Encouraging results have been obtained from six holes drilled at Capital Mining Limited’s (ASX:CMY) Stonehenge North gold prospect within Exploration Licence 5697 at Chakola, near Cooma in southeast New South Wales.

Anomalous gold, silver, tellurium, copper, lead and zinc values were recorded in strongly altered, pyritic volcanics in all holes.

Gold values were found to increase with depth on two of the three lines drilled and best results were obtained on the northernmost line leaving the prospect open at depth and to the north.

High values for tellurium, a common gold pathfinder and an exceedingly rare precious metal with increasing use as a component of solar cells, were also recorded in two holes.

Highlights of the results were:

- 53 g/t tellurium over 1m within 9m @ 7.2 g/t tellurium from 40m in STN 006
- 17m @ 4.3 g/t tellurium from surface in STN 005 inc. 1m @ 14.1 g/t tellurium from 10m
- 15m @ 3.8 g/t tellurium from 22m in STN 005 including 1m @ 15.6 g/t tellurium from 23m
- 4m @ 0.8 g/t gold from 29m in STN 005 (using 0.5 g/t cut off)
- 4m @ 0.6 g/t gold from 72m in STN 001 (using 0.5 g/t cut off)

The drilling was designed to test the near surface potential of a 250m long by 30-45m wide segment of the main mineralised horizon at the Stonehenge North prospect where outstandingly anomalous gold values up to 18g/t had previously been recorded in rock chip samples (see CMY ASX announcement of 25 September 2007).

Six angled reverse circulation (RC) percussion holes for a total of 402m were drilled on three lines at 50-100m spacing to a vertical depth of up to 65m as a preliminary test of the target (see Figures 3 and 4 and Table 2 for details). High water flows were encountered at shallow depth and sampling was mostly carried out under wet and therefore not ideal conditions.

Best gold, silver and tellurium results were obtained from holes STN005 and STN006 on the northernmost of the three drill lines where a substantial thickness (greater than 45m true width) of strongly silicified, sericite and pyrite-bearing altered bedrock with quartz sulphide veins was intersected.

Values of up to 1m at 1.29 g/t gold (STN 005), 6.7 g/t silver (STN 006) and 53.2 g/t tellurium (STN 006) were recorded from a 20m wide zone of mineralization within the wider envelope. Assay results are summarised in Table 1 and illustrated in Figure 4.
Gold-bearing veins or lenses of mineralization with grades comparable to the highest gold values recorded in rock chips were not intersected during the drilling. In this instance the relatively high gold values in surface samples are interpreted to be due to localised gold enrichment in the oxide zone which has produced a nugget effect. However, no general enrichment of gold was found in the oxide zone, which was relatively thin at between 5-7m thick in a topographic depression encompassing Lines 1 and 2 and 15-17m thick on the adjacent hillside at Line 3.

Anomalous lead and zinc and to a lesser extent copper values were recorded in all holes. Intercepts were patchy and generally sub-grade. Lead and zinc were generally found to be in excess of copper and to be distributed peripherally to the higher grade gold-bearing zones.

Significant intercepts with base metals were:

- 1m @ 0.8% copper, 0.2% lead, 0.1% zinc with 0.7 g/t gold and 8.9 g/t silver from 7m in STN 003
- 1m @ 0.1% copper, 0.2% lead, 0.4% zinc with 0.2 g/t gold and 4.3 g/t silver from 51m in STN 004
- 1m @ 0.3% copper with 0.2 g/t gold and 3.5 g/t silver from 22m in STN 005
- 1m @ 0.9% zinc, 0.4% lead with 2.1 g/t silver from 30m in STN 006
- 1m @ 0.4% copper, 0.16% zinc with 0.55 g/t gold and 3.5 g/t silver from 65m in STN 006

An intercept of semi-massive sulphide in a band with 40-65% pyrite and minor chalcopyrite was made at 58-60m in STN 001. Assays from the zone were sub-grade at 0.2 g/t gold, 4.6 g/t silver and 0.14% copper, although a coherent intercept of 4m @ 0.61 g/t gold from 72m was made at the base of the hole. The latter was associated with disseminated mineralization in silica-sericite altered metavolcanic schist with 2-5% pyrite.

**Summary**

The results of the initial shallow exploratory drilling at Stonehenge North are viewed as being very positive in terms of the exploration model being pursued. Trends in the data are interpreted as pointing to the potential to locate more extensive ore-grade gold-copper mineralization at greater depth, to the west and to the north of the area that has so far been tested. The possibility that a standalone tellurium resource may be present is also to be investigated and further analysis of the current discovery is in progress. Exploration is continuing and the preliminary drilling at Stonehenge North will be followed up by more drilling as soon as practicable.

For further information please contact the author.

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Phone: 02 6281 7951
Table 1  Chakola Project - Stonehenge North Prospect - Results of Stage 1 Exploration Drilling

<table>
<thead>
<tr>
<th>Hole #</th>
<th>From (m)</th>
<th>To   (m)</th>
<th>Intercept (m)</th>
<th>Gold (g/t)</th>
<th>Silver (g/t)</th>
<th>Copper (%)</th>
<th>Lead (%)</th>
<th>Zinc (%)</th>
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<td>76</td>
<td>4</td>
<td>0.61</td>
<td>0.4</td>
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<td>73</td>
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<td>67</td>
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</table>

Gold intercepts calculated at 0.10 g/t cut off; dash indicates no significant result for element over interval listed.
RC drill chip samples assayed at 1m intervals by ALS Chemex; gold by 50g fire assay with AA finish, other elements by ICP MS/AES.
### Table 2

**Chakola Project - Stonehenge North Prospect - RC Drill Hole Location Details**

<table>
<thead>
<tr>
<th>Hole #</th>
<th>Prospect</th>
<th>Easting (AMG)</th>
<th>Northing (AMG)</th>
<th>RL (m)</th>
<th>Dip (degrees)</th>
<th>Direction (AMG)</th>
<th>Depth (m)</th>
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<td>260</td>
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<td>-60</td>
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<td>67</td>
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</table>

**Total metres** 402
CAPITAL MINING LIMITED
CHAKOLA EL 5697
PROSPECT LOCATION

LEGEND
- Tertiary
- Basalt
- Gravel, sand, clay
- Silurian
- Rothlyn Formation
- Colinton Volcanics Fm
- Bullonmong "Porphyry"
- Cappanana Formation

Driscoll Hill
VHMS horizon
demagnetised zone

NORTH HARNETT
VHMS horizon
under shallow cover
with extensive pyritic
footwall alteration
zone - un-drilled

HARNETT PROSPECT
200 x 4000m VHMS
target zone under evaluation

HARNETT CENTRAL
gold-copper-zinc resource
open along strike and at depth
Stage 3 drilling in progress

HARNETT SOUTH
VHMS horizon
drilling in progress

Stonehenge North
250m of VHMS horizon
under evaluation
6 RC holes completed

Stonehenge
50 x 800m VHMS
ready for drilling

Gillans
replacement style
copper target

Picasso
VHMS target

Gamma-Delta
160 x 1800m VHMS
target zone - un-drilled

Fig. 2