

PRESS RELEASE

FOR IMMEDIATE RELEASE

CAPITAL GOLD SIGNS REFINING AGREEMENT WITH PENOLAS FOR EL CHANATE GOLD MINING PROJECT

Over 530,000 metric tons of ore stacked on the pads

NEW YORK, July 17, 2007—Capital Gold Corporation (TSX:CGC;OTC/BB:CGLD) said today that a refining contract has been signed with Met-Mex Penolas, to refine all of the gold dore produced from the Company's El Chanate mine. The mine processing plant will produce a gold dore that is approximately 95 percent gold. The refining process will further purify the product and produce a bullion that is 99.98 percent gold, which is then ready for commercial sale. Penolas is the world's largest refiner of silver, and the largest refiner of gold, lead and zinc in Latin America. They also operate the largest gold mine in Mexico, La Herradura.

John Brownlie, Capital Gold's Chief Operating Officer, updated progress on gold production: "We began the cyanide leaching process at El Chanate on June 21st. Since that time, we are encouraged by the percolation of solution in the leach pad. We are currently returning 800 cubic meters (over 200,000 gallons) per day of gold solution which is being processed through the ADR Plant. Once the carbon has been sufficiently loaded with gold, we will begin producing gold dore, which we anticipate will be by the end of the month."

Exploration and drilling progress.

Capital Gold has contracted Independent Mining Consultants of Tucson, Arizona to update our ore reserve and also to update our mine plan. Capital Gold has turned over all of the drill logs, samples and assay results to IMC. IMC is familiar with the El Chanate project; they prepared the original mine plan and ore reserve calculation. We are hopeful that the results will be ready by the end of August. IMC will also prepare a new 43-101 report for the Canadian authorities.

About Capital Gold

Capital Gold Corp. (CGLD) is a gold exploration and development company. CGLD, through its Mexican subsidiaries and affiliates, owns 100% of the El Chanate gold property in Sonora, Mexico. During August 2006 CGLD completed debt financing for the construction of the Chanate Mine. Engineering Procurement and Construction Management activities commenced June 1, 2006. Gold production is estimated to begin in July, 2007. Further information about

Capital Gold and the El Chanate Gold Mine, along with our updated corporate video and new photos, is available on the Company's website, www.capitalgoldcorp.com.

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Statements in this press release, other than statements of historical information, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are inherently uncertain. Actual performance and results may differ materially from those projected or suggested due to certain risks and uncertainties, some of which are described below. Such forward-looking statements include comments regarding the establishment and estimates of mineral reserves and non-reserve mineralized material, future increases in mineral reserves, the recovery of any mineral reserves, construction cost estimates, construction completion dates, equipment requirements and costs, production, production commencement dates, grade, processing capacity, potential mine life, results of feasibility studies, development, costs and expenditures. Factors that could cause actual results to differ materially include timing of and unexpected events during construction, expansion and start-up; variations in ore grade, tons mined, crushed or milled; delay or failure to receive board or government approvals; timing and availability of external financing on acceptable terms for equipment, construction, working capital and other purposes; the availability of adequate power and water supplies; the availability of adequate mining equipment; technical, permitting, mining or processing issues, and fluctuations in gold price and costs. There can be no assurance that future developments affecting the Company will be those anticipated by management.

The forecasts contained in this press release constitute management's current estimates, as of the date of this press release, with respect to the matters covered thereby. We expect that these estimates will change as new information is received and that actual results will vary from these estimates, possibly by material amounts. While we may elect to update these estimates at any time, we do not undertake to update any estimate at any particular time or in response to any particular event. Investors and others should not assume that any forecasts in this press release represent management's estimate as of any date other than the date of this press release. Additional information concerning certain risks and uncertainties that could cause actual, results to differ materially from that projected or suggested is contained in the Company's filings with the Securities and Exchange Commission (SEC) over the past 12 months, copies of which are available from the SEC or may be obtained upon request from the Company.

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