CAPITAL MINING LIMITED

ABN 69 104 551 171

ASX ANNOUNCEMENT

(ASX code: CMY) 17 February 2012

MAYFIELD PROJECT, NSW

CAPITAL MINING - FORGE RESOURCES JOINT VENTURE

High Grade Gold, Silver and Zinc Hits in Drilling at Mayfield

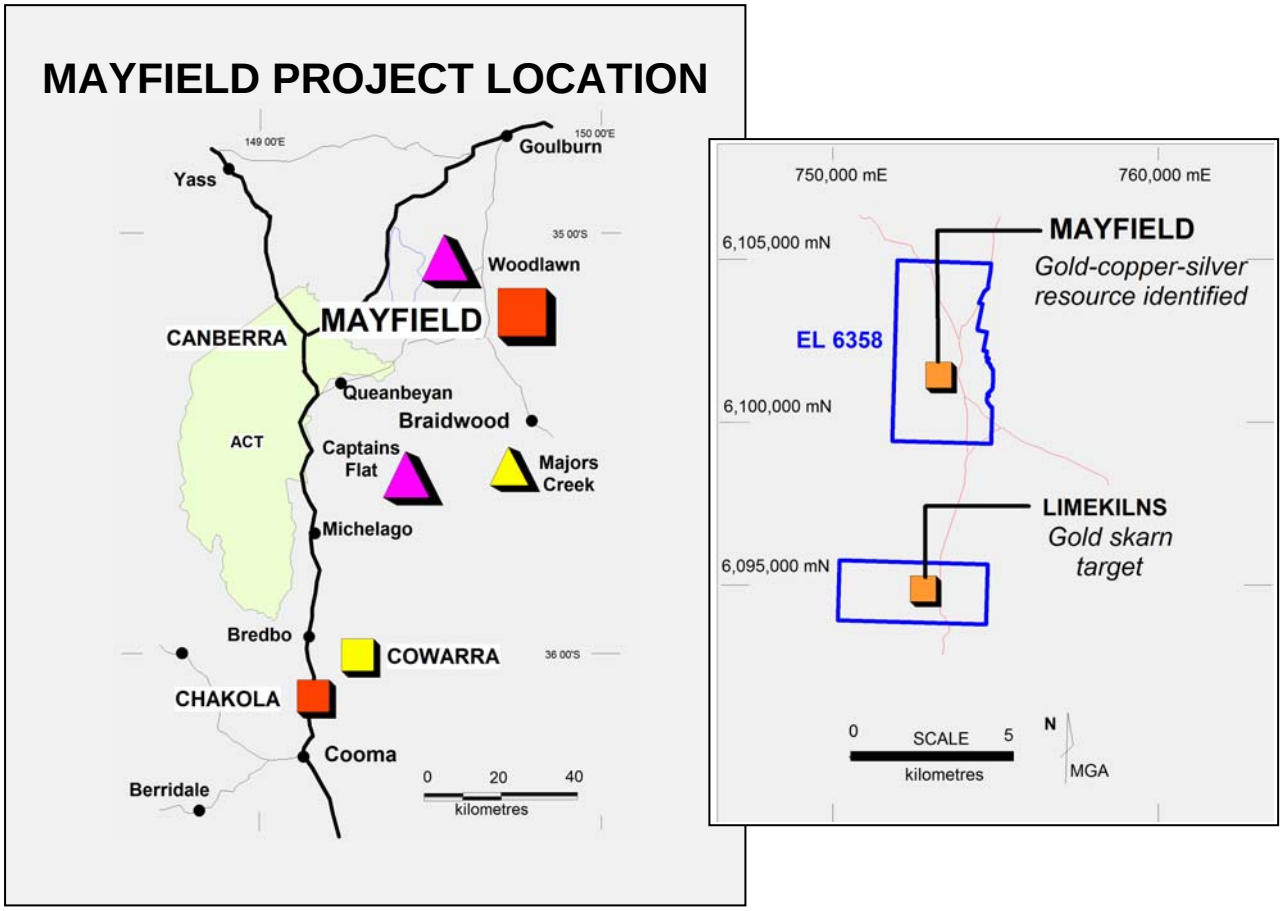
- **Gold values up to 32.3 g/t (1.04 oz/t) at Mayfield Prospect**
- **Silver values up to 44.5 g/t**
- **Zinc values to 15.4%**
- **Best drill intercepts include:**
  - **20m @ 6.86 g/t gold from 10m**
  - **36m @ 1.81 g/t gold from 18m**
  - **35m @ 14.7 g/t silver and 2.57% zinc from 42m**
- **High grade gold intercepts made in adjacent holes**
- **Results are anticipated to significantly add to the established in-ground resource containing an estimated: *77,000 ounces of gold, 1.2 million ounces of silver and 16,000 tonnes of copper***

The directors of Capital Mining Limited (ASX: CMY) are most pleased to announce that very positive results have been obtained from its recently completed drilling program at the Mayfield and Limekilns Prospects within the Mayfield Joint Venture Project area.

Exploration at Mayfield is being focused on two promising gold, silver, copper lead and zinc bearing skarn style deposits and is being conducted in joint venture with Forge Resources Limited (ACN 139 886 187). Capital has earned a 51% equity interest in the project and is managing the exploration.

At the ***Mayfield Prospect,*** exploration is well advanced and a JORC Inferred resource of: ***4.0 million tonnes at 0.4% copper, 0.6 g/t gold and 8.4 g/t silver containing: 16,000 tonnes of copper; 77,000 ounces of gold; and 1.2 million ounces of silver*** has been established (see CMY:ASX release of 28 September 2009).

At the ***Limekilns Prospect***, exploration is in the early stages and the current drilling has provided a first pass exploratory test of a conceptual target model developed from field observations, geophysical interpretation and historic drill results.



The drilling was carried out in December 2011 through to January 2012 and 7 holes for a total of 420 metres were drilled at the ***Mayfield Prospect*** and 3 holes for a total of 156 metres were drilled at ***Limekilns***.

The drilling at the ***Mayfield Prospect*** was carried out on several key sections as shown below and was designed to test the upper parts of the mineralized horizon, which is in the form of a steeply dipping and highly weathered, tabular, contact skarn body flanked by granitic intrusions. The gold, copper, silver and zinc dominant material was softer and moister than anticipated and hard bedrock requiring percussion drilling was generally encountered only at depths of below 60-80m.

Drill cuttings were collected at 1m intervals via a cyclone, sampled by spearing and submitted for gold analysis by 50g Fire Assay with AAS finish and for a wide range of base metals and pathfinder elements by ICP-AES.

At the ***Limekilns Prospect,*** where the bedrock is generally more competent, two reverse circulation percussion holes were drilled to test a shallow, 25-30 deg., west dipping, precious and base metal mineralized skarn horizon and a third hole was drilled to test for disseminated sulphide mineralisation in an underlying leucogranite intrusion.

Details of the drilling program are set out in Table 1.

Table 1 Drill Holes Completed at the Mayfield and Limekilns Prospects 2011-2012

MAYFIELD PROJECT EL 6358, NSW
DRILL HOLES COMPLETED DECEMBER 2011 to JANUARY 2012

Hole ID	Prospect	Easting *MGA*	Northing *MGA*	RL *m*	Depth *m*	Dip	Azimuth *magnetic*	Completed	Type	Size *inch*
MARC_07	*Mayfield*	753338.7	6101290.5	605.6	78.0	-60	288	05-Dec-11	RC	4.5
MARC_08	*Mayfield*	753381.4	6101323.3	602.3	60.0	-60	288	06-Dec-11	RC	4.5
MAAC_09	*Mayfield*	753359.4	6101336.8	601.7	48.0	-60	288	08-Jan-12	AC	3.5
MARC_10	*Mayfield*	753246.5	6101111.7	609.7	37.0	-60	288	04-Dec-11	RC	4.5
MAAC_11	*Mayfield*	753403.1	6101368.5	599.8	77.0	-60	288	08-Jan-12	AC	3.5
MAAC_12	*Mayfield*	753386.9	6101378.6	599.5	60.0	-60	288	09-Jan-12	AC	3.5
MAAC_13	*Mayfield*	753413.5	6101420.1	597.2	60.0	-60	288	10-Jan-12	AC	3.5
LMRC_01	*Limekilns*	753099.7	6095000.0	618.7	54.0	-60	076	13-Jan-12	RC	3.5
LMRC_02	*Limekilns*	752980.6	6095000.2	624.0	52.0	-60	076	15-Jan-12	RC	4.5
LMRC_03	*Limekilns*	753210.1	6094900.4	624.8	50.0	-60	076	16-Jan-12	RC	4.5
TOTAL					***576.0***					

N.B. Drill hole collars surveyed on completion with EDM equipment; RC – Reverse Circulation percussion AC - Aircore

Significant assay results are listed in Tables 2 and 3 and summarized in plan form below.

All holes at the **Mayfield Prospect**, with the exception of hole MARC08, from which there was no sample return in the target zone due to difficult ground conditions, returned significant intersections of oxide gold, silver, zinc, iron and to a lesser extent copper mineralisation, with pockets of highly anomalous lead, antimony, bismuth, cobalt, beryllium, phosphorus, manganese and tungsten.

Weathered, ferruginous skarn and ironstone were intersected in all holes and best visual signs of mineralisation were logged in aircore hole MAAC13 from 28-60m (EOH) in the form of disseminated fine grains of native copper. Assay values were however lower than expectation at 32m @ 0.10% copper from 18 to 50m and check assaying by a different method is to be undertaken.

Most significant results for gold across the program came from hole **MAAC09**:

- **20m @ 6.86 g/t gold, 2.1 g/t silver, 0.27% copper, 46.3% iron from 10m**
  - *including **6m @ 11.68 g/t gold**, 3.0 g/t silver, 0.28% copper from 12-18m*
  - *and **3m @ 15.13 g/t gold**, 3.0 g/t silver, 0.25% copper from 22-25m*

and adjacent hole **MAAC12** :

- **36m @ 1.81 g/t gold, 4.3 g/t silver, 0.10% copper, 29.0% iron from 16m**
  - *including 2m @ 5.75 g/t gold, 0.7 g/t silver, 0.08% copper from 22-24m*

Results suggest that the gold has been enriched in pockets in the previously undrilled upper part of the mineralized body and that there is considerable scope to drill out the extensions of the structure to the southwest and northeast over at least some 600 metres of combined strike.

The most significant **silver** intercepts of:

- 35m @ 14.7 g/t Ag from 42 – 77m in MAAC11 including 3m @ 31.4 g/t;
- 6m @ 16.6 g/t Ag from 31 – 37m in MARC10 including 2m @ 37.6 g/t; and
- 3m @ 19.8 g/t Ag from 39 – 42m in MARC07;

were generally not accompanied by high gold values, whereas there was an overall good correlation between silver and zinc values throughout.

Table 2 Summary of Significant Mineralized Intersections – Mayfield Prospect

MAYFIELD PROSPECT RESULTS OF REVERSE CIRCULATION PERCUSSION & AIRCORE DRILLING									
Drill Hole	**From**	**To**	**Length**	**Gold**	**Silver**	**Copper**	**Zinc**	**Iron**	**Comment**
	m	***m***	***m***	***g/t***	***g/t***	***%***	***%***	***%***	
MAAC09	**10**	**30**	**20**	**6.86**	2.1	0.27	0.26	46.34	1 g/t Au cut off
including	*12*	*18*	***6***	***11.68***	*3.0*	*0.28*	*0.18*	*46.57*	5 g/t Au cut off
including	*22*	*25*	***3***	***15.13***	*3.0*	*0.25*	*0.26*	*45.03*	5 g/t Au cut off
MAAC09	45	48	3	2.37	3.8	0.24	0.60	35.68	Hole ended in mineralisation at refusal
MAAC12	**16**	**52**	**36**	**1.81**	**4.3**	**0.10**	0.22	28.98	0.5 g/t Au, 5 g/t Ag
including	*22*	*24*	***2***	***5.75***	*0.7*	*0.08*	*0.16*	*25.75*	5 g/t Au cut off
including	*41*	*42*	*1*	*2.39*	***39.8***	*0.07*	*0.14*	*13.80*	1 g/t Au cut off
including	*46*	*48*	*2*	*13.59*	***6.2***	*0.18*	*0.36*	*34.95*	5 g/t Au cut off
MAAC11	**42**	**77**	**35**	**0.07**	**14.7**	**0.12**	**2.57**	14.22	10 g/t Ag cut off; in mineralisation at refusal
including	*54*	*61*	***7***	*0.02*	***12.0***	*0.12*	***8.04***	*6.97*	3% Zn cut off
including	*63*	*66*	***3***	*0.04*	***31.4***	*0.12*	***1.11***	*16.95*	15 g/t Ag cut off
MAAC13	**41**	**51**	**10**	**1.10**	**7.3**	**0.14**	0.32	36.33	0.5 g/t Au cut off
including	*39*	*41*	***2***	*0.20*	***24.0***	*0.15*	*0.79*	*10.27*	10 g/t Ag cut off
MARC_07	39	42	**3**	0.11	**19.8**	0.17	0.74	12.07	15 g/t Ag cut off; no sample 30-36m
MARC_07	48	52	**4**	0.11	**8.4**	0.11	**1.43**	5.32	1% Zn cut off
MARC_07	58	68	**10**	0.19	**5.2**	**0.44**	0.31	36.07	1 g/t Au, 0.3% Cu cut off
MARC_10	31	37	**6**	0.43	**16.6**	0.29	0.19	28.23	0.5g/t Au cut off; hole ended in mineralisation
including	*31*	*33*	***2***	*0.01*	***37.6***	*0.28*	*0.13*	*15.83*	15 g/t Ag cut off

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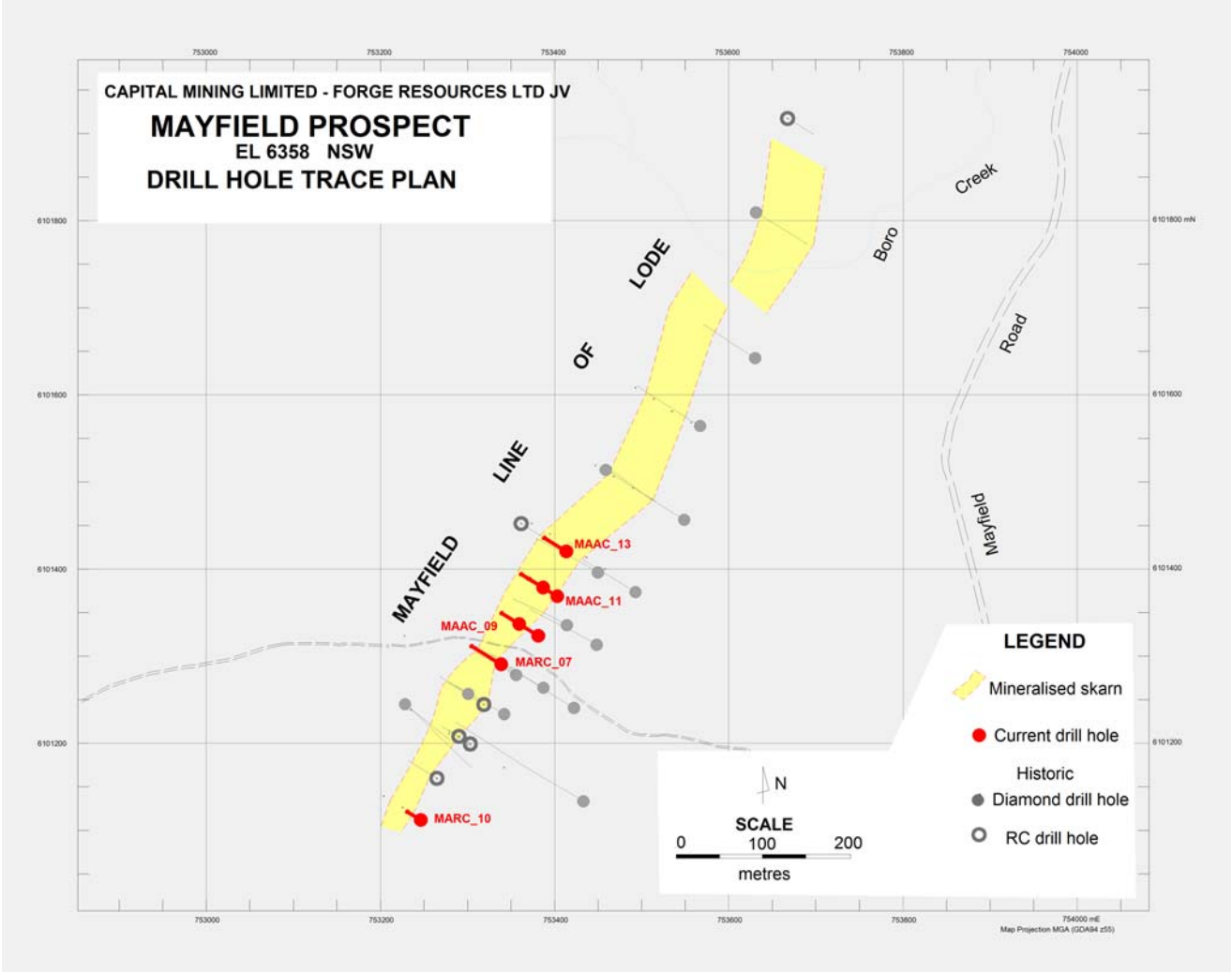
MAYFIELD PROSPECT



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MAYFIELD PROSPECT

DRILL HOLE LOCATION & RESULTS SUMMARY

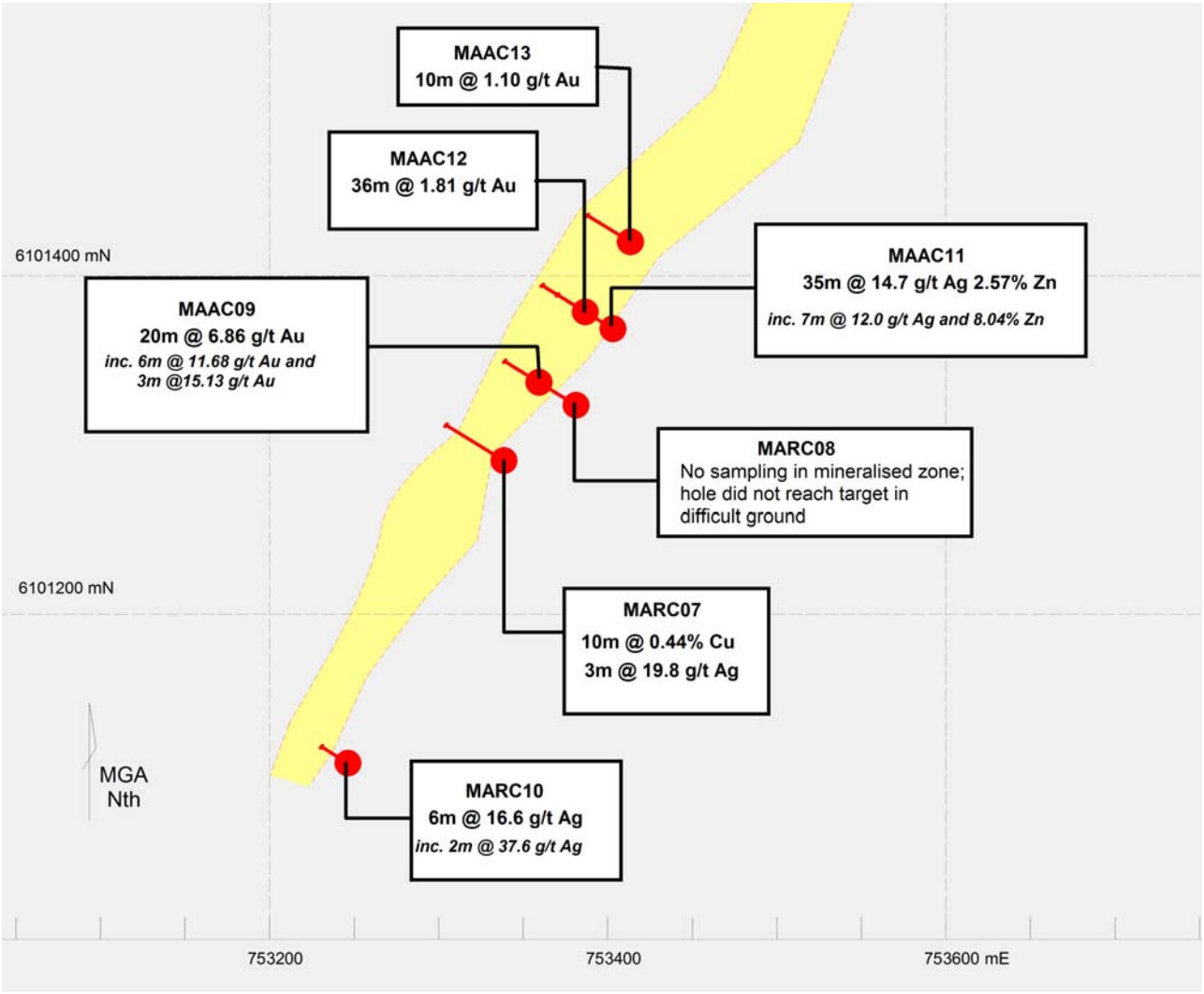

Table 3 Summary of Significant Mineralized Intersections – Limekilns Prospect

LIMEKILNS PROSPECT RESULTS OF REVERSE CIRCULATION PERCUSSION DRILLING									
Drill Hole	**From**	**To**	**Length**	**Gold**	**Silver**	**Copper**	**Zinc**	**Iron**	**Comment**
	m	***m***	***m***	***g/t***	***g/t***	***ppm***	***ppm***	***%***	
LMRC_01	17	31	**14**	**0.63**	5.9	1424	4587	15.35	0.1 g/t Au, 5 g/t Ag cut off
including	*17*	*20*	*3*	*0.15*	*13.9*	*130*	*8033*	*4.65*	10 g/t Ag cut off
including	*20*	*23*	***3***	***2.33***	*7.0*	*1198*	***10810***	*18.48*	1 g/t Au cut off
LMRC_03	0	7	7	0.43	2.1	2094	715	32.99	0.3 g/t Au cut off; gossanous ironstone
LMRC_02									Terminated in bad ground before reaching target; anomalous in Zn and Fe 29-51m EOH

Significant results in the first pass exploration context were obtained from two of the three holes drilled at the Limekilns Prospect.

In hole **LMRC01**, a 14m intersection was recorded at:

- 0.63 g/t gold, 5.9 g/t silver, 0.14% copper and 0.46% zinc from 17-31m;

within a 22 metre intercept of pyrrhotite bearing skarn from 18m down hole which included a narrower zone at:

- 2.33 g/t gold, 7.0 g/t silver, 0.12% copper and 1.08% zinc from 20-23m;

The result indicates that there is gold in the system and that there is a good probability of locating further gold mineralisation in a distal skarn depositional setting further down dip to the west.

The gossanous zone in hole **LMRC03** from 0-7m, which was a high grade gold in historic RAB target, was found to be only weakly mineralized at 0.43 g/t gold and 0.21% copper. Also, the 21m intercept of leucogranite in hole LMRC03 with 2-10% finely disseminated and stringer style sulphide mineralisation, was found not to carry significant gold or silver although variably anomalous bismuth (to 1750 ppm) and copper (to 1260 ppm) values were recorded.

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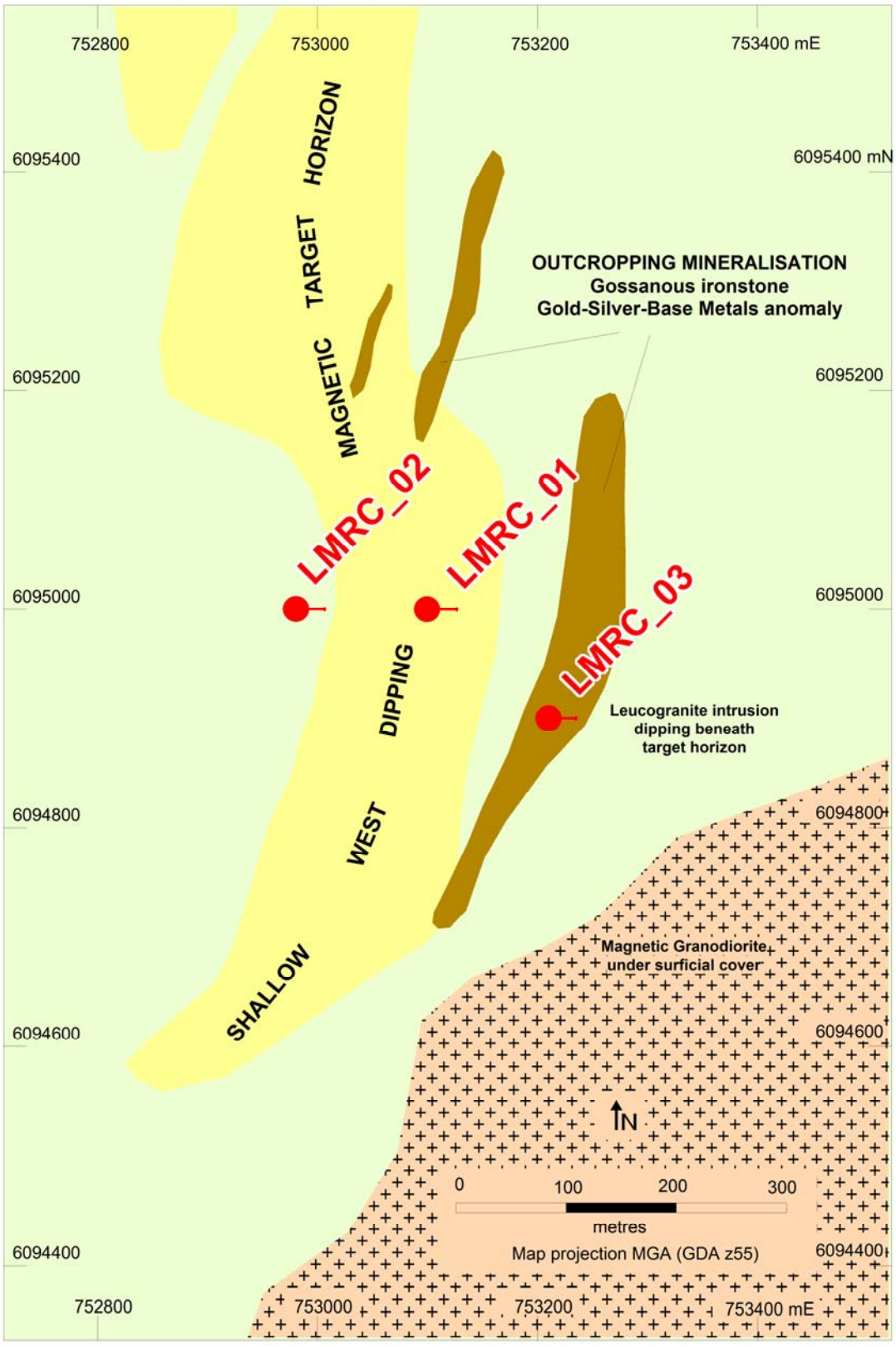
LIMEKILNS PROSPECT

EXPLORATION COMPOSITE & DRILL HOLE LOCATION PLAN



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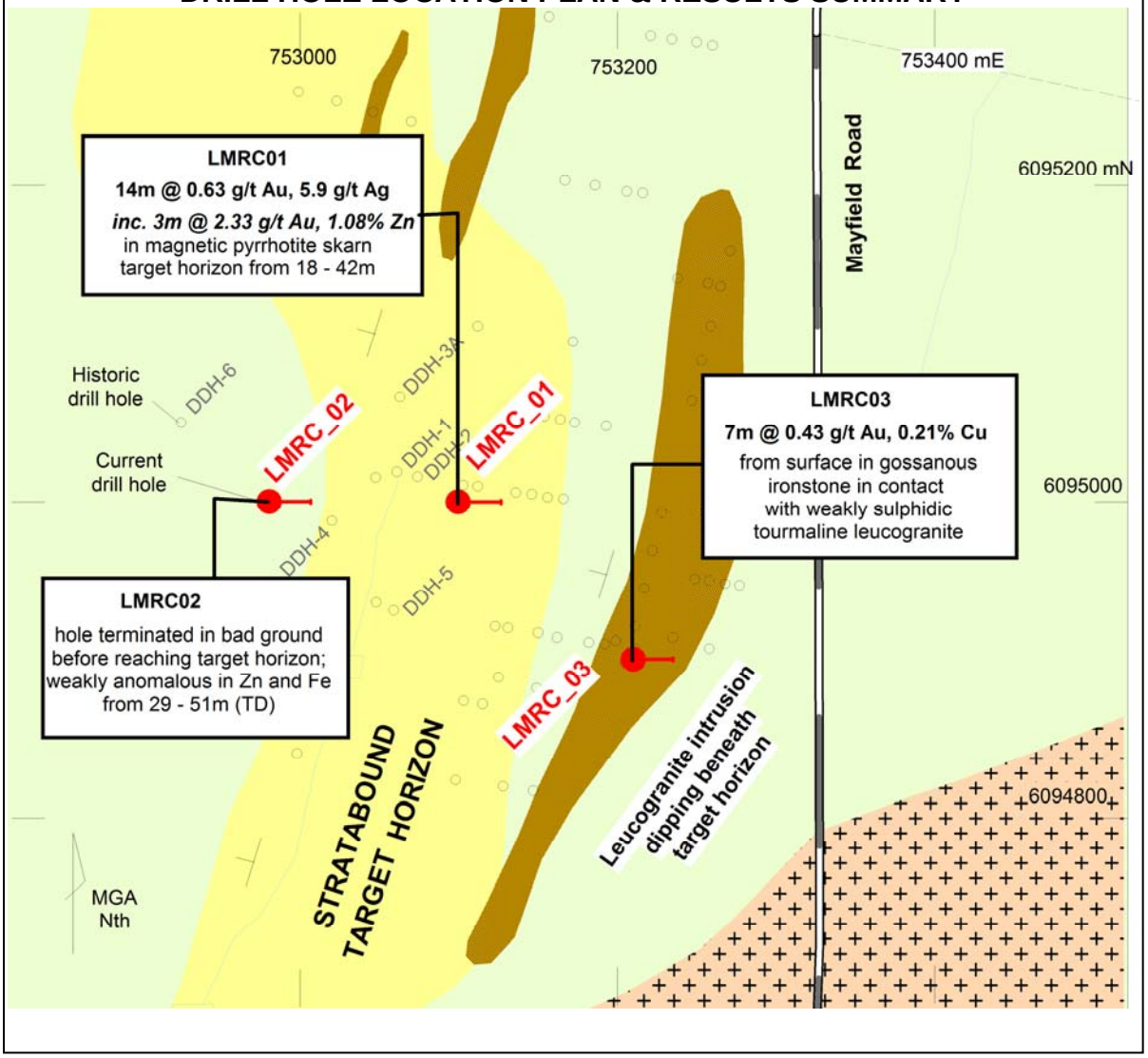
LIMEKILNS PROSPECT

DRILL HOLE LOCATION PLAN & RESULTS SUMMARY



More detailed analysis of the results from both prospects is to be undertaken and in both cases the current results are to be integrated with historic results. Cross sections incorporating the historic results of deeper diamond core drilling at the Mayfield Prospect with those from the current shallower drilling are to be drawn up and will be used to update the Mayfield resource estimate.

Indications from the lengths and grades of the intercepts made in the gold-bearing holes at the Mayfield Prospect and the distribution of the successful hits, suggest that the current results should add significantly to the established in-ground resource.

Samples from a range of different oxide mineralisation types that will be suitable for material characterization and metallurgical testing in the future were recovered and have been retained for further work.

The potential to locate additional pockets of high grade gold, silver and zinc mineralisation at the Mayfield Prospect has been highlighted by the drilling, as has the potential for a discovery down dip at Limekilns.

For further information please go to the Company's website or contact the exploration team.

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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.