

CAPITAL GOLD CORP
Form POS AM
June 09, 2010

As filed with the Securities and Exchange Commission on June 9, 2010

Registration No. 333 165866

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Post Effective Amendment #1 to
to

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Capital Gold Corporation
(Exact name of registrant as specified in its charter)

Delaware	1040	13-3180530
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

76 Beaver Street, 14th Floor
New York, New York 10005
(212) 344-2785

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John Brownlie
President and Chief Operating Officer
Capital Gold Corporation
76 Beaver Street, 14th Floor
New York, New York 10005
(212) 344-2785
(212) 344-4537 — Facsimile

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Ellenoff Grossman & Schole LLP
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Kavinoky Cook LLP
726 Exchange Street, Suite 800
Buffalo, New York 14210
(716) 845-6000
(716) 845-6474 — Facsimile

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the transactions contemplated by the Business Combination

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Agreement described in the included proxy statement/prospectus have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Shares of common stock, par value \$0.0001 per share	12,099,135	\$ 3.335(3)	\$ 40,350,616	\$ 2,877.00
Shares of common stock underlying Warrants exercisable for one share of common stock par value \$0.0001 per share	4,830,938	\$ 5.15(4)	\$ 24,879,331	\$ 1,773.90
Shares of common stock underlying Options exercisable for one share of common stock par value \$0.0001 per share	1,218,403	\$ 4.77(4)	\$ 5,811,783	\$ 414.39
Total	18,148,476	—	\$ 71,041,730	\$ 5,065.29(5)

(1) In accordance with Rule 416, shares of common stock offered hereby shall also be deemed to cover additional securities to be offered or issued to prevent dilution pursuant to stock splits, stock dividends or similar transactions.

(2) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$71.30 per \$1,000,000 of the proposed maximum aggregate offering price.

- (3) Estimated pursuant to Rule 457(f)(1) solely for the purpose of computing the amount of the registration fee, based on the average of the high and low prices of the shares of common stock, par value \$0.0001 per share, Capital Gold Corporation on the NYSE AMEX on March 29, 2010.
- (4) Represents average exercise price of the Warrants or Options, as applicable.
- (5) Previously Paid

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further Amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Post-Effective Amendment No. 1 (“Post Effective Amendment No. 1”) to the Registration Statement on Form S-4, Registration No. 333-165866 (the “Registration Statement”), contains updated information relating to the material federal income tax consequences of the transaction by and between Capital Gold Corporation (the “Company”) and Nayarit, Inc. (“Nayarit”) to the Nayarit’s securityholders. This Post Effective Amendment No. 1 also contains an amendment to the legal opinion of EGS. The proxy statement/prospectus included in this Post-Effective Amendment No. 1 supersedes and replaces in its entirety the proxy statement/prospectus filed with the Securities and Exchange Commission on May 20, 2010.

PROPOSED BUSINESS COMBINATION – YOUR VOTE IS VERY IMPORTANT

To the Stockholders of Capital Gold Corporation and Nayarit Gold Inc:

The Boards of Directors of Capital Gold Corporation (“Capital Gold”) and Nayarit Gold Inc. (“Nayarit”) each have unanimously approved a business combination agreement, including the annexed amalgamation agreement (the “Business Combination Agreement”) dated February 10, 2010 between Capital Gold and Nayarit, as amended on April 29, 2010 (the “Amendment”) pursuant to which Nayarit will become a wholly-owned subsidiary of Capital Gold (the “Business Combination”).

If the Business Combination is completed, all outstanding shares of Nayarit common stock and all outstanding warrants and options to purchase Nayarit common stock will be converted into the right to receive shares of Capital Gold common stock and options to purchase Capital Gold common stock, respectively. Each outstanding share of Nayarit common stock will be converted into the right to receive 0.134048 shares of Capital Gold common stock, with cash to be paid in lieu of any fractional share. Based on the number of shares of Nayarit common stock outstanding on February 10, 2010, Capital Gold expects to issue approximately 12,099,135 shares of its common stock in the Business Combination to Nayarit’s current stockholders and to reserve for issuance an additional approximately 4,830,938 and 1,218,403 shares of Capital Gold common stock upon the exercise of former Nayarit warrants and options, respectively. Based on the number of outstanding shares of Nayarit common stock and Capital Gold common stock, after the merger, the current stockholders of Nayarit would own approximately 19.97% of Capital Gold on a non-diluted basis.

Capital Gold common stock is listed on the NYSE AMEX under the symbol “CGC” and closed at \$3.52 per share on February 10, 2010, the trading day prior to the announcement of the execution of the Business Combination Agreement. Capital Gold common stock is also listed on the Toronto Stock Exchange (the “TSX”) under the symbol “CGC” and closed at CDN\$3.73 per share on February 10, 2010. Nayarit common stock is listed on the TSX Venture Exchange (the “TSX-V”) under the symbol “NYG” and closed at CDN\$0.52 per share on February 10, 2010. If the Business Combination is completed, Nayarit’s common shares will no longer be traded on the TSX Venture Exchange, but shares of Capital Gold will continue to be traded on the NYSE AMEX and the TSX.

Stockholders of Capital Gold will be asked at a special meeting (the “Capital Gold Special Meeting”) to approve the Business Combination Agreement and the Business Combination, including the issuance and reservation for issuance of shares of Capital Gold common stock in the Business Combination. The Capital Gold Special Meeting will be held at 10 a.m on July 2, 2010 at Bayards, One Hanover Square, New York City, New York, 10004, local time.

Stockholders of Nayarit will be asked at a special meeting (the “Nayarit Special Meeting”) to approve the Business Combination Agreement and the Business Combination. The Nayarit Special Meeting will be held at 76 Temple Terrace, Lower Sackville, Nova Scotia, B4C 0A7 on July 12, 2010 at 11:00 AM, local time.

This proxy statement/prospectus provides you with detailed information about Capital Gold, Nayarit, the proposed Business Combination and the Capital Gold Special Meeting and the Nayarit Special Meeting. We encourage you to read and consider carefully the accompanying joint proxy statement/prospectus in its entirety, including annexes. For a discussion of significant matters that should be considered before voting at the special meetings, please see the section entitled “Risk Factors.”

The board of directors of Capital Gold has fixed the close of business on May 5, 2010, as the record date (the “Capital Gold Record Date”) for the determination of stockholders entitled to notice of and to vote at the Capital Gold Special Meeting and at any adjournment thereof. A list of stockholders as of the Capital Gold Record Date entitled to vote at

the Capital Gold Special Meeting will be open to the examination of any Capital Gold stockholder, for any purpose germane to the Capital Gold Special Meeting, during ordinary business hours before the Capital Gold Special Meeting at the Capital Gold executive offices, and at the time and place of the Capital Gold Special Meeting during the duration of the Capital Gold Special Meeting.

The Board of Directors of Nayarit has fixed the close of business on June 10, 2010, as the record date (the “Nayarit Record Date”) for the determination of stockholders entitled to notice of and to vote at the Nayarit Special Meeting and at any adjournment thereof. A list of stockholders as of the Nayarit Record Date entitled to vote at the Capital Gold Special Meeting will be open to the examination of any Nayarit stockholder, for any purpose germane to the Nayarit Special Meeting, during ordinary business hours for a period of ten calendar days before the Nayarit Special Meeting at Nayarit’s executive offices in Sackville, Nova Scotia, and at the time and place of the Nayarit Special Meeting during the duration of the Nayarit Special Meeting.

Approval of the Business Combination requires the affirmative vote of a majority of the Capital Gold’s common stock voted at the Capital Gold Special Meeting at which a quorum is present and the affirmative vote of a special two-thirds majority of the Nayarit common stock voted at the Nayarit Special Meeting. See the sections entitled “Special Meeting of Stockholders of Capital Gold” and “Special Meeting of Stockholders of Nayarit,” for additional information.

After careful consideration, the respective boards of directors of each of Capital Gold and Nayarit have unanimously approved the Business Combination Agreement, the Amendment and the Business Combination. The respective boards of directors of Capital Gold and Nayarit each have concluded that the combination of the two companies may produce more value than either company could achieve individually.

The Board of Directors of Capital Gold recommends that its stockholders vote or give instruction to vote “FOR” the approval of the Business Combination Proposal to be presented at the Capital Gold Special Meeting.

The Board of Directors of Nayarit recommends that its stockholders vote or give instruction to vote “FOR” the approval of the Business Combination Proposal to be presented at the Nayarit Special Meeting.

The accompanying joint proxy statement/prospectus describes the proposed Business Combination in more detail. Capital Gold and Nayarit urge you to read this entire document carefully, including the Business Combination Agreement, which is included as Annex I. For a discussion of risk factors you should consider in evaluating the Business Combination, see the section entitled “Risk Factors” beginning on page 18.

Your vote is important. Whether or not you plan to attend the Capital Gold Special Meeting or the Nayarit Special Meeting, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.

We strongly support the Business Combination of Capital Gold and Nayarit and recommend that you vote in favor of the proposals presented to you for approval.

/s/ John Brownlie
John Brownlie
President
Capital Gold Corporation

/s/ Colin Sutherland
Colin Sutherland
President and Chief Executive Officer
Nayarit Gold Inc.

CAPITAL GOLD CORPORATION
76 Beaver Street, 14th Floor
New York, NY 10005

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
OF CAPITAL GOLD CORPORATION
TO BE HELD ON JULY 5, 2010

To the Stockholders of Capital Gold Corporation:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders (the “Capital Gold Special Meeting”) of Capital Gold Corporation (“Capital Gold”), a Delaware corporation, will be held at 10 a.m. on July 2, 2010 at Bayards, One Hanover Square, New York City, New York, 10004, local time. You are cordially invited to attend the Capital Gold Special Meeting, at which meeting stockholders will be asked to consider and vote upon the following proposals, which are more fully described in the accompanying joint proxy statement/prospectus in the section entitled, “Proposals to be Considered by Capital Gold Stockholders.”

(1) The Business Combination Proposal — to adopt the business combination agreement, including the annexed amalgamation agreement (the “Business Combination Agreement”) dated as of February 10, 2010 as amended on April 29, 2010 (the “Amendment”) between Capital Gold and Nayarit Gold Inc., an Ontario corporation (“Nayarit”) pursuant to which Nayarit will amalgamate with a to be formed wholly-owned Ontario subsidiary of Capital Gold and Capital Gold will issue approximately 12,099,135 shares of its common stock to stockholders of Nayarit and reserve for issuance an additional approximately 4,830,938 and 1,218,403 shares of Capital Gold pursuant to warrants and options, respectively, of Nayarit. As a result of the transaction, Nayarit will become a wholly-owned subsidiary of Capital Gold (the “Business Combination”);

(2) The Stockholder Adjournment Proposal — to consider and vote upon the adjournment of the Capital Gold Special Meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies if, at the time of the Capital Gold Special Meeting, it appears we cannot consummate the transactions contemplated by the Business Combination Agreement and the other proposals to be considered by stockholders (the “Stockholder Adjournment Proposal”); and

(3) Such other procedural matters as may properly come before the Capital Gold Special Meeting or any adjournment or postponement thereof.

After careful consideration, the Board of Directors of Capital Gold has unanimously approved the Business Combination Agreement the Amendment and the Business Combination and unanimously recommends that you vote or give instruction to vote “FOR” the Business Combination Proposal.

All Capital Gold stockholders are cordially invited to attend the Capital Gold Special Meeting in person. To ensure your representation at the Capital Gold Special Meeting, however, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. If you are a stockholder of record of Capital Gold common stock, you may also cast your vote in person at the Capital Gold Special Meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares or, if you wish to attend the Capital Gold Special Meeting and vote in person, you must obtain a proxy from your broker or bank.

The Board of Directors of Capital Gold has fixed the close of business on May 5, 2010 as the record date for the determination of stockholders entitled to notice of and to vote at the Capital Gold Special Meeting and at any adjournment or postponement thereof. As of the record date, there were 48,497,173 shares of Capital Gold common

stock issued and outstanding and entitled to vote at the Capital Gold Special Meeting.

A complete list of Capital Gold stockholders of record entitled to vote at the Capital Gold Special Meeting will be available for ten days before the Special Meeting at the principal executive offices of Capital Gold for inspection by stockholders during ordinary business hours for any purpose germane to the Capital Gold Special Meeting.

Your vote is important. Please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the Capital Gold Special Meeting. If you are a stockholder of record of Capital Gold common stock, you may also cast your vote in person at the Capital Gold Special Meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares.

BY ORDER OF THE
BOARD OF DIRECTORS,

/s/ Christopher Chipman
Christopher Chipman
Secretary

June 8, 2010

ALL PROPERLY SIGNED AND DATED PROXIES THAT CAPITAL GOLD RECEIVES PRIOR TO THE VOTE AT THE CAPITAL GOLD SPECIAL MEETING, AND THAT ARE NOT SUBSEQUENTLY REVOKED, WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS INDICATED ON THE PROXIES. ALL PROPERLY SIGNED AND DATED PROXIES RECEIVED BY CAPITAL GOLD PRIOR TO THE VOTE AT THE CAPITAL GOLD SPECIAL MEETING THAT DO NOT PROVIDE ANY DIRECTION AS TO HOW TO VOTE IN REGARDS TO THE BUSINESS COMBINATION PROPOSAL WILL BE VOTED FOR APPROVAL OF THE BUSINESS COMBINATION PROPOSAL.

NAYARIT GOLD INC.
76 Temple Terrace, Suite 150
Lower Sackville, Nova Scotia
B4C 0A7

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
OF NAYARIT GOLD INC.
TO BE HELD ON JULY 12, 2010

To the Stockholders of Nayarit Gold Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders (the “Nayarit Special Meeting”) of Nayarit Gold Inc. (“Nayarit Gold”), an Ontario corporation, will be held at 11 a.m., local time, on July 12, 2010, at 76 Temple Terrace, Lower Sackville, Nova Scotia, B4C0A7. You are cordially invited to attend the Nayarit Special Meeting, at which meeting stockholders will be asked to consider and vote upon the following proposal, which is more fully described in this proxy statement/prospectus under the heading, “Proposal to be Considered by Nayarit Stockholders.”

(1) The Business Combination Proposal—to approve by special resolution the business combination agreement (the “Business Combination Agreement”) dated as of February 10, 2010 as amended on April 29, 2010 (the “Amendment”) between Nayarit and Capital Gold Corporation (“Capital Gold”) pursuant to which Nayarit will amalgamate with a to be formed wholly-owned Ontario subsidiary of Capital Gold and the stockholders of Nayarit and holders of other Nayarit securities will receive securities of Capital Gold in exchange for the securities of Nayarit that they hold as of the record date for the transaction, as more fully described in the joint proxy statement/prospectus that accompanies this Notice (the “Business Combination”); and

(2) Such other procedural matters as may properly come before the Nayarit Special Meeting or any adjournment or postponement thereof.

After careful consideration, the Board of Directors of Nayarit has unanimously approved the Business Combination Agreement, the Amendment and the Business Combination and unanimously recommends that you vote or give instruction to vote “FOR” the Business Combination Proposal.

Stockholders of Nayarit have certain dissenters rights under the Ontario Business Corporations Act. See “Special Meeting of Stockholders of Nayarit – Nayarit Stockholders’ Dissenter Rights” in the enclosed joint proxy statement/prospectus.

All Nayarit stockholders are cordially invited to attend the Nayarit Special Meeting in person. To ensure your representation at the Nayarit Special Meeting, however, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. If you are a stockholder of record of Nayarit common stock, you may also cast your vote in person at the Nayarit Special Meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares or, if you wish to attend the Nayarit Special Meeting and vote in person, you must obtain a proxy from your broker or bank.

The Board of Directors of Nayarit has fixed the close of business on June 10, 2010 as the record date for the determination of stockholders entitled to notice of and to vote at the Nayarit Special Meeting and at any adjournment or postponement thereof. As of the record date, there were 92,909,665 shares of Nayarit common stock issued and outstanding and entitled to vote at the Nayarit Special Meeting.

Your vote is important. Please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the Nayarit Special Meeting. If you are a stockholder of record of Nayarit common stock, you may also cast your vote in person at the Nayarit Special Meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares. Registered stockholders of Nayarit have the right to dissent with respect to the Business Combination and, if the Business Combination becomes effective, to be paid the fair value of their shares of Nayarit common stock in accordance with the provisions of Section 185 of the Business Corporations Act (Ontario) (the "Ontario Act"). A dissenting stockholder must send to Nayarit a written objection to the Business Combination resolution which written objection must be received by the Chief Financial Officer of Nayarit or the Chairman of the Nayarit Special Meeting before the Nayarit Special Meeting. A Nayarit stockholder's right to dissent is more particularly described in the accompanying joint proxy statement/prospectus and the text of Section 185 of the Ontario Act is set forth as Annex II to the joint proxy statement/prospectus. Failure to strictly comply with the requirements set forth in Section 185 of the Ontario Act may result in the loss of any right of dissent. Only registered stockholders of Nayarit are entitled to dissent.

BY ORDER OF THE
BOARD OF DIRECTORS,

/s/ Colin Sutherland
Colin Sutherland
President and Chief
Executive Officer

June 8, 2010

ALL PROPERLY SIGNED AND DATED PROXIES THAT NAYARIT RECEIVES PRIOR TO THE VOTE AT THE NAYARIT SPECIAL MEETING, AND THAT ARE NOT SUBSEQUENTLY REVOKED, WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS INDICATED ON THE PROXIES. ALL PROPERLY SIGNED AND DATED PROXIES RECEIVED BY NAYARIT PRIOR TO THE VOTE AT THE NAYARIT SPECIAL MEETING THAT DO NOT PROVIDE ANY DIRECTION AS TO HOW TO VOTE IN REGARDS TO THE BUSINESS COMBINATION PROPOSAL WILL BE VOTED FOR APPROVAL OF THE BUSINESS COMBINATION PROPOSAL.

Nayarit stockholders should return their completed proxy cards to:

Computershare Trust Company of Canada
1969 Upper Water Street
Purdy's Wharf II
Suite 2008
Halifax, Nova Scotia B3J 3R7

JOINT PROXY STATEMENT/PROSPECTUS

CAPITAL GOLD CORPORATION
AND
NAYARIT GOLD INC.

We are pleased to announce that the Board of Directors of Capital Gold Corporation (“Capital Gold”) and the Board of Directors of Nayarit Gold Inc. (“Nayarit”), have agreed to a Business Combination between Capital Gold and Nayarit pursuant to a business combination agreement dated as of February 10, 2010, including the annexed amalgamation agreement (the “Business Combination Agreement”) as amended on April 29, 2010 (the “Amendment”).

The Business Combination Agreement and the amendment are attached as Annex I to this joint proxy statement/prospectus. We encourage you to read the Business Combination Agreement in its entirety, including all annexes.

Pursuant to the Business Combination Agreement, Nayarit will amalgamate with a corporation to be organized under the Ontario Business Corporation Act (the “Ontario Act”) as a wholly-owned subsidiary of Capital Gold and the Nayarit stockholders will receive 12,099,135 shares of Capital Gold common stock in exchange for all issued and outstanding shares of Nayarit common stock. In addition, holders of Nayarit options and warrants will receive shares of Capital Gold upon the exchange of their options and warrants on the same basis.

Capital Gold common stock is listed on the NYSE AMEX under the symbol “CGC” and closed at USD\$3.52 per share on February 10, 2010. Capital Gold common stock is also listed on the Toronto Stock Exchange (the “TSX”) under the symbol “CGC” and closed at CAD\$3.73 per share on February 10, 2010. Nayarit common stock is listed on the TSX Venture Exchange (the “TSX-V”) under the symbol “NYG” and closed at CAD\$0.52 per share on February 10, 2010.

Under the NYSE AMEX rules, stockholder approval is required to be obtained where the number of shares of a listed company issued or issuable in connection with an acquisition exceeds 19.99% of the number of issued and outstanding shares of the company on a non-diluted bases. Under the rules of the TSX, stockholder approval is required to be obtained where the number of shares of a listed company issued or issuable in connection with an acquisition transaction (which includes a merger or amalgamation) exceeds 25% of the number of shares of the company outstanding, on a non-diluted basis. Capital Gold stockholder approval is required under the rules of both the NYSE AMEX and the TSX for the completion of the Business Combination, as the relevant dilution threshold described immediately above for each stock exchange will be exceeded.

This joint proxy statement/prospectus provides you with detailed information about the Business Combination. You are encouraged to carefully read this entire document and the documents annexed hereto, including the Business Combination Agreement. You will note that sections of this joint proxy statement/prospectus are directed specifically to the stockholders of Capital Gold and sections of this joint proxy statement/prospectus are directed specifically to the stockholders of Nayarit. Please pay attention to the section headings in this document.

YOU SHOULD ALSO CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 18, TOGETHER WITH ALL OF THE OTHER INFORMATION INCLUDED IN THIS JOINT PROXY STATEMENT/PROSPECTUS BEFORE YOU DECIDE WHETHER TO VOTE OR INSTRUCT YOUR VOTE TO BE CAST TO ADOPT THE BUSINESS COMBINATION PROPOSALS SET FORTH IN THIS JOINT PROXY STATEMENT/PROSPECTUS.

Capital Gold and Nayarit are soliciting the enclosed proxy cards on behalf of their respective Boards of Directors, and they will pay all costs of preparing, assembling and mailing their respective proxy materials. In addition to mailing

out proxy materials, Capital Gold's and Nayarit's officers may solicit proxies from their respective stockholders by telephone or fax, without receiving any additional compensation for their services. Capital Gold and Nayarit have requested brokers, banks and other fiduciaries to forward proxy materials to the beneficial owners of their common stock. Capital Gold has also retained the proxy soliciting firm of Mackenzie Partners, Inc. to solicit proxies on its behalf.

Neither the Securities and Exchange Commission nor any state securities commission nor any Province of Canada has determined if the attached proxy statement/prospectus is truthful or complete nor has the Securities and Exchange Commission or any state securities commission approved or disapproved the Capital Gold Stock to be issued or issuable in the Business Combination or determined if the information in this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated June 8, 2010 and is first being mailed to the Capital Gold and Nayarit stockholders on or about June 10, 2010.

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TRADEMARKS, TRADENAMES, SERVICE MARKS AND SERVICE NAMES

This proxy statement/prospectus contains trademarks, tradenames, service marks and service names of Capital Gold Corporation and Nayarit Gold, Inc. and others that are used in conjunction with the operation of their respective businesses.

QUESTIONS AND ANSWERS FOR ALL STOCKHOLDERS
ABOUT THE BUSINESS COMBINATION PROPOSALS

The following questions and answers briefly address some commonly asked questions about the Business Combination Proposals to be presented at the Capital Gold Special Meeting of Stockholders and the Nayarit Special Meeting of Stockholders. The following questions and answers may not include all the information that is important to stockholders. We urge stockholders to read carefully this entire proxy statement/prospectus, including the annexes and the other documents referred to herein.

Q. Why am I receiving this joint proxy statement/prospectus?

A. Capital Gold and Nayarit have agreed to a Business Combination under the terms of a Business Combination Agreement that is described in this joint proxy statement/prospectus. In order to complete the Business Combination the stockholders of both Capital Gold and Nayarit must approve the Business Combination Agreement.

Q. Why is the Business Combination between Capital Gold and Nayarit being proposed?

A. Both Capital Gold and Nayarit believe that the combined company will create more value than either company could achieve individually. The combined company will have greater assets in Mexico with significant exploration potential, revenues from Capital Gold's producing mine and greater management depth. As such, management of both companies believe that the combined company will be better positioned to attract additional investment and that the stock of Capital Gold may receive greater investor attention as Capital Gold progresses to become a mid-tier precious metals producer in Latin America.

Stockholders are encouraged to review their respective management's reasons for the Business Combination in "Proposals to be Considered by Capital Gold Stockholders—The Business Combination Proposal" and "Proposal to be Considered by Nayarit Stockholders—The Business Combination Proposal," herein.

Q. What will a Nayarit stockholder receive in exchange for Nayarit common stock pursuant to the Business Combination?

A. All of the Nayarit shares of common stock (the "Nayarit Common Shares") issued and outstanding immediately prior to the consummation of the Business Combination (other than Nayarit Common Shares held by dissenting stockholders of Nayarit) shall become exchangeable into the common stock of Capital Gold on the basis of 0.134048 shares of Capital Gold common stock for each one (1) Nayarit Common Share. See "The Business Combination."

Q. What will a Nayarit option holder receive in exchange for Nayarit options pursuant to the Business

A. Upon completion of the Amalgamation, each option to purchase Nayarit Common Shares outstanding

Combination?

immediately prior to the Effective Time of the Amalgamation (the “Effective Time”) will become an option to purchase, on the same terms, 0.134048 shares of Capital Gold common stock for each Nayarit Common Share for which the option was exercisable. See “The Business Combination.”

Q. What will a Nayarit warrant holder receive in exchange for Nayarit warrants pursuant to the Business Combination?

A. Upon completion of the Amalgamation, each warrant to purchase Nayarit Common Shares outstanding immediately prior to the effective time of the Amalgamation will become an option to purchase, on the same terms, 0.134048 shares of Capital Gold common stock for each Nayarit Common Share for which the warrant was exercisable. See “The Business Combination.”

1

- Q. Who will be the directors of Capital Gold following the Business Combination?
- A. Upon the consummation of the Business Combination, the board of directors will consist of Stephen Cooper, John Cutler, Leonard Sojka, each a current director of Capital Gold, and Colin Sutherland, a nominee of Nayarit, and a nominee of Capital Gold.
- Q. When do you expect the Business Combination to be completed?
- A. Capital Gold and Nayarit are working to complete the Business Combination as promptly as possible. The completion of the Business Combination, however, is subject to the satisfaction of a number of conditions. Assuming the timely satisfaction of these conditions, Capital Gold and Nayarit hope to complete the Amalgamation in the second calendar quarter of 2010.
- Q. What stockholder approvals are needed to complete the Business Combination?
- A. Holders of a majority of the shares of Capital Gold common stock voted at the Capital Gold special meeting must approve the Business Combination Agreement and the issuance of Capital Gold common stock in connection with the Business Combination.
- Holdings of a special two-thirds majority of the outstanding Nayarit Common Shares present or represented by proxy at the Nayarit special meeting of stockholders (the “Nayarit Special Meeting”) must approve the Business Combination Agreement.
- Q. How does the board of directors of Capital Gold recommend I vote on the proposal?
- A. The board of directors of Capital Gold recommends that stockholders vote in favor of the Business Combination Proposal.
- Q. How does the board of directors of Nayarit recommend I vote on the proposal?
- A. The board of directors of Nayarit recommends that stockholders vote in favor of the applicable Business Combination Proposal.
- Q. How will the officers and directors of Capital Gold and Nayarit vote?
- A. The officers and directors of each of Capital Gold and Nayarit have indicated that they intend to vote any shares held by them in favor of the respective Business Combination Proposals.
- Q. Is there a penalty if the Business Combination Proposal is not approved?
- A. The Business Combination provides that a “break fee” of \$1 million (the “Break Fee”) will be payable in the event that the Business Combination is not consummated because (i) either Capital Gold or Nayarit fails to consummate the Business Combination as a result of the decision by one of their boards of directors to change its recommendation to its stockholders to approve the Business Combination; (ii) if Nayarit accepts an acquisition proposal from a third party for its stock or material assets; (iii) if Capital Gold’s or Nayarit’s action or inaction, through no fault of the other

party, results in the termination of the Business Combination Agreement, or (iv) if the required stockholder approval is not obtained, then the party that failed to consummate the Business Combination would be obligated to pay the other party the Break Fee. See “The Business Combination—Break Fee.”

Q. What do I need to do now?

A. After carefully reading and considering the information contained in and incorporated into this proxy statement/prospectus, please submit your proxy card according to the instructions on the enclosed proxy card as soon as possible. Unless you submit the applicable proxy card or attend the relevant special meeting and vote in person, your shares will not be represented or voted at the applicable special meeting.

Q. How do I vote?

A. If you hold your shares in “street name,” which means your shares are held of record by a broker, bank or nominee, you should contact your broker, bank or nominee to ensure that votes related to the shares you beneficially own are properly counted. In this regard, you must provide the record holder of your shares with instructions on how to vote your shares. If you wish to attend the Capital Gold Special Meeting or the Nayarit Special Meeting and vote in person, you must obtain a proxy from your broker, bank or nominee to vote your shares at the relevant special meeting.

Q. What will happen if I sign and return my proxy card without indicating how I wish to vote?

A. Signed and dated proxies received by Capital Gold or Nayarit without an indication of how the stockholder intends to vote on a proposal will be voted in favor of the relevant Business Combination Proposal and, in the case of Capital Gold, for the Stockholder Adjournment Proposal.

Q. If my shares are held in “street name,” will my broker, bank or nominee automatically vote my shares for me?

A. No. Your broker, bank or nominee cannot vote your shares with respect to non-discretionary matters unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee. Capital Gold and Nayarit believe the Business Combination Proposals presented to their respective stockholders will be considered non-discretionary and therefore your broker, bank or nominee cannot vote your shares without your instructions.

With respect to Capital Gold stockholders only, if you do not provide instructions with your proxy or sign your proxy card your bank or broker may deliver a proxy card expressly indicating that it is NOT voting your shares; this indication that a bank or broker is not voting your shares is referred to as a “broker non-vote.” Broker non-votes will be counted for purposes of determining whether a quorum is present, but will not count for purpose of determining the number of votes cast at the Capital Gold Special Meeting. Your bank, broker or other nominee can vote your shares only if you provide instructions on how to vote. You should instruct your broker to vote your shares in accordance with directions you provide.

Q. May I change my vote after I have mailed my signed proxy card?

A. Yes. You may change your vote by sending a later-dated, signed proxy card to your company’s corporate secretary at the address set forth below so that it is received by your company’s secretary prior to your company’s Special Meeting, or attend your company’s Special Meeting in person and vote. You also may revoke your proxy by sending a notice of revocation to your company’s Secretary, which must be received prior to your company’s Special

Meeting or, in the case of Nayarit, provide the instrument of revocation to the chairman of the Nayarit Special Meeting at the time of that meeting.

Q. What should I do if I receive more than one set of voting materials?

A. You may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. If you hold shares of Capital Gold and Nayarit, you will receive a set of voting materials from both companies.

Q. Who can help answer my questions about the Business Combination?

A. If you have questions about the Business Combination or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card you should contact the following persons:

Capital Gold stockholders should contact:

Christopher Chipman, Secretary
Capital Gold Corporation
76 Beaver Street, 14th Floor
New York, New York 10005.
Tel: (212) 344-2785
Fax: (212) 344-4537

or

You may also contact MacKenzie Partners, Inc., the Company's proxy solicitor, by contacting:

Toll Free 800-322-2885
Tel. 212-929-5500
Fax 212-929-0308
Email; proxy@mackenziepartners.com

or

Nayarit stockholders should contact:

Colin Sutherland
Nayarit Gold Inc.
76 Temple Terrace
Suite 150
Lower Sackville, Nova Scotia
B4C 0A7
Tel: (902) 252-3833
Fax: (902) 252-3836

QUESTIONS AND ANSWERS FOR CAPITAL GOLD STOCKHOLDERS

Q. Why is Capital Gold proposing the Business Combination?

A. Capital Gold believes that the proposed Business Combination will provide substantial benefits to Capital Gold stockholders. The Capital Gold board of directors believes the Business Combination will create more value than either Company could achieve individually, with greater assets in Mexico with significant exploration potential and greater management depth. To review the Capital Gold reasons for the transaction in greater detail, see “Proposals to be Considered by Capital Gold Stockholders – The Business Combination Proposal – Capital Gold’s Board of Directors’ Reasons for Approval of the Business Combination.”

Q. What percentage of Capital Gold will the current Capital Gold stockholders own immediately following the Business Combination?

A. Upon the consummation of the Business Combination, the current Capital Gold stockholders will hold approximately 80.03% of the issued and outstanding shares of Capital Gold common stock on a non-diluted basis.

Q. What will happen if I abstain from voting at the Capital Gold Special Meeting?

A. If you are a Capital Gold stockholder and you do not submit a proxy card or vote at the Capital Gold Special Meeting of Stockholders, your shares will not be counted as present for purposes of determining a quorum and will have no effect on the outcome of the proposal to approve the issuance of Capital Gold common stock in the Business Combination. If you submit a proxy card and affirmatively elect to abstain from voting, your proxy will be counted for purposes of determining the presence of a quorum but will not be voted at the special meeting. As a result, your abstention will have the same effect as a vote against the issuance of Capital Gold common stock in and consummation of the Business Combination.

Q. As a stockholder of Capital Gold, do I have appraisal rights if I object to the Business Combination?

A. No appraisal rights are available to stockholders of Capital Gold under the DGCL in connection with the proposals set forth herein.

Q. If I am not going to attend the Capital Gold Special Meeting in person, should I return my proxy card instead?

A. Yes. Whether or not you plan to attend the Capital Gold Special Meeting, after carefully reading and considering the information contained in this proxy statement/prospectus, please complete and sign your proxy card. Then return the proxy card in the enclosed return envelope provided in this package as soon as possible, to ensure your shares are represented at the special meeting.

QUESTIONS AND ANSWERS FOR NAYARIT STOCKHOLDERS

Q. Why is Nayarit proposing the Business Combination?

A. Nayarit believes that the proposed Business Combination will provide substantial benefits to Nayarit stockholders. The Nayarit board of directors believes the Business Combination provides stockholders with liquidity and will make capital and strategic and growth opportunities available to Nayarit that would not be available on a stand-alone basis. To review the Nayarit reasons for the transaction in greater detail, see “Proposal to be Considered by Nayarit Stockholders – The Business Combination Proposal – Nayarit’s Board of Directors’ Reasons for Approval of the Business Combination.”

Q. What percentage of Capital Gold will the former Nayarit stockholders own immediately following the Business Combination?

A. Upon the consummation of the Business Combination, Nayarit stockholders will hold approximately 19.97% of the issued and outstanding shares of Capital Gold common stock on a non-diluted basis.

Q. If I am not going to attend the Nayarit Special Meeting in person, should I return my proxy card instead?

A. Yes. Whether or not you plan to attend the Nayarit Special Meeting, after carefully reading and considering the information contained in this proxy statement/prospectus, please complete and sign your proxy card. Then return the proxy card in the enclosed return envelope provided in this package as soon as possible, to ensure your shares are represented at the special meeting.

Nayarit stockholders should return their completed proxy cards to:

Computershare Trust Company of Canada
1969 Upper Water Street
Purdy’s Wharf II
Suite 2008
Halifax, Nova Scotia B3J 3R7

Q. Will Nayarit stockholders be taxed on the Capital Gold securities that they receive in exchange for their Nayarit securities?

A. For U.S. federal income tax purposes, the Business Combination is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Assuming it is so treated, and subject to the potential application of the passive foreign investment company rules, Nayarit stockholders who are U.S. persons should not recognize gain or loss as a result of their receipt of Capital Gold securities in exchange for their Nayarit securities. No ruling from the IRS is being obtained, however, concerning the qualification of the Business Combination as a tax-free reorganization for U.S. federal income tax purposes. See “Special Meeting of Stockholders of

Nayarit—Certain Material U.S. Federal Income Tax Considerations.”

Q. As a stockholder of Nayarit, do I have dissenters rights if I object to the Business Combination?

A. Stockholders of Nayarit have certain dissenters rights under the Ontario Act. See “Special Meeting of Stockholders of Nayarit – Nayarit Stockholders’ Dissenter Rights” herein.

Q. What are the federal income tax consequences of exercising my dissenters’ rights?

A. For U.S. federal income tax purposes, Nayarit stockholders who exercise their dissenters’ rights and receive cash for their Nayarit shares should treat such receipt as a taxable disposition of such shares. See “Nayarit Special Meeting—Certain Material U.S. Federal Income Tax Considerations.”

Q. What will happen if I abstain from voting at the Nayarit Special Meeting?

A. If you are a Nayarit stockholder and you do not submit a proxy card or vote at the special meeting of Nayarit stockholders, your shares will not be counted as present for purposes of determining a quorum and will not be voted at the special meeting.

Q. Should I send in my stock certificates now?

A. No. You should not send in your stock certificates at this time. Promptly after the Effective Time of the Business Combination, Nayarit securityholders will receive transmittal materials with instructions for surrendering the Nayarit securities. You should follow the instructions in the post-closing letter of transmittal regarding how and when to surrender your certificates.

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SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus and is qualified in its entirety by the more detailed information included elsewhere in this joint proxy statement/prospectus. Because this is a summary, it may not contain all of the information that is material or important to you. Accordingly, you should read this entire joint proxy statement/prospectus carefully, including the annexes. Please also see the section entitled “Where You Can Find More Information.”

Information About the Parties to the Business Combination

Capital Gold Corporation

Capital Gold is engaged in the mining, exploration and development of gold properties in Mexico. Capital Gold’s primary focus is on the operation and development of the El Chanate project, and Capital Gold also conducts gold exploration in other locations in Sonora, Mexico. (The financial data in this discussion is in thousands, except where otherwise specifically noted.)

Capital Gold’s shares of common stock are currently listed on the NYSE AMEX under the symbol “CGC” and on the TSX under the symbol “CGC.” Following the Business Combination, Capital Gold anticipates that the shares of common stock will continue to be listed on the NYSE AMEX and the TSX.

The mailing address of Capital Gold’s principal executive office is 76 Beaver Street, 14th Floor, New York, New York 10005. Its telephone number is (212) 344-2785.

Nayarit Gold, Inc.

Nayarit is a development stage company engaged primarily in the acquisition and exploration of mineral properties in Mexico. Nayarit controls approximately 257,000 acres (104,000 hectares) of mining concessions known as the Orion Project in the State of Nayarit Mexico. The Orion Project lies in the Sierra Madre Occidental, a prolific mining district in Western Mexico.

Nayarit’s shares of common stock are currently listed on the TSX-V under the symbol “NYG”. Following the Business Combination, Nayarit’s shares of common stock will be exchanged for shares of Capital Gold which shares will continue to be listed on the NYSE AMEX and the TSX under the symbol “CGC.”

The mailing address of Nayarit’s principal executive office is 76 Temple Terrace, Suite 150, Lower Sackville, NS, B4C 0A7, Canada. Its telephone number is (902) 252-3833.

Summary of the Business Combination

The Business Combination Agreement (page 30)

The respective Boards of Directors of Capital Gold and Nayarit have approved a business combination agreement between Capital Gold and Nayarit dated as of February 10, 2010 as amended (the “Business Combination Agreement”) that would effect the amalgamation of Nayarit into a to be formed wholly owned Canadian subsidiary of Capital Gold. In this proxy statement/prospectus, we sometimes refer to the transaction covered by the Business Combination Agreement as the “Business Combination”. If the Business Combination is approved by the stockholders of both companies, the parties intend to effect an amalgamation (the “Amalgamation”) of Nayarit and a corporation to be organized under the Ontario Act as a wholly-owned subsidiary of Capital Gold (“Merger Sub”) in accordance with the

terms of the amalgamation agreement annexed to the Business Combination Agreement (the “Amalgamation Agreement”), to form a combined entity (“AmalgSub”). By virtue of the Amalgamation, the separate existence of each of Nayarit and Merger Sub shall thereupon cease, and AmalgSub, as the surviving company in the Amalgamation, shall continue its corporate existence under the Ontario Act as a wholly-owned subsidiary of Capital Gold.

Pursuant to the terms of the Amalgamation Agreement, by virtue of the Amalgamation and without any action on the part of Nayarit or the holders of any securities of Nayarit, all of the Nayarit Shares issued and outstanding immediately prior to the consummation of the Amalgamation Agreement (other than Nayarit Common Shares held by dissenting stockholders of Nayarit) shall become exchangeable into the common stock of Capital Gold on the basis of 0.134048 shares of Capital Gold common stock for each one (1) Nayarit Common Share. Further, upon completion of the Amalgamation, each option and warrant to purchase Nayarit common stock outstanding immediately prior to the Effective Time of the Amalgamation will become an option or warrant to purchase, on the same terms, 0.134048 shares of Capital Gold common stock for each share of Nayarit common stock for which the option or warrant was exercisable.

The Amalgamation Agreement, which is the legal document that governs the Business Combination, is attached as Exhibit A to the Business Combination Agreement attached as Annex I to this proxy statement/prospectus. We encourage you to read it carefully. Capital Gold and Nayarit also have provided a more detailed description of the Business Combination below under the caption “The Business Combination.”

The Amendment to the Business Combination Agreement (page 35)

On April 29, 2010, Capital Gold and Nayarit entered into an Amendment to the Business Combination Agreement, pursuant to which, among other things, it amended the provision with respect to the officers and board of directors of Capital Gold subsequent to the closing of the Business Combination. Specifically, because John Brownlie, Capital Gold’s current President and Chief Operating Officer tendered his resignation to be effective at the closing of the Business Combination, those provisions were amended to reflect such resignation.

Risks Associated with Capital Gold and the Business Combination (page 18)

The Business Combination poses a number of risks to each company and its respective stockholders. In addition, the shares of Capital Gold common stock to be issued to Nayarit stockholders in connection with the Business Combination will be subject to various risks associated with the combined businesses of Capital Gold and Nayarit. These risks are discussed in detail under the caption “Risk Factors.” Capital Gold and Nayarit encourage you to read and consider all of these risks carefully.

Vote of Stockholders Required (pages 48 and 64)

A complete list of Capital Gold stockholders of record entitled to vote at the Capital Gold Special Meeting will be available for ten days before the Special Meeting at the principal executive offices of Capital Gold for inspection by stockholders during ordinary business hours for any purpose germane to the Capital Gold Special Meeting.

The approval of the Business Combination by Capital Gold, including the issuance of Capital Gold common stock in the Business Combination, requires the affirmative vote of a majority of the shares of Capital Gold common stock voted at the Capital Gold Special Meeting at which a quorum is present. As of the record date, there were 48,497,173 shares of Capital Gold common stock outstanding and entitled to vote.

The approval of the Business Combination by Nayarit requires the affirmative vote of holders of a special two-thirds majority of the shares of Nayarit common stock represented in person or by proxy and voted at the Nayarit Special Meeting at which a quorum is present to vote for the proposal. As of the record date, there were 92,909,665 shares of Nayarit common stock outstanding and entitled to vote.

Recommendation of the Respective Board of Directors (pages 49 and 64)

Both of the respective Boards of Directors of Capital Gold and Nayarit have unanimously determined that the Business Combination, including all of its terms and conditions, is in the best interests of the stockholders of Capital Gold and the stockholders of Nayarit. Each Board recommends that their respective stockholders vote FOR approval of the Business Combination.

Interests of Directors and Executive Officers (pages 48 and 64)

As you consider the recommendations of the respective Boards of Directors of Capital Gold and Nayarit, you should be aware that certain officers, directors and other stockholders of both companies have interests regarding the Business Combination that are different from, or in addition to, your interests as stockholders of the respective companies. See “Proposals to be Considered by Capital Gold Stockholders—The Business Combination Proposal—Certain Benefits of the Directors and Officers and Others in the Business Combination” and “Proposal to be Considered by Nayarit Stockholders—The Business Combination Proposal—Certain Benefits of the Directors and Officers and Others in the Business Combination.”

Conditions to the Completion of the Business Combination (page 31)

Capital Gold and Nayarit's respective obligations to complete the Business Combination are subject to certain conditions described below under “The Business Combination – Conditions to Closing the Amalgamation.”

Completion and Effectiveness of the Business Combination (page 31)

Capital Gold and Nayarit expect to complete the Business Combination when all of the conditions to the completion of the Amalgamation contained in the Business Combination Agreement have been satisfied or waived. The Business Combination will become effective upon the filing of Articles of Amalgamation with the Ontario Ministry of Government Services (Companies and Personal Property Security Branch) and the issuance of a Certificate of Amalgamation therefor.

Capital Gold and Nayarit are working toward satisfying the conditions to the Business Combination, and hope to complete the Business Combination as soon as practicable following the special meetings of their respective stockholders.

Restrictions on Solicitation of Alternative Transactions by Nayarit (page 35)

Under the terms of the Business Combination Agreement, Nayarit may not solicit, initiate or, subject to limited exceptions, engage in discussions or negotiations with, or provide material inside information to, any third party regarding any type of extraordinary transactions, including a merger, business combination or sale of a material amount of assets or capital stock.

Termination of the Business Combination Agreement and Payment of Certain Termination Fees (page 34)

Capital Gold and Nayarit may terminate the Business Combination Agreement by mutual agreement and under certain other circumstances.

The Business Combination provides that a “break fee” of \$1 million (the “Break Fee”) will be payable in the event that the Business Combination is not consummated because certain specified events have occurred. Such events that would trigger payment of the Break Fee are as follows. If either Capital Gold or Nayarit, through no fault of the other party, fails to consummate the Business Combination as a result of the decision by one of their boards of directors to change its recommendation to its stockholders to approve the Business Combination, the party whose board changed its recommendation would be obligated to pay the other party the Break Fee. If Nayarit accepts an acquisition proposal from a third party for its stock or material assets (an “Acquisition Proposal”), then Nayarit would be obligated to pay the Break Fee. If Capital Gold’s or Nayarit’s action or inaction, through no fault of the other party, results in the termination of the Business Combination Agreement by the other party pursuant to termination provisions of the Business Combination Agreement, then the party that failed to so progress and consummate the Business Combination would be obligated to pay the other party the Break Fee. Finally, if either the required Nayarit stockholder approval vote or the Capital Gold stockholder approval vote is not obtained following the public announcement of an Acquisition Proposal, then the defaulting party would be obligated to pay to the other party the Break Fee.

Material U.S. Federal Income Tax Consequences of the Business Combination (page 56)

For U.S. federal income tax purposes, the Business Combination is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Assuming it is so treated, Nayarit stockholders who are U.S. persons should not recognize gain or loss as a result of their receipt of Capital Gold securities in exchange for their Nayarit securities. No ruling from the IRS or legal opinion is being obtained, however, concerning the qualification of the Business Combination as a tax-free reorganization for U.S. federal income tax purposes. See “Nayarit Special Meeting—Certain Material U.S. Federal Income Tax Considerations.”

Material Canadian Federal Income Tax Consequences (page 54)

The following is a summary of the principal Canadian federal income tax consequences under the Income Tax Act (Canada) (the “Tax Act”) generally applicable in respect of the Business Combination to a holder of Nayarit securities who, for purposes of the Tax Act and at all relevant times, is a resident of Canada, holds Nayarit shares of common stock, Nayarit warrants and/ or Nayarit options to purchase common stock as capital property, deals at arm’s length with Nayarit, is not affiliated with Nayarit or Capital Gold and to whom Nayarit is not a foreign affiliate. This summary is not applicable to a holder that is a “financial institution” or a “specified financial institution” as defined in the Tax Act nor to a holder of an interest that is a tax shelter investment. Generally, securities will be considered to be capital property to the holder thereof unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure in the nature of trade.

This summary does not address the income tax considerations of exercising, cancelling or otherwise disposing of any options or warrants to acquire Capital Gold shares, nor does it address all issues relevant to Nayarit Stockholders who acquired shares on the exercise of options or warrants. This summary does not address the income tax consequences on the exercise cancellation or disposition of Capital Gold options or warrants. This summary also does not address the income tax consequences to persons who are not resident of Canada for purposes of the Tax Act or any applicable income tax treaty. Such security holders should consult their own tax advisors with respect to the Amalgamation.

This summary is based upon the current provisions of the Tax Act, the Regulations thereunder, all proposed amendments to the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "Proposed Amendments") and counsel's understanding of the administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") publicly available prior to the date of this proxy statement/prospectus. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in the law or administrative policies or assessing practices of the CRA, nor does it take into account the tax law of any province, territory or foreign jurisdiction. There can be no assurance that the Proposed Amendments will be enacted in the form currently proposed or at all.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular holder. Holders of Nayarit shares and Capital Gold shares should consult their own tax advisers to determine the tax consequences to them of the Business Combination.

The Amalgamation

A holder of Nayarit shares who disposes of Nayarit shares, warrants or options in the Business Combination in exchange for Capital Gold shares, warrants or options, as the case may be, will generally be deemed to have disposed of such shares for proceeds of disposition equal to the fair market value of the Capital Gold shares, warrants, or options, as the case may be, received on the exchange.

Such holder will realize a capital gain to the extent that such proceeds of disposition exceed (or are less than) the adjusted cost base of that holder's Nayarit shares, warrants or options disposed of immediately before the exchange and any reasonable costs of disposition. A holder of Nayarit shares, warrants or options will acquire the Capital Gold shares, Capital Gold warrants or Capital Gold options, as the case may be, at a cost equal to the fair market value of such Capital Gold shares, Capital Gold warrants or Capital Gold options received on the exchange. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Capital Gains and Capital Losses."

Dissenting Nayarit Stockholders

Dissenting stockholders are advised to consult with their own tax advisors with respect to the tax treatment of payments received as a result of the exercise of the dissent rights described herein. A Nayarit stockholder who dissents from the Business Combination and thereby becomes entitled to a cash payment that is ultimately paid by Capital Gold should generally be considered to have realized a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition of the Nayarit shares (which will be equal to the amount of the cash payment less any portion that is in respect of interest) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Nayarit shares and any reasonable costs of disposition. Any amount in respect of interest received by a Nayarit dissenting stockholder will be included in such dissenting stockholder's income in accordance with the provisions of the Tax Act.

The date of disposition of shares disposed of by reason of a stockholder exercising such stockholder's dissent rights is unclear and dissenting stockholders should consult their tax advisers in this regard.

Dividends on Capital Gold Shares

Capital Gold has stated that it does not intend to pay dividends in the foreseeable future. Dividends received or deemed to have been received by a holder of Capital Gold shares will be included in computing the stockholder's income. In the case of an individual stockholder, such dividends will not be eligible for the gross-up and dividend tax credit treatment normally applicable to dividends received from taxable Canadian corporations and in the case of a corporate holder such dividends will not be deductible in computing taxable income. A holder that is a Canadian-controlled private corporation may be liable to pay an additional refundable tax of 6 2/3% on such dividends.

Disposition of Capital Gold Shares

On the disposition or deemed disposition of Capital Gold shares, a holder will generally realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition exceed (or are less than) the holder's adjusted cost base of the Capital Gold shares.

Capital Gains and Capital Losses

Generally, only one-half of any capital gain (a "taxable capital gain") is required to be included in the holder's income in the taxation year of disposition, and one-half of any capital loss (an "allowable capital loss") may be deducted against taxable capital gains realized in the taxation year of disposition. Allowable capital losses that cannot be deducted from taxable capital gains in the year of disposition can generally be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following year against taxable capital gains realized in such years to the extent and in the circumstances set out in the Tax Act.

Accounting Treatment of the Amalgamation (page 31)

The Capital Gold and Nayarit amalgamation will be accounted for under the acquisition method of accounting. Capital Gold is the acquirer and will utilize the acquisition method of accounting which is based on Accounting Standards Codification, or ASC, Topic 805, Business Combinations, or ASC 805 and uses the fair value concepts defined in ASC 820, Fair Value Measurements and Disclosures.

Nayarit Stockholders' Dissenter Rights (page 52)

Registered stockholders of Nayarit are entitled to dissent from the Business Combination Proposal in the manner provided in section 185 of the Ontario Act. Section 185 of the Ontario Act is reprinted in its entirety and attached to this proxy statement/prospectus as Annex II. In the event that the Business Combination is approved by the stockholders of Nayarit and the Business Combination is effected, registered stockholders of Nayarit who properly exercise dissent rights will be entitled to be paid the fair value of their Nayarit Shares as of the close of business on the date the Business Combination Proposal is approved. A registered Nayarit Stockholder who wishes to exercise dissent rights must send a Dissent Notice to Nayarit, such that it is received by Nayarit not later than 4:00 p.m. (Toronto time) on the business day immediately preceding the day of the Nayarit Special Meeting (or any postponement or adjournment thereof), at Nayarit Gold Inc., 76 Temple Terrace, Suite 150, Lower Sackville, Nova Scotia B4C 0A7. Attention: Megan Spidle. See "Special Meeting of Stockholders of Nayarit – Nayarit's Stockholders' Dissenter Rights" herein.

Regulatory Approvals (page 31)

Capital Gold and Nayarit do not believe that the Business Combination is subject to the reporting obligations, statutory waiting periods or other approvals of any government or regulatory agency or body other than addressing comments raised by the Securities and Exchange Commission, or SEC, with respect to this proxy statement/prospectus and a post-closing notice filing under the Investment Canada Act and the TSX and the TSX Venture Exchange.

Board of Directors and Management of Capital Gold Following the Business Combination (page 178)

Upon the consummation of the Business Combination, the Board of Directors of Capital Gold shall consist of Stephen M. Cooper, John W. Cutler, Leonard J. Sojka, each a current director of Capital Gold, and Colin Sutherland, a nominee of Nayarit, and a nominee of Capital Gold. Bradley Langille and Colin Sutherland will join Capital Gold as senior officers. See “Management of Capital Gold Following the Business Combination” for more information.

Proxies (page 44)

Proxies may be solicited by mail, telephone or in person. Capital Gold’s proxy solicitor is MacKenzie Partners, Inc, which can be reached by calling the toll free number (800) 322-2885 or 212-929-5500.

Reasons for Approval of the Business Combination (pages 46 and 61)

In reaching its decision to approve the Business Combination Agreement and recommend the Business Combination Proposal to their respective stockholders, Capital Gold's board of directors and Nayarit's board of directors considered a number of factors, including those listed below.

Expected Strategic Benefits of the Business Combination Proposal

- Exploration and development. The Business Combination will enhance the combined company's ability to grow and secure additional capital resources to continue exploration and development of Nayarit's Orion Project and Capital Gold's El Chanate Project, enhancing long term value for stockholders.
- Visibility as a mid-tier producer. The combined company has the potential to be recognized as a significant mid-tier producer in Latin America, with the possibility that further growth opportunities will follow.
- Strong management team. The combination of Capital Gold's and Nayarit's management will create a management team with complementary skills in exploration, business and projected development and operations.
- Potential synergies. The fact that Nayarit's and Capital Gold's respective assets and operations in Mexico are a strategic fit and complementary.
- Market exposure. Nayarit's investor following in Canada together with Capital Gold's following as an NYSE AMEX listed issuer will provide enhanced market exposure to the combined company.
- Stockholder liquidity. Increased market capitalization and a broader stockholder base resulting from the Amalgamation should improve trading liquidity for stockholders.

The respective boards of Nayarit and Capital Gold weighed these factors against a number of other factors identified in their respective deliberations as weighing negatively against the Business Combination, including:

- Fixed exchange rate. The exchange rate is fixed, and as a result, the Capital Gold shares issued on consummation of the Business Combination Agreement may have a market value different than at the time of the announcement of the Business Combination.
- Conditions to closing. The Business Combination Agreement is subject to several conditions and because there can be no certainty that these conditions may be satisfied or waived, the Business Combination may not be successfully completed, which could negatively impact upon both companies.
- Termination rights. The Business Combination Agreement may be terminated by either Capital Gold or Nayarit in certain circumstances in which case the market prices for the Capital Gold or Nayarit shares may be adversely affected.
- Limitations on other opportunities. The Business Combination Agreement significantly limits the ability of either party to pursue other Business Combination opportunities until the transaction is completed.

This discussion of the information and factors considered by the board of directors of Capital Gold and Nayarit includes the principal positive and negative factors considered by such boards, but is not intended to be exhaustive and may not include all of the factors considered. The boards did not quantify or assign any relative or specific weights to the various factors that it considered in reaching their determinations that the Business Combination Agreement and

Business Combination Proposals are advisable and in the best interests of their respective stockholders. Rather, the boards viewed their respective positions and recommendations as being based on the totality of the information presented to them and the factors they considered. It should be noted that this explanation of the reasoning of the respective boards of directors of Capital Gold and Nayarit and certain information presented in this section is forward-looking in nature and, therefore, that information should be read in light of the factors discussed in the section entitled “Cautionary Note Regarding Forward-Looking Statements” in this joint proxy statement/prospectus.

SELECTED HISTORICAL FINANCIAL INFORMATION OF CAPITAL GOLD

Capital Gold is providing the following selected historical financial information to assist you in your analysis of the financial aspects of the Business Combination.

The following selected historical financial information was derived from Capital Gold's audited financial statements as of July 31, 2009 and 2008 contained in its Annual Report on Form 10-K for the fiscal year ended July 31, 2009 filed with the SEC on October 14, 2009, which is incorporated by reference into this joint proxy statement/prospectus. The unaudited financial statements for the six months ended January 31, 2010 and 2009 which are contained in our Quarterly Report on Form 10-Q for the six months ended January 31, 2010, filed with the SEC on March 12, 2010, as amended on our Quarterly Report on Form 10-Q/A for the six months ended January 31, 2010 filed with the SEC on March 17, 2010, which is incorporated by reference into this joint proxy statement/prospectus, and Capital Gold's audited financial statements as of July 31, 2007, 2006 and 2005 which are available at www.sec.gov. The results of operations for interim periods are not necessarily indicative of the results of operations which might be expected for the entire year.

The following information is only a summary and should be read in conjunction with the unaudited interim financial statements of Capital Gold for the six months ended January 31, 2010 and 2009 and the notes thereto and the audited financial statements of Capital Gold for the year ended July 31, 2009 and 2008 and the notes thereto and "Capital Gold's Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere in this joint proxy statement/prospectus.

	For the Six Months Ended		Fiscal Year Ended July 31				
	January 31,						
	2010	2009	2009	2008	2007	2006	2005
	(unaudited)		(in the thousands except share and per share data)				
Statement of Operations data:							
Revenues (1)	\$ 24,955	\$ 20,544	\$ 42,757	\$ 33,104	\$ -	\$ -	\$ -
Net Income (loss)	\$ 5,884	\$ 5,133	\$ 10,407	\$ 6,364	\$ (7,472)	\$ (4,805)	\$ (2,006)
Income (loss) per share – Basic (2)	\$ 0.12	\$ 0.11	\$ 0.22	\$ 0.15	\$ (0.20)	\$ (0.17)	\$ (0.11)
Income (loss) per share – Diluted(2)(3)	\$ 0.12	\$ 0.10	\$ 0.21	\$ 0.13	\$ -	\$ -	\$ -
Weighted average shares outstanding – Basic (2)	48,505,818	48,278,255	48,315,116	43,760,000	37,452,816	28,051,118	18,780,980
Weighted average shares outstanding – Diluted(2)(3)	49,861,776	49,729,966	49,882,770	48,867,282	37,452,816	28,051,118	18,780,980
Balance Sheet data:							

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Cash and cash equivalents	\$	4,943	\$	8,848	\$	6,448	\$	10,992	\$	2,225	\$	2,741	\$	4,282
Inventories	\$	28,109	\$	14,720	\$	21,405	\$	13,113	\$	3,171	\$	—	\$	—
Property and equipment, net	\$	24,725	\$	22,537	\$	22,417	\$		\$		\$		\$	