

U*S* GOLD

NEWS RELEASE

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U.S. GOLD REPORTS RESUMPTION OF DRILLING AT TONKIN SPRINGS

DENVER, COLORADO. U.S. Gold Corporation (OTC BB: USGL) is pleased to report resumption of drilling at its 40% owned Tonkin Springs gold property in Eureka County, Nevada by operator and 60% owner Sudbury Contact Mines (TSE: SUD), a subsidiary of Agnico-Eagle Mines (NYSE: AEM). Sudbury is planning an extensive drilling program involving both step-out drilling targeted to expand known gold mineralization in the "mine corridor" as well as exploration drilling elsewhere on the property to test new targets generated by Sudbury through detailed geologic mapping and geophysical survey.

Over the past several months, Sudbury has completed their own internal resource calculation of the previous drilling within the "mine corridor" and has determined a gold resource of 1.46 million ounces which compares favorably with USGL's previously independent work of a 1.35 million ounce gold resource. Sudbury now intends to look at this resource from an economic point of view.

Additional rounds of metallurgical testing on Tonkin Springs sulfide ores have been performed by Newmont Technical Services regarding Newmont Mining Corporation's commercially proven and proprietary N2TEC flotation process. These tests continue to show positive results over a range of ore grades with total gold into concentrate plus leach of the flotation tails averaging 90%. This commercially proven recovery process, presently in use in Nevada by Newmont at their Lone Tree mine, appears to offer a higher recovery of gold at lower projected costs than previous recovery processes and gives a greater flexibility in treating concentrates.

"In my opinion, the continuing success of Newmont's N2TEC flotation process is the commercially proven technology needed at Tonkin Springs to justify mine development," said William W. Reid, president of U.S. Gold.

The 36 square mile Tonkin Springs property covers some 12 linear miles, mostly unexplored, on the Cortez Gold Trend, south of and on-trend with the Pipeline Mine, operated by Placer Dome Inc., which is one of the largest and lowest-cost mines in North America. Sudbury Contact Mines is proceeding with a methodical and focused program at Tonkin Springs with the intent of making Tonkin Springs their flagship mine in Western U.S.