

ASX Code: CMY

Issued Shares: 68.2M

Market Capitalisation: \$3.68M

Cash Balance: \$1.03M

QUARTERLY ACTIVITIES REPORT MARCH 2010



HIGHLIGHTS

PORTERS MOUNT GOLD-COPPER PROJECT

870m of drilling completed in 13 holes across 5 targets

Indicative mineralisation and alteration logged in drill chip samples

Samples being assayed and results awaited

COWARRA GOLD PROJECT

High grade gold to 18g/t reported in rock chips from underexplored strike segment

Sulphide mineralisation logged in first 2 core holes drilled to test high-grade lodes

MUNDAERNO URANIUM PROSPECT

Preparatory fieldwork for initial drill testing programme completed

MILPARINKA PLATINUM-NICKEL-GOLD PROJECT

Preparatory fieldwork for initial drill testing programme commenced

MAYFIELD GOLD – COPPER PROJECT

Drilling programme approval received

NARRABURRA ZIRCONIUM – RARE METALS - RARE EARTHS PROJECT

Positive metallurgical test results received

Zirconium and heavy Rare Earth recoveries to 65% indicated

CHAKOLA-HARNETT GOLD - BASE METALS PROJECT

Independent review of EIS and DA completed

Sterilization drilling planned

CRAIGIE ALLUVIAL GOLD PROJECT

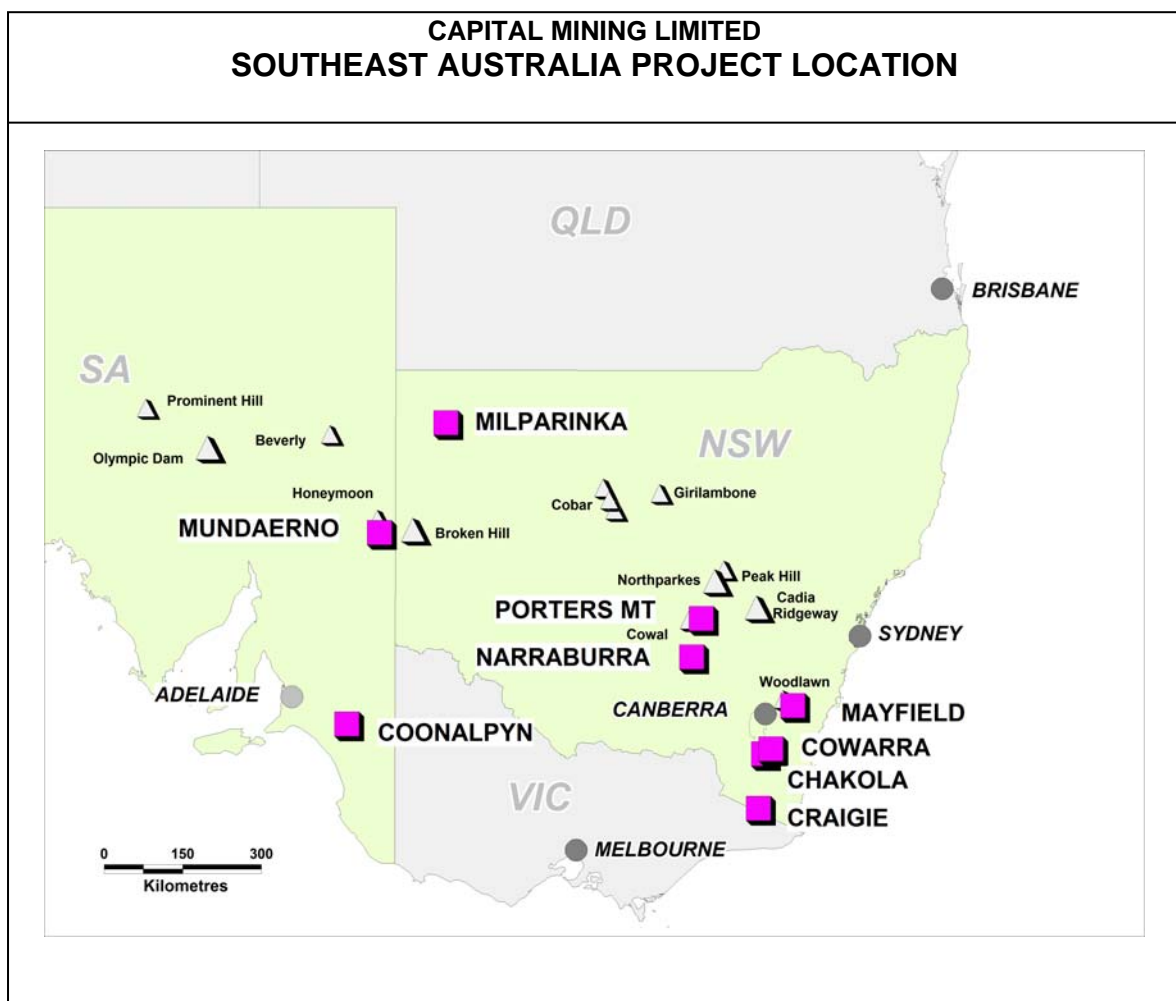
Rehabilitation of main exploration trench site near completion

EXPLORATION ACTIVITIES

Exploration drilling was undertaken in two project areas during the quarter and outstanding gold values were returned from a batch of rock chip samples from exposures along strike from known gold mineralisation at Cowarra. Positive results were also received from a series of preliminary metallurgical tests carried out on material from the Company's zirconium and rare earths project area at Narraburra.

At the Porters Mount prospect, where gold and copper in epithermal and porphyry style deposits are being targeted, 13 holes for a total of 871m were completed and at Cowarra, where the extensions of previously mined high-grade gold lodes are being tested, the first 178m diamond core hole in a 5 hole programme, was completed.

Visual results from the drilling in both the Porters Mount and Cowarra project areas were encouraging and indicative signs of mineralisation and alteration were logged in a high proportion of the holes. 499 drill samples were submitted for analysis from the two areas and results are awaited.



PORTERS MOUNT - GOLD-COPPER-MOLYBDENUM **EL 6591 - 65.7 km² – Grenfell, NSW** **(Capital Mining 100%)**

Exploration at Porters Mount is for gold and copper bearing deposits associated with a large diatreme breccia and monzonite intrusive complex in a region which hosts a cluster of world-class copper-gold mines and significant prospects.

During the reporting period, 6 RC percussion holes and 7 aircore holes for a total of 871m were completed across 5 different targets within the tenement. The drilling was designed to follow up: gold intercepts recorded in historic holes; conceptual targets; and previously untested or inconclusively tested geophysical anomalies in the northern part of the prospect.

Visible iron oxide and sulphide mineralisation was recorded in each of 6 RC holes drilled to depths of up to 74m to test auriferous veins previously intersected in historic drill holes in an area south of Porters Mount itself. The target was an oxide gold deposit to a vertical depth of around 50-55m lying below a 10-12m cover of transported overburden.

Further east, deeply weathered siltstone, sandstone and pervasively altered trachyte sills cut by a network of iron oxide fractures of variable density were intersected in two aircore holes that were drilled to test the shallow bedrock overlying the sub-epithermal, pyrite-rich vein breccia, which was previously located at much greater depth in hole PMD001 (i.e. around 750m down hole). An obvious extension of the vein breccia was not intersected in either of the follow up holes. Assay results, which may assist with a reinterpretation of the structure should it have broken up into a smaller vein network on the section, are awaited.

Positive visual results were obtained from the bulk of the holes drilled on geophysical targets in the northern half of the project area. A moderate to strong network of very fine limonite and hematite-bearing veinlets, possibly indicative of mineralisation was logged in a fine grained quartz diorite with magnetite destructive, clay-sericite-quartz-feldspar alteration in a 72m aircore hole that was drilled to test a prospective circular magnetic low north of Porters Mount. The anomaly is interpreted to coincide with a cylindrical body of potentially mineralised phyllic alteration and tests are currently in progress to support field observations.

Positive indications were also obtained from two aircore holes that were drilled on a prominent magnetic high near the centre of a larger magnetic complex which forms a focus of the project. ***These included the presence of cavity fill quartz and quartz-goethite-magnetite veinlets in dark grey to black monzonite or diorite porphyry with an endoskarn-like alteration assemblage including feldspar, quartz, carbonate, magnetite, sericite, tourmaline and epidote.*** The cover depth was also much less than predicted in this area of the prospect at around 30m.

Highly ferruginous bedrock was also intersected below 50m of cover in two holes drilled to 100m depth on a spot magnetic and gravity high in the northwest sector of the prospect. The geophysical anomaly is coincident with a low-order copper-gold geochemical anomaly in soils that was outlined previously by a remote detection method. The deeply weathered bedrock is rich in hematite and clay and preliminary petrological study has confirmed the presence of meta-siltstone, fragmental volcanics and meta-volcanic sandstone. The source of the magnetic anomaly was not identified and it may lie at greater depth.

Further petrological and mineralogical studies are in progress to support field observations and 371 samples are being assayed for gold, silver, base metals and a wide range of major and trace elements. Drill collars were picked up by EDM survey and holes were capped and secured pending receipt of assay results. A thorough field review of the project was completed during the reporting period by an interested third party and a joint venture partner is being sought.

COWARRA - GOLD

EL 5939 – 28 km² - Bredbo, NSW
(Capital Mining 100%)

Exploration at Cowarra is for **gold in high-grade sulphidic veins and shoots hosted by shear zones** in highly deformed metasedimentary rocks. The licence covers an historic goldfield dating back to 1891 from which an estimated 46,000 ounces of gold was won and where un-mined ore with grades in the range 5 to 22 g/t gold, remains in shoots at depth.

Active exploration of the tenement continued during the reporting period and detailed mapping and systematic rock chip sampling of the mineralised corridor to the south of the Cowarra mine was completed. The underground workings on 2 Level were re-entered, inspected, re-surveyed in part and the backs were sampled in several places to provide baseline geochemical data. Five chip samples with gold in the range 4.46 to 0.06 g/t at an average grade of 2.17 g/t were collected from the backs. **Diamond drilling of the Victoria, Princess and Ambassador lodes and other targets in the intervening country rock commenced. Several intervals with visible sulphide mineralisation were intersected down the length of the first diamond core hole which was drilled to a depth of 178.65m.** 128 half-core samples have been submitted for analysis in order to obtain a detailed picture of the gold distribution down the hole.

Very encouraging results of up to 18g/t gold were recorded from a batch of 43 rock chip samples collected in conjunction with detailed mapping of the southern extension of the 7km long by 300m wide corridor which hosts the gold-sulphide mineralisation. Of the 43 samples analysed, 8 had in excess of 1g/t gold and a high proportion (i.e. 16) had strongly anomalous gold greater than 0.2 g/t. The result indicates that gold mineralisation similar in character to that at the Cowarra mine extends southward into the confined corridor.

The area has been underexplored despite its proximity to a producing mine and the rock chip results are considered to justify further evaluation of the zone by drilling. Deep conceptual targets have also been outlined beneath the known mineralisation at the Cowarra mine.

NARRABURRA – ZIRCONIUM-RARE EARTHS

EL 5629 and EL 6787 - 96 km² – Temora, NSW
(Capital Mining 100%)

Capital has identified a large resource in the JORC Inferred category at Narraburra containing significant quantities of **zirconium, niobium, yttrium, thorium, beryllium, lithium, gallium and Rare Earths.**

Encouraging results of preliminary metallurgical test work, aimed at establishing a viable treatment pathway to produce a marketable Rare Metals and Rare Earths oxide concentrate from the weathered granitic material that makes up the deposit, were received during the quarter. Results were reported to the market on 29 March 2010.

The test samples were obtained from a 7.2m deep pit near the centre of the current resource. **Best results in terms of recoveries for zirconium and yttrium of 65%** were obtained on the -1mm fraction using a combination of spiralling and flotation of the tails. Recoveries for hafnium, 38%, thorium and tantalum 35%, niobium and neodymium, 27% and the light REE's cerium, 28% and lanthanum, 24% using the above method were lower, although significantly higher recoveries were obtained for most of these elements using hydrometallurgical and pyrometallurgical extraction techniques. Results of **sulphidisation and chlorination** tests which involve conversion of the target metals to soluble salts to make them more amenable to water leaching yielded **recoveries up to 99% for lithium and 85% for the light Rare Earth cerium**, down to 45% for yttrium and tantalum and 25% for niobium, hafnium, lanthanum and neodymium. Typically zirconium mineral species are unaffected by the sulphidisation and chlorination process and recovery can be undertaken on the leach residue by the gravity method.

The results are viewed as being very positive and further metallurgical test work and deeper sampling of the deposit by large diameter core drilling is considered justified. The company is seeking expressions of interest from potential Joint venture partners to finance the exploratory drilling and metallurgical test work needed to bring the resource to the development stage.

MAYFIELD - GOLD - COPPER - BASE METALS

***EL 6358 – 49.4 km² - Mayfield, NSW
(Capital earning 51%)***

At Mayfield, Capital is managing exploration for **gold, copper, silver and zinc in iron-rich skarns** under a Heads of Agreement with Monaro Mining NL (A.C.N. 073 155 781). Under the terms of the agreement Capital can earn up to a 75% interest in the tenement by expenditure of \$200,000 subject to Monaro electing to contribute after Capital has earned 51%.

Activities are centred on the Mayfield Prospect where an initial JORC Inferred resource of **4.0 million tonnes at 0.4% copper, 0.6 g/t gold, 8.4 g/t silver and 0.5% zinc; and 0.75 million tonnes at 2.7% zinc and 4.7 g/t silver** was announced to the market on 28th September 2009.

A reverse circulation (RC) drilling programme of 1070m has been designed to drill the resource at higher density and to locate additional mineralisation on the target horizon. Official approval to carry out the proposed drilling was received during the reporting period and a site visit was made to mark out the proposed holes.

MUNDAERNO SOUTH - URANIUM

***EL 3853 - 52 km² - Olary, SA
(Capital Mining 100%)***

EL 3853 is being explored principally for uranium in Quaternary valley-fill sediments and roll-front type deposits in Tertiary sandstone. The tenement is located in a uranium exploration hotspot close to a newly operating mine and to the site of a least one recent prospective discovery. A drilling programme designed to test a series of previously unexplored palaeochannels and geophysical anomalies in the basement has been prepared.

A site visit was made to the area during the reporting period to begin access negotiations and to gather the information required for an official work approval.

MILPARINKA - PLATINUM-NICKEL-GOLD

***EL 6832 - 149 km² – Milparinka, NSW
(Capital Mining 100%)***

EL 6832 near Milparinka is located in an unexplored frontier exploration terrain and covers conceptual targets for platinum-nickel and copper-gold deposits that are interpreted to be associated with a deeply buried mafic to ultramafic intrusive complex of crustal scale. Exploration is initially being directed towards the search for metalliferous deposits associated with intrusions or hydrothermal plumes in the column of rock overlying what must have been a long-lived heat source. Plans are being made to drill a series of stratigraphic holes on magnetic targets in the area and a reconnaissance visit was completed during the reporting period to gather background information.

CHAKOLA - GOLD & BASE METALS

EL 5697 - 66.4 km²; MLA 269 - 332 hectares – Cooma, NSW
(Capital Mining 100%)

Exploration at Chakola is for **gold, copper, silver, lead and zinc** in deposits located along persistent mineralised horizons in altered volcanic host rocks. A potentially economic gold-base metals deposit has been outlined by drilling at the **Harnett Prospect within MLA 269** and a Development Application is being assessed by the Cooma-Monaro Shire Council. The known mineralisation is forming the impetus for the search for extensions and other deposits along strike and at depth.

During the quarter a specialist review of the Company's EIS and development proposals was completed by a leading industry consultancy. The recommendations are being considered and a short programme of sterilization and exploration drilling is planned for the coming quarter.

CRAIGIE - ALLUVIAL GOLD

EL 5654 - 29.5 km² - Craigie, NSW
(Capital Mining 100%)

Capital has identified alluvial gold resources within the historic Craigie Goldfield and is aiming to establish reserves for a low-cost mining operation. There were no significant developments to report during the quarter.

COONALPYN - URANIUM

EL 3881 - 319 km² - Coonalpyn, SA
(Capital Mining 100%)

The Coonalpyn tenement covers an underexplored area that includes excellent conceptual targets for **uranium, gold, base metals and zircon-rich mineral sands**. The most prospective areas have been identified through an evaluation of the available geophysical, geochemical and remote sensing data. There were no significant developments during the reporting period.

TENEMENTS - Changes of Interest for the Quarter

Status	Tenements	Location	Percentage Interest
Acquired	Nil		
Surrendered or cancelled	Nil		

Dated: 29 April 2010

Richard Hine
 Chairman

CAPITAL MINING LIMITED



ABN 69 104 551 171

For further information please contact the management team Rick Hine, Chris Ablett, John Seeley or Rob McCauley.

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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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CAPITAL MINING LIMITED

ABN

69 104 551 171

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter 31 March 2010 \$A'000	Year to date (9 months) 31 March 2010 \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(185)	(499)
(b) development	-	-
(c) production	-	-
(d) administration	(40)	(154)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(201)	(622)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
Security Deposits	-	(10)
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(10)
1.13 Total operating and investing cash flows (carried forward)	(201)	(632)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(201)	(632)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,023
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share issue costs)	-	(81)
	Net financing cash flows	-	942
	Net increase (decrease) in cash held	(201)	310
1.20	Cash at beginning of quarter/year to date	1,236	725
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter/year to date	1,035	1,035

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	84
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Consulting fees and reimbursement of expenses paid to entities associated with Directors.	84

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	181	105
5.2 Deposits at call	854	1,131
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,035	1,236

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	68,187,489	68,187,489		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	250,000 250,000 14,302,897 12,785,166	0 0 14,302,897 12,785,166	<i>Exercise price</i> \$0.185 \$0.235 \$0.20 \$0.08	<i>Expiry date</i> 22 March 2012 22 March 2012 18 October 2010 1 July 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2010
(Company secretary)

Print name: JOHN KEPPO
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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.