

## U.S. GOLD NEWS RELEASE

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### **U.S. Gold Reports Excellent Progress at Tonkin Springs**

DENVER, COLORADO- U. S. Gold Corporation (OTC BB: USGL) today announced that the exploration program at its 40%-owned Tonkin Springs Mine in Nevada has identified six new high-priority exploration targets located outside the defined "mine corridor." The 36 square mile Tonkin Springs property covers some 12 linear miles on the Cortez Trend, south of and on-trend with the Pipeline Mine, operated by Placer Dome Inc., which is one of the largest and lowest cost gold mines in North America.

In February 1999, Sudbury Contact Mines (TSE: SUD), a subsidiary of Agnico-Eagle Mines (NYSE: AEM), acquired a 60% operating interest in Tonkin Springs, replacing the former operator. Sudbury is focused on development of Tonkin Springs as a flagship property in the Western U.S. It has assembled a highly qualified and experienced team to spearhead property-wide exploration and development; project team leadership has extensive experience in the area, some having previously worked with Placer Dome at Pipeline.

Sudbury has completed detailed geologic mapping and geochemical sampling throughout the 36 square mile property. It has also completed a geophysical survey of key parts of the property in order to gain a better understanding of structure and rock formations at depth. This work has already generated six new targets of which an initial phase of 19,000 feet of reverse circulation drilling is underway to test three of the targets.

One of these targets, Black Springs, is located along the same structural zone that hosts the Cortez and Pipeline deposits to the north and the past producer, Gold Bar, to the south. Lower Plate calcareous siltstones and limestones are exposed through a window of Upper Plate siltstones, quartzites and cherts. Limited previous drilling has yielded a 45.0 foot intercept of 0.05 ounces of gold per ton. Recent surface sampling at this target has returned values of up to 0.08 ounces of gold per ton. Five drill holes are planned.

The second target, East Mercury, is located to the east of the Rooster deposit. A resource estimate of 850,000 ounces was previously calculated. Five drill holes are planned to test for down dip extensions of the Rooster deposit as well as geochemical anomalies that occur at structural intersections in the same area.

The third target, Indian Springs South, is located on the eastern side of the property adjacent to an area previously drilled by White Knight Resources, where they reported thick intervals of low-grade gold mineralization hosted in Roberts Mountain Formation, the same formation hosting the Pipeline and Cortez deposits. Five drill holes are planned to test areas of favorable structural preparation and coincident geochemical anomalies.

Earlier work at Tonkin Springs focused on near-surface resources along a three-mile section of the trend referred to as the “mine corridor,” representing less than 20% of the total property. Shallow drilling (with an average depth of 200 feet) has established a gold resource of 1.4 million ounces. All of the extensive data from previous exploration and operating experience has now been incorporated into a comprehensive computer database.

Work has also been continuing on the process for recovering gold from the sulfide ores at Tonkin Springs. Late last year, U. S. Gold submitted a representative sample of the ore to Newmont Mining Corporation for an evaluation of that company’s commercially proven and proprietary N2TEC flotation process. Initial testing indicated that the Tonkin Springs ore is amenable to N2TEC flotation, with total gold into concentrate plus leach of the flotation tails in excess of 90%. Sudbury is continuing the test work, which could offer an alternative, commercially proven recovery process at Tonkin Springs. Testing to date indicates higher recovery of gold at lower projected costs than previous recovery processes.

Eight drill holes have been completed for metallurgical/hydrogeologic purposes in the TSP-1 open pit area. Previously, a gold resource of 509,000 ounces has been calculated. Assays have been received from three of these drill holes.

Hole #	Intercept (ft)	Thickness (ft)	Grade (Au oz/ton)
199001	15 – 65	50	0.094
199003	55 – 85	30	0.059
199006	20 – 80	60	0.088

These intercepts will be forwarded to Newmont Metallurgical Services for additional metallurgical testing. Confirmation of the initial recovery rates would have a positive impact on the economics of the TSP-1 resource.

Sudbury is also progressing with permitting and other necessary regulatory requirements. A \$1.3 million cash reclamation bond covering past and current activities is in place.

“We are very pleased with Sudbury’s professionalism and focus and excited by the exploration progress. The most prolific gold mines in Nevada are in the Lower Plate rocks; and, the combination of the structural re-interpretation and the discovery of ore-grade mineralization at surface at one new target at Tonkin Springs is significant because it indicates the *potential* for a large, near surface ore body outside our well-established mine corridor,” said William W. Reid, President of U. S. Gold Corporation. “In addition, success to date with the Newmont flotation technology could support the conversion of a significant portion of the Tonkin Springs gold resource into gold reserves even at current depressed gold prices,” added Mr. Reid.

*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.*