

Share Purchase Agreement for Timbo IOCG Project in world-class Carajás Mineral Province, Brazil

The Board of Directors of Capital Mining Limited is very pleased to announce that Capital Mining has entered into a Share Purchase Agreement with Atlas Mining Limited to acquire the Timbo Iron Oxide Copper-Gold (IOCG) Project within the world-class Carajás Mineral Province in northern Brazil.

The key terms and highlights of the Agreement are:

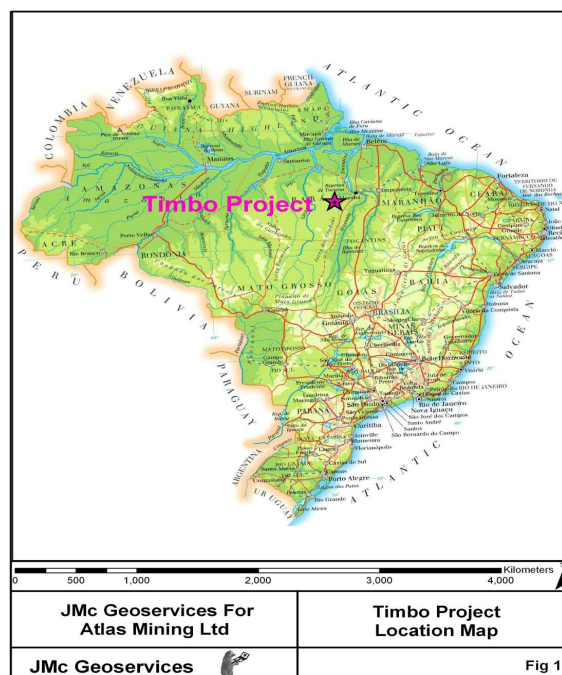
- The Timbo Project is located in the Carajás Region of northern Brazil (Figure 1) which is host to four of the world's top ten IOCG deposits in terms of Copper content (Table 1) - Salobo, Cristalino, Sossego and Igarape Bahia Deposits (Figure 2).
- Timbo is located immediately adjacent to the major Cinzento Shear Zone, a recognized major structural zone hosting IOCG deposits in the Carajás. Vale's (CVRD) Salobo deposit is only 25km WNW from Timbo (see Figure 2).
- Vale's (CVRD) Carajás Mine, the world's largest Iron Ore mine is located approx 50km SE of the Timbo IOCG Project (see Figure 2).
- The Agreement with Atlas Mining Limited enables Capital Mining the option to acquire 100% of the Timbo tenement (DNPM 850.367/2009) by the purchase of 100% of the issued capital of Atlas Mining Limited (an unlisted, private company, registered in Mauritius- Company No. 106397C2.GBL), subject to the following key terms and the passing of resolutions, as required, at a General Meeting of shareholders of Capital Mining Ltd with a scheduled date of early to mid September 2012:-
 - A capital raising of \$1,400,000 through the placement of 60 million new fully paid ordinary shares at one cent each to professional and sophisticated investors and a subsequent 1 for 2 Non Renounceable Rights Issue of shares for approximately 83 million new fully paid shares at one cent each to eligible shareholders of Capital Mining Ltd registered on the Record date yet to be determined and announced.
 - The issue of 105 million Capital Mining Ltd performance shares which will only be converted into fully paid ordinary shares to be held by Atlas shareholders (or their nominees) upon Capital Mining giving notice to proceed with the acquisition of Atlas Mining on or before 30 November 2013.
 - The issue to Capital Mining's Managing Director of 5 million performance shares and Capital Mining's Directors of 2 million performance shares each, as well as the



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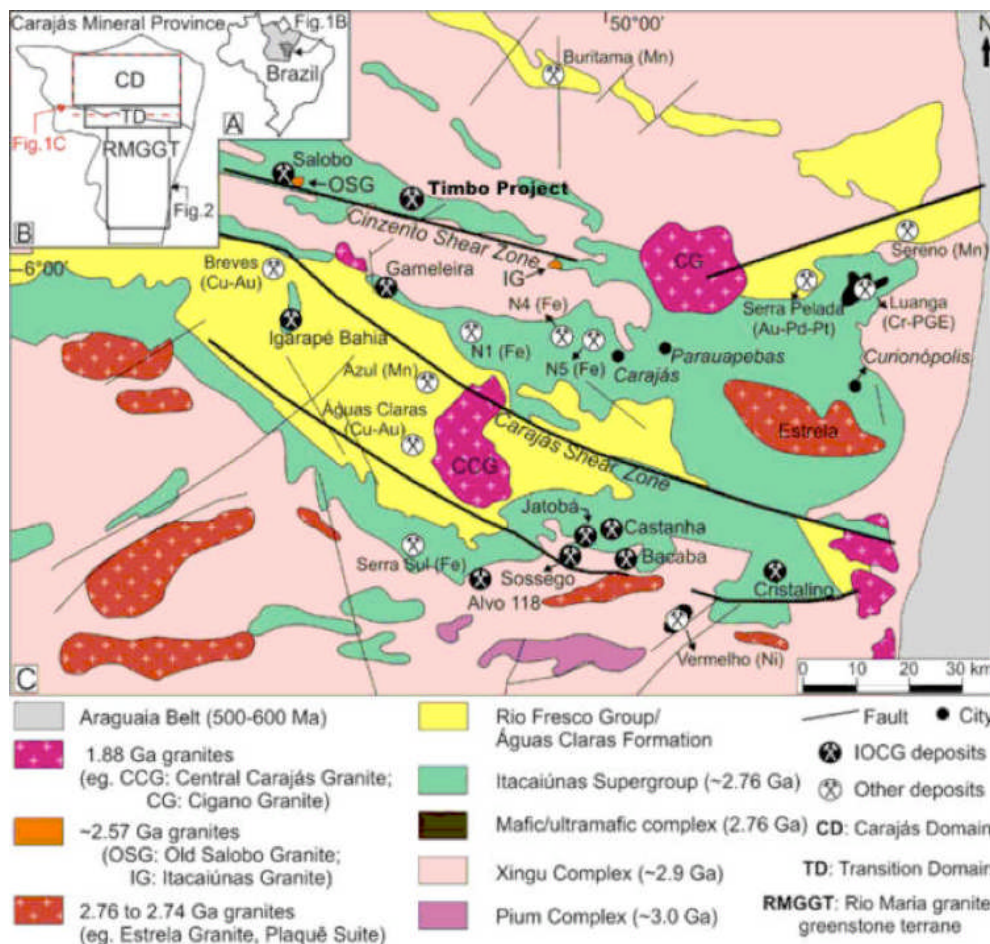
issue to Capital Mining's Managing Director of 4 million share options or share rights (vesting date by 30 November 2013, exercise price 3cents, exercise date 31 December 2013); 3 million share options or share rights (vesting date by 30 November 2013, exercise price 6 cents, exercise date 31 December 2014); and 3 million share options or share rights (vesting date by 30 November 2013, exercise price 9 cents, exercise date 31 December 2015). The terms of the performance shares shall be the same as those for the performance shares proposed to be issued to the Atlas Mining shareholders for the acquisition of Atlas Mining.

- Subject to all applicable requirements under the ASX listing Rules and the Corporations Act 2001 (Cth).
- Historic exploration by Anglo American and Vale has generated coincident Copper-Cobalt in soil anomalies. These anomalies are associated with major structural and geophysical features.
- Timbo remains untested to date by drilling.
- Capital Mining has tailored its Agreement with Atlas to consist of a three Stage Exploration program, with Stage 1 (\$320,000) to define drill targets and Stages 2A and 2B to include drill testing (2,500 metres) of targets.
- Capital Mining can withdraw at the end of each Exploration Stage, without any further obligations under its Share Purchase Agreement.
- Capital will conduct due diligence on Atlas Mining and its Option to Purchase Agreement with the owner of the tenement.
- Atlas Mining has commenced access arrangements and its team of consultants is ready to commence exploration on the Timbo IOCG Project.



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CARAJÁS MINERAL PROVINCE – BRAZIL (Figure 2)



World's Top 10* Iron Oxide Copper-Gold (IOCG) Deposits (Table1)

Deposit Name	Country	Resource (Mt)	Average Grade Cu (%)	Average Grade Au (g/t)	Contained Copper (Mt)
Olympic Dam	Australia	9075	0.86	0.33	78.0
Salobo	Brazil	1112.8	0.69	0.4	7.68
Mantos Blancos	Chile	500	1.0	n/a	5.00
Cristalino	Brazil	500	1.0	0.2	5.00
Sossego	Brazil	355	1.1	0.28	3.91
Mantoverde	Chile	630	0.53	0.11	3.34
Minta Justa	Peru	413.3	0.79	n/a	3.27
Igarapé Bahia	Brazil	219	1.4	0.86	3.07
Prominent Hill	Australia	272.9	0.98	0.74	2.67
Carapateena	Australia	203	1.31	0.56	2.66

*in terms of Cu



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Mr Robert McCauley, Executive Chairman & Managing Director of Capital Mining said today,

"We consider we have struck a very good deal with Atlas Mining to acquire the Timbo IOCG Project. This project is certainly in "elephant country" within the world-class Carajás Mineral Province and gives us the opportunity to develop a company-making project. Within a 50km radius of Timbo there are 2 world-class IOCG mining operations as well as Vale's Carajás Mine - the world's largest Iron Ore mine. In the future Capital Mining may seek expressions of interest from mid to large-tier mining companies to enter into a joint venture to continue to explore and develop the Timbo Project. We expect the notice of the general meeting of shareholders to be dispatched in early August and we look forward to moving the Timbo Project forward with Atlas and its team in Brazil."

Mr Alan Martin, Director of Atlas Mining said,

"I am very pleased with the agreement negotiated between Atlas Mining and Capital Mining. The Timbo Project is located in a highly prospective region of Brazil, the Carajás. This region is host to 4 of the world's top ten IOCG deposits in terms of copper content (see Figure 2 & Table 1)."

"The Timbo Project is located approximately 25 kms east southeast of the giant Salobo Cu-Au deposit, owned by Vale and producing more than 100,000 tonnes of copper per annum. I am very excited about the potential of Timbo, given the prospectivity of the Carajás region, the location of Timbo adjacent to major shear zones that are host to world-class deposits and the presence of a large coincident copper-cobalt soil anomaly within the Timbo Tenement. I believe Timbo could host an IOCG deposit of at least 100 million tonnes @ +1% Cu, if the grades are similar to those of typical IOCG deposits in the Carajás."

Media contact:

Robert J McCauley
Executive Chairman & Managing Director
Capital Mining Limited (ACN 104 551 171)

Mobile: 0432 327015
Email: robert.mccauley@ozemail.com.au

Statements contained in this report relating to exploration results and mineral resources are based on information compiled by John Seeley, who is a Member of the Australasian Institute of Mining and Metallurgy and is an independent consultant geologist engaged by Capital Mining. He has sufficient relevant experience in relation to the mineralisation styles being reported on, to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code). John Seeley consents to the use of applicable information in this report in the form and context in which it appears.