U.S. Gold Corporation

UPDATED TECHNICAL REPORT ON THE TONKIN SPRINGS GOLD PROPERTY, NEVADA, U.S.A.

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TONKIN SPRINGS PROPERTY TECHNICAL REPORT

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

1.0 SUMMARY

1.1 INTRODUCTION

The Tonkin Springs property is a gold mining property located within the Battle Mountain-Eureka Trend in the Simpson Park Mountains approximately 45 miles northwest of Eureka in Eureka County, Nevada. The property is owned by Tonkin Springs LLC (TSLLC), of which U.S. Gold Corporation (U.S. Gold) owns a 100 % interest.

Tonkin Springs is located in the central portion of the Battle Mountain-Eureka (BME) Trend, a northwest trending gold belt in north-central Nevada. The BME Trend extends approximately from the Lonetree Mine on the north to south of the Ruby Hill Mine near Eureka, Nevada, and is sub-parallel to the Carlin Trend gold belt. The Tonkin Springs property is located just 8 miles south of the new Cortez Hills discovery, which is controlled by Placer Dome, Inc. The Cortez Hills project has been summarized in the Cortez Joint Venture Technical Report and Qualified Persons Review, October 2005 (prepared by AMEC). The AMEC 43-101 report summarizes inferred mineral resource estimates totaling 6.2 million tons grading 0.05 ounces per ton gold in the Cortez Hills prospect and 4.6 million tons grading 0.323 ounces per ton gold in the Cortez Hills Underground prospect.

The Tonkin Springs property is located on lands administered by the United States Department of Interior, Bureau of Land Management (BLM), Battle Mountain Field Office, Nevada. Currently, the property comprises approximately 36 square miles in a total of 1,182 unpatented mining and 33 mill site claims, extending 12 linear miles along the central BME Trend.

In August of 2005, the property ownership and management changed, shifting the emphasis away from production and on to exploration, towards defining the property-wide mineral potential by targeting new mineralized zones at depth. In December 2005, U.S. Gold retained Micon International Limited (Micon) to compile a NI 43-101 F1 Technical Report in support of U.S. Gold's planned program of work. The Micon technical team including Alan Noble, P.E., mining engineer and Richard Gowans, P. Eng., metallurgist, previously visited the site during June, 2003. Alan Noble completed a follow-up visit to the site in mid-December 2005 to review any potential changes to the site since 2003.

Micon has been responsible for two Technical Reports relating to the Tonkin Springs property. These were entitled "A Review of the Tonkin Springs Property, Eureka County, Nevada, USA", dated August, 2003 (August 2003 Technical Report) and authored by B. Terrence Hennessey, P.Geo., Richard Gowans P. Eng and Alan Noble P.E., and "Technical Report on the Tonkin Springs Project, Nevada, U.S.A", dated May, 2004. (May 2004 Technical Report) authored by Messrs Noble and Gowans. Both of these reports were filed by BacTech Mining Corporation (BacTech), which was at that time the majority owner and operator of TSLLC. Both of these reports were directed towards a production goal using bio-oxidation technology to recover refractory gold at Tonkin Springs.

1.2 GEOLOGY, MINERALIZATION, AND MINERAL POTENTIAL

Tonkin Springs is considered very prospective for Carlin-style (sediment-hosted) mineralization as it contains important geologic features similar to those identified in the BME Trend and in the nearby Cortez Joint Venture deposits. Important regional geologic features include: favorable stratigraphy similar to that encountered at Cortez Hills; regionally important structures including important NNW, NE, EW and NW trending faults and folds; and favorable alteration assemblages, as seen in the nearby Cortez Joint Venture deposits and discoveries. New interpretations for the region suggest that the favorable stratigraphy at Cortez Hills is the Horse Canyon Member of the Wenban Formation, and these rocks are interpreted as being present and mineralized at Tonkin Springs.

The gold mineralization at Tonkin Springs is associated with disseminated pyrite, marcasite, arsenopyrite, orpiment and realgar and minor base metal sulphides. The sulphides are frequently so fine-grained they cannot be distinguished as individual crystals; rather, they give the rock a very dark grey appearance. Carbonaceous material is present in minor amounts.

Near-surface mineralization is oxidized, somewhat friable and partially leached. Deeper mineralization contains primary sulphides and the majority of the gold occurs within the pyrite and arsenopyrite in micron-sized particles. Gold within the oxidized zones is amenable to conventional cyanide leaching. The gold associated with the sulphides is largely refractory and requires some pre-treatment.

1.3 MINERAL RESOURCE ESTIMATE

The Tonkin Springs property is a former producing mine and has been known for approximately 40 years to host gold mineralization. As a consequence, a significant amount of exploration work has been conducted over the decades, focusing mainly on near-surface oxide and, later, sulphide mineralization feeding production scenarios. A total of 2,797 holes have been drilled at Tonkin Springs between 1966 and 2004. The total length drilled is 168,970 m (554,222 ft) and the average length per hole drilled is 60.4 m (198 ft).

Tonkin Springs features several small open pits and stockpile areas and established mine infrastructure. It has been a producing mine for two periods during its life. Between 1985 and 1988 there was an oxide heap leach operation on site, and in 1989 and 1990, an integrated carbon-in-leach (CIL) / bacterial oxidation plant was commissioned. The overall production during these 2 operating phases was about 31 thousand ounces of gold. The previous production focuses were mainly tailored toward defining shallow oxide and sulfide mineralization, most recently with bio-oxidation as a component of recovery.

The mineral resource developed for the May 2004 Technical Report uses a drill hole database comprising 2,478 drill holes and 90,330 assays. This resource estimate is summarized in Table 1.1.

Table 1.1
Tonkin Springs Resource Estimate

Cut-Off (oz/T)	Category	Mineralization Type	Tons (Thousands)	Gold grade (oz/T)	Gold (Thousand oz)
0.018	Measured	Sulphide	2,654	0.066	175.8
0.018	Indicated	Sulphide	20,659	0.044	903.6
0.012	Indicated	Oxide	6,359	0.029	186.3
Total measured and indicated sulphide and oxide			**29,672**	**0.043**	**1,265.6**
0.018	Inferred	Sulphide	3,466	0.044	152.5

The resources presented above are categorized as per the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines adopted by CIM Council on August 20, 2000.

The existing site has the advantage of a well-developed infrastructure and adequate ancillary services and facilities to support the majority of the requirements for property development. The existing infrastructure that is available for the project includes water supply, storage and distribution, sewage disposal, trailer park (site accommodation), fuel storage and distribution, grid and emergency power supply and distribution. Existing facilities include an administration building, truck shop, assay laboratory, warehouse and plant maintenance shop.

1.4 PROPOSED 2-YEAR EXPLORATION PROGRAM

U.S. Gold is proposing a property-wide integrated exploration program, focusing on evaluation of the structural and stratigraphic setting of the Tonkin Springs property. An objective is to identify new mineralization in areas previously untested, targeting Carlin-style, and specifically Cortez Hills-style mineralization. U.S. Gold's proposed program includes:

- Data compilation
- Detailed geologic mapping – property-wide
- Structural analysis and interpretation using regional aeromagnetics, remote sensing, and district-scale gravity
- Detailed geophysical surveys including gravity, and possibly induced polarization and magneto-telluric surveys to map specific ore-controlling structures and define the presence of Lower Plate/ favorable rock units
- Rock, soil, and drill hole geochemistry to prioritize structural targets
- Drilling – core mainly, some reverse circulation – to test targets and concepts defined through this integrated process

The proposed program will include geochemical sampling, geophysical surveys, and remote sensing technologies leading to target definition and drill testing, with a proposed approximate 400,000-foot drilling program. This proposed integrated 24-month program totals approximately $28 million dollars US. This systematic and integrated approach will result in a cost effective use of exploration funds, and has the greatest opportunity to lead to discovery.

Micon considers that the exploration potential of the Tonkin Springs property should be investigated further. Micon considers that the property has good potential to discover new gold zones, as well as expand existing resources. Micon considers this is a property of merit, and further exploration including drilling should be completed to further test Tonkin Springs' property-wide mineralization potential.

2.0 INTRODUCTION AND TERMS OF REFERENCE

2.1 INTRODUCTION

U.S. Gold Corporation (U.S. Gold) retained Micon International Limited (Micon) in December 2005, to compile a NI 43-101 Technical Report for the Tonkin Springs property located in Eureka County, Nevada. The property is owned by Tonkin Springs LLC (TSLLC), of which U.S. Gold Corporation (U.S. Gold) owns a 100 % interest.

The purpose of this Technical Report is to provide an independent "property of merit" assessment with regard to the exploration potential of the Tonkin Springs prospect. This report provides a technical summary of the exploration and development activities and results, and the mineral potential of the Tonkin Springs project. U.S. Gold plans an exploration and drilling program on the property during 2006.

Micon conducted an independent technical evaluation of the Tonkin Springs property in 2003 on Behalf of BacTech Mining Corporation (BacTech). The Technical Report entitled "A Review of the Tonkin Springs Property, Eureka County, Nevada, USA" was issued in August, 2003. Micon also completed a feasibility study and supporting Technical Report for BacTech in May 2004.

2.2 TERMS OF REFERENCE

A Micon technical team, including the two principal authors of this Technical Report, namely Alan Noble, P.E., mining engineer and Richard Gowans, P. Eng., metallurgist, visited the site during June 18 and 19, 2003. Mr. Nobel completed a follow-up visit to the site on December 15, 2005 to review for any potential changes to the site since 2003.

Mr Noble is an engineering consultant in the areas of ore reserve estimation, geostatistics, ore sampling, grade control, mine planning, mining feasibility studies, and acquisitions evaluations. He has over 34 years experience on over 140 deposits throughout the world. Mr Noble is responsible for the resource estimate and reviewed the exploration plan included in this report.

Mr Gowans is a Vice President and Senior Metallurgist with Micon and has over 25 years experience in the mineral industry, working as a metallurgist and project manager on numerous due diligence assignments, feasibility studies and construction projects, worldwide. Mr Gowans is responsible for the metallurgical aspects and the overall compilation of this report.

During the 2003 site visit, discussions were held with U.S. Gold representatives and technical data and reports were reviewed, including geological maps, drill logs, metallurgical testwork reports, environmental characterization analyses, environmental monitoring and external / internal audit reports, and technical feasibility studies.

During the 2005 site visit by Mr Nobel, it was noted that nothing of any significant consequence had changed since the original visit, except for some reclamation efforts that had been initiated to reclaim the old pit areas and improve site drainage

2.3 SOURCES OF INFORMATION

The report is based on the author(s') familiarity with the project and on review of the published and unpublished geological, geophysical, geochemical, and drilling data obtained from corporate, academic, and government sources.

In preparation of the technical report, Micon has used information owned by U.S. Gold. U.S. Gold has an extensive package of information, that has been amassed over a 30 year production and exploration history. Various companies have worked on the project and the data and reports from these companies were reviewed. Below is a generalized history of the various exploration, development, and mining programs at Tonkin Springs, through 2004.

- **1966** -Lyle Campbell located the Rooster claims after identifying gold bearing jasperoid outcrops.
- **1966-1981** - Claims were optioned by several companies.
- **1979** - Mineral Ventures Inc. Stream sediment survey located several zones of gold anomalies south of Rooster.
- **1980** - Mineral Ventures Inc. located the Rob claim group and continued exploration.
- **1982** - Precambrian Exploration joint ventured with Mineral Ventures, Inc. completed geologic mapping, rock chip sampling and defined drill targets.
- **1985- 1999** - Silver State Mining optioned the Rob claim group and began production. First gold pour in 1985. In 1986, Silver State Mining optioned the Rooster claim group. In 1987, Silver State Mining staked the Twin Peaks area. In 1989, Silver State discontinued mining. The total investment during this period was approximately $50 million, including $31 million for the processing plant and support facilities
- **1991-1992 –** Homestake Mining Company purchased 51% and created Tonkin Springs Venture LP (TSVLP). Tonkn Springs Venture completed data compilation, geologic mapping, rock chip sampling, soil sampling, bleg sampling, geophysical surveying and drilled 85,949 feet of reverse circulation (RC) core and mud rotary. In 1992, Homestake terminated the agreement leaving 100% ownership of TSVLP to U.S. Gold Corporation (formally Silver State Mining)
- **1993-1997** - TSVLP sells 60% of Tonkin Springs to Gold Capital forming Tonkin Springs Project Joint Venture (TSPJV). In 1997 Gold Captial becomes wholly-owned subsidiary of Globex Mining Enterpises as part of merger.
- **1993-1999** TSPJV continued exploration drilling. Globex evaluated a bio-heap recovery process. In 1999, Globex and U.S. Gold terminated the agreement. All assets were placed in Tonkin Springs LLC. (TSLLC)

- **1999 - 2001** Sudbury Contact Mines Limited negotiated an earn-in agreement for a 60% managing interest replacing Gold Capital Corporation; completed data compilation, geochemical sampling and drilling on the project. In 2001, Sudbury Contact Mines Ltd. terminates the agreement transferring all interest to U.S. Gold.

- **2002-2004** BacTech International optioned the property; feasibility work was conducted evaluating possible production of the near-surface oxide and sulfide resources at Tonkin Springs, using bio-oxidation technologies. The project feasibility failed, and the property was returned to U.S. Gold.

- **2005 –** U.S. Gold management changed when Rob McEwen bought a controlling interest in the company in mid-2005. Focus has shifted away from near-term, near-surface production to property-wide exploration and development looking for Carlin-style mineralization to depth.

3.0 RELIANCE ON OTHER EXPERTS

Micon has reviewed and analyzed data provided by U.S. Gold and previous operators of the mine, and has drawn its own conclusions therefrom, augmented by its direct field examination. Micon has not carried out any independent exploration work, drilled any holes or carried out any sampling and assaying. However, the presence of gold in the local rocks is substantiated by the previous exploration and development work completed, and mining history on the property.

Micon has relied upon the data presented by U.S. Gold in formulating its opinion, although all reasonable diligence in checking, confirming and validating data was exercised. Micon accepts these data as being reasonable.

The various agreements under which U.S. Gold holds title to the mineral lands for this project have not been investigated or confirmed by Micon and Micon offers no opinion as to the validity of the mineral title claims. The description of the property, and ownership thereof, lease payments, royalties, etc. as set out in this report, are provided for general information purposes only.

The metallurgical, geological, mineralization and exploration technique and results descriptions used in this report are taken from reports prepared by U.S. Gold and Micon (August 2003 and May 2004 Technical Reports).

All currency amounts are stated in US dollars, most frequently expressed in terms of constant first quarter, 2004 value.

Quantities are stated primarily in American Customary units. In some instances SI units, the Canadian and international practice, are used for specific values and engineering constants. Although a detailed list of abbreviations used in this report is provided in Table 3.1 at the end of this section, the most common engineering units used in this report are specified as follows:

Short tons (T) and pounds (lb) for weight; miles, feet (ft) and inches (in) for distance; acres (ac) for area; troy ounces (ounces, oz) for precious metal quantities and troy ounces per short ton (oz/T) for gold grades.

Table 3.1
List of Abbreviations

List of Abbreviations	
AA	atomic absorption
ADR	Adsorption, desorption and regeneration
ASTM	American Society for Testing and Materials
Au	gold
BLM	Bureau of Land Management
BMRR	Bureau of Mining Regulation and Reclamation
^{o}C	degrees Celsius
CIC	carbon-in-column
CIL	carbon-in-leach
cm	centimetre(s)
cm/s	centimetres per second
CPT	corrugated polyethylene
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CSAMT	Controlled-Source Audio-Frequency Magneto-Telluric
CSS	close side setting
cy	cubic yards
d	day(s)
DC	diamond core
EA	Environmental Assessment
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
EPCM	Engineering, Procurement and Construction Management
^{o}F	degrees Fahrenheit
ft	foot(feet)
ft^2	square foot(feet)
ft^3	cubic foot(feet)
FLM	Federal Land Manager
FONSI	Finding of No Significant Impact
g	acceleration due to gravity
g	gram(s)
g/L	grams per litre
gpm	US gallons per minute
g/t	grams per tonne
gal	US gallon(s)
$gal/min/ft^2$	US gallons per minute per square foot
GPS	global positioning system
H	horizontal distance
HDPE	high density polyethylene
HLP	heap leach pad
h	hour
in	inch(es)
kg	kilogram(s)
lb	pound(s)
lb/f^3	pounds per cubic foot
lb/oz	pounds per ounce of gold
lb/T	pounds per short ton
L	litre(s)
LCRS	leachate collection and removal system
LPG	Liquid petroleum gas
m	metre(s)
m^2	square metre(s)
m^2/s	square metres per second
m^3	cubic metre(s)
m^3/s	cubic metres per second
mg	milligram(s)
mil	thousandth of an inch

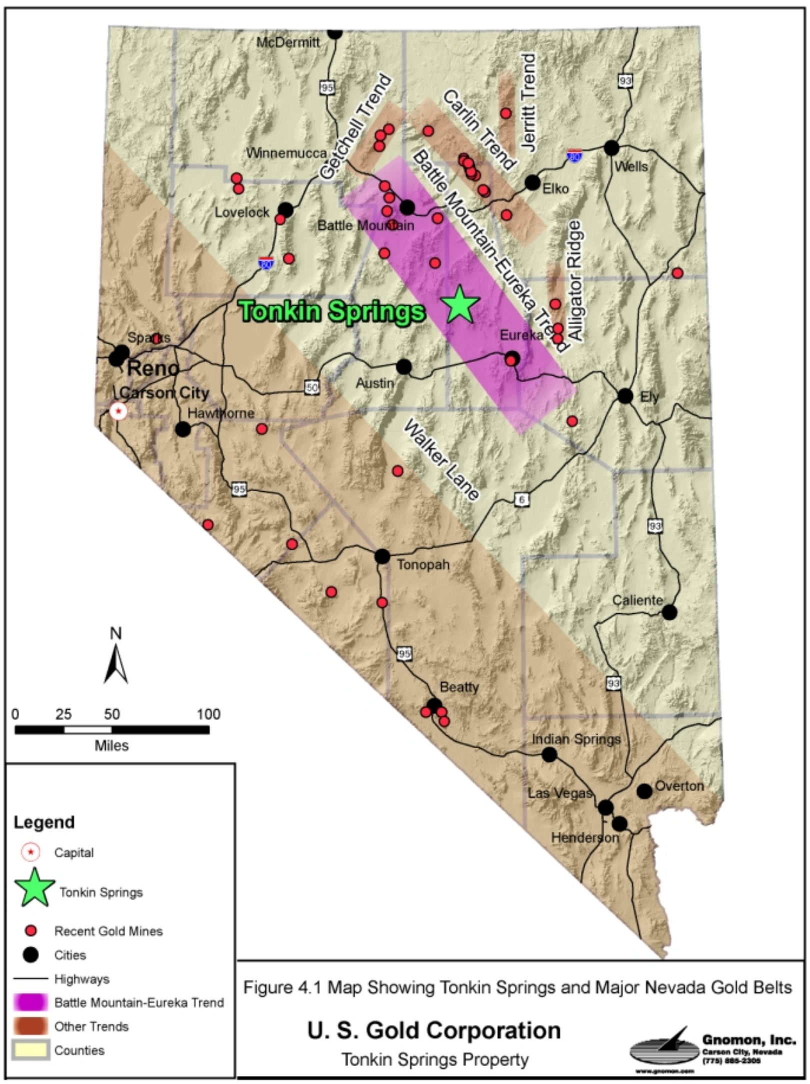
List of Abbreviations	
min	minute(s)
mm	millimetre(s)
M	Richter magnitude (earthquakes)
MOU	Memorandum Of Understanding
Moz	Million Ounce(s)
MSHA	Mine Safety & Health Administration
mv	millivolt(s)
MWMP	meteoric water mobility procedure
NaCN	sodium cyanide
NAC	Nevada Administrative Code
NDEM	Nevada Division of Emergency Management
NDEP	Nevada Department of Environmental Protection
NDOM	Nevada Department of Minerals
NDOW	Nevada Department of Wildlife
NDWR	Nevada Department of Water Resources
NSR	Net Smelter Return
oz	troy ounce(s)
oz/T	troy ounces per short ton
PCMS	Process Component Monitoring System
PoO	Plan of Operations
ppm	parts per million
psi	pounds per square inch
psf	pounds per square foot
PVC	polyvinyl chloride
RC	reverse circulation
ROD	Record of Decision
ROM	run of mine
RV	Recreational vehicle
s	second(s)
SARA	Superfund Amendments and Reauthorization Act
SAG	semi-autogenous grinding
SCRS	solution collection and recovery system
sf	square foot
SHPO	State Historic Preservation Office
SI	International System of units
sy	square yard
T	short ton(s)
T/d	short tons per day
T/h	short tons per hour
T/y	short tons per year
TCLP	toxicity characteristic leachate procedure
TSF	tailings storage facility
t	metric tonnes
V	vertical height
wt %	weight per cent
WPCP	Water Pollution Control Permit
y	year
%	per cent
µm	micron(s)
º	degree(s)

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 LOCATION

Tonkin Springs is a gold mining property comprised of unpatented claims, and which has an integrated milling facility, trailer park (site accommodation) and support facilities on approximately 23,640 acres (9,567 hectares) of U.S. Bureau of Land Management land. The property is located in the Battle Mountain - Eureka Trend. The property is located approximately 45 miles northwest of the town of Eureka in Eureka County, Nevada, totalling approximately 36 square miles. Figure 4.1 shows the location of the Tonkin Springs property in relation to the major gold belts found in Nevada.

Figure 4.1
Map Showing Tonkin Springs and Major Nevada Gold Belts



The site is located near the head of the Denay Valley drainage on the eastern slope of the northern Simpson Park Mountains at an elevation of 6,700 ft above mean sea level. The site is accessible by a paved all-weather road, Highway 278, and then approximately 24 miles of county maintained gravel road into the site

4.2 CLAIMS

The Tonkin Springs property is located on lands administered by the United States Department of Interior, Bureau of Land Management ("BLM"), Battle Mountain Field Office, Nevada. Currently, the property comprises a total of 1,182 unpatented mining and 33 mill site claims encompassing approximately 92 km^2 (36 square miles). The property has been surveyed as per the Nevada State legal requirements. Table 4.1 shows the location of the claims by Township (T), Range (R) and Section with reference to the Mount Diablo Base and Meridian (M.D.B.& M.), in Eureka County, Nevada.

Table 4.1
LOCATION OF CLAIMS BY TOWNSHIP, RANGE AND SECTION

Township	Range	Section
T24 N	R49 E	5,6,7,8,15,16,17,18,19,20,21,22,23,26,27,28,29,30,31,32,33,34,35,36
T24 N	R48½ E	1,12,13,24,25,26
T24 N	R48 E	13,24,25
T23½ N	R49 E	1,2,3,4,5,6
T23 N	R49 E	2,3,4,5
T23½ N	R50 E	6
T25 N	R49 E	18,19,20,29,30,31,32
T25 N	R48½ E	13,24,25,36

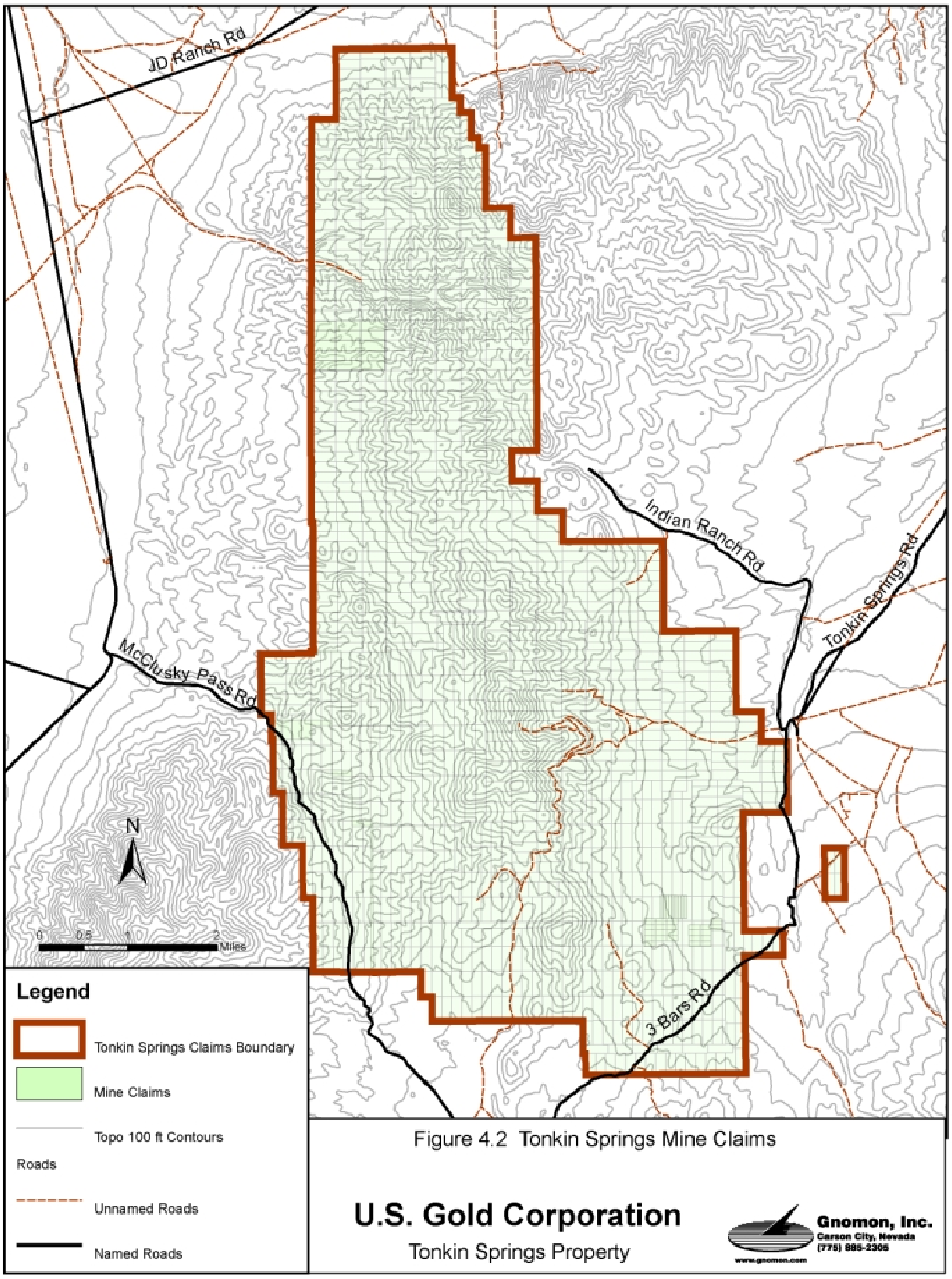
The claims are contiguous with the exception of four claims where the trailer park is located, as well as some claims within the property boundary that Tonkin Springs Mine no longer own or lease (approximately 150 claims). These claims have been released over the years, to either the lessors or to BLM. Figure 4.2 includes an outline of all of the claims within the general property boundary.

For reference, an unpatented lode mining claim is a particular parcel of Federal land potentially valuable for a specific mineral deposit or deposits. It is a parcel for which an individual has asserted a right of possession and the right is restricted to the extraction and development of a mineral deposit. The rights granted by a mining claim are valid against a challenge by the United States and other claimants only after the discovery of a valuable mineral deposit. Title to the land underlying an unpatented lode claim is owned by the United States and the claimant only has the right to extract minerals – no land ownership is conveyed to the claimant.

Tonkin Springs' mill sites are parcels of property located on land where the mill and ancillary facilities are situated in support of the mine operation. The United States owns the land where mill sites are located and the claimant only has the right to use the mill sites – no land ownership is conveyed to the claimant.

Of the 1,182 unpatented lode claims, 269 are leased from other claimants, the remaining 913 and all the 33 mill sites are held directly by U.S. Gold which has the right to mine minerals from these claims and to use the surface for mining related activities.

Figure 4.2
Tonkin Springs Mine Claims



Obligations that must be met to retain the property include Annual Claim Maintenance Fees to the federal BLM of $125/claim/year and additional fees to Eureka County of $8.50/claim/year (2005 assessment year fee rate). Rates may change through time. Other obligations include obtaining and maintaining all necessary regulatory permits and any mining lease requirements, such as lease and option payments to claim owners. The rights to the unpatented lode claims and mill sites continue on an annual basis so long as the obligations are met to maintain the validity of the claims.

4.3 SITE PLAN AND PROPERTY DESCRIPTION

The Tonkin Springs property includes an established mine infrastructure. It has been a producing mine for 2 periods during its life. Between 1985 and 1988 there was an oxide heap leach operation on site, and in 1989 and 1990, an integrated carbon-in-leach (CIL) / bacterial oxidation plant was commissioned. The plant and associated infrastructure was decommissioned and mothballed in June, 1990 and, apart from the SAG mill, which has been removed, is complete, and in relatively good condition.

The property presently features several small open pits and stockpile areas, including TSP-1, 2, 3A, 3B, 4, 5, 6E, 7 and the Rooster pit. Most of these disturbances are very small, with the exception of TSP-1, where mining activities focused on the removal of the oxide portion of the gold reserve.

The existing site has the advantage of a well-developed infrastructure and adequate ancillary services and facilities to support the majority of the requirements for the project exploration and development activities. The existing infrastructure that is available includes water supply, storage and distribution, sewage disposal, campsite, fuel storage and distribution, grid and emergency power supply and distribution. Existing facilities include an administration building, truck shop, assay laboratory, warehouse and plant maintenance shop.

4.4 ROYALTIES

There are various royalties connected to the Tonkin Springs property. These royalties include the following:

Campbell-Simpson 5 % royalty:

- Annual advance royalty payment of $150,000 or the value of 455 oz of gold at the current gold price. Production royalty of 5 % of the gross sales revenue of gold or silver with the provision for recapture of annual advance royalties paid, which presently totals $3,217,940. The Rooster deposit lies on the claims pertaining to the Campbell-Simpson 5 % royalty.

Precambrian Exploration Inc. (PEX) royalties:

- First PEX Royalty: Claims affiliated with this are subject to a royalty of 2% of net smelter returns, which becomes payable to Precambrian Exploration, Inc. after $50 million in gross revenues is realized from the claims. These claims include the current mineralization at TSP-1 pit, O-15, and the other small areas of mineralization on the southern claims of

Tonkin Springs. PEX may elect to receive its royalty in the form of gold and silver upon proper notice to TSLLC.

- Second PEX Royalty: Certain of the claims which are included in the Tonkin North lease with Campbell/Simpson, are also subject to a 1% net smelter return royalty (defined as gross revenues from sales of minerals, less refining costs, transportation costs, severance, production and sales taxes, and sales commissions) payable to Precambrian Exploration Inc. ("PEX) after $15 million in gross revenues are realized from the claims.

US Exploration 1% royalty:

- In 1994, 215 claims covering approximately 4,400 acres adjacent to the Tonkin Springs project were acquired from an unaffiliated third party, United States Exploration Inc. The claims are subject to a royalty of 1% of net smelter returns for gold when the indexed price of gold is $350 per ounce or more, and a royalty of 1% of net smelter returns for silver when the indexed price of silver is $3.50 per ounce or more. No royalties are payable at lower indexed prices.

Of the total of 1,215 mining claims encompassing the Tonkin Springs project, 381 are not subject to any royalties. Figure 4.2 is a generalized map illustrating the claim boundary and claims.

4.5 ENVIRONMENTAL ISSUES AND ENVIRONMENTAL LIABILITIES

Several agencies have authority over federal lands located within Nevada, including the Forest Service and BLM. Tonkin Springs is located on unpatented mining claims on BLM-managed land; therefore, the BLM is the only federal land manager for the Tonkin Springs project. The BLM is responsible for determining the significance of the mine related impacts to the land, surface waters, cultural resources, and wildlife. The BLM has approved two Plans of Operations (PoO) for the project; one covers the mining operations that occurred in the 1980s and 1990s, and the second is for exploration activities.

The Nevada Division of Environmental Protection (NDEP) is the state agency that administers the reclamation permits, mine permits, and related closure plans on the project. NDEP issued a notice of alleged violation in April of 2005 under the Water Pollution Control Permit (WPCP) and the project is currently under a compliance order to submit, implement, and complete by August 2006 final closure for those components specified in the compliance order. The specific components to be covered in the closure plan are for mined areas TSP-1, the heap leach facility, and the tailings impoundment underdrain pond. U.S. Gold is currently working with NDEP to meet the requirements of the compliance order and is on schedule to complete the required activities by the August 2006 deadline.

The BLM's approval of future exploration activities requires them to comply with NEPA, which is generally done through the preparation of a new Environmental Assessment (EA). Several EAs have previously been prepared and approved for Tonkin Springs by the BLM's Battle Mountain field office. An EA requires the study of impacts on wildlife, cultural resources, surface water, and the human population in the area. The following bullets summarize existing agency permits, approvals and EA related activities:

- Tonkin Springs received a Finding of No Significant Impact (FONSI) for the first EA from BLM and a WPCP from the NDEP prior to the commencement of mining in the 1980s.

- After the mine entered into temporary closure, NDEP issued a WPCP for continued monitoring during temporary closure and has since renewed both the WPCP and Reclamation Permits.

- While several companies have considered re-opening mining operations at Tonkin Springs, several PoOs, EAs and associated documents have been submitted to and reviewed by BLM.

- Past EAs found that the socio-economic base of the immediate project area and the region has been tied primarily to mining, agriculture, ranching and, more recently, tourism. Re-opening of the mine would increase local employment and enhance the economic base of the region.

- Ten previous Class III cultural resources surveys have been conducted within the project area, with the most recent survey being completed in 2000. Although some areas have been located that were considered eligible for the National Registry of Historic Places, none has been found to date that would appear to be prohibitive of the projects goals.

Past mining activities at Tonkin Springs include the following facilities: a mill and associated tailings storage impoundment, which will ultimately require closure and reclamation; exposed sulphide bearing rocks located in the upper benches of TSP-1, which are generating a small amount of acidic waters that are high in metals; water captured in TSP-5 pit, which is neutral and high in metals; existing waste rock dumps that require re-grading and reclamation; the existing gold heap leach pad, which must be closed and reclaimed; and, roads related to the past mining operations and exploration, which must be reclaimed.

U.S. Gold's focus at Tonkin Springs is on exploration; staff and contractors are working with the BLM and NDEP to acquire necessary revisions to permits and approvals. U.S. Gold anticipates submitting the revisions in two phases. The first phase will be to reallocate currently permitted surface disturbance for exploration, expected to be completed in a number of weeks. The second phase will be an expansion of the exploration areas currently under permit and then add additional acres for surface disturbance. This phase will require the preparation of an EA for the BLM and will require a number of months to complete. This is also being forwarded as exploration target areas are defined.

Tonkin Springs will create and maintain an Environmental Management System that is consistent with the planned closure and exploration level activities on the project, ensuring that all regulations and permit conditions are met in a timely fashion, and that additional opportunities are identified, whenever practicable, for reducing the impact on the environment.

The change in management at U.S. Gold has been well-received by both the NDEP and BLM, and both agencies remain positive about exploration at Tonkin Springs. The environmental issues previously identified associated with past mining activities are being actively addressed by U.S. Gold, and the managing agencies have indicated that there is no likely cause for delay in U.S. Gold acquiring the additional or expanded exploration permits necessary to advance the project.

4.6 PERMITS

The information included in Table 4.2 summarizes the permits and approvals required for exploration and/or mining activities on the Tonkin Springs property. Those permits identified with a "asterix" (*) are specifically required for the exploration activities at the Project.

In order to conduct exploration and mining activities on public land administered by the BLM, the BLM, in conjunction with the NDEP, must approve a PoO, which includes bonding for future reclamation. In some cases, Notice level permits may be initially sufficient for some exploration areas. The project currently has existing valid plans and it is anticipated that these will be maintained and expanded during any short or long term exploration phases. As part of a permitting effort by the previous operator of the project, a significant amount of baseline data has been recently (2001-2003) collected. These data can and will be used in the future permitting efforts.

There is a valid WPCP, two Reclamation Permits, Air Quality permit, and Plans of Operations for the present status of the property issued by the appropriate agencies. The Nevada Division of Water Resources (NDWR) oversees the water rights, issues water well permits and the tailings dam permit. Valid permits currently exist for each of these items.

Table 4.2
Summary of Required Permits and Approvals

Agency	Jurisdiction	Permit or License
Bureau of Land Management (BLM)	Federal	Plan of Operation* Reclamation Plan Approval and Bonding* (Shared with NDEP – BMRR; bond held by BLM) Cultural Resources Issues* (Historic and Prehistoric – Share with SHPO) Right of Way Grants
Bureau of Mines	Federal	Mine Production Estimate
Bureau of Alcohol, Tobacco and Firearms	Federal	Explosive Permits
Mine Safety & Health Administration (MSHA)	Federal	Mine Identification Number
Nevada Division of Environmental Protection - NDEP (Bureau of Mining Regulation and Reclamation)	State	Water Pollution Control Permit Reclamation Plan Approval and Bonding* (Shared with BLM; bond held by BLM)
NDEP (Bureau of Air Pollution Control)	State	Air Quality Permits to Construct and Operate*
NDEP (Solid Waste Management Branch)	State	Class III Landfill (Construction Debris)
NDEP (Bureau of Water Pollution Control)	State	Storm Water Discharge Permit (General Industry Permit)
Nevada Department of Water Resources (NDWR)	State	Water Rights* Proof of Completion* Proof of Beneficial Use* Tailings Dam Safety and Storage
Nevada Division of Historic Preservation and Archaeology (SHPO)	State	Cultural Resources Issues* (Historic and Prehistoric – Shared with BLM)
Nevada Department of Wildlife (NDOW)	State	Industrial Artificial Pond Permits
Nevada State Health Division Public Water Systems	State	Drinking water quality at all facilities, including man-camp*.
Nevada State Health Division Sewage Disposal Systems	State	Septic tank used for Mine, Truck Shop, Administration Building, Lab/Warehouse & RV Park*
Nevada State Fire Marshall	State	Hazardous Materials Permits (SARA Title III - Shared with NDEM)
Nevada Division of Emergency Management (NDEM)	State	Hazardous Materials Permits (SARA Title III - Shared with State Fire Marshall)
Nevada Department of Minerals (NDOM)	State	Mine Registry Annual Status of Production Hazardous Conditions Abatement (Fee)

BLM holds reclamation bonds for both the mine area and exploration activities. The most significant bond – $2,856,633 – is for reclamation of the mine area. The bond for exploration activities was originally posted for $50,000; however, this amount was reduced to $14,000 as a result of the completion of reclamation on the exploration activities. Subsequently, the bond for exploration was increased by $20,600 in support of the recent drilling in the mine area. Although the BLM is the federal land manager at Tonkin Springs, NDEP takes the lead on reclamation and closure issues, in consultation with the BLM.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 SITE ACCESS

The Tonkin Springs property is located in the Simpson Park Mountains area approximately 72 km (45 mi) northwest of Eureka in Eureka County, Nevada. The property is accessed by one of two country roads, from the Nevada State Road 278. The county gravel roads to the site are maintained by Eureka County and are periodically graded as required to provide good access.

All the mining claims are unpatented lode claims or mill sites located on federally owned land administered by the BLM. Surface rights applicable to mining claims allow development and extraction from those claims. Certain locations are subject to restrictions or obligations associated with historical Native American cultural sites, however, none of the currently identified mineralized areas are affected by those sites.

5.2 CLIMATE

In general, the area is characterized by hot summers and cold winters with monthly average maximum and average minimum temperatures ranging from 82 °F (28°C) to 7 °F (-14°C). The hottest month is July and the coldest is January. The average annual precipitation on site is estimated to be 11.3 in. Evaporation in the area is significant with the average annual potential evaporation estimated at 62.6 in.

The estimated 24-hour precipitation event for a 100 year return period is 2.8 in.

Wind patterns in the area are generally westerly but are locally channelled by the north/south orientation of the mountain ranges. The winds in the immediate project area are predominantly westerly to northwesterly.

5.3 LOCAL RESOURCES AND INFRASTRUCTURE

The Tonkin Springs property is approximately 48 miles by road northwest from Eureka (population approximately 1,600 in county), 85 miles by road southwest from Elko (population approximately 18,000) and 245 miles by road east from Reno (population approximately 200,000).

The property is accessible via paved and gravel all-weather roads. In this part of Nevada there are numerous gold mining operations and, therefore, there exists a broad selection of chemical and materials suppliers and mining and drilling contractors as well as service companies which support the industry, many based in Carlin, Eureka and Elko. There also exists locally, an available source of experienced and qualified labour. The area is serviced by armoured transport companies for pick-up and delivery of gold doré to refineries located in Utah and elsewhere.

Electrical power to the property is via existing 64 kV power lines and a substation on the property. The power lines and substation are owned and maintained by Sierra Pacific Power.

The current water supply system includes a total of seven water wells that pump fresh water to storage tanks at the camp and the plantsite. The storage tank at the plantsite has a fire-water reserve and supplies the existing process plant and ancillary services with fresh and fire-water through buried lines. The capacity of the main well is 700 gpm and it is anticipated that the nominal average fresh water requirement will be 216 gpm.

Currently, the only communications into site is through the use of a three watt cellular phone. This system is expensive and has proven to be unreliable. Historically, the mine site was connected via an onsite microwave phone system. The current plan is to reestablish the microwave system to provide communications into the site. During detailed engineering, other systems including satellite communications and wireless broadband systems will be evaluated.

5.4 PHYSIOGRAPHY

The Tonkin Springs property is situated in the Basin and Range Physiographic Province of the western United States. It is located on the eastern slope of the northern Simpson Park Mountains at an elevation of between 6,700 ft above mean sea level up to about 7,600 ft. Topography varies from flat to moderately steep.

Native vegetation in the project area is characterized by sagebrush/bunch grass communities with Sandberg bluegrass, Thuber needlegrass and bottlebrush squirreltail as the dominant species. On the north and east facing slopes fairly dense stands of Pinyon/Juniper exist with little understory of grasses or forbs. Much of the project area had been subjected to considerable grazing pressures from domestic livestock in years past. Consequently, much of the native vegetation has degenerated to what is considered degraded stands of sagebrush with an understory of cheatgrass in the more hilly areas, or halogeton, or other annual forbs, on the lowlands.

The major lithological units as previously interpreted at Tonkin Springs include, from oldest to youngest, Ordovician Vinini Formation limy siliclastic sediments and greenstones, Devil’s Gate Limestone, Tertiary intrusives and Tertiary volcanics, and Quaternary alluvium and gravels. Groundwater occurs in each unit. Based on previous investigations, the groundwater flow follows topography; flow being from high elevations to lower topographic elevations in the valleys. Thin layers of alluvial deposits have shallow depth to groundwater. These unconsolidated alluvial deposits make up the tributaries, Denay and Coils Creeks, which eventually drain to the Humboldt River tributary system.

The seismic rating of the general area used in the design criteria of the processing facility in 1995 is Zone 3, based on the Uniform Building Code (1994).

6.0 HISTORY

Exploration and other mineral-related activities have occurred at the Tonkin Springs property area since the 1950's. The first claims staked for gold in the area include those located by Homestake Mining Company and an individual prospector in 1966 in the "Rooster" area that is now part of the Campbell-Simpson lease area.

Between 1966 and 1985, several companies including Homestake Mining Company, Placer Amex, American Selco, Chevron Resources, Earth Resources, Freeport Exploration Energy Reserves Group and Mineral Ventures, Inc. (subsequently Precambrian Exploration, Inc. (PEX)) conducted exploration. Their activities included road building, surface sampling and drilling on portions of the property In 1985 U.S. Gold Corporation (named Silver State Mining Corporation at that time) joint ventured the property with PEX (Tonkin Springs Gold Mining Company {TSGMC}). In 1987, U.S. Gold bought out PEX's interest.

Between 1985 and 1988, TSGMC built and operated an oxide heap leach operation and in late 1989, completed construction of a 1,500 ton-per-day milling facility at the Tonkin Springs property, designed to process sulphide gold mineralization through the use of bacterial oxidation and cyanidation technology. The plant and associated infrastructure was decommissioned and mothballed in June, 1990 (predominantly due to severe liquidity problems) and apart from the SAG mill, which has been removed, it is complete and in good condition, and can be put back into production with a minimum of refurbishment.

From 1991 to 1999, U.S. Gold joint-ventured the project with various parties, including Homestake Mining Company, Gold Capital Corporation (subsequently a wholly owned subsidiary of Globex Mining Enterprises) and finally Agnico-Eagle Mines Ltd through its Sudbury Contact subsidiary. An outcome of all of these joint ventures was a combination of all the Tonkin Springs assets and properties into Tonkin Springs LLC (TSLLC).

In March, 2003, BacTech signed a Letter of Agreement with U.S. Gold to purchase 55 % of TSLLC. BacTech issued a feasibility study in May 2004 which recommended the open-pit mining and processing of both oxide and sulphide mineralization using proprietary bacterial vat-leach technology. Due to timing and money constraints, BacTech decided not to pursue production at the project, returning the property to U.S. Gold in 2004.

In mid-2005, Rob McEwen purchased a significant stake in the company, with the previous management team retiring. Under the guidance of new management, the property development has shifted away from production, back into a property-wide exploration focus with the objective of identifying additional Carlin-style mineralization targeting lower plate rocks at depth.

6.1 HISTORICAL MINERAL RESOURCES

Tables 6.1 provides a summary of the historic "mineral resources" at the property. .

Table 6.1
Historic "Resource" Estimates at the Tonkin Springs Property

Year	Company	Tonnage ('000s)		Grade		Ounces
		(t)	(T)	(g/t)	(oz/T)	Au ('000s)
1990[1]	Pincock, Allen and Holt	21,269	23,445	1.54	0.045	1,055
1993[2]	Ore Reserves Engineering	9,549	10,526	2.13	0.062	653
1995[3]	Ore Reserves Engineering	27,843	30,692	1.54	0.045	1,368
1996[4]	Ore Reserves Engineering	21,622	23,834	1.68	0.049	1,168
2000	Sudbury Contact Mines	29,041	32,013	1.58	0.046	1,460

[1] Includes TSP1, TSP2, TSP3, TSP4, F-Grid, O-15 and Rooster.
[2] Includes TSP1, TSP6, O-15 and Rooster oxides.
[3] Full property, 200 ft radius nearest neighbour estimate
[4] Includes TSP1, TSP6, TSP8, F-Grid, and Rooster.

The historical mineral resources at Tonkin Springs were estimated using various, sometimes undefined codes of reporting and classification. These estimates have frequently been reported as unclassified resources (measured, indicated or inferred) or with measured and indicated resources summed together. As such, they do not comply with NI 43-101. The historical resource estimates are no longer relevant and have been superceded with a more recent resource estimate, which was included in the May 2004 Technical Report. This resource estimate is discussed in Section 17 of this technical report.

6.2 HISTORICAL PRODUCTION

During 1985 through 1988, approximately 26,029 oz of gold from an oxide heap leach was produced from about 871,000 T of ore. This ore came from an oxide "cap" overlying the current sulphide resource in TSP-1 and several other smaller oxide orebodies in the same vicinity.

In 1989, oxide ore from the "Rooster" deposit was processed through the CIL portion of the mill producing 1,753 oz of gold. And in 1990, using the bio-oxidation and CIL circuits of the mill, 2,735 ounces of gold were produced from approximately 70,000 T of sulphide ore mined from the TSP-1 deposit.

A total of approximately 30,517 ounces of gold have been produced at Tonkin Springs to date.

7.0 GEOLOGICAL SETTING

7.1 REGIONAL GEOLOGY

The Tonkin Springs Mining District (Tonkin District) is located in a physiographic region of the Western United States known as the Basin and Range Province. Centred on Nevada and extending from southern Oregon to western Texas, the Basin and Range Province is an immense region of alternating, north-south-trending, faulted mountains and flat, sediment-filled valley floors. It was created approximately 20 million years ago as a result of block faulting during extensional tectonics. At this time the Earth's crust stretched, thinned, and then, during a period of rifting, broke into some 400 mountain blocks that partly rotated from their original horizontal positions. The Tonkin District is structurally associated with the Cortez Rift within the Battle Mountain-Eureka Trend, a northwest trending structural zone located along the eastern flank of the Simpson Park Mountains.

7.2 PROPERTY GEOLOGY

The geology in the vicinity of the Tonkin Springs mine is complex both lithologically and structurally. Numerous geologic events ranging in age from Ordovician or older, through the Holocene, are recorded in the rock and structures of the region. The host rocks for the gold mineralization currently identified at Tonkin Springs consist of a sequence of Paleozoic rocks that were subsequently faulted, intruded and mineralized by gold-bearing solutions which originated at depth and migrated up along fracture systems until reaching fractured and/or chemically favourable rock suitable for deposition. Later volcanism, faulting, erosion and sedimentation have affected the mineralized material.

Figure 7.1 illustrates a generalized geologic map of the Tonkin Springs project and shows the locations of the previously mined pit areas in black.

7.3 STRUCTURE

Movement within the Roberts Mountains Thrust zone (the principal source of Mississippian Antler deformation in the district) separates allochthonous deep-water clastic rocks of the upper plate from autochthonous carbonate rocks lying within the lower plate of the thrust. The dominant structures mapped at Tonkin Springs include a series of high angle northwest trending faults that dissect the range. Crosscutting these are less prominent west-northwest-, north- and northeast-trending high angle faults. The northern Nevada rift passes along the eastern side of the property, as supported by regional geophysical data. West-northwest, east-west and northeast trending folds are also observed in the Tonkin Springs project area. Southeast low angle shearing is evident in pit wall exposures.

Figure 7.1
Generalized Geologic Map – Tonkin Springs Property with Principal Gold Production Pit Locations

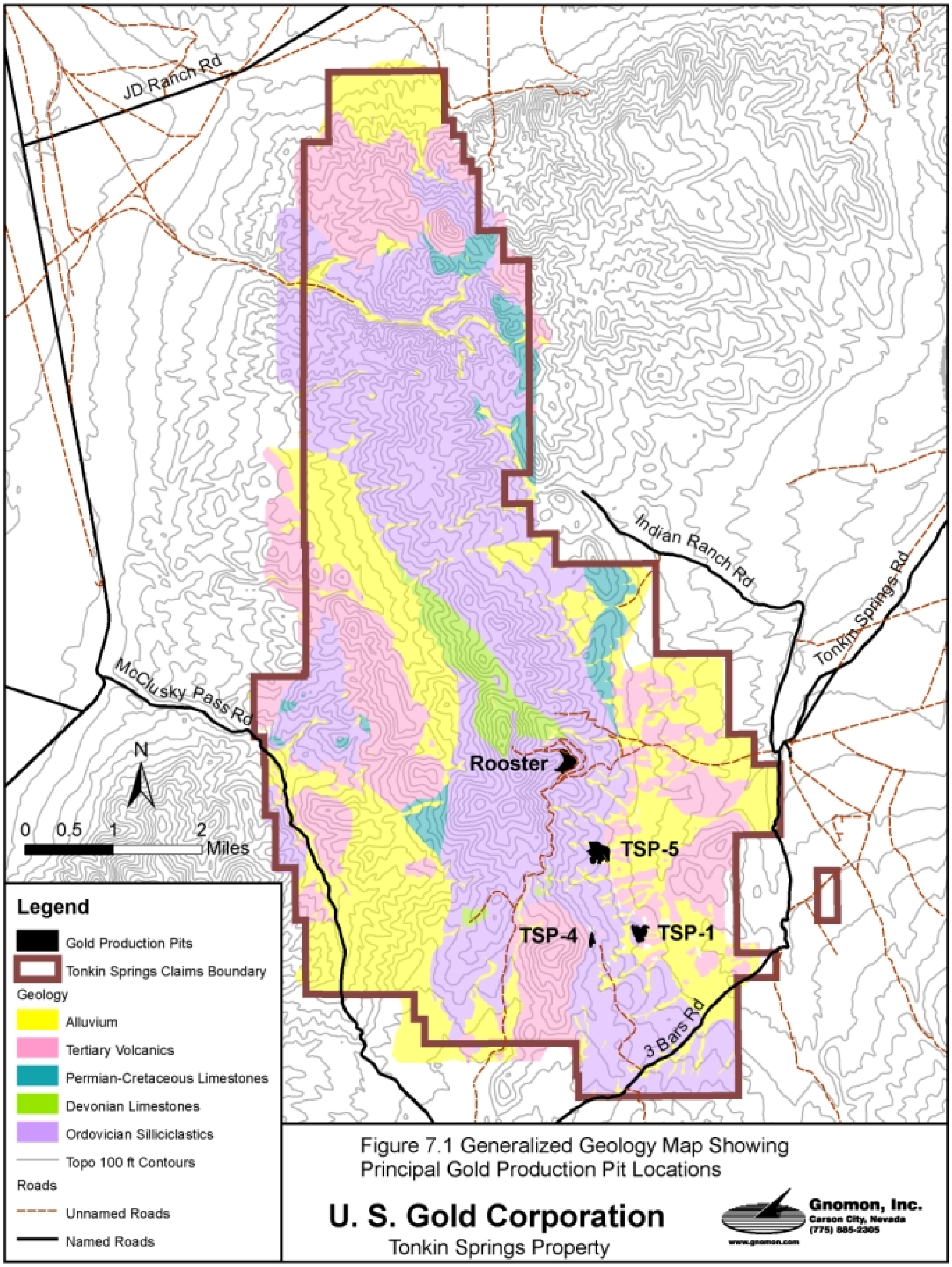
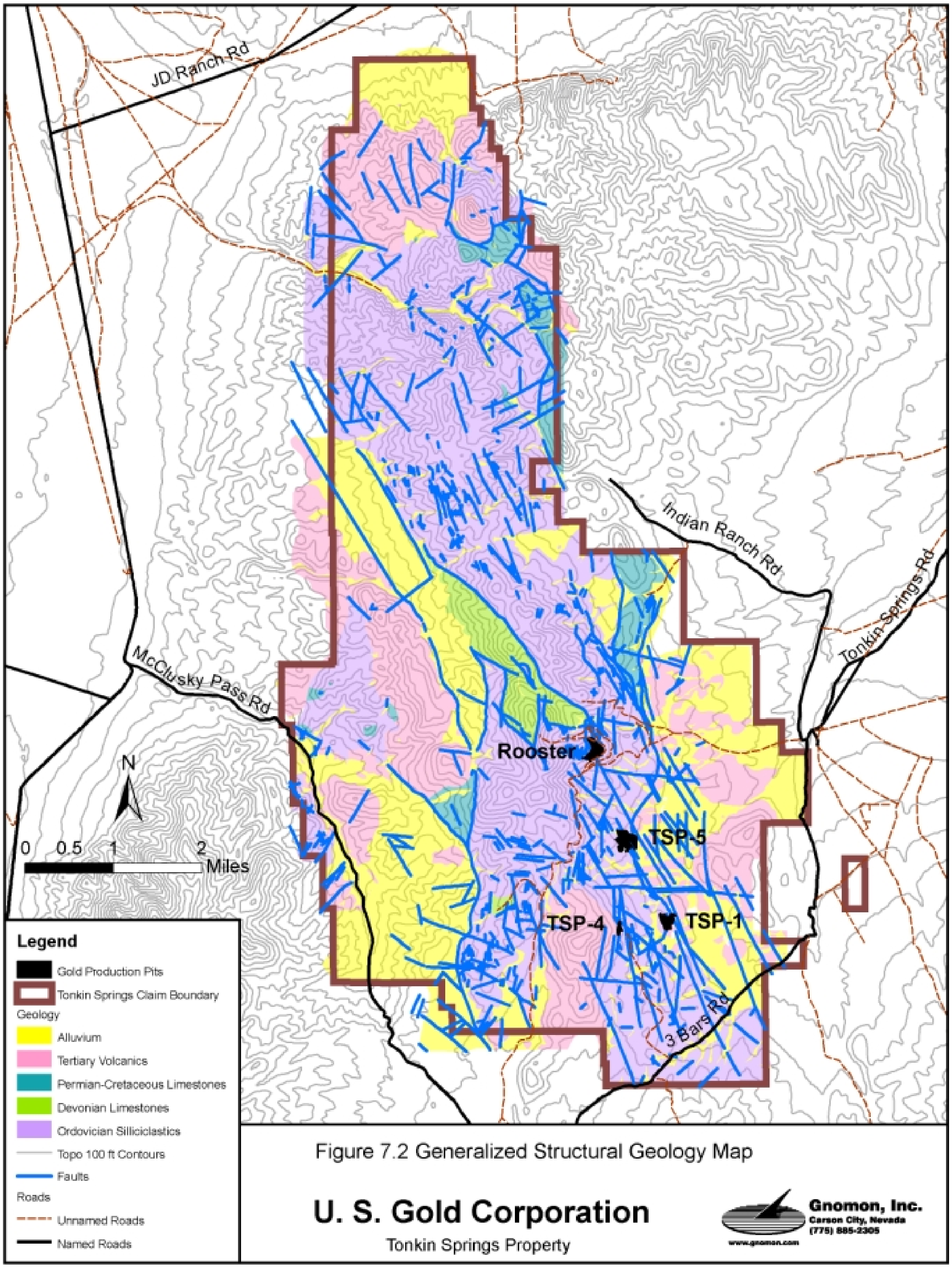


Figure 7.2 shows a generalized summary of some of the main structural trends in the Tonkin Springs property.

Figure 7.2
Generalized Structural Geology Map – Tonkin Springs Property



7.4 ALTERATION

Alteration on the Tonkin Springs project includes: silicification (replacement and veining); argillization; decalcification; calcite redistribution (veining); carbon depletion and remobilization; and iron staining. The currently defined paragenesis includes: decalcification; silicification; silica vein-veinlet development; calcification; cinnabar and barite introduction; microfracturing; and carbonization. Calcite appears to be redistributed along structures, some of which are peripheral to and above gold mineralization.

8.0 DEPOSIT TYPES

The Tonkin Springs project area is located in the Battle Mountain-Eureka (BME) Trend, a mineral belt of gold mines located in north central Nevada. The BME trend and Carlin trend mines produce a majority of the gold mined in Nevada, resulting in the state being the world's third largest producer after South Africa and Australia.

The BME and Carlin trends are two very analogous and unique, parallel belts of gold deposits. Both trends are dominated by often-carbonate-rich, sedimentary rock hosted deposits; however, each also includes younger deposits hosted within Tertiary aged (Miocene) volcanic rocks. The sediment-hosted (Carlin-type) deposits exhibit structural and stratigraphic controls related to folds or domes ("windows") of lower-plate autochthonous (in place) carbonate rocks exposed through the overlying upper plate allochthonous rocks.

To date, all of the currently identified deposits at Tonkin Springs are interpreted as occuring in the upper-plate, Vinnini Formation rocks, leading to speculation as to what may be discovered at depth where the lower-plate rocks are presumed to occur. The occurrence and alignment of the lower-plate windows of carbonate rock are conspicuously confined within the Great Basin to these two deposit trends.

Carlin type deposits in Nevada are often oxidized to significant depth. These deposit subtypes are often free milling, if not associated with carbon. The sulphide deposits are typically refractory to a significant degree. Both styles have previously been identified at Tonkin Springs, and the exploration work will be focused on identifying and defining additional areas of mineralization both at the surface and to depth, as well as on expanding known resources. With the recent discoveries at Cortez Hills, ET Blue, Indian Ranch, and other areas, the various mineralization styles identified regionally will be targeted.

9.0 MINERALIZATION

Gold mineralization at Tonkin Springs is hosted by strongly decalcified and locally silicified rocks, currently interpreted as being hosted in the upper plate Vinini Formation. The main zones of gold mineralization are hosted by thin bedded carbonaceous siltstones, carbonate rocks and siliceous shales. Sulphide minerals, barite and remobilized carbon are associated with the mineralized zones and silicified carbonate rocks away from and adjacent to the gold mineralization. Gold mineralization is controlled both by high angle structures that served as feeders to the deposits and by stratigraphic and lithologic controls. Mineralized zones appear to have formed in structural closures or fluid traps, the best apparently being permeable zones sealed laterally by structures and vertically by lithology.

The mineralization occurs as relatively thin zones conformable with bedding and sill-like intrusive bodies. Typical orebody thicknesses are 20 to 50 ft, however larger intercepts have been intersected. The zones have distinct contacts between mineralized and unmineralized material at both the hanging wall and foot wall. Abrupt changes in grade from mineralized material averaging over (0.1 oz/T) gold to barren material averaging less than 0.001 oz/T gold are typical over distances of less than 5 ft. Structural control is seen with the highest grade material being located within 100 to 200 ft of near-vertical structural feeder zones.

Microprobe analyses performed on TSP-l unoxidized mineralization indicate that about 75 % of the gold occurs in micron sized pyrite and arsenopyrite. The remaining 25 % was thought to occur as free gold in silica veinlets, although silica encapsulation has not been documented as a problem. In the siliceous mineralization at the Rooster Main area gold is recoverable by cyanidation below the redox boundary indicating that gold was localized on fractures. In mineralization hosted by the carbonate-rich Telephone Member, a converse relationship has been noted. Gold occurring above the redox boundary is occasionally only partially cyanide soluble. Dark coloration in material previously thought to be highly carbonaceous has been shown to be due to abundant, finely disseminated sulphide. The amount of carbonaceous mineralization may have been overestimated in the past.

Sulphide minerals identified by examination of polished sections are pyrite, arsenopyrite, marcasite, realgar, orpiment, sphalerite, and stibnite. Realgar/orpiment, in particular, is closely associated with the gold mineralization. Common secondary minerals at Tonkin Springs are goethite, jarosite, scorodite, and variscite. Barite is widespread throughout the Tonkin Springs area and does not seem to be in strict spatial association with the gold mineralization.

Zones of mineralization identified to date occur in clusters located along a northwest trend. There is a strong east-northeast component to each of these clusters which possibly represents an east-northeast fold axis created by strike slip faulting along master faults on the eastern and western edges of the range. The increased ground preparation due to folding and the intersection with northwest shearing and thrust faulting appears to be the locus of mineralization. In some instances mineralization is also spatially associated with igneous dikes and sills.

10.0 SURFACE EXPLORATION

The Tonkin Springs property is a former producing mine and has been known for approximately 40 years to host mercury, barite, and gold mineralization. As a consequence, a significant amount of exploration work has been conducted over the decades, mainly focused on shallow oxide and sulphide (refractory) mineralization types. The result of these various exploration programs is a database of drill holes generally clustered in a corridor, from O-15/TSP-1 in the south to Rooster in the north. This "mine corridor" represents a relatively small portion of the surface area of the property, but is the only area extensively drilled. The remainder of the property has received only scattered drilling and exploration.

Several figures are provided in this section to illustrate all of the drilling as well as the drilling that exceeded 1000 feet and 500 feet in depth and include Figures 10.1, 10.2 and 10.3, respectively. By comparing these three figures, it is noted that the property has not seen extensive systematic property-wide drilling.

Exploration activities have taken place in the Tonkin Springs project area dating back to the 1950's and 1960's when prospecting for mercury and barite was active. The first claims staked as a result of exploration for gold include those located by Homestake Mining Company and an individual prospector in 1966 in the Rooster area.

The property has seen many phases of geologic mapping, geophysical surveys, geochemical sampling programs (soils and rock chips), and drilling – mainly targeting the identification of shallow mineralized material. These various phases occurred since the 1960s, performed under supervision of experienced geologists, and performed to industry standards.

Figure 10.1
Tonkin Springs Property Drill Hole Location Map – All Drilling

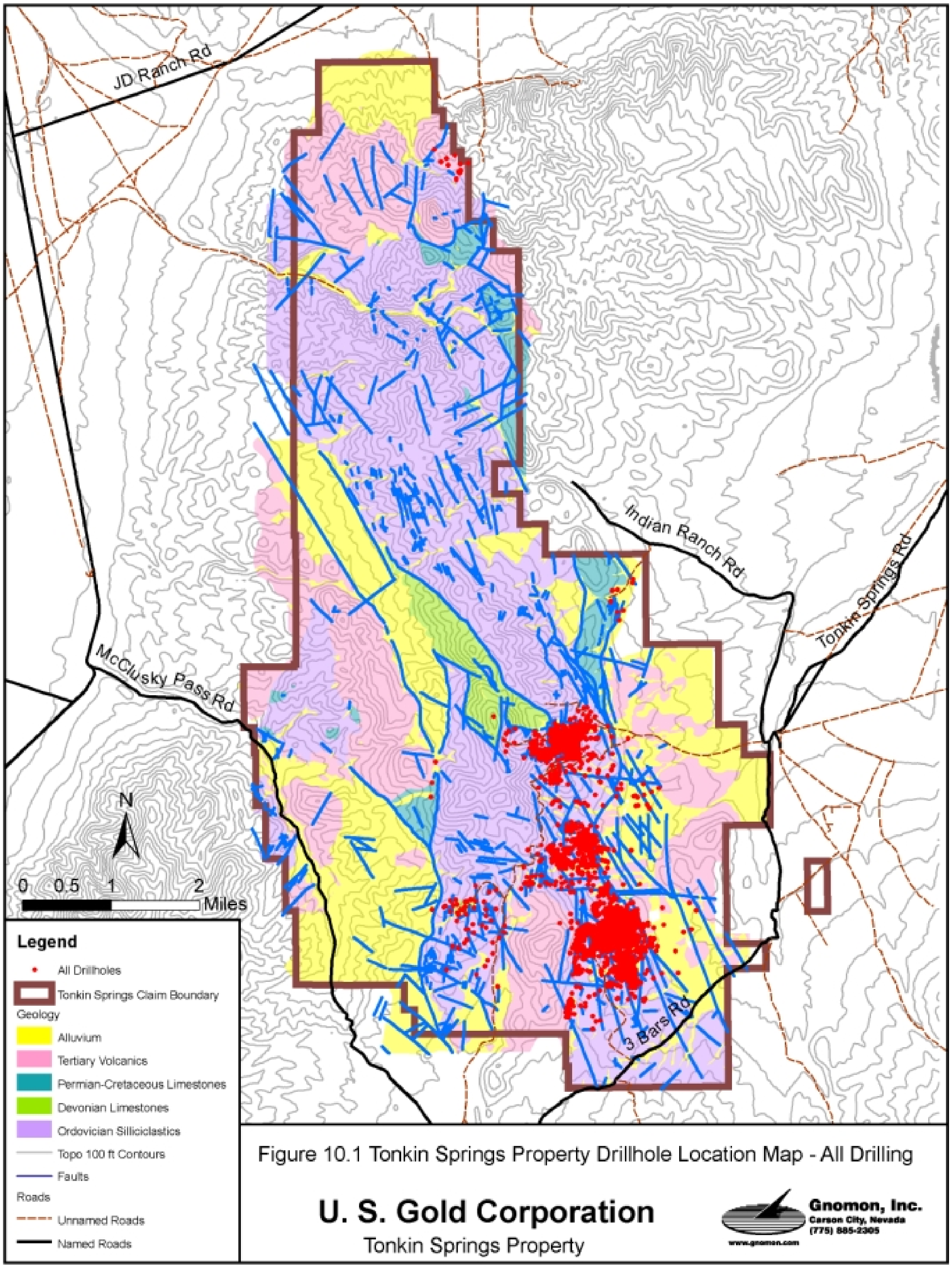


Figure 10.2
Tonkin Springs Property Drill Hole Location Map – Drill holes Greater Than 1000 feet depth

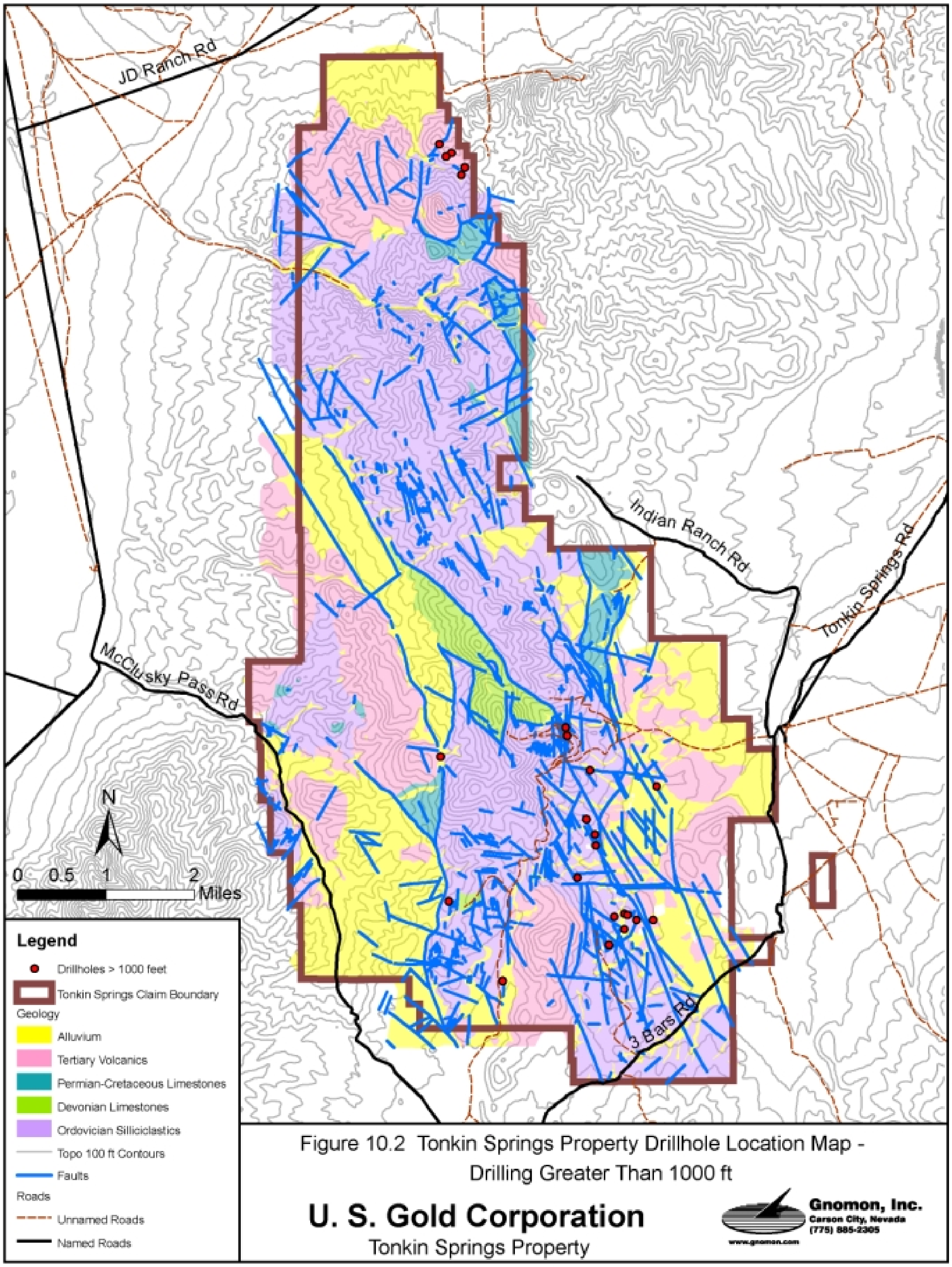
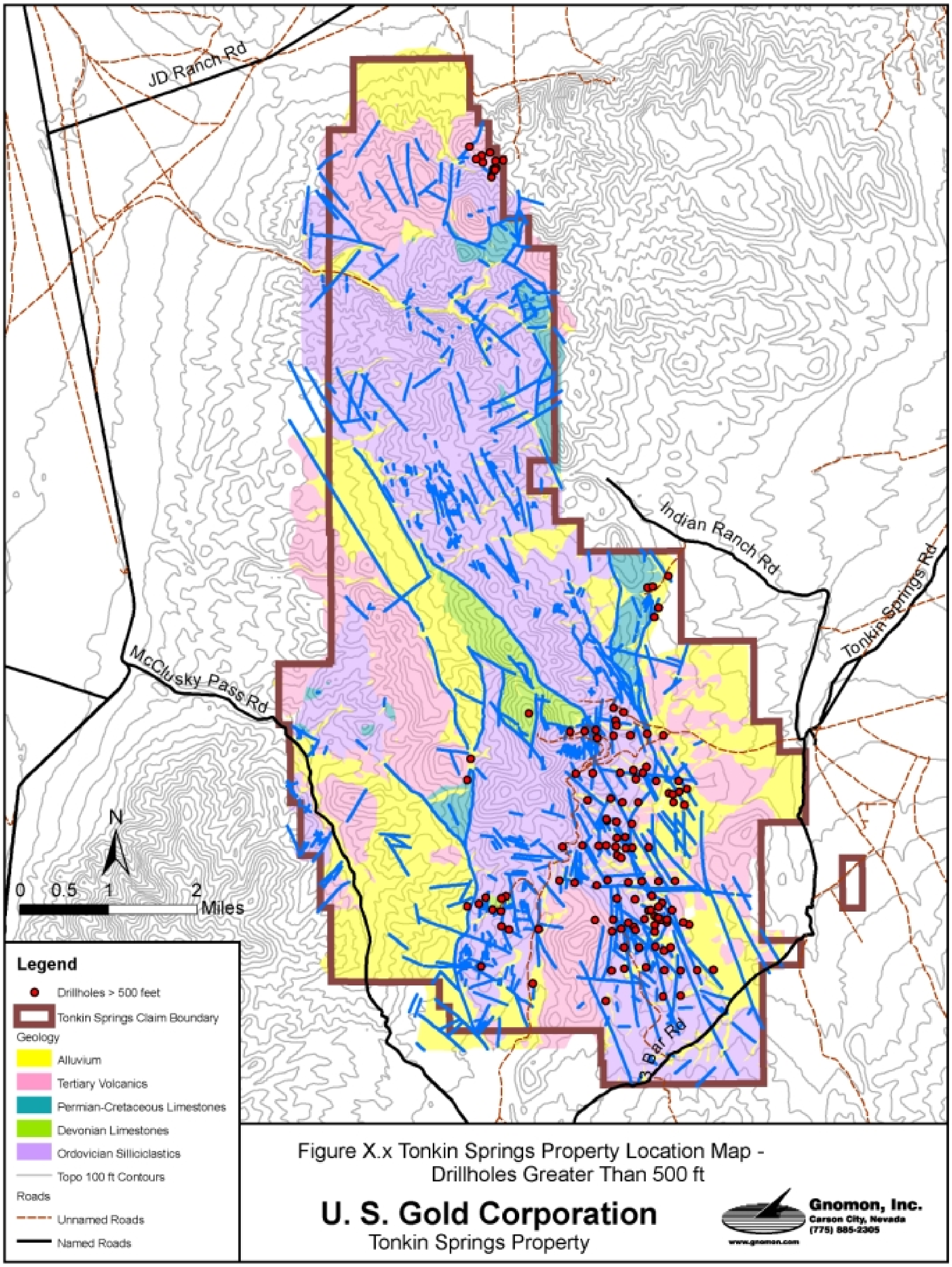


Figure 10.2
Tonkin Springs Property Drill Hole Location Map – Drill holes Greater Than 1000 feet depth



11.0 DRILLING

A summary of drilling that has taken place on the Tonkin Springs property is listed in Table 11.1.

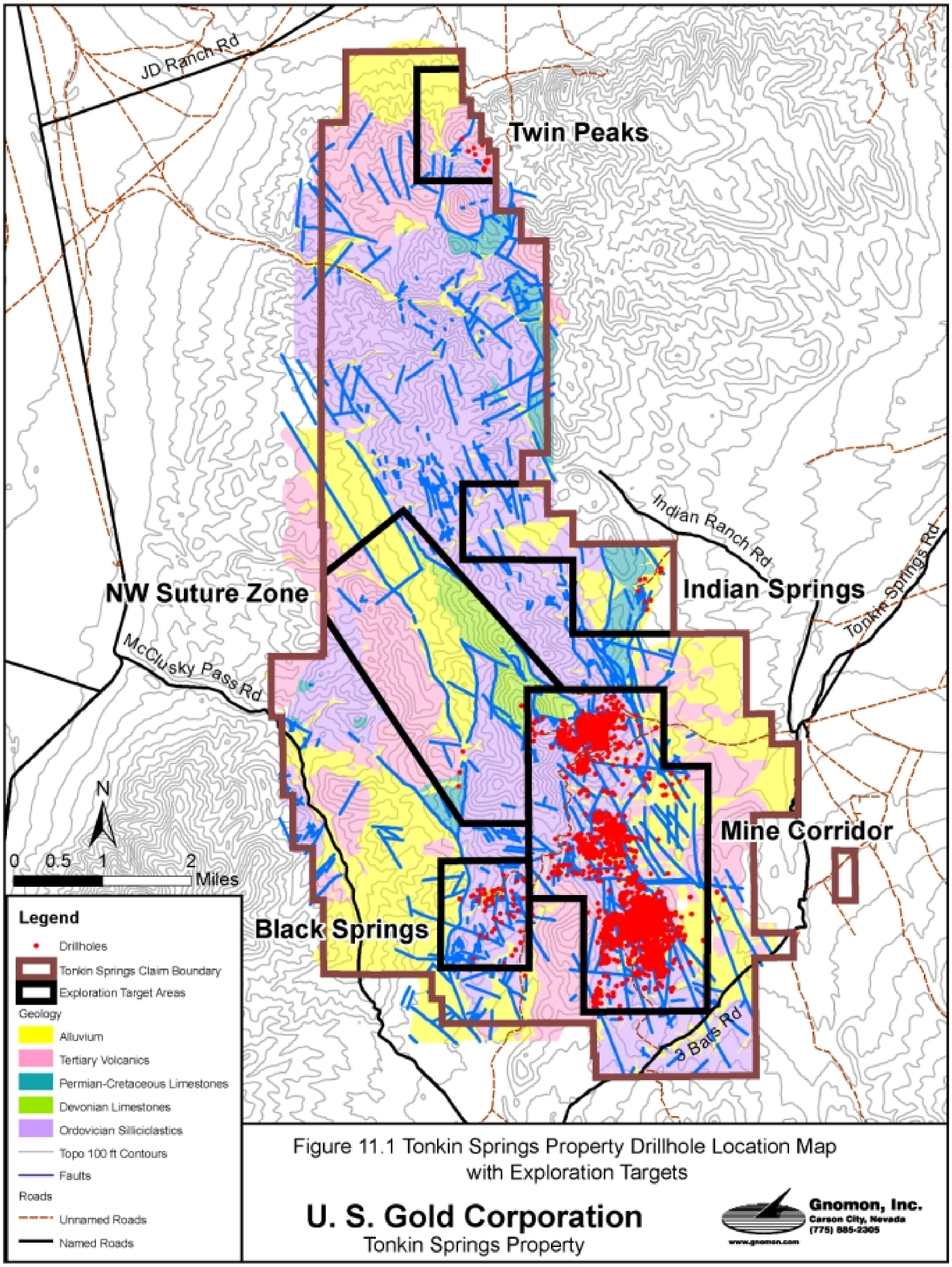
Table 11.1
Summary of Drilling at Tonkin Springs

Period	Company	No. of Holes	Total Length		No. of Intervals	No. of Assays	Drilling Type
			(metres)	(feet)			
1966-67	Homestake Mining Co.	10	655	2,147	850	419	Rotary
1970-71	American Selco (Amselco)	4	316	1,035	410	204	Rotary
1974-75	Chevron Resources	20	1,480	4,854	1,922	951	Rotary
1976	Placer Amex	19	1,601	5,250	1,519	769	Rotary
1978-79	Earth Resources	15	1,087	3,565	699	339	Rotary
1980	Freeport Exploration	34	2,971	9,745	3,864	1,910	Rotary
1981-84	Precambrian Exploration	421	32,227	105,705	41,861	21,104	Rotary
1985-89	U.S. Gold	1,976	97,805	320,802	125,389	61,823	Rotary & Core
1991-92	Homestake Mining Co.	86	7,723	25,332	83,088	17,644	Rotary & Core
1995-98	Gold Capital Corp.	76	1,339	4,392	14,405	2,344	Rotary & Core
1999-2001	Agnico-Eagle/Sudbury Contact	107	19,381	63,570	15,018	7,308	Rotary & Core
2003-04	BacTech	29	2,386	7,825	1,565	189	Rotary & Core
	Total	**2,797**	**168,970**	**554,222**	**290,590**	**115,004**	

Figure 11.1 presents a generalized property wide drill hole location map illustrating all of the drilling to date, as well as preliminary exploration target areas identified. These including from the north end of the property to the southern end the Twin Peaks, Indian Spring, Northwest Suture, Mine Corridor, and Black Spring exploration targets.

Available records indicate that all drilling on the property was conducted using reputable drilling contractors under supervision of experienced geologists, and was performed to industry standards.

Figure 11.1
Tonkin Springs Property Drill hole Location Map with Exploration Targets



12.0 SAMPLE METHOD AND APPROACH

The sampling method and approach used during the different drilling campaigns varied with the different owners and lessees. Procedures adopted for the majority of the samples collected at Tonkin Springs are outlined as follows:

Precambrian Exploration Inc (PEX) (1981-1984): Drilling was rotary percussion. Cuttings were caught on the run, plus drilling was stopped and the hole blown at the end of each 1.5 m (5 ft) interval. The sample was then split twice in a riffle splitter providing ¼ and ¾ splits.

U.S. Gold (1985-1989): Drilling was mostly reverse circulation, but some shallow air track holes were drilled. Samples were collected with cyclones on the drill rigs on 1.5 m (5 ft) intervals, and then split to ¼ for assaying.

Homestake (1991-1992)

Not available.

Gold Capital (1995-1998)

Not available

Agnico Eagle/ Sudbury Contact (1999-2001)

Not available

BacTech (2003-2004)

Drilling included 9 HQ size (2 1/2") diamond drill holes and 20 reverse circulation holes (5 3/4" diameter). Diamond drill cores were cut in half using a diamond saw. Samples were generally 5-feet long. RC cuttings were collected at 5-foot intervals which are split in half using a Jones splitter when the samples were dry. When samples were wet RC cuttings were split using a rotating wet splitter.

U.S. Gold, under new management since mid-2005, has not conducted additional drill sampling on the Tonkin Springs project. Micon has not completed independent sampling, although Micon representatives agree that previous sampling completed by the various companies conducting exploration and development on the project was performed to industry standards at the time by respected industry professionals. There is no reason to question the results of the historical sampling.

13.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY

13.1 SECURITY

No special procedures were used for security of the samples. This is typical for work completed during the period, 1967 to 1991, which accounted for over 85% of the total drilling.

13.2 SAMPLE PREPARATION AND ANALYSES

Sample preparation and analytical practices varied with the different owners and lessees. Procedures adopted for the majority of the samples collected at Tonkin Springs are outlined as follows:

Precambrian Exploration Inc (PEX) (1981-1984): The sample obtained from the rotary percussion drilling was split twice in a riffle splitter providing ¼ and ¾ splits. The ¾ split was retained as bulk samples. The ¼ splits were processed using an on-site sample preparation facility, where they were dried, crushed to 1 mm, then split down to 250 grams via riffle splitter. The 250 g samples were sent to the Mikron Laboratory in Wheat Ridge, CO, where they were pulverized by ring pulverizer to -200 mesh, digested with aqua regia and analyzed for gold by atomic absorption spectometry. Samples greater than 0.78 g/t (0.025 oz/T) Au were taken to the Aurotech Lab in Wheat Ridge, CO for fire assay. Check assays were reported to have been done, but no report summarizing the results could be located for this review.

U.S. Gold (1985-1989): The samples collected during drilling were split to ¼ for assaying. The ¼ split was sent to the laboratory (primarily Universal Labs in Reno, NV, and Barringer in Golden, Co and Sparks, NV), where it was crushed to minus 10-mesh, split to 300 grams, and pulverized to minus 250 mesh in a ring pulverizer. Samples were then assayed using a one-assay-ton fire assay. Occasional samples were analyzed using cyanide-soluble atomic absorption assays.

Homestake (1991-1992)

Not available

Gold Capital (1995-1998)

Not available

Agnico Eagle/ Sudbury Contact (1999-2001)

Not available

Bactec (2003-2004)

Samples were dried at the American Assay Labs (Reno, NV) facility until completely dry. The dried samples were then coarse crushed to 95% -10 mesh using a combination of jaw crusher and roll crusher. The crushed samples were then coarse ground to -80 mesh using a vertical spindle pulverizer. This sample was then split to 300-500 grams which was then pulverized to 90% -150mesh using a vertical spindle pulverizer. 30 gram aliquots were then assayed for gold using fire assay with atomic absorption finish. A blank and two International Rocklabs standards were used in each batch of 40 samples, in addition 20% of the data were submitted for re-assay. A total of 13 samples were submitted to ALS Chemex (Sparks, NV) for external checks.

U.S. Gold, under new management since mid-2005, has not analyzed any new samples on the Tonkin Springs project. All previous work appears to have been completed by reputable companies using respected industry standard practices.

14.0 DATA VERIFICATION

14.1 DRILL HOLE DATABASE

U.S. Gold initially compiled the drill hole database by on-site staff in the late 1980's. Notes in the files indicate that reasonable procedures were used to enter and check the data. The Homestake drill hole data from 1991 and 1992 were entered by Homestake staff and provided to U.S. Gold as dBase files when Homestake left the property in 1992. Drilling by Gold Capital in 1995 through 1997 was initially entered by Ernie Black of MPH consulting. Data entry for the 1995 drilling was checked against the original lab sheets by Ore Reserves Engineering. Drilling by Agnico-Eagle/ Sudbury Contact in 1999 through 2001 was entered by Agnico-Eagle/ Sudbury Contact into a Microsoft Access database, which was handed to U.S. Gold when Agnico-Eagle/ Sudbury Contact left the property.

Drill Hole Collar Location Checks

Drill hole collar elevations were checked by Ore Reserves Engineering in 1995 by comparing the drill hole collar elevation to elevations interpolated from the digitized topographic contours. A total of 164 drill holes with more than 6.1 m (20 ft) difference in elevation from the topographic contours were listed and were checked against original survey records by U.S. Gold. Coordinates were corrected for 52 drill holes based on these checks.

Assay Entry Checks

Assay data entry was checked in July 2003 for the pre-1990 drilling by comparing assays in the drill hole database with the original assay sheets from the laboratories. These checks show a data entry error rate of 1.6%. Common differences are transposed digits and shifted decimal points. High-grade samples are frequently entered as a lower number, suggesting that grades were cut, or that a lower, repeat assay was entered. An additional 1.6% of the assays are so similar to the original assay that they appear to be a second assay of the same pulp. Although neither the data entry errors nor the probable rerun assay appear to have significant impact on the resource estimate, further verification of the drill hole database is recommended with the objective of achieving an error rate of less than 0.5%.

Table 14.1
DRILL HOLE DATABASE CHECKS

Area	Total Intervals	Intervals Checked	%Checked	Entry Errors	Error Rate (Entry)	Mismatch (Probable Rerun)	Error Rate (RR)
Tonkin (South)	64,284	1,730	2.7%	10	0.6%	30	1.7%
Rooster (North)	23,022	3,045	13.2%	68	2.2%	47	1.5%
Total	**87,306**	**4,775**	**5.5%**	**78**	**1.6%**	**77**	**1.6%**

Assay Comparisons

Repeat Assays

Repeat assays were located from the following three sources:

1. Early report by PEX.
2. Repeat assays on the assay sheets from 1989 that were located when checking the data entry.
3. Check assays report by Agnico-Eagle/ Sudbury Contact.

Analysis of these data shows good correlation between original and check samples as shown in Table 14.2. The higher standard deviation for the 1981 samples is caused by a single sample with a grade of 0.005 oz/T Au for the original and 0.048 oz/T Au for the repeat (a possible decimal point shift at the lab). Without this sample, the standard deviation for the 1981 samples is 0.005 oz/T Au rather than 0.014 oz/T Au. Although the number of samples is quite limited, these data indicate an error of about 10% for assay repeats, which is very good for gold assaying.

Table 14.2
COMPARISON OF CHECK ASSAY DATA

Data Source	Date	Number Repeats	Average Original (oz/T Au)	Average Repeat (oz/T Au)	Difference (Repeat-Original)	Standard Deviation (Repeat-Original)
Cone Geochem	1981	11	0.024	0.026	-0.002	0.014
Lab Reports	1889	15	0.010	0.009	0.000	0.001
Agnico-Eagle/ Sudbury Contact	2000	142	0.057	0.056	0.001	0.007

1987 Kappes, Cassidy & Associates

Four bottle roll tests were conducted using cuttings from eleven samples from the Rooster Area. Calculated head assays from the bottle roll tests averaged 0.057 oz/T Au, confirming the drill hole assays which averaged 0.060 oz/T Au. The correlation coefficient (R) between the metallurgical test assays and the original drill hole assays was 99.8%.

2003-2004 BacTech

A total of 207 duplicate assays were available that were above detection limit. The average of the samples was 0.031 oz/T Au for both original and duplicate. The standard deviation of the duplicates was 0.005 oz/T Au, or 15% of the average value. When only samples with both original and duplicate above 0.01 oz/T Au were considered the average grade was 0.058 oz/T Au and the standard deviation of the duplicates was 11% of the average grade. These data confirm previous results for check assays. 13 samples averaging 0.185 oz/T Au were re-assayed at ALS Chemex. The ALS re-assays were 3.5% higher grade than the original, but the difference was not statistically significant.

14.2 TWINNED DRILL HOLES

U.S. Gold Study Testing Reverse Circulation Compared to Conventional (Rotary) Drilling

An undated study was provided by U.S. Gold, which compared the grade and thickness for 21 drill holes drilled by reverse circulation (U.S. Gold) and conventional rotary methods (PEX). This study indicates that the early conventional drilling and reverse circulation drilling are generally comparable, as shown in Table 14.3.

Table 14.3
RESULTS OF U.S. GOLD STUDY COMPARING REVERSE CIRCULATION WITH CONVENTIONAL DRILLING

Twin Type	Reverse Circulation Drilling		Conventional Drilling	
	Thickness (>0.04 oz/T Au)	Grade (oz/T Au)	Thickness (>0.04 oz/T Au)	Grade (oz/T Au)
Undisturbed mineralized zone	140	0.080	175	0.077
RC hole collared in orebody	200	0.114	180	0.136
RC hole deeper	90	0.095	85	0.079
Total	**430**	**0.099**	**440**	**0.102**

Twinned Drill Hole Data Comparison

A twin hole comparison was done to compare the effects of different laboratories and drilling methods over time. Drill holes within 4.6 m (15 ft) of each other were used for this study. Assay intervals were paired between holes to adjust for differences in collar elevations and for slight differences in the elevation of mineralized intervals. The results of the twin drill hole study, as summarized in Table 14.4, indicate that there are no significant differences between the U.S. Gold drilling and early drilling.

Drilling after 1989 is generally lower grade than earlier drilling because of a poor match between drill holes 187512 and 195003. Drill hole 187512 has 27.4 m (90 ft) averaging 5.6 g/t (0.163 oz/T) Au compared to 26.8 m (88 ft) averaging 3.2 g/t (0.093 oz/T) Au for drill hole 195003. These drill holes intersect a high-grade, steeply dipping structure and large differences may be expected if the two drill holes intersect the structure at different elevations. When the 187512/195003 pair is eliminated, assays are comparable for all periods of drilling.

Table 14.4
RESULTS OF TWINNED DRILL HOLE COMPARISON

Original	Twin	Number Pairs	Original Au Assay (oz/T)	Twin Au Assay (oz/T)	Difference (Twin-Orig.)	Std. Dev. Difference	t-Test Probability
Before 1985 (pre U.S. Gold)	1985-1989 (U.S. Gold)	1,073	0.0163	0.0163	0.0001	0.0272	7%
Before 1985 (pre U.S. Gold)	After 1989	52	0.0114	0.0108	-0.0006	0.0186	18%
1985-1989 (U.S. Gold)	After 1989	203	0.0397	0.0325	-0.0072	0.0697	86%
1985-1989 (U.S. Gold)[1]	After 1989	182	0.0260	0.0255	-0.0005	0.0408	14%
Before 1989 (All Early)	After 1989	255	0.0339	0.0281	-0.0059	0.0628	86%
Before 1989 (All Early)[1]	After 1989	234	0.0228	0.0222	-0.0006	0.0370	18%
All	Core Hole	144	0.0436	0.0528	0.0092	0.0880	79%

[1] Excludes core twins 187512 and 195003

As part of the BacTech drilling performed during 2003 and 2004, 8 twin holes were drilled at O-15 and TSP1. These twin holes confirmed the original drilling for 6 of the twins. In two of the twin holes, the mineralized intersection was not as thick as the original intersection. Bactec noted that post-mineral faulting was observed in both of these twins, which could explain the difference.

The author (Micon) has not conducted independent sampling and assaying, however, Micon has personal familiarity with both the property and the regional geology and is confident that the historical sampling data, collected by respected companies, is reliable.

15.0 ADJACENT PROPERTIES

The Tonkin Springs mine is part of the Battle Mountain-Eureka (BME) Trend, a mineral belt of gold mines located in north central Nevada. The BME trend and Carlin trend mines produce a majority of the gold mined in Nevada, and in 2004 Nevada produced 6.94 million ounces of gold. Nevada's production of gold in 2004 totaled 8.7% of world production, and Nevada’s production is the main reason the U.S. ranks as the world’s third largest producer after South Africa and Australia.

Tonkin Springs is immediately south of the Cortez Joint Venture (CJV) properties (the CJV is a 60/40 partnership between Placer Dome and Kennecott). The CJV includes (but is not limited to) the Pipeline mine to the north, the original Cortez mine area and the Cortez Hills-Pediment discoveries to the south. Pipeline was the second largest gold mine in Nevada in 2002 with over 1 million oz of gold production. Recent proven and probable reserves for the CJV total approximately 275 million T at 0.040 oz/T gold (Placer Dome, Inc. Cortez Joint Venture Technical Report and Qualified Persons Review, October 2005). Of that, the Cortez Hills deposit totals 33.5 million T at 0.129 oz/T gold. Further to the northwest along the BME Trend is Newmont’s Battle Mountain mine complex, including the Phoenix mine which is under construction.

About 5 miles north of the Tonkin Springs property is the Buckhorn mine that produced gold during the late 1960’s and early 1990’s. West of this mine is located both the Horse Canyon Mine and the ET Blue project, and additional exploration and development work is advancing at both of these properties.

Immediately to the southeast of the Tonkin Springs property is the past producing Gold Bar mine which operated until recently. White Knight and American Bonanza have active exploration and drilling projects in the Gold Bar mine areas. The BLM is currently conducting some reclamation and closure work on the older Atlas Mine disturbances. Further southeast on the BME Trend is Barrick’s Ruby Hill mine which, in 2001, had production of 134,747 oz of gold from the West Archimedes deposit, and this mine closed in 2002. Currently, Barrick is advancing through construction the deeper, sulphide East Archimedes deposit, a reportedly 1 M ounce gold proven and probable reserve slated for production in 2007.

In the vicinity of the Tonkin Springs property are claims held by the Cortez Joint Venture, Miranda Resources, Bravo Venture, Great American Minerals, Nevada Pacific Gold (NPG), White Knight, and others. Most are conducting active exploration programs. White Knight Resources has a land position immediately adjacent to the Tonkin Springs propertys northeastern boundary. This project is locally known as the Indian Ranch project, and is currently joint ventured to Placer Dome who continues to drill the property. White Knight is also drilling on their McCluskey Pass project area, on the southwest boundary with Tonkin Springs. NPG has a small number of claims within the Tonkin Springs claim boundary, known as the Cornerstone project. As well, exploration work is progressing on NPG’s Keystone property on the west side of the Tonkin Springs project.

The Tonkin Springs project presents one of the few remaining large property positions on either the Carlin or BME Trends that is not currently controlled by one of the major gold producers. The known gold bearing mineral resource located in the southern portion of the property has the potential to increase and a new gold discovery at Twin Peaks in the north end of the property has yet to be fully explored. Micon considers that the property has good potential with regard to the discovery of new gold zones, as well as to expanding existing resources.

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Mineralization at Tonkin Springs consists of mainly carbonaceous shales and siltstones containing fine-grained sulphides. Gold deportment generally occurs as encapsulated in arsenic-rich pyrite with negligible free gold. The sulphide mineralization can be considered refractory with regard to gold extraction. The mineral resources also include a relatively small amount of oxidized material, which occurs near to the surface. The oxidized material responds well to using standard cyanide leaching technology to recover gold, including heap leaching.

The oxide and sulphide mineralization at Tonkin Springs has undergone extensive metallurgical testing over the years. Both Carbon-in-Leach (CIL) and heap leaching of the oxidized material have been investigated. The sulphide mineralization has been the subject of numerous testing programs; technologies explored include CIL, heap leaching, bio-heap leaching, bio-oxidation of ground whole ore, flotation and bio-oxidation of sulphide flotation concentrates.

16.1 METALLURGICAL TESTWORK

Testwork on coarse oxide mineralization samples demonstrated that reasonable gold extractions could be achieved using cyanide without the need for preoxidation treatment. In column tests performed by Bateman in 1989 and Kappes Cassiday and Associates (KCA) in 1992, it was shown that recoveries of between 61 % and 76 % would be expected using heap leaching of run-of-mine oxidized material. These results show that reasonable gold recoveries would be expected from oxide material even at quite a coarse size regime.

Bottle roll cyanidation tests on samples of ground oxidized material have indicated that a gold recovery of between 90 % and 95 % would be anticipated using CIL processing. This serves to further illustrate the ability to achieve high gold recoveries from oxide material using cyanide. Diagnostic leach tests on ground samples have further suggested a range for silica encapsulation for gold of between 3 % and 12 %, with an average of about 6 %. The results from these tests confirmed the expected high gold recoveries using cyanide leaching of oxidized material.

Extensive metallurgical studies on sulphide mineralization, conducted by previous owners, indicate that preoxidation is required to achieve reasonable gold recoveries with cyanidation. Detailed diagnostic leach testwork to identify precious metal deportment was performed for BacTech at Lakefield's Oretest laboratory in Perth during 2003. Table 16.1 summarizes the results from this study, which was conducted on both orebody samples and a concentrate produced using Newmont's N_2TEC® flotation technology.

Table 16.1
Results of Detailed Diagnostic Leach Testwork on Orebody and Concentrate Samples

	Ore		Concentrate	
Gold Association	**g/t**	**Distribution (%)**	**g/t**	**Distribution (%)**
Readily cyanidable	1.06	20	1.15	2.5
Slow leaching with cyanide	0.16	3	4.66	10
Readily Cyanidable Gold	**1.26**	**23 –24**	**10.49**	**13- 23**
Release after dilute nitric acid	3.10	60	3.92	8
Release after conc. nitric acid	0.74	14	31.68	67
Total preg. Robbed	0.04	1	4.68	10
Sulphide Gold	**3.84**	**74- 75**	**35.6**	**75- 85**
Silicate occluded (fire assay)	0.12	2.3	1.2	2.5
Maximum Extractable Gold	**5.10**	**98**	**46.09**	**98**

These results confirm the refractory nature of Tonkin Springs material with only about 20 % of the gold recoverable by direct cyanidation. Data summarized in Table 16.1 suggests that after sulphide oxidation, high gold recoveries would readily be achievable using cyanide with some improvement occurring if CIL leaching is used. The diagnostic leach testwork indicates the presence of a slight preg-robbing component due to organic carbon, and suggests that gold losses increase as the organic carbon content of the material becomes higher.

Previous testwork has also demonstrated that the Tonkin Springs material is amenable to bioleaching with good gold recovery being achieved on cyanidation of oxidized residues. A summary of these results is provided in Table 16.2. The sulphide samples used in these studies were finely ground prior to treatment by bioleaching, using either batch or continuous reactors.

Table 16.2
Summary of Bioleach Stirred Reactor Test Results

Reference	Feed Grade (g/t)	Bioleach Time (h)	Subsequent Gold Extraction (%)
Giant Bay (Dec 1986)	8.88	Not Specified	93
EIMCO (Aug 1988)	3.43	59	90
Coastech (Oct 1988)	7.2	65	92
Coastech (Oct 1988)	4.11	65	90
U.S. Gold (1988/1989	Various	Various	90
BacTech (2003)	5.22	Various	90-94
BacTech (2003)	47.3 (conc.)	Various	90

An important characteristic of the mineralization is the absence of high quantities of gangue sulphides which, as demonstrated in the above work, results in a comparatively short bioleach time to attain a degree of oxidation, which results in a high gold recovery. This suggests that, technically, the mineralization lends itself well to consideration of either a reactor type leach or a pad type leach scenario for application of bioleach technology.

Initial efforts to produce a sulphide concentrate from the orebody samples were unsuccessful due to the rapid oxidation of the gold-bearing pyrite during milling and flotation. However, the advent of Newmont's N_2TEC® flotation technology in 1999 showed that flotation could be successfully used to produce a sulphide concentrate. The results from this initial work indicated that with a 10 % to 12 % mass recovery, sulphide recoveries of greater than 90 % and gold recoveries of about 85 % were technically possible. The gold recovery from leaching flotation tailings was about 40 % to give an overall recovery of approximately 88 % when the gold recovery from bioleach-CIL of concentrate was included.

The recovery versus oxidation relationship indicates that a minimum level of 80 % oxidation is required in order to achieve a reasonable gold recovery, and that both ore and concentrate would display similar characteristics with respect to oxidation and gold recovery. These more recent bioleach studies, conducted by BacTech, clearly confirmed the amenability of either a concentrate or an ore to bioleaching processing.

Testwork has been conducted previously to examine the possibility of using a heap leach to reduce process and operating costs. In 1994, Gold Capital Corporation, the majority owners of Tonkin Springs at the time, embarked on an extensive testwork program to evaluate bioleach heap leaching as a pretreatment for sulphide mineralization, prior to grinding and CIL for gold recovery. Under the direction of Corale Brierley, KCA conducted 40 column leach tests using sulphide material crushed to various sizes. This work clearly demonstrated the amenability of Tonkin sulphide mineralization to bioleaching at a variety of crush sizes with relatively short bioleach times in comparison to those associated with a typical bioleach-heap process.

The concept of using vat leaching of crushed sulphide mineralization, where material is stacked in vats and saturated or immersed in leach solution, allows a more controlled leach environment to be imposed than with using heap leaching. A program of column type leaching testwork was completed at BC Research, Vancouver, under the direction of Bactech. This process was selected for the BacTech feasibility study issued in 2004.

17.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

The most recent mineral resource estimates for the Tonkin Springs deposits, which was published in the May 2004 Technical Report, are based on resource models that were constructed by Ore Reserves Engineering in 1996, with revision to the O-15 model in 2001 to incorporate new drilling data in that deposit. The mineral envelopes were drawn for the 1996 and 2001 resource models to restrict interpolation within areas that could be classified as at least an indicated resource. Table 17.1 presents a summary of the mineral resource estimate..

Table 17.1
Tonkin Springs Resource Estimate

Cut-Off (oz/T)	Category	Mineralization Type	Tons (Thousands)	Gold grade (oz/T)	Gold (Thousand oz)
0.018	Measured	Sulphide	2,654	0.066	175.8
0.018	Indicated	Sulphide	20,659	0.044	903.6
0.012	Indicated	Oxide	6,359	0.029	186.3
Total measured and indicated sulphide and oxide			**29,672**	**0.043**	**1,265.6**
0.018	Inferred	Sulphide	3,466	0.044	152.5

The resources presented above are categorized as per the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines adopted by CIM Council on August 20, 2000.

Resource classifications were updated for the May 2004 Technical Report, in order to conform to current Canadian Institute of Mining, Metallurgy & Petroleum (CIM) standards. Resources for the Main Zone at TSP-1 were assigned a measured resource class because the mineralization is very continuous and the Main Zone has been drilled with a 75-ft to 100-ft drill hole spacing. The remaining areas are assigned an indicated resource class because of slightly less continuity and/or wider drill hole spacing. A few minor zones with poor continuity were assigned a resource class of inferred. In late 2003, the F-Grid model was reviewed in more detail, and was found to have sufficient continuity and drilling to be upgraded from the inferred to the indicated category.

17.1 BLOCK MODEL

Resources were estimated using three dimensional block models to define mineralized envelopes and to estimate gold grade. A 5-ft bench height was used for initial grade modeling for the TSP-1 area including the TSP-1, TSP-6, TSP-8, and O-15 deposits. The 5-ft bench minimized dilution and allowed more accurate modeling of the mineralized zones that are sometimes as thin as 5 ft. Adjacent benches from the 5-ft bench model were averaged to incorporate mining dilution from 10-ft mining benches. Modeling of the F-Grid and Rooster deposits was done using 10-ft benches without the intermediate 5-ft bench model.

A 20-ft by 20-ft horizontal block width was used to provide adequate resolution of the geometry of mineralized zones, which can be as narrow as 50 to 100 ft. A block size of 10-ft by 10-ft horizontal block width was used for the F-grid deposit to better define the geometry of the deposit.

17.2 DRILL HOLE DATA

The drill hole database, which includes collar coordinates and gold assays, was developed by U.S. Gold and previous owners of the property, including Homestake, Gold Capital Corporation, and Sudbury Contact. The database contains 2,478 drill holes and 90,330 assay intervals in the resource model areas, as shown in Table 17.2. Assay intervals were generally 5 ft long and gold assays were performed by the fire assay method. Sporadic assays were also done for cyanide-soluble gold using cyanide dissolution followed by atomic absorption analysis, but there were too few of those assays for practical use in resource estimation.

Table 17.2
Number of Drill Holes and Assays by Area

Area	Number Drill Holes	Number Assays
South - (TSP-1,TSP-6,TSP-8,O-15)	1,384	51,399
F-Grid (Including TSP-5)	442	14,489
Rooster	652	24,442
Total for Resource Models	**2,478**	**90,330**

Database entry, check assays, sampling procedures, and twin drill hole results were reviewed by Micon for the August, 2003 Technical Report, and were found to be generally acceptable, although drilling, sampling, and assaying procedures were not available for the Homestake, Gold Capital and Agnico Eagle programs.

17.3 TOPOGRAPHIC DATA

The resource models were based on topographic data from several sources. Two files of digitized topographic contour data were provided by Gold Capital in 1996, one of which covered the TSP-1/TSP-6/O-15 area and another that covered the Rooster area. These digitized files had been updated by Gold Capital to include all previous mining, but did not cover the full resource areas. The 25-ft contours were digitized by Ore Reserves Engineering from 1 in = 500 ft topographic maps, dated 1983, in order to provide topographic data in those areas that were not digitized by Gold Capital. In 2001, the Rooster topographic contours were updated by Ore Reserves Engineering using GPS survey data to improve the accuracy of the topographic model in the area of previous mining and to add the haulage road.

The digitized contour data were interpolated to the centres of the 20-ft by 20-ft model blocks to create a two-dimensional topographic grid that was used as the pre-mining topography model for geologic resource and ore reserve estimation.

17.4 COMPOSITING

Drill hole data were composited to 5-ft benches for TSP-1, O-15, TSP-6, and TSP-8 using standard bench compositing. Ten-ft bench composites were used for Rooster and F-Grid. The footage for missing assays was not included in the weighted average. If the assayed footage was less than one-half the bench height, the composite value was set to missing.

The resulting composites are diluted by an average of 5-ft of waste material at the top and bottom of each mineralized zone approximating mine dilution on mining benches.

17.5 MINERAL ENVELOPES

Mineral envelopes were used to separate the mineralized and unmineralized grade populations and to define the limits of mineralization for grade estimation. Cutoff grades were chosen to differentiate the mineralized and unmineralized grade populations based on grade breaks between the mineralized zones and waste rock, as seen on assay cross-sections, and on grade breaks in the log-transformed histograms and cumulative frequency plots. A cutoff of approximately 0.010 to 0.020 oz/T gold was used to define the mineralized envelope for the TSP-1, TSP-6, TSP-8, and O-15 deposits. Mineralized envelopes were defined using lower cutoffs of approximately 0.005 oz/T gold at Rooster and 0.010 oz/T gold at F-Grid because of the relatively lower grade of those deposits.

The mineral envelopes for TSP-1 were manually interpreted on cross-sections showing the drill holes and gold assays. Although several section orientations were used, including sections looking northwest, northeast, and north, the sections looking north were nearly perpendicular to the strike of the deposit and were the dominant set for the interpretation. The interpreted cross-sections were digitized, and plan maps at 5-ft bench intervals were plotted showing both the composited gold grades and the projection of the digitized cross-section on the plan map. The plan maps were then interpreted to refine the mineralized zones and digitized. A block model of the grade zones was created using the plan map outlines and block-centre coding.

The mineral envelopes for O-15 and TSP-8 were defined using a similar procedure, but the initial interpretations were based on contour maps of the top and bottom of the ore zones.

TSP-6 and F-Grid ore zones were interpreted directly on plan maps, projecting half the distance between mineralized and unmineralized drill holes. Nearest-neighbour block gold grades and composite gold grades were plotted on these plan maps as a guide for drawing the ore zone outlines.

The ore zones for the Rooster deposits were defined within 11 “continuity domains” using nearest-neighbour assignment to project the zone codes from drill holes to blocks. The continuity domains were based on evaluation of mineral trends on plans and sections and were defined such that the general strike and dip of the mineralization was consistent within each domain. Domain codes were assigned to composites according to the domain code of the nearest block in the model. The composite codes were checked and modified to fix “edge effect” problems where the block gave the wrong code for composites at the edge of zones.

17.6 OXIDE ZONE (ROOSTER)

The Rooster deposits are the only deposits at Tonkin Springs in which a significant oxidized mineral resource is present. An oxide zone model was defined based on both the depth of oxidation as measured from drill holes on Gold Capital geologic cross-sections and on limited cyanide-soluble gold assays. The depth of oxidation was interpolated using an inverse-distance power of 5 with a search radius of 275 ft to produce a two dimensional grid of depths. Several dummy depths were used to control the depth of oxidation in areas where no data were available. The depth-of-oxidation model was subtracted from the topographic grid to create a model of the elevation at the top of sulphide mineralization. All blocks below the top of sulphide were recoded to distinguish oxide material from sulphide material.

Although the depth-of-oxidation model could be improved significantly with additional drilling, more cyanide-soluble assays, and improved geologic input, the distinction between oxides and sulphides is less important considering that sulphide material will be oxidized in vats rather than in a mill.

17.7 GRADE DISTRIBUTIONS AND BASIC STATISTICS

Grade distribution histograms and cumulative frequency plots for all individual mineralized zones were produced for the 2004 feasibility study.

The grade distribution of composites in the TSP-1 area appears to contain at least three overlapping lognormal populations. The lowest-grade distribution consists of composites with grades of 0.001 oz/T gold and is represented on the histogram by a single spike. This population suggests background gold grades, which have not been mineralized. The second population is shown on the histogram by a broad peak from about 0.001 oz/T gold to 0.01 oz/T gold and a maximum frequency at 0.004 oz/T gold. This population suggests weakly mineralized material at the fringes of the deposits. The third population is the mineralized zone, which is shown in the histogram for all data by a flattened shoulder starting at about 0.01 oz/T gold.

The TSP-1 histogram for gold grades inside the mineralized zones, as defined by the mineral envelopes, is a nearly lognormal population with a symmetrical, bell-shaped histogram. The slight asymmetry in the histogram and the departure from a straight-line cumulative frequency plot suggest that a small number of extra samples were included in the mineral envelopes in the interval from 0.01 to 0.015 oz/T gold.

The TSP-1 histogram for gold grade outside the mineralized zones is also approximately lognormal except for the spike at 0.001 oz/T gold and a slight tail above 0.02 oz/T gold. This tail, which is also shown in the cumulative frequency plot by an upward kink at 0.02 oz/T gold, is mineralized material that was not included in the mineralized zones because it was outside the modeled areas and/or was too discontinuous to model.

Histograms and cumulative frequency plots for the individual mineralized zones in the South area show that the individual zone distributions are basically similar to the combined zones with a few minor exceptions. The TSP-1 Main Zones have the most lognormal distributions, which is the result of a larger number of samples in those zones, a higher drilling density, and strong lateral continuity of the mineralized zone. Each of these factors allows easier and more accurate definition of the mineralized zone geometries and grade distributions.

The grade distributions for F-Grid are similar to the deposits in the TSP-1 area, but with less clearly differentiated unmineralized and mineralized populations. A grade of 0.01 oz/T gold was used to separate mineralized and unmineralized composites based on the cumulative frequency plots and on cross-sections and plan view plots of the data. The kink remaining in the cumulative frequency plot for the mineralized material indicates that the 0.01 oz/T gold cutoff was either too low or that there is an additional higher-grade population present in the data.

Grade distributions for the Rooster deposits are also multimodal, lognormal distributions with mineralized and low-grade components. The distribution of composites in the mineralized zone is nearly lognormal. The distribution in the unmineralized zone is composed of a large number of composites with near-zero grades (0.001 oz/T gold) plus a low-grade distribution with grades between 0.002 and 0.01 oz/T gold.

17.8 GRADE CAPS

Grade caps were not used for resource estimation. Detailed review of the grade distributions for this report indicated that one sample in TSP-1 (1.02 oz/T gold) and two samples in TSP-6 (1.11 oz/T gold, 0.76 oz/T gold) should have been cut to 0.6 oz/T gold before compositing. The absence of a cap on these three samples, however, has no material effect on the resource.

17.9 VARIOGRAMS

Because of limitations of the software at the time of the previous models in 1996 and 2001, variograms were not run at that time. For the 2004 feasibility study, variograms were run for gold grade in the TSP-1 main zone and O-15 using log-transformed gold grades. Subsequently, the log-transformed variograms were converted to relative variograms using standard lognormal transformations. The variograms, show low overall variability (sill is less than 1.0), good continuity parallel to the orebody zoning (150 to 350 ft range), and low nugget effect (16 % to 23 % of sill).

17.10 GRADE ESTIMATION

Block gold grades were estimated within the mineralized envelope using inverse-distance-power (IDP) weighting with anisotropic search parameters. The weighting power varied from 3.25 to 4.0 within the mineral envelopes. Outside the mineral envelopes a power of 5.0 was used. Nearest-neighbour (NN) models were also estimated as a check on the IDP models.

Blocks inside the mineralized envelopes were estimated using only composites within the mineral envelope, and blocks outside the mineral envelope were estimated using only composites outside the envelope. Search ellipses were oriented parallel to the general trend of the mineralization for each zone. Composites were selected using a sector search that limited the number of composites to two or three per sector. The sector geometry was based on quadrants in plan view, with two additional sectors pointed up and down. Two deposits, O-15 and the Main Zone at TSP-1, were interpolated parallel to the bottom of the zone to better define the anticlinal/synclinal folds.

The interpolation parameters were adjusted so that the variance of blocks in the IDP models was approximately 65 to 75 % of the variance of the blocks in the NN models. The block variance was adjusted by increasing the IDP power to increase the IDP/NN variance ratio and decreasing the IDP power to decrease the IDP/NN variance ratio. The average grades of all blocks (i.e., above a 0.000

oz/T gold grade cutoff) were also compared for the two models to ensure that they were mutually unbiased.

17.11 RESPONSIBILITY FOR ESTIMATION

The compilation and validation of the block models, from which the mineral resources at Tonkin Springs were produced, were performed by Alan Noble. Mr. Noble is a registered professional engineer in the State of Colorado and is considered a Qualified Person in Canada. Mr. Noble is independent of U.S. Gold or any of its subsidiaries, but he has worked on the project as an independent engineer for previous owners, including BacTech, Gold Capital, Globex, Royal Star Resources, and Agnico-Eagle Mines, Ltd.

18.0 OTHER RELEVANT DATA AND INFORMATION

There are no other data and information that is relevant to the Tonkin Springs property.

19.0 INTERPRETATION AND CONCLUSIONS

The Tonkin Springs property encompasses 92 km^2 (36 square miles) and is an established gold exploration and mining site located central in the Battle Mountain-Eureka Trend in Nevada. The property includes a measured plus indicated gold-bearing mineral resource of 29.7 million T at 0.043 oz/T Au. There exists locally an available source of experienced and qualified labour and mining industry service companies. Utilities, such as electrical power and water, are available at the property.

Gold occurs in oxides and sulphide mineralization. Oxidized material tends to be amenable to cyanidation whilst the sulphides are generally refractory. Bacterial oxidation is proven to be successful in the treatment of the refractory sulphides. As well, regional mills in the Carlin and Battle Mountain-Eureka trends are looking for sulphide ores as mill-feed.

The property has been subjected to significant exploration and development activity since the 1960’s, with most efforts focussed mainly on defining shallow oxide and sulphide mineralization. The Tonkin Springs property is situated close to a number of other gold mining properties, including Placer Dome’s Pipeline Mine; Newmont's Phoenix mine complex; the Horse Canyon and Buckhorn mines; Gold Bar mine exploration; and Barrick's Ruby Hill mine. Also, Placer Dome has recently announced a significant new discovery at Cortez Hills, approximately 8 miles north of the Tonkin Springs property.

The stratigraphy, structure and alteration styles currently identified at Tonkin Springs are similar to Carlin-type deposits identified elsewhere in the Battle Mountain-Eureka and Carlin trends. Carlin-type mineralization is the main focus of exploration efforts at Tonkin, both near-surface as well as at depth. Typical deposits are structurally controlled, with sub-microscopic gold particles hosted in strongly altered sedimentary host rocks near controlling structures. Gold is usually associated with anomalous levels of arsenic, antimony and mercury. U.S. Gold believes that the Tonkin Springs property has strong potential to host similar large-scale sediment-hosted deposits as are identified elsewhere in the Carlin and Battle Mountain-Eureka trends. Large Carlin-type deposits have yet to be identified at depth at Tonkin because most of the previous exploration and development programs have mainly focused on near-surface oxide and sulphide mineralized material.

Previously, rocks hosting the identified mineralized material at Tonkin Springs have been interpreted as Upper Plate Vinini Formation siliciclastic rocks. With the elevated exploration and development work occurring regionally – from Cortez Hills, ET Blue and Horse Canyon to the north; Indian Ranch, Keystone and Cornerstone in the immediate area; and the Gold Bar prospects and Ruby Hill mine area to the south – interpretations are evolving with regard to stratigraphy and structural controls for the region. These new interpretations are suggestive of Lower Plate rocks likely being present at shallower depths than previously thought in the Tonkin area. Most of the large ore-bodies on the Battle Mountain-Eureka and Carlin trends are hosted in the more lime-rich rocks of the Lower Plate Roberts Mountain Formation. Evidence exists that these rocks occur within the Tonkin Springs property, both at the surface, as well as at depth. Micon considers that the property has good potential, not only to expand the resources of the existing deposits, but also to identify additional mineralized zones on the property.

20.0 RECOMMENDATIONS

The Tonkin Springs property has good potential with regard to the discovery of additional gold bearing mineralization. U.S. Gold is proposing a property-wide integrated exploration program, focusing on evaluation of the structural and stratagraphic setting of the Tonkin Springs property with the objective of identifying new and expanded mineralized target areas. Figure 11.1 illustrates some preliminary target areas based on previous drilling and structural-stratagraphic interpretations. These are somewhat constrained by previously approved exploration permit boundaries, and are approximated on the map.

U.S. Gold is initiating an integrated exploration program that will include:

- Continuation of data compilation
- Detailed geologic mapping – property-wide
- Structural analysis and interpretation using regional aeromagnetics, remote sensing, and district-scale gravity
- Detailed geophysical surveys including gravity, and possibly induced polarization, and magneto-telluric surveys to map specific ore-controlling structures and define the presence of Lower Plate/ favorable rock units
- Rock, soil, and drill hole geochemistry to prioritize structural targets
- Drilling – core mainly, some reverse circulation – to test targets and concepts defined through this integrated process

The application of the above exploration techniques and tools will be used to identify, prioritize and test individual targets within the Tonkin Springs project. This will occur over a two year (24 month) timeframe. This systematic and integrated approach will result in a cost effective use of exploration funds, and has the greatest opportunity to lead to discovery. Table 20.1 presents a generalized budget for this proposed 2-year exploration program:

Micon considers that the exploration potential of the Tonkin Springs property should be investigated further and a program of additional drilling should be considered in order to firm up the existing resources as well as target additional mineralized zones. Micon considers this is a property of merit, and further exploration including drilling should be completed to further test Tonkin Springs' property-wide mineralization potential.

Table 20.1
Draft Budget for the 2-Year Exploration Program

BUDGET ITEM	ESTIMATED TOTAL
Personnel: geologists and field technicians - to advance detailed property-wide mapping & drilling re-logging; drilling oversight; database management & drafting; and other exploration program needs	$704,000
Preliminary structural analysis - aeromagnetics, remote sensing, and district-scale gravity	$70,000
Detailed geophysical surveys: to map specific ore-controlling structures and define presence of Lower Plate/ favorable rock units.	$200,000
Rock, soil, and drill hole geochemistry	$440,000
Drilling – focus on core and RC - total of 400,000 feet of drilling.	$21,000,000
Drill road-pad construction	$100,000
Resource Calculations	$144,000
Permitting - expanding existing; generating new; includes reclamation of drill roads-pads	$300,000
TOTAL - 2-Year Integrated Exploration Program.	**$22,958,000**
Estimated Tonkin Springs Project - Holding and related overhead	$2,020,000
Estimated Closure for Past Mining-Related Activities	$3,000,000
TOTAL Including Exploration Program, Property Overhead, & Closure	**$27,978,000**

"Richard M Gowans"
Richard M. Gowans, P. Eng.
Vice President and Senior Metallurgist
Micon International Limited

"Alan Noble"
Alan Noble P.E.
Principal Mining Engineer
Ore Reserves Engineering

30 June, 2006

21.0 REFERENCES

BacTech Technical Report "A Review of the Tonkin Springs Property, Eureka County, Nevada, USA", dated August, 2003.

BacTech Technical Report "Tonkin Springs Feasibility Study, Eureka County, Nevada, USA", dated May, 2004.

22.0 CERTIFICATE OF AUTHORS

Richard M. Gowans

As a principal author of this report on the Tonkin Springs Property, I, Richard M. Gowans do hereby certify that:

1. I am employed as a Vice President and Senior Metallurgist by, and carried out this assignment for, Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2, tel (416) 362-5135 fax (416) 362-5763;

2. This certificate applies to the technical report titled "Updated Technical Report on the Tonkin Springs Gold Property, Nevada, USA" dated 30 January, 2006;

3. I hold the following academic qualifications

   B.Sc. (Hons) Minerals Engineering The University of Birmingham, U.K. 1980

4. I am a registered Professional Engineer of Ontario (membership number 90529389); as well, I am a member in good standing of the Canadian Institute of Mining, Metallurgy and Petroleum.

5. I have worked as a metallurgist in the minerals industry for over 25 years;

6. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes the management of technical studies and design of numerous metallurgical testwork programs and gold processing plants;

7. I visited the property during the period June 18 to June 19, 2003;

8. I am responsible for the section 16 and assisted in the preparation of all other sections other than sections 14.0, 17.0 and 20.0 of the report.

9. I am independent of the parties involved in the transaction for which this report is required, other than providing consulting services;

10. I previously worked on this property with Micon for clients BacTech and U.S. Gold.

11. I have read NI-43-101 and I consider that this report has been prepared in compliance with the instrument.

12. As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

13. I consent to the filing of the report with any Canadian stock exchange or securities regulatory authority, and any publication by them of the report.

Dated this 30 June, 2006

"Richard M. Gowans"
Richard M. Gowans P.Eng.

CERTIFICATE OF AUTHOR
Alan Noble

As an author of this report on the Tonkin Springs Property, I, Alan C. Noble, do hereby certify that:

1. I am employed by Ore Reserves Engineering, of Lakewood, Colorado, USA, and carried out this assignment as a subconsultant for Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2, tel (416) 362-5135 fax (416) 362-5763;

2. This certificate applies to the technical report titled “Updated Technical Report on the Tonkin Springs Gold Property, Nevada, USA” dated 30 June, 2006;

3. I hold the following academic qualifications:

   B.Sc. (Mining Engineering) Colorado School of Mines, 1970;

4. I am a registered Professional Engineer in the State of Colorado; as well, I am a member in good standing of the Society of Mining, Metallurgy, and Exploration;

5. I have worked as a mining engineering in the minerals industry for 34 years;

6. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfill the requirements of a Qualified Person as defined in NI 43-101;

7. My most recent visit to the property was on December 15, 2005;

8. I am responsible for the preparation of Section 14 and 17.0, and portions of Sections 11.0, 12.0, 13.0, 19.0 and 20 of the technical report,.

9. I am independent of the parties involved in the transaction for which this report is required, other than providing consulting services;

10. I previously worked on this property as an independent engineer for various clients including BacTech, Gold Capital, Globex, Royal Star Resources, and Agnico-Eagle Mines, Ltd

11. I have read NI-43-101 and I consider that this report has been prepared in compliance with the instrument.

12. As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

13. I consent to the filing of the report with any Canadian stock exchange or securities regulatory authority, and any publication by them of the report.

    Dated this 30 June, 2006

“Alan C. Noble”
Alan C. Noble, P.E.