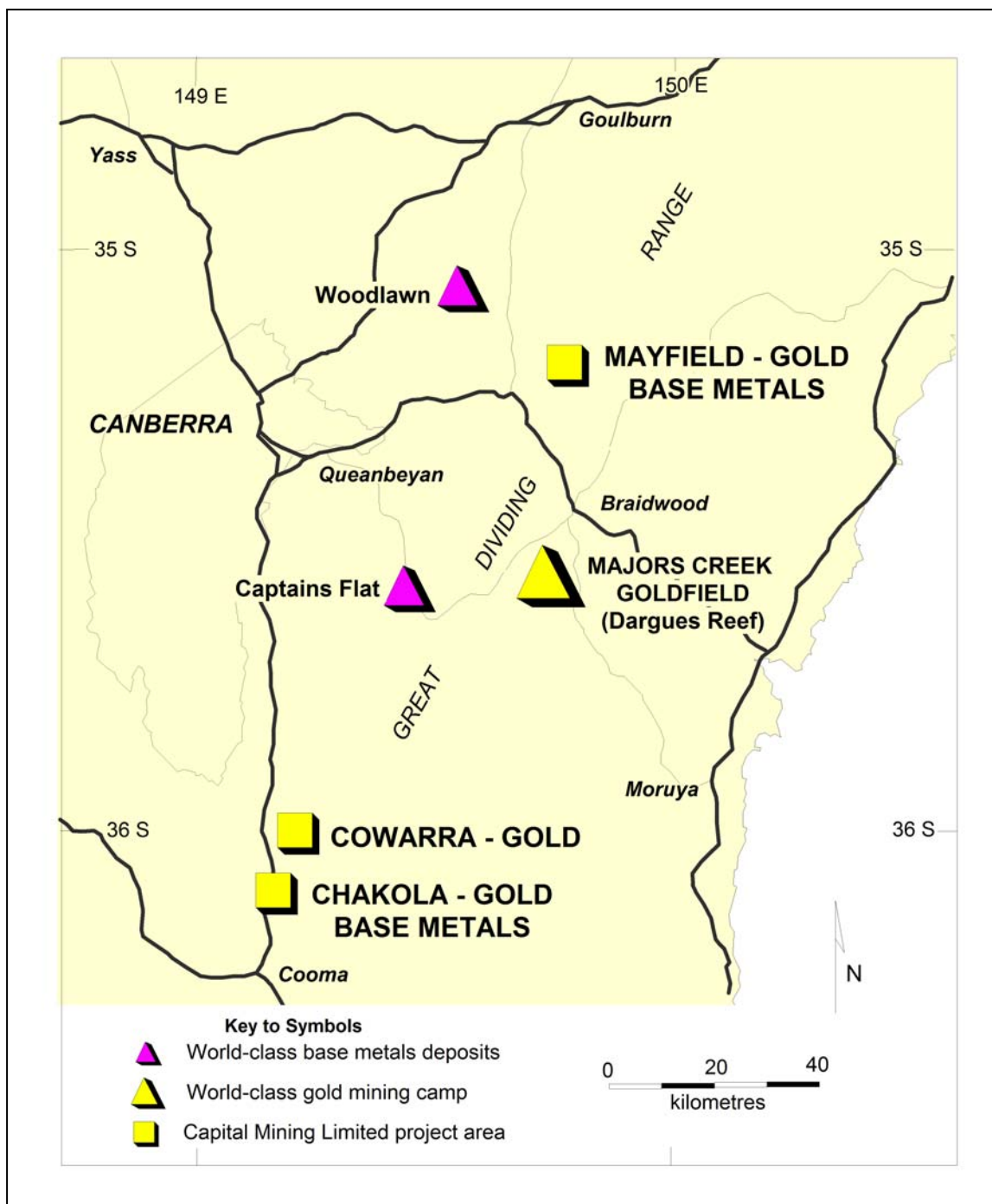
The geological setting at Mayfield is ideal for the location of significant mineralising systems since the project area is strategically located within the highly prospective eastern Lachlan Fold Belt in close proximity to the world-class Majors Creek Goldfield¹ and the former world-class Woodlawn base metals mine².

¹ Majors Creek was the site of the largest alluvial goldfield in New South Wales with an historic production of 1.25 million ounces of gold and is currently the site of Cortona Resources Ltd's Dargues Reef high-grade gold resource of 1.44Mt at 6.2g/t gold containing 286,000oz gold.

² Historic production of 10 million tonnes of ore at 16% lead plus zinc, 1.6% copper and 84 g/t silver to 1998.

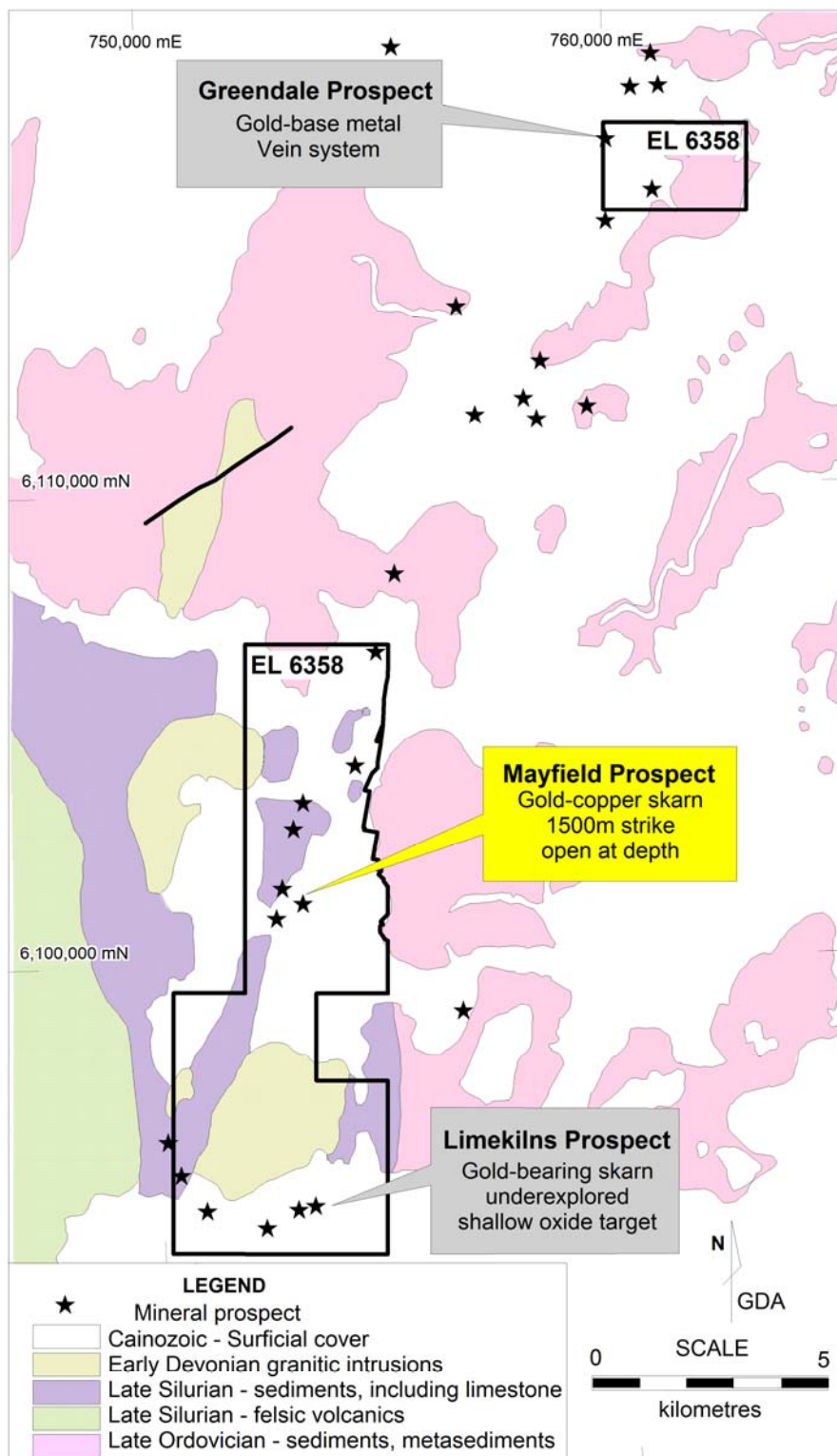
CAPITAL MINING LIMITED

ABN 69 104 551 171



In the Mayfield area, there are numerous historic workings on gold, copper, lead and zinc occurrences, as well as prospects with mineralised outcrops, indicative alteration and coincident geochemical and geophysical anomalies.

CAPITAL MINING LIMITED – MONARO MINING NL JOINT VENTURE MAYFIELD PROJECT PROSPECT LOCATION MAP



Skarn-hosted gold deposits are the most attractive targets at Mayfield owing to their high historic productivity in the Lachlan Fold Belt³ and to their readily recognisable geochemical and geophysical signatures.

The Mayfield gold-base metal skarn deposits are hosted by metasomatised limestone units of a Silurian sedimentary and volcanic sequence in the region that has been intruded by, in part, mineralising granites of Early Devonian age. The main zone of interest at the Mayfield prospect is a 300m long strike segment with shallow resource potential that lies within an underexplored 1500m long prospective corridor of mineralisation. The project area has been covered by a high-resolution airborne geophysical survey and by stream sediment, soil and rock chip sampling programmes in the past. Selected areas have been RAB drilled and tested variously by aircore, RC and diamond drilling, thus obviating the need to repeat such work in the future.

PROPOSED WORK PROGRAMME

The Mayfield project area is located in a rapidly emerging gold province in the Southeast region that has significant new production potential. The area of interest includes a number of outstanding gold prospects, foremost of which, the Mayfield prospect itself, has proven potential to be converted into a significant resource in the near future.

Capital has drawn up a work programme that is designed to add value to what is predicted to become another quality acquisition for the company.

Evaluation of the historic exploration database has commenced and will form the basis for scoping studies and conceptual mine planning. Target generation studies will commence as soon as the requisite data have been acquired and specialist reprocessing has been completed.

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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.

³ *Historic production* from former mines at Browns Creek 26.3t gold, Junctions Reef s 8.3t gold, Lucky Draw 6.5t gold, Big Cadia 5000t copper.