



CAPSTONE GOLD CORP

NEWS RELEASE

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Capstone Closes \$12.4 million Private Placement

Dated: December 21, 2005

TSX:CSG

VANCOUVER, B.C. – Capstone Gold Corp. (the “Company”) is pleased to announce the completion of the brokered private placement announced on November 28, 2005 co-led by Pacific International Securities Inc., and Salman Partners Inc., and including Toll Cross Securities Inc. (the “Agents”). There were 12,999,905 units (the “Units”) sold at a price of \$0.95 per Unit for gross proceeds of \$12,349,910 including the exercise of the over-allotment option. Each Unit consists of one common share and one transferable common share purchase warrant (a “Warrant”) with each Warrant entitling the holder to purchase one common share of the Company for three years from the date of closing at an exercise price of \$1.40. In addition to the foregoing, the Company completed a non-brokered private placement for 50,000 units.

The Company paid an agents’ fee equal to 6% of the gross proceeds of the brokered private placement in a combination of cash and Units. In addition the Agents were granted 779,994 compensation options which will entitle the Agents to purchase one common share of the Company for three years from the date of closing at an exercise price of \$1.02. A \$15,000 corporate finance fee was also paid to Pacific International Securities Inc.

All securities issued and issuable pursuant to this financing will be subject to a four-month hold period that expires on April 22, 2006.

Proceeds from the private placement will be used towards funding development and pre-production costs on the 90% owned Cozamin copper-silver-zinc project located in Zacatecas State, Mexico, general corporate purposes, and to provide initial funding for Silverstone Resources Corp.

ON BEHALF OF THE BOARD

“Darren M. Pylot”

President & CEO

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