

U. S. GOLD CORPORATION

NEWS RELEASE

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AFFILIATE OF U.S. GOLD ENTERS INTO AGREEMENT WITH CANYON RESOURCES TO FINANCE EXPLORATION/DEVELOPMENT OF MEXICAN GOLD/SILVER PROPERTY

Denver, Colo.-August 18, 2003 – U.S. Gold Corporation (OTC BB: USGL; Berlin Exchange: US 8), today announced that its 27% owned affiliate, **Gold Resource Corporation** (GRC), a private Colorado corporation, has entered into an agreement with **Canyon Resources Corporation** (AMEX:CAU) whereby Canyon will finance up to \$3.5 million of exploration and development expenditures on the Oaxaca gold property in the historic Octolan gold/silver mining district in the State of Oaxaca, Mexico.

The agreement provides for funding and joint management in three phases:

<u>Phase</u>	<u>Funding</u>	<u>Program</u>
I	\$200,000	Exploration drilling of primary gold/silver target areas
II	\$300,000	Development drilling and pre-feasibility engineering work
III	\$3.0 million	Mine development

Should Canyon elect to proceed with funding of phase III, it would own 50% of a new Mexican company to hold the Oaxaca property which would be jointly managed by Canyon and GRC. Should Canyon elect to withdraw from funding of the property prior to that point, it will receive 400,000 shares of common stock of GRC if it withdraws after Phase I or 600,000 shares if it withdraws after Phase II.

The property is located approximately 120 km southeast of the city of Oaxaca and is readily accessible (3 km) from the Pan-American highway. The property is part of the larger Octolan mining district that in 1905 had 64 small mines working high-grade veins. The Mexican Revolution of 1910 shut down most mines in the district. Exploration on most of the property area was prohibited due to its designation as a Mexican National Reserve from 1972 until 1998.

The property comprises 2,272 hectares (5,614 acres) of mineral rights which include an extensive area where Tertiary rhyolite porphyry domes and flows have intruded and altered Cretaceous limestones, sandstones, and Tertiary andesites. The rhyolites have been extensively silicified and mineralized, yielding stockworks of quartz veins, and massive, thick quartz veins and "mantos", in vertical to sub-horizontal orientations. Other mineralization styles include steeply dipping silver and gold-bearing quartz veins in andesite and underlying sedimentary rocks and stockwork gold and silver mineralization in recrystallized limestone and shale.

Recent extensive sampling of outcrops and underground exposures and limited drilling have yielded high-grade gold/silver values in massive quartz veins and mantos that have been emplaced in the rhyolites within a 600 meter square area, including the following:

<u>Sample Type</u>	<u>Interval</u> (meters)	<u>Thickness</u> (meters)	<u>Grade</u> (ounces per ton-opt)	
			<u>Gold</u>	<u>Silver</u>
Drill hole ARC-1	0-14 m	14 m	0.16 opt	1.16 opt
	56-70 m	14 m	0.025 opt	1.90 opt
Drill hole ARC-9	14-20 m	6 m	0.10 opt	0.84 opt

Underground Samples:

23 spot samples of massive quartz manto (with >.13 opt gold assays)

Range: 0.13 to 4.21 opt 0.05 to 6.17 opt
Average: 1.07 opt 2.52 opt

Surface Samples:

53 grab or 2 to 3.5 m channel samples in massive quartz (with >.06 opt gold assays)

Range: 0.06 to 0.85 opt 0.04 to 76.27 opt
Average: 0.20 opt 4.07 opt

Most of these high-grade gold/silver assays were obtained from massive quartz units that appear to be, at least in part, subhorizontal and shallow. The objective of the exploration and pre-feasibility program of Phases I and II is to define the geometry of the mineralized units and to determine their potential open-pit mineability.

The grades sampled to date and the preliminary metallurgical test work (recovery of 94-99% gold and 89-91% silver in 100-400 mesh leach tests) suggest that the mineralized zones appear to be well suited to milling and recovery of gold and silver.

“ We are pleased with this agreement with Canyon since both parties are motivated to investigate the possibility of the Oaxaca gold property developing into a small tonnage, high-grade open pit mining and milling operation at the earliest possible date”, said William W. Reid, president of both Gold Resource and of U.S. Gold.

The United States Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for certain forward-looking statements. Operating, exploration and financial data, and other statements in this press release are based on information that the Company believes reasonable, but involve significant uncertainties as to future gold prices, costs, ore grades, mining and processing conditions, and regulatory and permitting matters. Actual results and timetables could vary significantly.