



CAPSTONE GOLD CORP

PHASE I DRILL RESULTS
CAPSTONE INCREASES GRADE AND TONNAGE TO DEPTH AT ITS COZAMIN COPPER-SILVER-ZINC DEPOSIT, ZACATECAS, MEXICO

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TSX: CSG

VANCOUVER, B.C. – Capstone Gold Corp. (“Capstone”) is pleased to announce results from eight additional drill holes at Capstone’s Cozamin Copper-Silver-Zinc deposit in Zacatecas, Mexico. The reported holes are from its Phase I, 7,500 m drill program on the Mala Noche vein. The drill program was designed to test below and along strike from the earlier San Roberto mine workings which extend for 1.5 km on surface and to approximately 250 m in depth. Capstone has an option to earn a 90% interest in the Cozamin Project from Cozamin S.A. de C.V., a 100% owned subsidiary of Compania Minera Bacis, S.A. de C.V. (“Bacis”).

Capstone has now received assay results from 15 drill holes totaling 6,100 m. The first 7 holes were reported in the June 11, 2004 press release. **The mineralized drill hole intercepts at San Roberto have expanded the strike to over 2,000 meters within the known 5,500 meter long mineralized Mala Noche vein and have confirmed high grade copper and silver values over mineable widths to a vertical depth of 450 meters. The deepest intersection to date in drill hole CG-04-10 is 9 m of true width grading 107.6 g/t silver, 2.5% copper and 1.9% zinc. Grades and mineralized widths appear to be increasing with depth. The Mala Noche vein, which appears to be mesothermal, remains open in all directions from the drilling completed to date.**

A summary of the most recent drill results is presented in the table below.

NQ Core Hole#	From (m)	To (m)	Intersection True Width (m)	Ag g/t	Cu %	Zn %
CG-04-08	336.8	340.0	2.8	97.8	1.6	1.6
CG-04-10	483.3	496.2	9.0	107.6	2.5	1.9
Includes	488.1	495.3	5.0	148.1	3.4	2.1
CG-04-11	367.6	373.9	5.6	126.1	2.5	2.6
Includes	369.7	372.0	2.0	258.8	4.3	2.4
CG-04-12	291.5	296.8	4.0	115.9	2.9	0.9
Includes	291.5	295.0	2.7	153.6	3.7	1.2
CG-04-13	321.8	333.5	8.9	134.0	1.4	1.6
Includes	330.4	333.5	2.4	279.1	1.8	1.4
CG-04-15	294.9	302.8	6.0	75.5	4.9	0.2
Includes	296.6	299.1	1.9	133.6	8.7	0.8

* Holes CG-04-09 and CG-04-14 were anomalous but did not encounter any significant mineralization.

A longitudinal section with historic and current drill hole pierce points and grades may be found on Capstone’s website at www.capstonegold.com.

Capstone has completed all of its Phase I, 19 hole (7,500 m) drill program. **Assays for the remaining 4 drill holes will be reported when they are made available to Capstone from the laboratory.**

Controlled source (CSAMT) and natural source (NSAMT) magnetotelluric and magnetic geophysical surveys have identified additional drill targets along strike from the current drill pattern. **In addition, a large conductive body has been identified approximately 400 meters below the current drill intercepts. The anomaly has an open ended strike length of 1,500 meters. Preliminary observations suggest an intrusive association. The Mala Noche vein may be the near surface expression of a large related hydrothermal system at depth. Two 1,000 meter drill holes will test this target as part of Capstone's current Phase II, 7,000 m surface drilling program.**

The Cozamin Project is a past producing copper-silver-zinc mine. Approximately 600,000 tonnes of ore from the Mala Noche vein have been processed by previous operators. Capstone's Phase I and II drill programs are confirming, upgrading and extending historic inferred resources. These results will allow Capstone to undertake a revised resource calculation as part of an underground development program planned for the first quarter of 2005.

A 750 TPD mill is on site at Cozamin. In 1997–1998 Bacis spent approximately US\$ 3.8 million on this plant and on site infrastructure. In March 2004, a review of the Cozamin mill was completed by an independent consultant, Gary Hawthorn, P.Eng. This review was undertaken in order to determine the costs associated with re-opening the Cozamin plant at its current rate, and to estimate necessary costs to expand the plant. The following is a summary of estimated costs from the report.

- **Cost of recommissioning the plant at it's current 750 tpd capacity is US\$ 660,000**
- **Additional cost to expand to 1,200 tpd is US\$ 1,438,000**
- **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 and www.capstonegold.com.

Capstone's exploration budget from September 1st to December 31st, 2004 for all of its Mexican projects is \$US 2,000,000 of which \$US 1,600,000 is committed to the current Phase II drilling and underground preparation work on the Cozamin project. Capstone has the required funds in place to complete its Phase II program.

Jack Marr, P.Geo., a director of Capstone and a qualified person under NI 43-101 has reviewed all assay results and has supervised the preparation of this news release.

Quality Control

All drill core is stored on site in a secure and guarded building. After the core has been logged and sample intervals marked, it is cut by means of a diamond saw. One half of the core is then placed in a bag with a numbered sample tag and sealed and the balance is retained for future reference. The samples are then shipped by truck to the BSI Inspectorate ("BSI") prep lab in Durango, Mexico. Once the samples are crushed and pulverized, subsamples of the pulps are sent to BSI's assay lab in Reno, Nevada for final assay. Gold and silver assays are determined using 58.4 grams of the homogenized pulp with a fire assay start and atomic absorption finish for gold and gravimetric finish for silver. Analysis for silver, copper, zinc and lead involve aqua regia digestion of 0.2 grams of the pulp followed by atomic absorption analysis. Duplicates of the pulps for the samples from the entire mineralized vein interval are subsequently sent to ALS Chemex Labs ("Chemex") for check assays. Both BSI and Chemex meet all the established criteria as related to disclosure requirements under National Instrument, NI-43-101.

ON BEHALF OF THE BOARD

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