



**CAPSTONE GOLD CORP**

**NEWS RELEASE**

***Capstone Provides Exploration Update on the Cozamin Copper-Silver-Zinc Deposit***

Dated: August 11, 2004

**TSX: CSG**

VANCOUVER, B.C. – Capstone Gold Corp. (the “Company”) is pleased to announce that it has completed its first phase of drilling on the 1.5 km San Roberto sector of the 5.5 km Mala Noche vein at its Cozamin copper-silver-zinc project, Zacatecas, Mexico. The drill program, initially slated at 5,000 m, was increased to 7,500 m distributed in 20 drill holes because of favorable results. Drilling tested below and along strike of the San Roberto sector, where previous production took place and historic resources remain. Also, a combined Controlled Source (CSAMT) and Natural Source (NSAMT) geophysical survey with ground magnetics has been completed over the entire strike length of the Mala Noche vein. This survey has identified additional drill targets along strike from the San Roberto sector.

Capstone has released initial results from the first seven drill holes (CG-01– CG-07) on June 11, 2004. Assay results which are being completed by BSI Inspectorate of Reno, Nevada are pending for drill holes CG-08 to CG-20. The Company has contracted an additional 2,000 m of drilling to be completed along strike, to the east of the 1.5 km San Roberto sector that has been most recently drilled. This additional drilling will test new drill targets identified by the geophysical survey. Drilling has begun and is scheduled to be completed by the end of September.

Also, due to the positive drill results to date, the Company has added an additional drill rig for a further 5,000 m of deeper drilling. This program is designed to test the San Roberto section of the Mala Noche vein area below the most recently completed drill program. The vein remains open to further mineralization in all directions. Drilling is scheduled to start August 15, and will be completed by October 2004.

The Cozamin mill was upgraded to 750 tpd in 1996 by the vendor and processed 250,000 tons of ore in 1997. In March 2004, a review of the Cozamin mill was completed by an independent consultant, Gary Hawthorn, P.Eng. This review was completed to determine the costs associated with re-opening the Cozamin plant at its current rate, and the estimated costs to expand the plant. The following is an estimated cost summary from the report.

- The cost of recommissioning the plant at its current 750 tpd capacity is US\$ 660,000
- Additional cost to expand to 1,200 tpd is US\$ 1,438,000
- Additional cost to expand from 1,200 tpd to 2,000 tpd is US\$ 1,285,000
- The cost to expand the plant from 750 tpd directly to 2,000 tpd is US\$ 2,713,000

The complete report is filed and available for review on [www.sedar.com](http://www.sedar.com) and [www.capstonegold.com](http://www.capstonegold.com).

**ON BEHALF OF THE BOARD**

***“Darren Pylot”***  
President and CEO

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