

# ISS and Glass Lewis Recommend Capital Gold Corporation Stockholders Vote for Merger With Gammon Gold Inc.

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Capital Gold Corporation (Amex: CGC) (TSX: CGC) ('CGC') announced today that ISS Proxy Advisory Services and Glass Lewis & Co., the two leading independent proxy research and advisory firms, have both published reports recommending that Capital Gold's stockholders vote 'FOR' the merger with Gammon Gold Inc. ('Gammon'). A special meeting of the Capital Gold stockholders to vote on the merger proposal will be held at 10:00 am on March 18, 2011 at the offices of Ballard Spahr LLP, located at 1735 Market Street, 51st Floor, Philadelphia, Pennsylvania.

'We are pleased that both ISS and Glass Lewis, having thoroughly evaluated the terms of the merger agreement with Gammon as well as the proposed offer from Timmins Gold Corp., have reached the same conclusion as the Capital Gold board of directors and the independent special committee and recommend that stockholders vote in favor of the Gammon merger,' said Stephen Cooper, Chairman of the Board of CGC. 'Their recommendations further validate our view that the Gammon offer is in the best interests of CGC stockholders and we urge all stockholders to vote in favor of the Gammon merger.'

The ISS analysis cited '...the board's evident attention to opportunities for maximizing shareholder value, and the superior market value of the merger consideration being offered' in its recommendation to CGC stockholders to support the Gammon merger. ISS also examined the long term potential benefits to stockholders, saying that '...Gammon's stronger cash position and positive operating cash flow would appear to provide Capital Gold with the funding it requires to develop and expand its operations. Gammon's new management team - now in office for approximately three years - also has experience that Capital Gold will need to leverage as it develops its underground mining operations at the recently-acquired Orion Project. Furthermore, Capital Gold stockholders will gain greater exposure to silver prices through the combined company's ownership of the Ocampo mine.'

ISS considered the poor performance of Timmins' stock since it announced its proposal, stating, '[o]n March 9, 2011, Timmins filed a Form 425 stating that its offer was superior '[b]ased on the average of the respective closing share prices for the last 60 trading days.' Although this is technically true when based on this long trading window... Timmins' stock price has actually deteriorated, in constant US dollars, while Gammon's - already in US dollars - has become more attractive.'

In arriving at its conclusion, ISS reviewed the reports of several prominent research analysts that follow the mining sector, quoting some of these as follows: '[i]n their opinion of the two transactions on Feb. 15, 2011, Octagon Capital noted that Gammon appeared to be the better choice due to the exposure to silver prices and the increased opportunities in Mexico that would arise from the more established Gammon'. Scotia Capital also found the Gammon/Capital transaction to be a good fit from Gammon's perspective and

remained skeptical of the Timmins transaction. Analysts at Macquarie Equities Research noted that the strong performance of Gammon's stock may have been driven by the recent rise in silver prices and higher expectations about its exploration program. The analysis of the beneficial effects of silver exposure echoes management's belief that Gammon will provide a more diversified production base for the combined company.

In reaching its recommendation, Glass Lewis stated that, '...the Gammon deal is superior to Timmins' offer in almost every aspect', and found, '...Gammon's stock to be far superior to Timmins' stock as a form of currency in executing a transaction.' Glass Lewis concluded with saying, '[i]n sum, given our determination that the Gammon transaction is superior to Timmins' offer, our approval of the board's sale process in general, our view that the implied purchase price is fair to shareholders, and the unanimous support of the board, we believe the proposed acquisition by Gammon is in the best interests of shareholders.'

All stockholders are encouraged to vote. Completion of the Gammon merger is conditioned on the approval by a majority of Capital Gold's outstanding common stock. Regardless of the number of shares held, it is extremely important for all stockholders to vote immediately using the WHITE proxy card to support the Gammon merger. Stockholders are urged to disregard any GOLD proxy card they may have received from Timmins. Stockholders who have previously voted using the GOLD proxy card can change their vote using the WHITE proxy card to vote in favor of the Gammon merger.

Capital Gold has retained MacKenzie Partners and Gammon Gold has retained Laurel Hill to act as proxy solicitation agents and to respond to inquiries from stockholders. MacKenzie Partners may be contacted by telephone at 800-322-2885 toll-free or by e-mail at [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com). Laurel Hill may be contacted by telephone at 1-800-385-3006 toll-free or by email [info@laurelhill.com](mailto:info@laurelhill.com).

Further information on the merger proposal can also be found at [www.capitalgoldcorp.com](http://www.capitalgoldcorp.com).

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Important Additional Information

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Capital Gold Corporation ('CGC' or the 'Company') filed a definitive proxy statement with the Securities and Exchange Commission (the 'SEC') on February 18, 2011 and a supplement to the definitive proxy statement on March 10, 2011, in connection with the Special Meeting of Stockholders to be held on March 18, 2011, and mailed the definitive proxy statement, the supplement, a WHITE proxy card and additional soliciting materials to stockholders. CGC and its directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with such meeting.

The Company's stockholders are strongly advised to read CGC's proxy statement as it contains important information. Stockholders may obtain an additional copy of CGC's definitive proxy statement and any other documents filed by the Company with the SEC for free at the SEC's website at <http://www.sec.gov>. Copies of the definitive proxy statement are available for free at [www.capitalgoldcorp.com](http://www.capitalgoldcorp.com). In addition, copies of the Company's proxy materials may be requested at no charge by contacting MacKenzie Partners, Inc. at 1-800-322-2885 or via email at [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com). Detailed information regarding the names, affiliations and interests of individuals who are participants in the solicitation of proxies of CGC's stockholders is available in CGC's definitive proxy statement filed with SEC on February 11, 2011 and supplement filed on March 10, 2011.

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About Capital Gold

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Capital Gold Corporation (CGC) is a gold production and exploration company. Through its Mexican subsidiaries and affiliates, it owns 100% of the 'El Chanate' gold mine located near the town of Caborca in Sonora, Mexico. On August 2, 2010, Capital Gold acquired Nayarit Gold Inc. Capital Gold is focused on optimizing the El Chanate operations and advancing the Del Norte deposit in the Orion District in the state of Nayarit, Mexico. Capital Gold also owns and leases mineral concessions near the town of Saric, also located in Sonora, that are undergoing exploration for gold and silver mineralization. Additional information about Capital Gold and the El Chanate Gold Mine is available on the Company's website, [www.capitalgoldcorp.com](http://www.capitalgoldcorp.com).

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Forward-Looking Information

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This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words 'plans', 'expects', or 'does not expect', 'is expected', 'budget', 'scheduled', 'anticipates', or 'does not anticipate', 'continue', 'estimates', 'forecasts', 'objective', 'ongoing', 'may', 'will', 'project', 'should', 'believe', 'intends' or variations of such words and phrases or statements are intended to identify forward-looking information or statements. Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information.

More particularly and without limitation, this press release contains forward-looking statements and information concerning Gammon Gold's proposed acquisition of Capital Gold (the 'Acquisition') and the merger agreement pursuant to which such acquisition will be effected. The forward-looking statements and information are based on certain key expectations and assumptions made by Gammon Gold and Capital Gold. Although Gammon Gold and Capital Gold believe that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because neither of them can give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. There are risks also inherent in the nature of the Acquisition, including whether the completion of the Acquisition will ultimately occur, whether the anticipated synergies of the acquisition will occur, incorrect assessment of the value of the respective properties of each of Gammon Gold and Capital Gold, and failure to obtain the required security holder, regulatory, third party and other approvals. The outcome of Timmins' consent solicitation to replace the Capital Gold board and Capital Gold's corresponding consent revocation also impact the assumptions on which forward-looking statement are based. Readers are cautioned that the foregoing list of factors is not exhaustive. There may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The forward-looking statements and information contained in this press release are made as of the date hereof. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Neither Gammon Gold nor Capital Gold undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

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