

## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

### **Capital Gold Secures US\$12,500,000 Senior Project Finance Facility with Standard Bank Plc for the El Chanate Gold Project**

**Acquisition of mine infrastructure underway as Company moves toward production**

NEW YORK, August 16, 2006 - Capital Gold Corporation (TSX:CGC; OTC/BB:CGLD) is pleased to announce that it has closed the Senior Project Finance Facility with Standard Bank Plc for up to US\$12.5 million, to complete the construction and start-up of its El Chanate open-pit gold mining project in Sonora, Mexico.

In making the announcement today, Gifford Dieterle, Chairman of Capital Gold, said that he was delighted that negotiations with the bank had come to a successful conclusion. "We can now move the Company and our El Chanate project forward. We would also like to thank Standard Bank for all of their efforts and belief in Capital Gold and El Chanate."

Graeme Hutchison, head of Mining & Metals - Americas at Standard Bank, noted, "This closing represents the culmination of over two years of dedicated effort by all parties. We are very pleased to have had the opportunity to work with the team at Capital Gold and look forward to seeing the project through to completion."

In developments at the El Chanate mine, site clearing, access improvements, explosive magazines, water and electrical supply are in the final stages of completion. John Brownlie, VP Operations added, "We have taken an aggressive approach during the pre-financing period of the project to set the stage for a fast track construction schedule. We have been in constant contact with major equipment suppliers to ensure that we can meet our construction goals. With the project financing now complete, we are now in a position to begin to evaluate additional resource potential adjacent to the current operation."

A revised resource estimate study has been completed by SRK Consulting of Denver, CO and submitted to the appropriate regulatory agencies. The study, which will be released soon, identifies an increase in the proven and probable gold reserves at El Chanate. Current proven and probable reserves are 367,000 ounces.

Dieterle said that with the completion of the financing, Capital Gold has embarked upon a new chapter of development. "Today, we begin the process of moving our Company from being an exploration company to that of being a gold producer. We have set many goals that we intend to

accomplish in the months ahead and you may be sure that we shall be keeping everyone advised of our progress.”

Further information about Capital Gold and the El Chanate project is available on the Company’s website, [www.capitalgoldcorp.com](http://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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