



CAPSTONE GOLD CORP

NEWS RELEASE

CAPSTONE ACQUIRES 90% INTEREST IN COZAMIN AND ENTERS INTO TRANSACTION AGREEMENTS WITH SILVERSTONE RESOURCES

Dated: December 1, 2005

TSX: CSG

VANCOUVER, B.C. – Capstone Gold Corp. (the “Company”) is pleased to announce that it has earned a 90% interest in the Cozamin copper-silver-zinc project located in Zacatecas State, Mexico. The following agreements dated for reference November 30, 2005 have been executed:

Cozamin Option Exercise Agreement

An agreement, between the Company, Capstone Gold, S.A. de C.V. (“Capstone Mexico”), and Grupo Minero Bacis, S.A. de C.V. (“Bacis”), whereby Capstone Mexico has exercised its option to acquire a 90% interest in the Cozamin Project. As a 90% interest holder, Capstone has the following obligations,

- the assumption of indebtedness of US\$675,000 plus interest (Libor plus 6%). It is expected that the remaining balance shall be retired by December 31, 2005; and
- when the Cozamin Project has achieved commercial production for six months, a US\$1,000,000 cash payment or the equivalent value in Capstone common shares shall be paid to Bacis.

Bacis will retain a 1.5% NSR and a 10% carried interest. Following the completion of a feasibility study or such other studies comprising a feasibility study, Bacis' carried interest shall automatically convert to a 10% working interest and Bacis shall have the option of continuing to hold such working interest, converting such interest into a 1.5% NSR or selling its 10% interest to Capstone Mexico for the fair market value payable in cash or shares of the Company at the option of Capstone Mexico.

Assignment of Rights and Obligations Agreement

An agreement among Capstone Mexico, Silverstone Resources, S.A. de C.V. (“Silverstone Mexico”), a wholly owned subsidiary of the Company, and Bacis whereby Capstone Mexico has agreed to assign to Silverstone Mexico all rights and obligations of Capstone Mexico to acquire the interest in the Company’s silver-gold exploration properties, the Copala, Claudia, Promontorio, Montoros and Martha properties (collectively, the “Exploration Properties”), and that upon regulatory approval, the Company and Capstone Mexico will assign their respective obligations required for the exercise of the option to acquire a 90% interest in the Exploration Properties to Silverstone Resources Corp. (“Silverstone Canada”) and Silverstone Mexico. Pursuant to this restructuring, Silverstone and Silverstone Mexico have entered into an option agreement with Bacis to acquire the 90% interest in the Exploration Properties and the Company and Capstone Mexico have entered into an amended and restated option agreement with Bacis in regard of their respective interests in the Cozamin Property. The foregoing restructuring transactions shall be subject to the completion of the dividend-in-kind transaction announced earlier in the Company's news release of November 28, 2005.

ON BEHALF OF THE BOARD

“Darren M. Pylot”

President & CEO

For further information about the Company, please contact:
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