



**CAPSTONE GOLD CORP**

***CAPSTONE CUTS MORE HIGH GRADES AT ITS COPALA SILVER-GOLD PROJECT, SINALOA STATE, MEXICO***

**Dated: January 18, 2006**

**TSX: CSG**

VANCOUVER, B.C. – Capstone Gold Corp. (“Capstone”) is pleased to report additional high grade silver and gold intercepts at its Copala Silver-Gold project located 60 km ENE of the city of Mazatlan, Sinaloa State, Mexico. A total of 2,400 m was drilled in the completed Phase I HQ core hole program. A Phase II (15 hole) drill program of up to 2,000 m is currently underway. A summary of the Phase I drill program is presented in the following table. Holes CC-05-01 and CC-05-02 were released in the October 20, 2005 news release and are presented again for continuity.

**Highlights**

- **CG-05-02 – 8.7 meters grading 2.3 g/t gold and 233.1 g/t silver**
- **CC-05-11 – 2.7 meters grading 3.8 g/t gold and 797.1 g/t silver**
- **CC-05-12 – 1.5 meters grading 6.8 g/t gold and 1,556.0 g/t silver**

<b>NQ Core Hole #</b>	<b>Zone</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Est. Core Recovery %</b>	<b>Est. True Width (m)*</b>	<b>Au g/t</b>	<b>Ag g/t</b>
<b>CC-05-01</b>	San Carlos	121.0	126.5	5.5	100	5.1	0.6	85.3
Including		123.5	125.8	2.3	100	2.1	1.1	157.1
<b>CC-05-02</b>	San Carlos	126.5	137.5	11.0	88-100	8.7	2.3	233.1
Including		126.5	128.8	2.3	100	1.8	<b>8.9</b>	<b>798.1</b>
Including		127.0	127.3	0.3	100	0.3	<b>36.6</b>	<b>2,320.0</b>
Including		127.5	127.8	0.3	100	0.3	<b>16.8</b>	<b>1,745.0</b>
<b>CC-05-05</b>	San Carlos	121.8	124.5	2.7	89-97	2.7	0.7	93.4
Including		122.0	123.0	1.0	97	1.0	1.3	143.0
<b>CC-05-06</b>	San Carlos	68.3	73.8	5.5	100	5.2	0.5	92.1
<b>CC-05-07</b>	San Carlos	85.8	93.0	7.2	96-100	5.6	1.5	269.7
Including		91.5	93.0	1.5	96-98	1.2	<b>4.9</b>	<b>871.7</b>
<b>CC-05-08</b>	San Carlos	157.0	158.5	1.5	70	1.5	2.1	315.0
<b>CC-05-10</b>	San Carlos	146.5	147.0	0.5	94-99	0.5	<b>3.5</b>	<b>461.0</b>
<b>CC-05-11</b>	El Muerto	48.5	51.3	2.8	92	2.7	<b>3.8</b>	<b>797.1</b>
Including		49.0	50.5	1.5	92	1.5	<b>6.2</b>	<b>1,307.3</b>
Including		49.8	50.3	0.5	92	0.5	<b>13.0</b>	<b>2,690.0</b>
<b>CC-05-12</b>	El Muerto	57.8	59.5	1.7	90-94	1.5	<b>6.8</b>	<b>1,556.0</b>
Including		57.8	58.0	0.2	90	0.2	<b>28.0</b>	<b>7,230.0</b>
<b>CC-05-13</b>	El Muerto	52.0	55.0	3.0	38-43	2.6	1.5	194.8
<b>CC-05-15</b>	El Muerto	46.3	48.5	2.2	65-93	2.2	1.3	214.8
<b>CC-05-16</b>	La Pipa	55.0	56.5	1.5	85	1.1	1.5	166.5

- \*True widths are estimated by correcting for the strike and dip of the vein and the bearing and inclination of the drill hole.
- Drill holes CC-05-03, 04, 09, 14 and 17 contained anomalous values only.
- Drill hole location maps are found on Capstone’s web site at [www.capstonegold.com](http://www.capstonegold.com)

At the San Carlos Mine, holes CC-05-02, CC-05-07 and CC-05-08 suggest a high grade chute that lies in an up-thrown block beneath the San Carlos Mine workings. The chute has a strike length of about 165m and rakes to the north within the Animas Refugio vein which strikes N-S and dips west at 45 to 60 degrees. As part of the Phase II program, at least two more holes will be drilled in the San Carlos Mine area to test the downward extent of this chute.

In the El Muerto Mine area, holes CC-05-11 and CC-05-12 have cut significant high grade mineralization within the Animas Refugio vein. Unfortunately in holes CC-05-13, CC-05-14 and CC-05-15, recovery of core in the brecciated vein was poor. Capstone is now using a triple tube HQ core barrel in order to obtain better recovery for the Phase II program.

The Copala project (5,149 ha) is easily accessible by a paved highway from Mazatlan. There are several N and NW striking epithermal veins with strike lengths varying from 2 to 4 km within the project. Exploration by the previous operator, Grupo Minero Bacis SA de CV ("Bacis") included mapping, underground and surface sampling, drifting and drilling. A total of 3,200 m of drilling by Bacis was completed on the Animas-Refugio vein structure producing drill intercepts of up to 11.8 g/t gold and 2,534 g/t silver over 3.2 m. Please see the October 20, 2005 news release and Capstone's web site to review details of previous Bacis drill intercepts and location maps.

Capstone has an option to earn a 90% interest in the Copala project, subject to a 1.5% N.S.R. by spending US\$1,000,000 on exploration and development costs by January 2009. As of December 31, 2005, Capstone has spent approximately US\$ 800,000.

Copala is one of the projects included in the proposed dividend-in-kind transaction involving the transfer of Capstone's portfolio of silver-gold exploration projects to Silverstone Resources Corp. Please see the November 28, 2005 news release for further details.

Samples were assayed by ALS Chemex in Vancouver. Duplicate pulp samples have also been assayed by Chemex and duplicate core samples have been sent to BSi Inspectorate in Reno Nevada. Due to some of the very high grade mineralization cut by the drill holes and the poor recovery in some holes, the duplicate samples have not always been within acceptable limits. Additional analyses of pulp and sample rejects are in progress.

Hugh Willson, Vice President of Exploration for Capstone and a qualified person under NI 43-101, has supervised the Copala Project from its inception.

## **ABOUT CAPSTONE**

Capstone is a mineral exploration company focused on the exploration and development of five advanced projects in Mexico. All of the projects have existing tonnage and grade defined by underground workings. Cozamin is the most advanced of these projects and is being readied for production in 2006. Capstone has approximately 57.8 million shares outstanding and is well financed with no long-term debt. More information is available online at: [www.capstonegold.com](http://www.capstonegold.com).

## **ON BEHALF OF THE BOARD**

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