

## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

### **CAPITAL GOLD REPURCHASES INTEREST IN EL CHANATE GOLD MINE, SONORA, MEXICO**

#### ***EXTENSIVE PROGRESS ON MINE CONSTRUCTION***

NEW YORK, September 13, 2006 - Capital Gold Corporation (TSX:CGC; OTC/BB:CGLD) is pleased to announce it has repurchased the 5% net profits interest formerly held by Grupo Minera FG (FG), and subsequently acquired by Daniel Gutierrez Cibrian, with respect to the operations at the El Chanate mine. That net profits interest had originally been granted to FG in connection with the April 2004 termination of the joint venture agreement between FG and Minera Santa Rita, S.A. de C.V. de R. L. (MSR), Capital Gold's wholly owned Mexican subsidiary.

The purchase price for the buyback of the net profits interest was US\$500,000, and was structured as part of the project costs financed by the recently completed loan agreement with Standard Bank, Plc. Mr. Gutierrez will retain a 1% net profits interest in MSR, payable only after a total US\$20 million in net profits has been generated from operations at El Chanate.

Gifford Dieterle, Capital Gold's Chairman, said, "Now that we are moving closer to gold production at Chanate, we are pleased to have reacquired the bulk of the outstanding net profits interest in the project. Standard Bank Plc. also saw the merits of the repurchase and worked quickly with us to increase the amount of the loan and facilitate the purchase process."

There have also been many significant construction developments at the El Chanate mine site in the past month.

- The definitive project cost estimate completed below original estimate.
- New 43-101 compliant reserve estimate completed by SRK shows increased gold reserves.
- Site electrification expected to be completed by the end of September.
- Site clearing and plant roads complete.
- Leach pad construction started.
- Crushing plant equipment ordered, primary crusher expected on site mid-November.
- Infrastructure construction started.
- Gold processing and refining plant under construction.

- Engineering approximately 70% complete.
- Turnkey laboratory contract signed with K.D.Engineering.
- Water supply construction commenced.
- Construction on schedule for anticipated January 2007 completion.

### About Capital Gold

Capital Gold Corp. (CGLD) is a gold exploration and development company. CGLD, through its Mexican subsidiaries, 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.

Other construction activities have been underway at the mine site since early this year and we anticipate gold production will begin in early 2007. Further information about Capital Gold and the El Chanate Gold Mine 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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