

## U.S. GOLD NEWS RELEASE

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### **U.S. GOLD CORPORATION ANNOUNCES NEW PARTICIPANT AT TONKIN SPRINGS**

DENVER, COLORADO- U.S. Gold Corporation (USGL: OTC Bulletin Board) is pleased to announce that it has a new participant at its Tonkin Springs Mine in Eureka County, Nevada. A subsidiary of Sudbury Contact Mines Limited (SUD: TSE), which itself is a subsidiary of Agnico-Eagle Mines Limited (AME: NYSE), has purchased Gold Capital Corporation's 60% interest at Tonkin Springs where Gold Capital has been U.S. Gold's joint venture partner.

Subsidiaries for both U.S. Gold and Sudbury Contact have formed a Limited Liability Company with Sudbury's subsidiaries (Sudbury) owning 60% and U.S. Gold's subsidiaries (USGL) owning 40%. Sudbury is responsible for all funding for the project until Sudbury has expended \$4 million on exploration. USGL will be responsible for funding its share after that point. Sudbury, however, will loan USGL's share with certain conditions. Project financing will be sought for capital programs greater than \$20 million. Sudbury's loans to USGL, if not paid, could result in dilution of USGL's interest under certain circumstances, but not below a 2% Net Smelter Return Royalty. In addition, Sudbury paid USGL \$325,000 at closing and is required to pay USGL \$45,000/month for the next 33 months.

"Agnico-Eagle Mines has been producing gold for the past 35 years in Canada, they have a strong cash position and they are proven low cost operators. We are impressed with their senior management team who know how to build and operate gold mines. And, we are particularly pleased that they see Tonkin Springs, located on the world-class Battle Mountain-Cortez gold trend, as a potential gold producer with exciting exploration potential. Sudbury has expressed to U.S. Gold their intention, as experienced mine builders, to find and develop a mine at Tonkin Springs," said William W. Reid, President of U.S. Gold. "With Sudbury assuming management and financial obligations at Tonkin Springs and with Sudbury's required payments to U.S. Gold, U.S. Gold is now positioned to actively seek other opportunities while its main asset is being explored and developed," Reid said.