

## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

### **CAPITAL GOLD ANNOUNCES INCREASE IN ESTIMATED GOLD RESERVES AT EL CHANATE, SONORA, MEXICO**

NEW YORK, September 7, 2006 - Capital Gold Corporation (TSX:CGC; OTC/BB:CGLD) is pleased to announce a significant increase in reported proven and probable mineral reserves at its El Chanate Gold Mine in northwestern Sonora, Mexico.

As a result of higher gold prices, the El Chanate gold reserve ounces have been increased by 33 percent from 368,000 to 490,000 ounces. Similarly, the recoverable gold ounces have increased by 29 percent from 258,000 to 332,000 ounces. A gold price of US\$450 (SEC three year average as of July 31, 2006) per ounce was used to re-estimate the reserves compared with a gold price of US\$375 per ounce used in the previously reported reserve calculations.

The mine's proven, and probable reserve tonnage has increased by 41 percent from 14.1 million to 19.9 million metric tonnes with a gold grade of 0.767 grams per tonne. The open pit stripping ratio is 1:1 (one tonne of waste to one tonne of ore).

We are very pleased to announce this increase in the mineral reserves, which was determined by SRK Consulting of Denver, an internationally recognized independent consulting engineering company. Peter Clarke, principal mining engineer with SRK Consulting in Denver, is the qualified person for the NI 43-101 technical report updating the reserves as well as the scientific and technical disclosures contained in this release, which are based on his report.

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

#### **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.

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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.

**Contact:**

**Jeff Pritchard, VP-Corporate Relations**

Capital Gold Corporation

Tel: (212) 344-2785

Fax: (212) 344-4537

Email: [investorrelations@capitalgoldcorp.com](mailto:investorrelations@capitalgoldcorp.com)

**Media Inquiries:**

**Victor Webb/Madlene Olson**

**Marston Webb International**

Tel: (212) 684-6601

Fax: (212) 725-4709

Email: [marwebint@cs.com](mailto:marwebint@cs.com)