

CAPITAL GOLD CORP
Form 424B3
September 25, 2007

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Registration No. 333-143957

CAPITAL GOLD CORPORATION

16,944,209 Shares of Common Stock

This prospectus relates to the resale of 16,944,209 shares of our common stock, including 4,382,542 shares of common stock issuable upon the exercise of outstanding warrants and options, that may be offered and sold from time to time by the selling stockholders listed herein.

We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders other than payment of the exercise price of the warrants and options.

Our common stock is listed on the Over-The-Counter Bulletin Board under the symbol "CGLD." The last reported sales price per share of our common stock as reported by the OTC Bulletin Board on September 7, 2007, was \$0.46. Our common stock also trades on the Toronto Stock Exchange ("TSX") under the symbol "CGC." On September 7, 2007, the closing price of our common stock on the TSX was \$0.48 CDN (approximately \$0.455 USD).

Please see the risk factors beginning on page 5 to read about certain factors you should consider before buying shares of common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 14, 2007

PROSPECTUS SUMMARY

In the following summary, we have highlighted information that we believe is the most important about us. However, because this is a summary, it may not contain all information that may be important to you. You should read this entire prospectus, including the information incorporated by reference and the financial data and related notes, before making an investment decision. When used in this prospectus, the terms “we,” “our” and “us” refer to Capital Gold Corporation and not to the selling stockholders. You should also see the “Glossary” for definitions of some of the terms used to describe our business.

About Capital Gold

Through a wholly-owned subsidiary and an affiliate, Capital Gold Corporation owns 100% of 16 mining concessions located in the Municipality of Altar, State of Sonora, Republic of Mexico totaling approximately 3,544 hectares (8,756 acres or 13.7 square miles). We commenced mining operations in late March 2007, gold production in early August 2007 and revenues from operations in early August 2007. During August 2007, our first month, we produced approximately 3,175 ounces of gold. The gold dore is being refined for us in Mexico by Met-Mex Penoles. We sometimes refer to the operations on these two concessions as the El Chanate Project.

In May 2007, we completed an expanded 72-hole reverse circulation drilling campaign to identify additional proven and probable gold reserves at the El Chanate Project. The 72 holes totaled approximately 8,300 meters, and were positioned to fill in gaps in the ore body and test the outer limits of the currently known ore zones. We turned the assay data over to Independent Mining Consultants, Inc. (“IMC”) of Tucson, AZ to update our ore reserve and our mine plan. On August 30, 2007, IMC delivered to us an updated resource block model and an updated mine plan and mine production schedule (the “2007 Report”). The original feasibility study (the “2003 Study”) on the El Chanate Project was prepared by M3 Engineering of Tucson in August 2003. M3 updated the 2003 Study in October 2005 (the “2005 Study”). An August 2006 technical report from SRK Consulting, Denver, Colorado (the “2006 Update”) further updated the feasibility study.

According to the 2007 Report, our proven and probable reserve tonnage has increased by approximately 97 percent from 19.9 million to 39.5 million metric tonnes with a gold grade of 0.66 grams per tonne (43.5 million US short tons at 0.019 ounces per ton). The open pit stripping ratio is 0.6:1 (0.6 tonnes of waste to one tonne of ore). The updated pit design for the revised plan in the 2007 Report is based on a plant recovery of gold that varies by rock types, but is expected to average 66.8%. A gold price of US\$550 (SEC three year average as of July 31, 2007) per ounce was used to re-estimate the reserves compared with a gold price of \$450 per ounce used in the previous estimate.

Gold production at El Chanate is currently near the feasibility study rate of 4,000 ounces per month. We plan to slowly start to ramp up daily tonnage levels from 7,500 tonnes per day (“tpd”) to 10,000 tpd. This should boost our gold production toward 5,000 ounces per month (60,000 ounces per year). With this reserve increase, we will now be analyzing what steps are necessary to effectively increase production rates and improve gold recoveries by conducting further metallurgical test work at our laboratory facilities at the mine. Initially, we anticipate that the increased plant throughput will not require any capital since an additional ore crushing and stacking capacity was factored into the original design.

Our principal executive offices are located at 76 Beaver Street, 26th floor, New York, NY10005, and our telephone number is (212) 344-2785.

The Offering

Common stock to be offered
by the selling stockholders 16,944,209 Shares

Common stock outstanding
prior to this offering 171,643,646 Shares

Use of Proceeds We will not receive any of the proceeds from the sale of the shares of common stock because they are being offered by the selling stockholders and we are not offering any shares for sale under this prospectus, but we may receive proceeds from the exercise of warrants and options held by the selling stockholders. We will apply such proceeds, if any, toward future exploration and/or acquisitions and for working capital. See "Use of Proceeds."

Over-The-Counter Bulletin
Board symbol CGLD

Toronto Stock Exchange
symbol CGC

The 16,944,209 shares of our common stock offered consist of:

- Up to 12,561,667 shares of common stock owned by certain of the selling stockholders; and
- Up to 4,382,542 shares of common stock issuable upon the exercise of outstanding warrants and options.

Summary Financial Data

In the table below, we provide you with our summary historical financial data. We have prepared this information using our audited financial statements for each of the five years in the period ended July 31, 2006 and our unaudited financial statements for the nine months ended April 30, 2006 and April 30, 2007. Operating results for the nine months ended April 30, 2007 are not necessarily indicative of the results that may be expected for the year ending July 31, 2007.

It is important that you read this summary historical financial data in conjunction with our historical financial statements and related notes and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" appearing elsewhere in this prospectus.

Statement of Operations Data

	For the Years Ended				
	2002	2003	2004	2005	2006
	(consolidated)	(consolidated)	(consolidated)	(consolidated)	(consolidated)
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Mine Expenses	\$ 709,961	\$ 1,028,899	\$ 673,050	\$ 851,374	\$ 1,940,805
Selling, General and Administrative	\$ 639,652	\$ 770,629	\$ 687,722	\$ 1,005,038	\$ 2,135,493
Stock & Warrants Issued for Services	\$ 222,338	\$ 288,623	\$ 379,033	\$ 187,844	\$ 89,391
Depreciation & Amortization	\$ 3,105	\$ -	\$ -	\$ 7,431	\$ 38,969
Total Other					
Income (Expense)	\$ 2,027,810	\$ (11,735)	\$ (950,005)	\$ 46,005	\$ (600,034)
Minority Interest	\$ 54,543	\$ 180,625	\$ 51,220	\$ -	\$ -
Write Down of Mining, Milling and Other Property and Equipment	\$ 999,445	\$ -	\$ 300,000	\$ -	\$ -
Net Loss	\$ (492,148)	\$ (1,919,261)	\$ (2,938,590)	\$ (2,005,682)	\$ (4,804,692)

	For the Nine months Ended	
	April 30,	
	2006	2007
	(consolidated)	(consolidated)
	(unaudited)	(unaudited)
Revenues	\$ -	\$ -
Mine Expenses	\$ 1,528,653	\$ 743,334
Selling, General and Administrative	\$ 1,377,104	\$ 2,151,362
Stock & Warrants Issued for Services	\$ 6,585	\$ 153,093
Exploration	\$ -	\$ 581,395
Depreciation & Amortization	\$ 27,000	\$ 631,797
Total Other Income (Expense)	\$ (276,814)	\$ (1,222,586)
Net Loss	\$ (3,216,156)	\$ (5,483,568)

Balance Sheet Data

	As of July 31,				
	2002	2003	2004	2005	2006