

**NI-43-101 Technical Report for
the Palmarito Project, Sinaloa
State, Mexico**

Prepared for

US Gold Corporation

December 15, 2008

80566





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Prepared by

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CONTENTS	<u>Page</u>
1.0 EXECUTIVE SUMMARY	1.1
1.1 <i>Location</i>	1.1
1.2 <i>Ownership</i>	1.1
1.3 <i>Geology</i>	1.1
1.4 <i>Resource Estimate</i>	1.2
1.5 <i>Status of Exploration</i>	1.2
1.6 <i>Recommendations</i>	1.2
2.0 INTRODUCTION AND TERMS OF REFERENCE	2.1
2.1 <i>Introduction</i>	2.1
2.2 <i>Purpose</i>	2.1
2.3 <i>Qualified Person</i>	2.1
2.4 <i>Sources of Information</i>	2.1
2.5 <i>Units and Abbreviations</i>	2.1
3.0 RELIANCE OF OTHER EXPERTS	3.1
4.0 PROPERTY DESCRIPTION AND LOCATION	4.1
4.1 <i>Location</i>	4.1
4.2 <i>Property Description and Ownership</i>	4.1
4.3 <i>Environmental</i>	4.3
4.4 <i>Permits</i>	4.3
5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY	5.1
5.1 <i>Accessibility</i>	5.1
5.2 <i>Local Resources and Infrastructure</i>	5.1
5.3 <i>Climate and Physiography</i>	5.1
6.0 HISTORY	6.1
7.0 GEOLOGICAL SETTING	7.1
7.1 <i>Regional Geology</i>	7.1
7.2 <i>Property Geology</i>	7.1

CONTENTS (Continued)	<u>Page</u>
8.0 DEPOSIT TYPE	8.1
9.0 MINERALIZATION	9.1
10.0 EXPLORATION	10.1
10.1 <i>Geologic Mapping</i>	10.1
10.2 <i>Geochemistry</i>	10.1
11.0 DRILLING PROGRAM	11.1
12.0 SAMPLING METHOD AND APPROACH	12.1
13.0 SAMPLE PREPARATION, ANALYSIS AND SECURITY	13.1
13.1 <i>RC Drill Samples</i>	13.1
13.2 <i>Core Samples</i>	13.1
13.3 <i>Tailings</i>	13.2
13.4 <i>Dumps</i>	13.2
13.5 <i>Security</i>	13.2
13.6 <i>Sample Procedure Adequacy</i>	13.3
13.6.1 In Situ Material	13.3
13.6.2 Tailings Material	13.3
13.6.3 Dump Material	13.4
13.7 <i>Sample Procedure Adequacy</i>	13.4
14.0 DATA VERIFICATION	14.1
14.1 <i>Quality Control Procedures</i>	14.1
14.1.1 Lluvia de Oro/Nevada Pacific Gold	14.1
14.1.2 US Gold	14.1
14.2 <i>Database Validation</i>	14.1
15.0 ADJACENT PROPERTIES	15.1
16.0 MINERAL PROCESSING AND METALLURGICAL TESTING	16.1
17.0 RESOURCE ESTIMATE	17.1

CONTENTS (Continued)

Page

17.1	<i>Topography</i>	17.1
17.2	<i>Drill Hole Database</i>	17.1
17.3	<i>Definition of Model Domains</i>	17.3
	17.3.1 In Situ Domains	17.3
	17.3.2 Dump Domains	17.6
	17.3.3 Tailings Domains	17.6
17.4	<i>Compositing</i>	17.10
	17.4.1 In Situ Composites	17.10
	17.4.2 Dump Composites	17.10
	17.4.3 Tailings Composites	17.10
17.5	<i>Block Model</i>	17.10
17.6	<i>Grade Modeling</i>	17.11
	17.6.1 Variography of In Situ Data	17.12
	17.6.2 In Situ Grade Modeling	17.17
	17.6.3 Dump Grade Modeling	17.17
	17.6.4 Tailings Grade Modeling	17.18
17.7	<i>Grade Model Validation</i>	17.18
	17.7.1 In Situ Grade Model Validation	17.18
	17.7.2 Dump Grade Model Validation	17.21
	17.7.3 Tailings Grade Model Validation	17.27
17.8	<i>Specific Gravity Model</i>	17.30
17.9	<i>Mineral Resource Classification</i>	17.30
	17.9.1 In Situ Classification Scheme	17.30
	17.9.2 Dump Classification Scheme	17.31
	17.9.3 Tailings Classification Scheme	17.31
17.10	<i>Mineral Resource Estimate</i>	17.31
18.0	OTHER RELEVANT DATA	18.1
19.0	INTERPRETATION AND CONCLUSIONS	19.1
	19.1 <i>Mineralization and Geology</i>	19.1
20.0	RECOMMENDATIONS	20.1
	20.1 <i>Metallurgical Testing</i>	20.1
	20.2 <i>Exploration Drilling</i>	20.1

CONTENTS (Continued)

Page

21.0 REFERENCES	21.1
22.0 ILLUSTRATIONS	22.1
23.0 CERTIFICATE OF QUALIFICATION	23.1

TABLES

1-1	Resource Estimate - In Situ, Dump, and Tailings Materials	1.3
1-2	In Situ Resource Estimate	1.4
1-3	Dump Resource Estimate	1.5
1-4	Tailings Resource Estimate	1.6
4-1	Property Claims	4.3
6-1	Historic Resource Estimate by Computer Aided Geoscience Pty	6.1
11-1	Drilling History	11.1
17-1	In Situ Drill Hole Data – Basic Statistics	17.2
17-2	Dump Drill Hole Data – Basic Statistics	17.2
17-3	Tailings Drill Hole Data – Basic Statistics	17.3
17-4	Block Model Geometrics	17.11
17-5	In Situ Search Parameters	17.12
17-6	In Situ Models – 95% Confidence Intervals about the Log Mean	17.21
17-7	Dump Models – 95% Confidence Intervals about the Log Mean	17.27
17-8	Tailings Models – 95% Confidence Intervals about the Log Mean	17.27
17-9	In Situ Resource Estimate	17.32
17-10	Dump Resource Estimate	17.33
17-11	Tailings Resource Estimate	17.34
20-1	Summary of Exploration Drilling	20.1
20-2	Cost of Recommended Work	20.1

FIGURES

4-1	General Location Map	4.2
4-2	Concession Map	4.4
4-3	Historic Mine Workings	4.5
4-4	Dump	4.6
4-5	Tailings	4.7
4-6	Example of Mineralized Rock	4.8

CONTENTS (Continued)

Page

7-1	Regional Geologic Map	7.2
7-2	Geologic Map of the Palmarito Area	7.4
10-1	Surface Sample Map	10.2
11-1	Drill Hole Location Map	11.2
17-1	Silver Grade Distribution, Normal Scale	17.4
17-2	Silver Grade Distribution, Natural Log Scale	17.5
17-3	In Situ Domains	17.7
17-4	Dump Domains	17.8
17-5	Tailings Domains	17.9
17-6	North Limb Semi-Variograms	17.13
17-7	Nose Semi-Variograms	17.14
17-8	South Limb Semi-Variograms	17.15
17-9	Tertiary and Down Hole Semi-Variograms	17.16
17-10	In Situ Silver Grade Distributions	17.19
17-11	In Situ Gold Grade Distributions	17.20
17-12	Silver Model Vertical Section	17.22
17-13	Gold Model Vertical Section	17.23
17-14	Silver Model, 3D View	17.24
17-15	Dump Silver Grade Distributions	17.25
17-16	Dump Gold Grade Distributions	17.26
17-17	Tailings Silver Grade Distributions	17.28
17-18	Tailings Gold Grade Distributions	17.29

1.0 EXECUTIVE SUMMARY

1.1 *Location*

The Palmarito Project is located in northwestern Mexico, within Sinaloa state, Mocorito Municipality, Mexico. The project is located approximately 60 miles (96.6 km) by air northwest of the Sinaloa state capital city of Culiacan in the western foothills of the Sierra Madre Occidental mountain range. The project area is located approximately 6 miles (9.7 km) from the village of Mocorito, approximately 12 miles (19.3 km) from the town of Guamuchil and approximately 85 miles (136.8 km) from the city of Los Mochis.

1.2 *Ownership*

US Gold Corporation acquired all of the outstanding common shares of Nevada Pacific Gold Ltd., which through its subsidiaries Pangea Resources, Inc. and Minera Pangea S.A. de C.V. ("Minera Pangea") owns the Palmarito Project. The acquisition was completed on July 3, 2007.

On February 2, 2004 Nevada Pacific Gold purchased the Magistral Gold Mine located 7.5 miles (12.1 km) from Palmarito from Queenstake Resources for the purchase price of US\$6.4 million (C\$8.5 million). Included in the purchase price was the Palmarito Project.

Palmarito is covered by three contiguous mining concession totaling approximately 2,057.2 acres (832.5 hectares). Of these, US Gold owns two concessions 1,775.5 acres (718.5 hectares). An option agreement signed in June 2008 provides US Gold the option to buy 100 percent of the third concession containing 281.7 acres (114.0 hectares).

The option agreement provides the optionee with a 2 percent NSR royalty that can be purchased for US\$ 1 million during the option agreement and up to 12 months thereafter.

Titles are granted under Mexican mining law and are issued by Secretaría de Economía, Coordinación General de Minería, Dirección General de Minas ("Dirección de Minas").

1.3 *Geology*

The Palmarito silver deposit occurs at the brecciated contact of a Middle Tertiary rhyolite intrusive emplaced into Early Tertiary volcanic and volcanoclastic rocks of dominantly andesitic composition. The volcanic rocks are pyroclastic flows, tuffs and agglomerates. Regionally, the volcanic sequence is intruded by a granodiorite batholith.

The mineralized breccias consist of clast supported, coarse angular fragments of porphyritic rhyolite and fine- to medium-grained andesite. Clasts are cemented by fine-grained silica. The unit is pervasively

silicified. On either side of the breccias is a zone of strongly fractured rhyolite and andesite which has been altered and mineralized to form a stockwork.

Silver mineralization within the breccias displays good continuity over a total strike of 2,600 ft (800 m) as the zone wraps around the intrusive contact. Minor late stage faulting has occurred to offset the mineralization zone in some areas.

1.4 *Resource Estimate*

Assuming a cut-off grade of 40 grams Ag per tonne, the measured + indicated silver resources for the Palmarito Silver Project are 8.5 million troy ounces of contained silver and 16,500 thousand troy ounces of contained gold within 3.8 million tonnes of material with an average grade of 70 grams silver per tonne and 0.14 grams gold per tonne. In addition, the inferred resource includes 3.3 million troy ounces of contained silver and 5,800 troy ounces of contained gold within 1.6 million tonnes of material averaging 65.5 grams silver per tonne and 0.11 grams gold per tonne.

This resource estimate includes material from three sources. Approximately 95 percent is composed of material from the in situ deposit. The balance of the resources are held within historic dumps and a tailings pond. The resource estimate is summarized in Table 1-1 for all material types. Tables 1-2 through 1-4 divide the total resource by material type.

1.5 *Status of Exploration*

US Gold is actively exploring the Palmarito Project. The objective of the latest exploration was to test for higher grade silver and gold mineralization down dip, along strike and in new areas of the property where little previous exploration drilling had been conducted.

1.6 *Recommendations*

Two areas of continued work are recommended for future development of the Palmarito Project, as follows:

1. Additional metallurgical testing in order to evaluate and select the best process option.
2. Exploration drilling in the northeast portion of the mineralized area to test the down-dip potential and to the southwest, where there is the potential to intersect the continuation of the main mineralized fault.

TABLE 1-1
US Gold Corporation
Technical Report, Palmarito Project
Resource Estimate - In Situ, Dump and Tailings Materials

Class	Cut-off Grade (grams Ag/tonne)	Tonnage ('000)	Ag Grade (grams/tonne)	Contained Ag (grams)	Contained Ag (troy ounces)	Au Grade (grams/tonne)	Contained Au (grams)	Contained Au (troy ounces)
Measured	360	0.4	384.0	139,898.6	4,498	0.24	87.8	3
	320	0.6	361.9	218,739.4	7,032	0.26	160.1	5
	280	3.4	302.8	1,027,151.0	33,022	0.37	1,254.2	40
	240	17.1	265.7	4,541,329.5	146,000	0.34	5,841.8	188
	200	37.8	238.9	9,033,858.0	290,431	0.31	11,755.0	378
	160	73.3	210.2	15,400,574.1	495,116	0.27	19,665.8	632
	120	200.3	162.4	32,544,335.3	1,046,274	0.21	41,670.0	1,340
	80	677.8	115.7	78,399,762.8	2,520,490	0.16	111,080.4	3,571
	40	2,654.4	70.2	186,366,104.1	5,991,521	0.14	370,194.9	11,901
	0	7,185.1	41.4	297,151,306.1	9,553,177	0.10	713,670.6	22,944
Indicated	360	0.8	381.6	295,372.5	9,496	0.21	165.8	5
	320	2.0	352.1	711,735.8	22,882	0.21	414.5	13
	280	3.2	331.9	1,046,620.1	33,648	0.20	618.6	20
	240	9.0	281.1	2,517,752.6	80,944	0.28	2,468.4	79
	200	23.4	243.7	5,703,434.1	183,361	0.29	6,866.7	221
	160	37.3	221.5	8,267,116.1	265,781	0.26	9,631.4	310
	120	79.7	173.8	13,847,307.8	445,180	0.21	17,033.7	548
	80	275.3	120.1	33,053,972.9	1,062,659	0.18	48,474.1	1,558
	40	1,102.8	70.0	77,156,710.8	2,480,527	0.13	142,530.0	4,582
	0	3,791.5	37.1	140,715,010.0	4,523,875	0.08	315,102.8	10,130
Measured and Indicated	360	1.1	382.3	435,271.1	13,994	0.22	253.6	8
	320	2.6	354.3	930,475.2	29,914	0.22	574.6	18
	280	6.5	316.8	2,073,771.1	66,670	0.29	1,872.8	60
	240	26.1	271.0	7,059,082.1	226,944	0.32	8,310.3	267
	200	61.2	240.7	14,737,292.1	473,792	0.30	18,621.7	599
	160	110.6	214.0	23,667,690.2	760,897	0.26	29,297.2	942
	120	280.0	165.7	46,391,643.1	1,491,454	0.21	58,703.7	1,887
	80	953.1	116.9	111,453,735.7	3,583,148	0.17	159,554.5	5,130
	40	3,757.2	70.1	263,522,815.0	8,472,048	0.14	512,724.8	16,484
	0	10,976.5	39.9	437,866,316.1	14,077,052	0.09	1,028,773.4	33,074
Inferred	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	0.3	288.0	95,400.0	3,067	0.02	6.6	0
	240	2.2	279.3	628,007.9	20,190	0.00	6.6	0
	200	3.5	252.2	890,649.8	28,634	0.12	417.0	13
	160	6.5	222.8	1,444,289.1	46,433	0.09	553.5	18
	120	148.1	134.9	19,976,874.7	642,241	0.15	22,361.9	719
	80	297.4	115.0	34,212,091.0	1,099,891	0.14	40,362.0	1,298
	40	1,591.1	65.5	104,178,079.3	3,349,242	0.11	179,443.6	5,769
	0	6,722.9	32.2	216,148,372.8	6,948,997	0.07	459,478.2	14,772

TABLE 1-2
US Gold Corporation
Technical Report, Palmarito Project
In Situ Resource Estimate

Class	Cut-off Grade (g Ag/tonne)	Tonnage ('000)	Ag Grade (grams/tonne)	Contained Ag (grams)	Contained Ag (troy ounces)	Au Grade (ppm)	Contained Au (grams)	Contained Au (troy ounces)
Measured	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	1	290	192,135	6,177	0.35	229	7
	240	5	261	1,273,797	40,952	0.29	1,410	45
	200	13	233	3,029,891	97,409	0.25	3,245	104
	160	34	199	6,749,356	216,986	0.19	6,333	204
	120	125	152	19,023,742	611,598	0.17	21,255	683
	80	459	111	50,830,010	1,634,144	0.16	71,421	2,296
	40	2,288	65	149,685,221	4,812,260	0.14	321,741	10,344
	0	6,408	40	256,590,167	8,249,169	0.10	660,413	21,232
Indicated	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	-	-	-	-	-	-	-
	160	0	167	5,138	165	0.10	3	0
	120	22	129	2,788,821	89,658	0.14	3,006	97
	80	164	100	16,477,536	529,740	0.16	26,486	851
	40	958	61	58,542,584	1,882,097	0.12	118,729	3,817
	0	3,376	35	119,294,128	3,835,211	0.09	287,331	9,237
Measured and Indicated	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	1	290	192,135	6,177	0.35	229	7
	240	5	261	1,273,797	40,952	0.29	1,410	45
	200	13	233	3,029,891	97,409	0.25	3,245	104
	160	34	199	6,754,494	217,152	0.19	6,336	204
	120	147	149	21,812,562	701,256	0.17	24,261	780
	80	623	108	67,307,546	2,163,884	0.16	97,906	3,148
	40	3,246	64	208,227,804	6,694,357	0.14	440,470	14,161
	0	9,785	38	375,884,295	12,084,379	0.10	947,744	30,469
Inferred	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	0	288	95,400	3,067	0.02	7	0
	240	2	279	628,008	20,190	0.00	7	0
	200	4	252	890,650	28,634	0.12	417	13
	160	6	223	1,444,289	46,433	0.09	554	18
	120	27	148	4,042,633	129,967	0.08	2,257	73
	80	143	103	14,728,614	473,513	0.11	15,398	495
	40	1,436	59	84,694,602	2,722,864	0.11	154,479	4,966
	0	6,557	30	196,548,795	6,318,887	0.07	434,335	13,964

TABLE 1-3
US Gold Corporation
Technical Report, Palmarito Project
Dump Resource Estimate

Class	Cut-off Grade (grams Ag/tonne)	Tonnage (’000)	Ag Grade (grams/tonne)	Contained Ag (grams)	Contained Ag (troy ounces)	Au Grade (ppm)	Contained Au (grams)	Contained Au (troy ounces)
Measured	360	0.4	384	139,899	4,498	0.24	88	3
	320	0.6	362	218,739	7,032	0.26	160	5
	280	2.7	306	835,016	26,845	0.38	1,025	33
	240	12.2	268	3,267,532	105,049	0.36	4,432	142
	200	20.9	249	5,189,531	166,839	0.35	7,402	238
	160	27.9	231	6,458,420	207,633	0.34	9,414	303
	120	34.4	214	7,378,597	237,216	0.31	10,645	342
	80	45.3	186	8,411,570	270,425	0.29	12,968	417
	40	47.4	180	8,538,062	274,492	0.28	13,189	424
	0	48.3	177	8,572,914	275,612	0.27	13,221	425
Indicated	360	0.8	382	295,373	9,496	0.21	166	5
	320	2.0	352	711,736	22,882	0.21	414	13
	280	3.2	332	1,046,620	33,648	0.20	619	20
	240	9.0	281	2,517,753	80,944	0.28	2,468	79
	200	23.4	244	5,703,434	183,361	0.29	6,867	221
	160	35.8	224	7,997,435	257,111	0.26	9,198	296
	120	40.9	213	8,728,378	280,610	0.25	10,154	326
	80	44.6	204	9,074,405	291,735	0.24	10,796	347
	40	53.7	179	9,601,702	308,687	0.21	11,458	368
	0	53.7	179	9,602,982	308,728	0.21	11,459	368
Measured and Indicated	360	1.1	382	435,271	13,994	0.22	254	8
	320	2.6	354	930,475	29,914	0.22	575	18
	280	5.9	320	1,881,636	60,493	0.28	1,643	53
	240	21.2	273	5,785,285	185,992	0.33	6,901	222
	200	44.3	246	10,892,965	350,200	0.32	14,268	459
	160	63.7	227	14,455,855	464,744	0.29	18,612	598
	120	75.3	214	16,106,975	517,826	0.28	20,799	669
	80	89.9	194	17,485,975	562,160	0.26	23,764	764
	40	101.1	179	18,139,764	583,179	0.24	24,647	792
	0	102.0	178	18,175,896	584,341	0.24	24,680	793

TABLE 1-4
US Gold Corporation
Technical Report, Palmarito Project
Tailings Resource Estimate

Class	Cut-off Grade (grams Ag/tonne)	Tonnage (^{'000})	Ag Grade (grams/tonne)	Contained Ag (grams)	Contained Ag (troy ounces)	Au Grade (ppm)	Contained Au (grams)	Contained Au (troy ounces)
Measured	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	3.9	207	814,436	26,183	0.28	1,109	36
	160	11.5	191	2,192,798	70,497	0.34	3,919	126
	120	40.8	151	6,141,996	197,460	0.24	9,770	314
	80	173.6	110	19,158,183	615,920	0.15	26,692	858
	40	318.9	88	28,142,822	904,769	0.11	35,265	1,134
	0	728.4	44	31,988,225	1,028,396	0.05	40,036	1,287
Indicated	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	-	-	-	-	-	-	-
	160	1.5	175	264,543	8,505	0.29	431	14
	120	17.2	135	2,330,109	74,911	0.23	3,874	125
	80	66.4	113	7,502,031	241,184	0.17	11,193	360
	40	90.9	99	9,012,425	289,742	0.14	12,343	397
	0	361.5	33	11,817,900	379,936	0.05	16,313	524
Measured and Indicated	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	4	207	814,436	26,183	0.28	1,109	36
	160	13	189	2,457,341	79,002	0.33	4,349	140
	120	58	146	8,472,105	272,371	0.24	13,643	439
	80	240	111	26,660,214	857,105	0.16	37,884	1,218
	40	410	91	37,155,247	1,194,511	0.12	47,608	1,531
	0	1,090	40	43,806,125	1,408,332	0.05	56,349	1,812
Inferred	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	-	-	-	-	-	-	-
	160	-	-	-	-	-	-	-
	120	120.8	132	15,934,242	512,273	0.17	20,105	646
	80	154.6	126	19,483,477	626,378	0.16	24,964	803
	40	154.6	126	19,483,477	626,378	0.16	24,964	803
	0	165.8	118	19,599,578	630,111	0.15	25,144	808

2.0 INTRODUCTION AND TERMS OF REFERENCE

2.1 *Introduction*

US Gold Corporation ("US Gold") retained Pincock, Allen & Holt ("PAH") in April 2008, to compile a NI 43-101 Technical Report ("the Report") for the Palmarito Project ("the Property") located in Sinaloa state, Mexico. The claims that make up the property are owned or optioned by Pangea, of which US Gold Corporation owns a 100-percent interest.

2.2 *Purpose*

This report discloses an updated mineral resource estimate for the Property under the guidance of Canadian National Instrument 43-101.

2.3 *Qualified Person*

The author of this Technical Report is Aaron McMahon, P.G., Senior Geologist of Pincock, Allen & Holt. Mr. McMahon served as independent qualified person ("QP") as defined by NI 43-101.

Mr. McMahon is responsible for the resource estimate and has reviewed all sections of the report. Mr. McMahon visited the Property on April 22 and 23, 2008 and again on December 2, 2008. During the site visit, Mr. McMahon reviewed core, drill hole and assay data, drill logs, drill hole survey records, and discussed the geologic model with project geologic staff. Mr. McMahon also met with US Gold employees and consultants in Lakewood, Colorado to review the resource model and discuss the Report.

2.4 *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, drilling data obtained from corporate, academic, and government sources and historical non-NI 43-101 complaint resource estimates.

In preparation of the technical report, the authors have used information provided by US Gold. Various companies have worked on the project and the data and reports from these companies were reviewed. Citations are available in section 27 of this Technical Report.

2.5 *Units and Abbreviations*

All measurements are supplied in either metric or imperial units. Currency is expressed in US dollars unless otherwise noted. The following abbreviations are used in this report:

Ag	silver
Au	gold

Cdn\$	Canadian Dollar
cm	centimeters
CRP	Conventional Rotary Percussion
Dirección de Minas	Dirección General de Minas
Fe	iron
ft	feet
gpt	grams per tonne
ICP	inductively coupled plasma mass spectrometry
kg	kilograms
km	kilometers
m	meters
Minera Pangea	Minera Pangea S.A. de C.V.
ML	mojonera de localización/location point
NI 43-101	Canadian National Instrument 43-101
opt	troy ounces per tonne
PAH	Pincock, Allen and Holt
Pb	lead
ppm	parts per million
QP	Qualified Person
QA/QC	Quality Assurance/Quality Control
RC	Reverse Circulation
RQD	Rock Quality Designation
SEMARNAP	Secretaria del Medio Ambiente, Recursos Naturales y Pesca
US Gold	US Gold Corporation
US\$	United States Dollar
Zn	zinc

3.0 RELIANCE ON OTHER EXPERTS

The various agreements under which US Gold holds title to the mineral claims for this project have not been investigated or confirmed by the author, although the author has seen no evidence that the mineral title claims are not valid. The description of the property, and ownership thereof, option payments, royalties, as set out in this report, were provided by US Gold for general information purposes only.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 *Location*

The Project is located in northwestern Mexico, within Sinaloa state, Mocorito Municipality, Mexico. The Project coordinates are 25° 33' 49" North Latitude and 107° 58' 27" West Longitude. The Project is located approximately 60 miles (96.6 km) by air northwest of the Sinaloa state capital city of Culiacan in the western foothills of the Sierra Madre Occidental mountain range. The project area is located approximately six miles (9.7 km) from the village of Mocorito, approximately 12 miles (19.3 km) from the town of Guamuchil, and approximately 85 miles (136.8 km) from the city of Los Mochis. Figure 4-1 shows the project location.

4.2 *Property Description and Ownership*

US Gold acquired all of the outstanding common shares of Nevada Pacific Gold, which through its subsidiaries Minera Pangea owns the Palmarito Project in Sinaloa state, Mexico. The acquisition was completed on July 3, 2007.

On February 2, 2004 Nevada Pacific Gold purchased the Magistral Gold Mine located 7.5 miles (12.1 km) from the Property from Queenstake Resources for the purchase price of US\$6.4 million (Cdn\$8.5 million). Included in the purchase price was the Palmarito Property.

The Property is covered by three contiguous mining concession totaling approximately 2,057.2 acres (832.5 hectares). Of these, US Gold owns two concessions 1,775.5 acres (718.5 hectares). An option agreement signed in June 2008 provides US Gold the option to buy 100 percent of the third concession containing 281.7 acres (114.0 hectares).

Under the options agreement, US Gold is required to make the following payments:

At the execution of this agreement	US\$ 50,000
At six months from the execution of the agreement	US\$ 75,000
At twelve months	US\$ 100,000
At eighteen months	US\$ 125,000
At twenty four months	US\$ 150,000
At thirty months	US\$ 175,000
At thirty six months	<u>US\$ 175,000</u>
Total	US\$ 850,000

The option agreement provides the Optionee with a 2 percent NSR royalty that can be purchased for US\$ 1 million during the option agreement and up to 12 months thereafter. US Gold holds no surface rights in the immediate Palmarito area.



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 43-101 Technical Report

**FIGURE 4-1
 GENERAL LOCATION MAP**

Date of Issue

Dec/2008

Drawing Name

Fig.4-1.dwg

All mining concessions in Mexico are required to be surveyed and located in the area with a location point (mojonera de localización or ML), which is related to a permanent topographic feature, in addition to corner points indicated by concrete monuments. The ML must show the concession's registration data and coverage. The ML may represent one or various concessions within the area. Titles are granted under Mexican mining law and are issued by Secretaría de Economía, Coordinación General de Minería, Dirección General de Minas (Dirección de Minas). Figure 4-2 shows the location and Table 4-1 gives a description of the Palmarito claims.

TABLE 4-1
US Gold Corporation
Technical Report, Palmarito Project
Property Claims

Claim Number	Size (acres)	Size (Hectares)	Name	US Gold Ownership	Expiry
182598	64.2	26.0	El Palmarito	100%	Nov. 8, 2038
218401	1711.2	262.5	La Palma	100%	Apr. 11, 2052
212197	281.7	114.0	El Rial	Option to Acquire 100%	Sep. 21, 2050

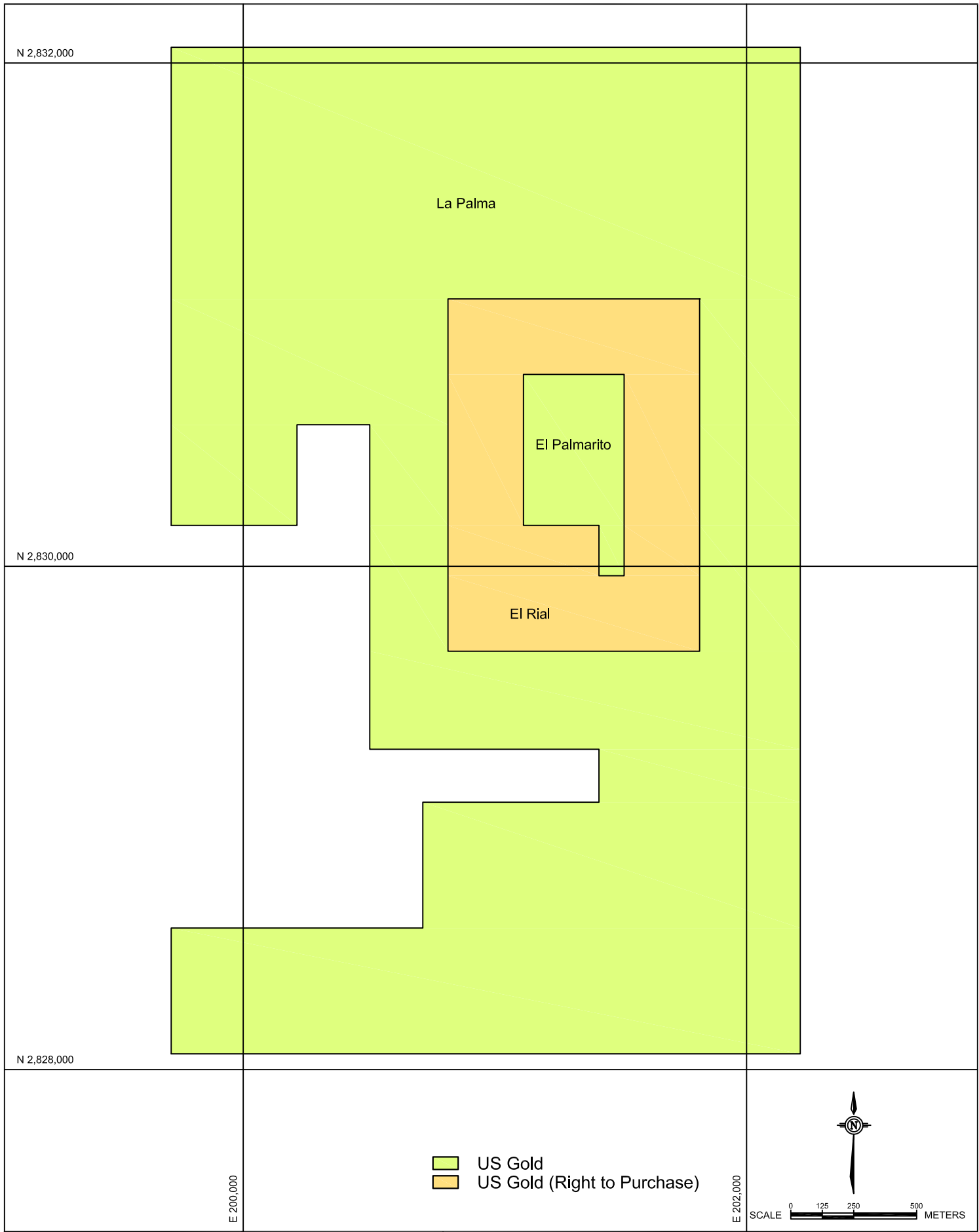
All known mineralized resources for the Property are located within the bounds of the claims listed in Table 4-1. These resources include in situ mineralization, dumps and tailings ponds. The known historic mine workings for the Property are also within the bounds of these claims. Photos of the mine workings, dump, tailings and mineralized rock are provided in Figures 4-3 through 4-6.

4.3 *Environmental*

Although Palmarito is the site of past mining activity, no environmental bonding is required by US Gold. Based on the regulations established by Mexican Mining Law, US Gold is not believed to be responsible for any reclamation work associated with past mining activity.

4.4 *Permits*

Regulations establish reasonable limits to land disturbance during the exploration programs and land rehabilitation must be completed and reported to SEMARNAP upon closure of these exploration programs.





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FIGURE 4-3
 HISTORIC MINE WORKINGS

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Drawing Name

Fig.4-3.dwg



Prepared by  pincock, allen & holt 165 S. Union Boulevard, Suite 950 Lakewood, Colorado 80228 Phone (303) 986-6950	Drawing Provided by/Prepared for US GOLD	FIGURE 4-4 DUMP	Date of Issue Dec/2008
	Project Name Palmarito Deposit 43-101 Technical Report		Drawing Name Fig.4-4.dwg
Project No. 80566			



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**FIGURE 4-5
 TAILINGS**

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Drawing Name

Fig.4-5.dwg



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FIGURE 4-6
 EXAMPLE of MINERALIZED ROCK

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Dec/2008

Drawing Name

Fig.4-6.dwg

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

5.1 *Accessibility*

Access to the project area from the city of Culiacan is via the paved, four-lane Pacific Highway (Highway 15) for a distance of 60 miles (96.6 km) to the city of Guamuchil. From Guamuchil a local paved road extends 12 miles (19.3 km) to the east toward Mocorito. The project is about 6 miles (9.7 km) from the town of Mocorito. The road from Mocorito to the project is a good quality two-lane gravel road. US Gold is obligated to maintain sections of the roads in the area in conjunction with the local government.

5.2 *Local Resources and Infrastructure*

Guamuchil is the largest population center near the Property, with approximately 60,000 inhabitants, is connected to the south by a four-lane freeway to the State Capital City of Culiacan, and to the Port City of Mazatlan approximately 130 miles (209.2 km) further south. Both of these cities have international airports with daily flights to numerous cities in the US, Canada, and major cities within Mexico. To the north, Guamuchil is connected to the city of Los Mochis with an international airport, and main railroad station for the Pacific and Chihuahua-Pacific railroads. Mocorito, founded in 1548 has a population of about 5,000. Guamuchil has banking and both cities have education and other modern facilities. Most of the people living in the villages of the area are involved with small scale farming and raising livestock. The infrastructure surrounding the Property is well developed and considered adequate for mineral exploration.

5.3 *Climate and Physiography*

The Property is characterized by moderate to steep topography with elevations ranging from 1,000 to 2,000 ft. (305 to 610 m). It is located in the "Pie de la Sierra" physiographic province, near the boundary with the "Llanura Costera y Deltas de Sonora y Sinaloa" province. During most of the year, the area experiences arid to semi-arid climatic conditions, with almost all of the approximately 30 inches of annual precipitation coming from storm events during July to September. During the strong storm events, flooding occurs along the river beds of the area, but does not have a significant impact on exploration activities at the Property. The moderately dense vegetation on the hill slopes consists of bushes and shrubs with widely-spaced deciduous trees. The average yearly temperature in the area is approximately 77 Fahrenheit (25 Celsius).

6.0 HISTORY

The Property is one of Sinaloa's major historical producers of silver. Total production is estimated to be 15,300,000 ounces of silver and 49,250 ounces of gold from open pit and underground workings before mining ceased in 1950.

In 1969-70, Barranca Corporation Ltd. carried out an exploration program that consisted of surface and underground mapping and sampling along with 24 core holes totaling 3,760 feet (1145 meters) and 11 percussion holes totaling 545 feet (166.1 meters). This work resulted in a reported non-compliant NI 43-101 resource estimate of 1,446,100 tons at 5.41 opt Ag (185.5 gpt Ag), 0.85 percent Pb, 0.50 percent Zn, and 0.010 opt Au (0.3 gpt Au) (Canadian Barranca Corporation Ltd, 1970). None of these holes were included as part of this Technical Report.

In 1996 a second non-compliant NI 43-101 resource estimate was completed by Computer Aided Geoscience Pty based on work that included 74 reverse circulation (RC) drill holes totaling 14,711 feet (4,483.9 meters) completed by Lluvia de Oro Inc. in the 1990s (Leahey, 1996) (Table 6-1).

TABLE 6-1
US Gold Corporation
Technical Report, Palmarito Project
Historic Resource Estimate by Computer Aided Geoscience Pty

Cut-off Grade (Au Eq.* gpt)	Tonnage (millions)	Au Eq. Grade (gpt)	Au Grade (gpt)	Ag Grade (gpt)	Contained Au Eq. ('000 oz)	Contained Au ('000 oz)	Contained Ag (million oz)
<i>Drill Indicated Historical Resource</i>							
2	0.659	2.85	0.5	179	60	11	3.8
1.8	0.828	2.66	0.5	165	71	13	4.4
1.6	1.05	2.45	0.46	151	83	16	5.1
1.4	1.29	2.27	0.44	140	94	18	5.8
1.2	1.55	2.11	0.41	129	105	21	6.4
1	1.83	1.96	0.39	119	115	23	7
0.8	2.1	1.82	0.37	111	123	25	7.5
0.6	2.38	1.69	0.35	102	129	27	7.8
0.4	3.11	1.4	0.28	86	140	28	8.5
0.2	5.12	0.97	0.18	60	160	30	10
0	5.75	0.87	0.16	54	162	29	10.1
<i>Dumps</i>							
0	0.242	3.53	0.45	235	27	3	1,800
<i>Tailings**</i>							
0	0.2	2.05	-	158	13	-	1,000

* Gold equivalent (Au Eq.) 76 ounces of silver = 1 ounce of gold

**Tailings were not assayed for gold

In 2006-07 Nevada Pacific Gold completed a core drilling program that consisted of 19 holes totaling 5,085 feet (1,549.9 meters). The objective of the program was to confirm the integrity of the geologic model and database collected from a number of RC drill holes that were completed by Lluvia de Oro.

The historical mineral resources at the Property were estimated using undefined methods for classifying resources. As such, they do not comply with NI 43-101. The historical resource estimate is no longer relevant and has been superseded with the current resource estimate, which was completed in November 2008.

7.0 GEOLOGICAL SETTING

7.1 *Regional Geology*

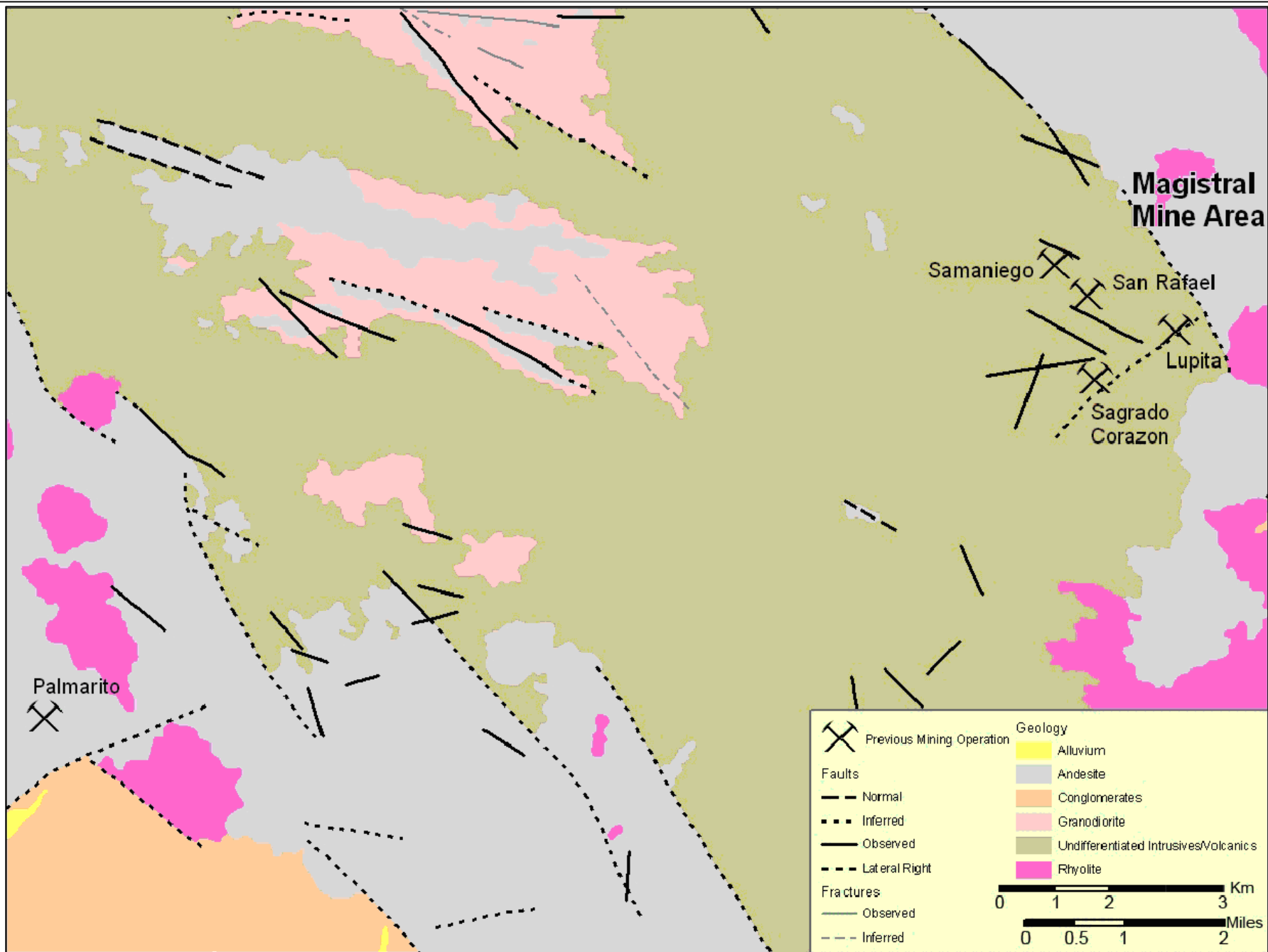
Palmarito is situated in the Pie de la Sierra physiographic sub-province of the Sierra Madre Occidental Range. The regional geologic setting of the Sierra Madre Occidental is that of a Late Jurassic to Middle Cretaceous oceanic-arc with associated volcanic, intrusive and sedimentary rocks that extends in a northwest-southeasterly trend for hundreds of miles through northwestern Mexico (Figure 7-1). Tertiary volcanic rocks rest upon a basement of Paleozoic and Mesozoic metamorphic rocks, and local Cretaceous age intrusive rocks. The volcanic package has been grouped into lower and upper sequences based on the different ages, styles and composition of volcanism. The Lower Volcanic Sequence is of Late Cretaceous to Early Tertiary age and consists of up to 990 meters (3,250 feet) of tuffs, flows, and volcanic breccias of andesitic to dacitic composition. The Upper Volcanic Sequence is of Middle Tertiary (Oligocene-Miocene) age and consists of more than 990 meters (3,250 feet) of ash-flow and ash-fall tuffs of rhyolite to dacite composition that lies unconformably upon the Lower Volcanic Sequence.

A period of tectonism, including intrusion and uplift, occurred between the deposition of the Lower Volcanic Sequence and Upper Volcanic Sequence, as indicated by the gently dipping Upper Volcanic Sequence unconformably lying on a steeper dipping Lower Volcanic Sequence. Uplift and faulting of the Sierra Madre Occidental province was accompanied by the intrusion of felsic to mafic composition dikes, along with the local emplacement of intrusive stocks and batholiths. Mining districts of the Sierra Madre Occidental are typically located on sheared and faulted structural zones formed in the Lower Volcanic Sequence and, to a lesser extent, in the underlying granitic intrusives. Dominantly, these deposits consist of low-sulfidation, epithermal gold and silver mineralization, locally with base metals.

Uplift of the Sierra Madre Occidental province continued following Tertiary volcanism. Erosion of the uplifted area has resulted in deep canyons and rugged topography. The Upper Volcanic Sequence is present in the higher part of the mountains, but has largely been removed by extensive erosion in the Sierra Madre Occidental foothills, including the area of Palmarito. The area is currently characterized by low seismicity.

7.2 *Property Geology*

The Palmarito project area is comprised dominantly of andesitic-dacitic volcanic rocks of the Sierra Madre Occidental Lower Volcanic Sequence intruded by a hypabyssal rhyolitic intrusive of unknown age. It is likely that this rhyolite intrusive is co-eval with rhyolitic volcanism of the Upper Volcanic Sequence of Oligocene-Miocene age. Andesitic-dacitic (field-termed andesite) rocks are dominantly purple to dark brown or grey and porphyritic with white feldspar phenocrysts as well as local minor quartz phenocrysts. Aphanitic andesite and agglomeratic andesite occur to a lesser degree. The rhyolitic intrusive is light tan to white with quartz phenocrysts in a fine-grained groundmass. The siliceous nature of the rhyolite makes it a prominent topographic feature.



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FIGURE 7-1
REGIONAL GEOLOGIC MAP

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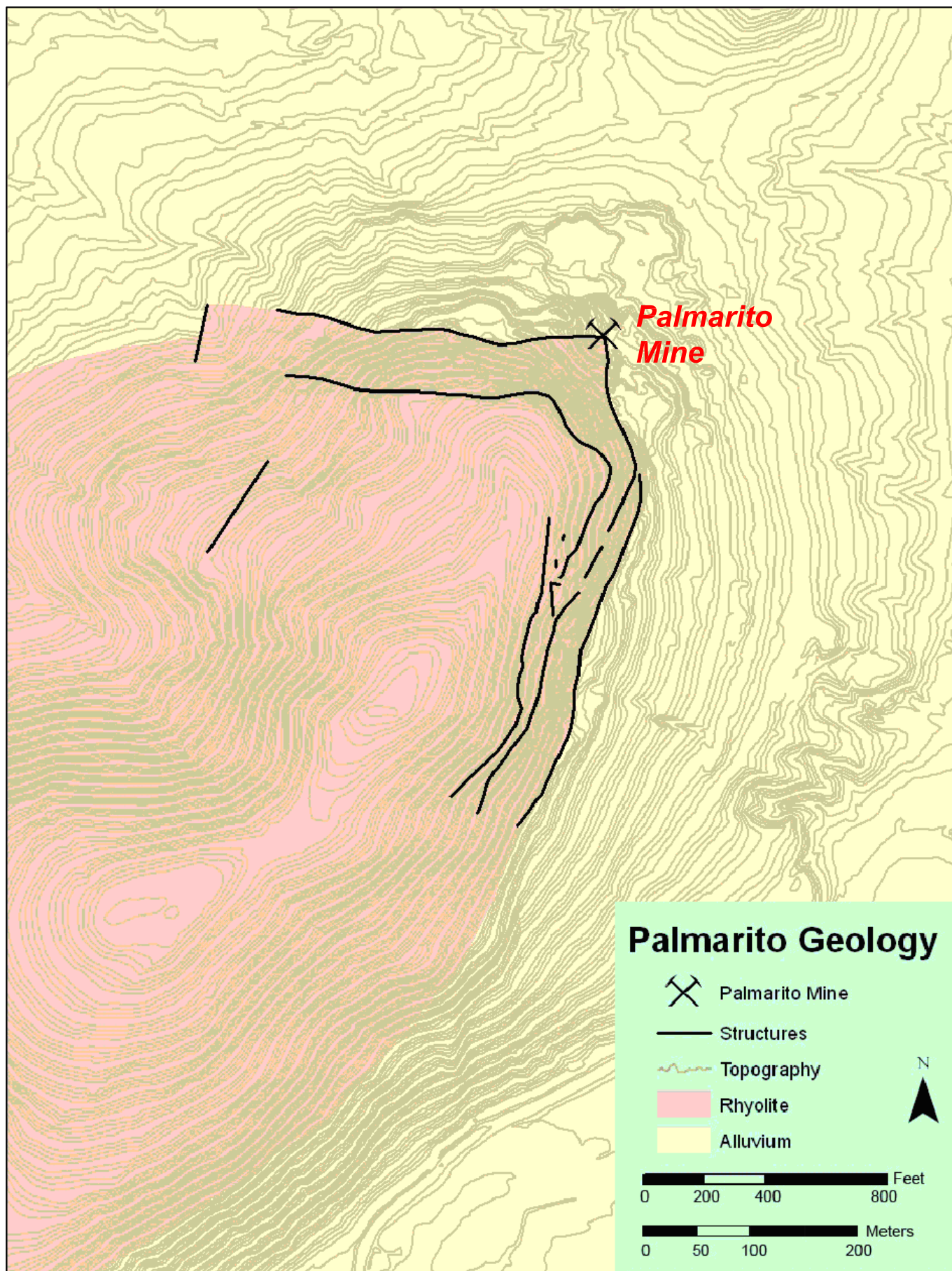
Fig.7-1.dwg

In the locations where best exposed, the contact between the andesitic country rocks and the rhyolite intrusive is a brecciated zone occurring along faults.

Known mineralization at Palmarito occurs along or near the northeastern intrusive contact where the structures forming the intrusive contact strike roughly E-W and N-S. Near surface, these structures are mineralized, forming a horseshoe-shaped zone which wraps around the margin of the intrusive (see Figure 7-2). Mineralization displays good continuity over a total strike of 2,600 feet. Dip of the zone is variable (35° to 60°), dipping westerly along the N-S contact and northerly along the E-W structure. At depth, the mineralized zone appears to occur away from the intrusive contact such that andesite occurs in both the hangingwall and footwall. The geometry suggests one of two possibilities: that the structures occur away from the intrusive contact and intersect in a NE lineation; or, a possible fold in the andesite package with a gently (35°) NE-plunging axis. It is along this northeast trend that the highest silver grades are developed.

The width of the mineralized breccia zone generally varies from 7 to 15 meters. Commonly, strongly silicified and stockwork-veined andesite occurs above and below the breccia. The breccias consist of clast-supported, coarse angular fragments of rhyolite and fine- to medium-grained andesite. Clasts are cemented by fine-grained, white silica. Generally, Palmarito mineralization is characterized by strong silicification. Silver mineralization is not restricted to the breccia zone but can also occur in silicified and stockwork-veined andesite above and below the breccia. Mineralization is primarily hosted in the breccia and andesitic rocks; mineralization within the rhyolite is minor.

Minor late stage faulting has occurred locally, producing minor offsets in the mineralized zone.



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FIGURE 7-2
 GEOLOGIC MAP of the
 PALMARITO AREA

Date of Issue
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Drawing Name
 Fig.7-2.dwg

8.0 DEPOSIT TYPE

Palmarito is a low-sulfidation, epithermal silver deposit and these deposit types occur commonly throughout the Sierra Madre province in Mexico. World-class examples of similar deposits include the deep main-stage portion of the Comstock Lode, Nevada (Hudson, 2003), and Guanajuato, Mexico (Petruk and Owens, 1974).

9.0 MINERALIZATION

Palmarito is a low-sulfidation epithermal silver-gold deposit. Silver grades within the mineralized zone range from about 0.30 opt to +30 opt (10 gpt to 1,025 gpt). The mineralization is silver-dominant, with gold grades usually less than 0.02 opt (0.5 gpt) and rarely exceeding 0.03 opt (1 gpt). In the mineralized zone Ag:Au ratios are generally >100 and are commonly several thousand. Mineralization is associated with strong silicification in the form of breccia cement, stockwork veining and silica flooding. Other wallrock alteration consists of local chloritization and fine-grained disseminated specular hematite. Strong argillization and oxidation occurs near surface and locally in structural zones. Generally, surface oxidation reaches depths of 60 to 70 feet (196.9 to 229.7 meters). The degree of supergene leaching is unknown.

Silver mineralogy is predominantly argentite (Ag_2S) and lesser native silver. Chlorargyrite (AgCl) occurs locally in minor amounts. Other sulfides present include pyrite, sphalerite, galena and chalcopyrite. Total sulfide content is generally less than 1 percent. Locally, however, lead and zinc concentrations are in excess of 1 percent, particularly in areas of higher silver grade.

10.0 EXPLORATION

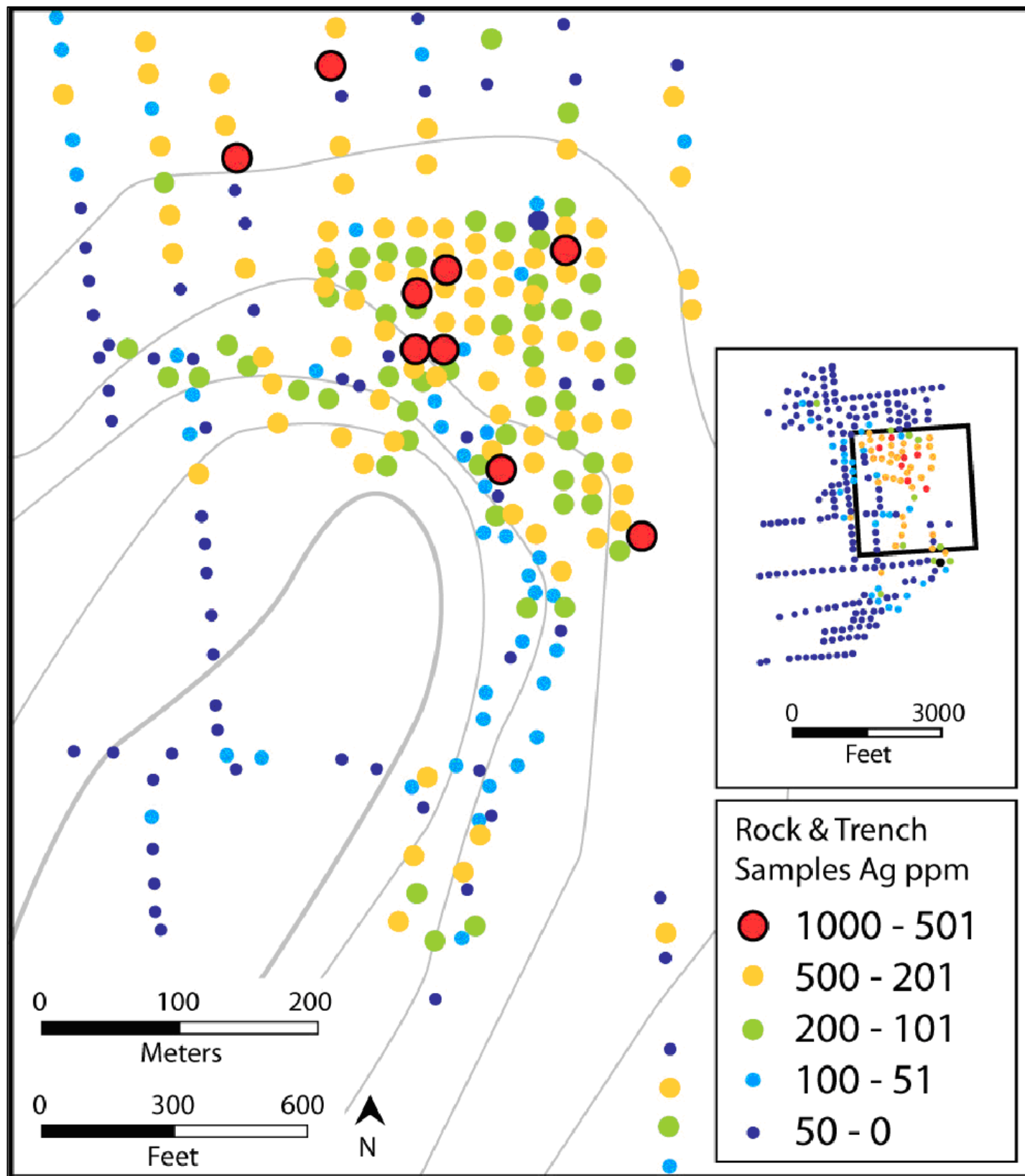
Work on the property throughout the various phases of exploration has consisted of geologic mapping, rock-chip sampling and reverse circulation and core drilling. Exploration drilling was conducted by three companies: 1) Lluvia del Oro (1994 to 1995), 2) Nevada Pacific Gold (2006-2007) and 3) US Gold (2008).

10.1 *Geologic Mapping*

Geologic mapping of the area of the Palmarito deposit was undertaken in 1976 by Minerales Prisma S.A. de C.V and again in 1994-1995 by Lluvia del Oro. The mapping was of a general nature, breaking out andesitic rocks and the rhyolite intrusive (see Figures 7-1 and 7-2 from Section 7).

10.2 *Geochemistry*

A total of 903 rock samples have been collected over the property by US Gold and previous owners. Most samples were analyzed only for gold and silver. Silver values range from less than detection to 2986 ppm. The high gold value is 8.5 ppm. Anomalies outside the area of existing mineral resource envelopes are present. Surface rock samples are shown graphically in Figure 10-1.



11.0 DRILLING PROGRAM

Most of the drilling in the Palmarito deposit was done by reverse circulation, with a lesser amount of core drilling. Approximately 60 percent of these holes were drilled at an angle normal to the dipping ore body. The remaining 40 percent were drilled vertically. Drill hole collar locations were surveyed. Drill collars were monumented and most can be found in the field. Conventional rotary drilling was used to establish a resource estimate for the historic mine tailings.

The Property drilling campaigns were conducted by three separate companies: Lluvia de Oro, Nevada Pacific, and US Gold. Table 11-1 provides an overview of the drilling history on the property.

TABLE 11-1
US Gold Corporation
Technical Report, Palmarito Deposit
Drilling History

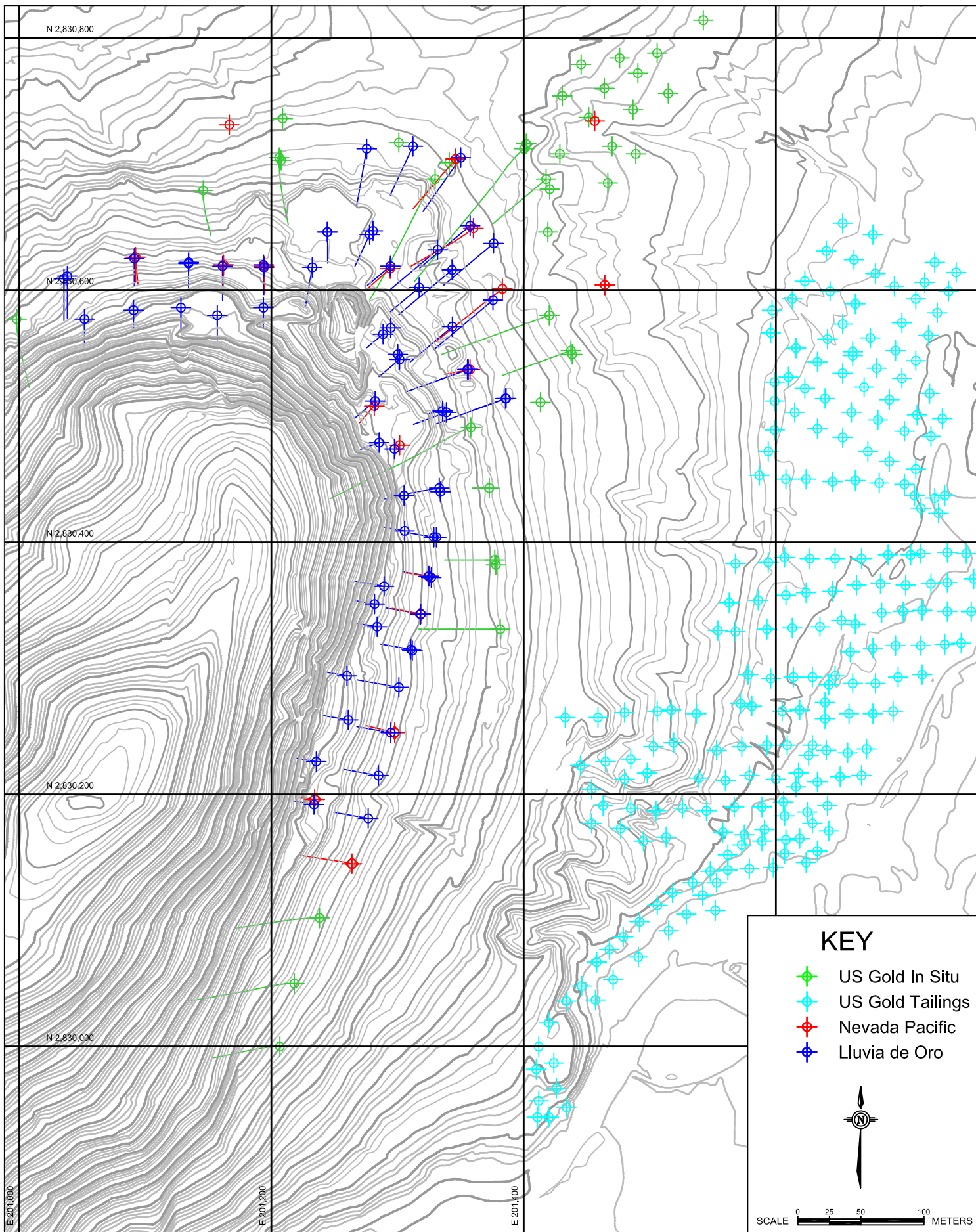
Period	Company	Hole Type	Number of Holes
1994-1995	Lluvia de Oro	RC	74
2006-2007	Nevada Pacific Gold	Core	19
2008	US Gold	RC	31
2008	US Gold	Core	8
2008	US Gold	Rotary	237
Total			369

Lluvia de Oro Inc. (1994-1995): Seventy four reverse circulation holes were completed by Lluvia de Oro. No additional detailed information is available on the drilling methodology.

Nevada Pacific Gold Ltd. (2006-2007): A total of 19 core holes were completed by Can Rock Drilling based out of San Luis Potosi state, Mexico. Holes PMC 1-15 were drilled utilizing a Longyear 38 with HQ core (core size = 2.50 inches or 63.5mm) with the exception of 279.5 feet (85.2 meters) where drilling conditions required reducing to NQ (core size = 1.87 inches or 47.6mm). Core hole PMC 16-19 was completed with an Ingersoll Rand drill using NQ core.

US Gold Corporation (2008): Both RC and core drilling was completed by Major de Mexico S.A. de C.V., a subsidiary of Major Drilling International, based in Sonora state, Mexico. RC holes were drilled utilizing a Prospector 750 manufactured by Foremost Industries and coring was done with a UDR 200 drill, manufactured by Universal Drill Rigs. Hole diameter for the RC drilling was 5-¾ inch (14.6 cm). Core holes were drilled using HQ core, with several holes reduced to NQ where drilling conditions necessitated. Hole PMX-40, started with PQ, then reduced to HQ, and then to NQ in order to penetrate the fault zone and reach target depth.

Conventional rotary drilling was completed using a Rand D-30 drill. Hole diameter was 5-¾ inch (14.6 cm). Figure 11-1 plots the hole locations for these three campaigns relative to topography.



12.0 SAMPLING METHOD AND APPROACH

The sampling method and approach used during the different drilling campaigns varied slightly with the different owners. Procedures adopted for the samples collected at Palmarito are outlined as follows:

Lluvia de Oro Inc. (1994-1995): Drilling was completed using a reverse circulation drill. Drill holes were sampled and logged on 5 ft intervals. Drill cuttings were collected in a cyclone. At the end of each sample run the cyclone was discharged and cleaned. The samples were generally split twice, with half the first split being discarded and the second split halved to form an assay sample and a field duplicate.

Nevada Pacific Gold Ltd. (2006-2007): Drilling was completed using a core drill and NQ core. Drill hole sampling attempted to correlate the sample intervals completed by Lluvia de Oro. In some zones internal intervals were assigned based on the geological characteristics of the rock. The core sample was halved with a rock saw with one half retained and the other bagged and sealed to form an assay sample.

US Gold Corporation (2008): Drilling of the Palmarito deposit utilized reverse circulation and core drilling. RC drill holes were sampled and logged on 5 feet (1.5 meter) intervals. Samples were collected using a cyclone and rotating wet splitter. Samples were split at the rig to obtain one assay sample and one field duplicate. For core drilling, HQ core size was used and reduced to NQ where necessary. Core logging, recovery/RQD (rock quality designation) measurement and core splitting were done at the Magistral mine.

Drilling of the historic tailings utilized a conventional rotary drill with a 5-3/4 inch (14.6 cm) bit. Holes were drilled to the depth of the original ground surface (soil or bedrock). Samples were taken on 9.8 feet (3 meter) intervals and later composited at the Magistral mine laboratory to obtain one composite sample per hole. Composite sample lengths varied depending on the thickness of tailings.

Twenty-seven samples from the historic mine dumps were collected. An excavator was utilized to dig pits on approximately 65.5 feet (20 meters) centers on the surface of the dump. Pit depths ranging from 13 to 16.5 feet (4 to 5 meters) were determined by tape. Taking care to avoid sloughed material, the excavator bucket was drawn up along the pit wall from the bottom of the pit to the surface. A representative portion of this bulk sample was then taken by shovel to obtain samples of approximately 30.5 lbs (14 kg). These samples were bagged in rice bags and transported to the Magistral mine laboratory for splitting.

13.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

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

Lluvia de Oro Inc. (1994-1995): Sample preparation under Lluvia de Oro took place at ALS Chemex in Hermosillo, Mexico and assaying at Chemex's facility in Vancouver, British Columbia. Samples were assayed for silver by fire assay with a gravimetric finish and for gold using fire assay with an atomic absorption spectrometry finish.

Sample preparation consisted of drying, crushing, splitting and grinding. Samples were oven dried prior to the entire sample being passed through a crusher to yield an average product of 60 percent passing -10 mesh. A split of 250 to 300 grams was taken using a Jones Riffle. This split was ground to 90 percent at 150 mesh using a ring mill pulveriser with a chrome steel ring.

A total of 370 duplicate samples were submitted to American Assay Laboratories in Reno, USA for external checks by ALS Chemex.

Nevada Pacific Gold Ltd. (2006-2007): The core was halved with a saw with one half retained and the other bagged and sealed before being shipped to the ALS Chemex sample preparation facility in Hermosillo, Mexico and assayed at Chemex's facility in Vancouver. All samples were fire assayed for gold and analyzed for 41 additional elements using a partial digestion ICP method. Selected anomalous silver intervals were analyzed for silver using a 4-acid leach total digestion method. No blanks or standards were inserted in the sample stream and no duplicates were sent for check assay.

US Gold Corporation (2008): All samples (RC, core, rotary and dump) were transported from the field to US Gold's Magistral Mine lab for staging.

13.1 RC Drill Samples

Both sets of samples from the RC drill (assay sample and field duplicate) were transported to the Magistral mine. The assay samples were stored at the mine site until pickup by Chemex. Field duplicates were analyzed by the mine laboratory and then stored onsite. (Assaying done by the mine lab was used for internal use only and not reported). For the first 12 RC holes, standards were inserted in the drill sample shipments to Chemex every 40 samples (200 feet of drilling [61 m]). Two different standards were used with grades of 0.4 ppm Au/<0.5 ppm Ag and 15 ppm Au/15 ppm Ag. Standards were prepared by and purchased from Minerals Exploration & Environmental Geochemistry.

13.2 Core Samples

During logging, core sample intervals were determined by lithologic or alteration changes. A nominal 6.6 feet (2 meters) sample interval was used but many sample intervals were shorter, particularly in the

mineralized zone. Using core saws, the core was halved and one half was quartered. Half core was retained in the core box and stored on site. Quarter-core samples were used for assay (one quarter-core sample for the internal mine laboratory and one sent to Chemex). (Assaying done by the mine lab was used for internal use only and not reported). Standards were inserted in the sample shipments to Chemex nominally every 245 ft. (75 m) of drilling and occasionally more frequently within the visually mineralized zone. A blank (<0.005 ppm Au/ <0.5 ppm Ag) and three standards (0.4 ppm Au/ <0.5 ppm Ag; 1.8 ppm Au/ <0.5 ppm Ag; 15 ppm Au/15 ppm Ag) were utilized.

Samples for check assaying were chosen after Chemex results were received. Samples were chosen nominally every 40 samples (200 feet of drilling [61 m]) and more frequently within the known mineralized zones. These check assay samples were submitted directly from Chemex to SGS Mineral Services laboratory in Durango, Mexico for analysis of gold and silver. At the time of this writing, check assay results were pending.

13.3 *Tailings*

Tailings samples from the conventional rotary drill were composited at the mine laboratory by combining all 9.8 feet (3 meters) samples from the drill and then splitting in half with a riffle splitter to obtain a 6.6 to 15.4 lbs (3 -7 kg) composite sample which was submitted to Chemex. No blanks or standards were inserted into the sample shipments, which is a deficiency in sampling QA/QC.

13.4 *Dumps*

Dump rock samples were crushed at the mine laboratory by jaw crusher and split for submittal to Chemex. No blanks or standards were inserted into the sample shipments.

All samples were picked up at the mine site by ALS Chemex and trucked to their sample preparation facility in Hermosillo, Sonora, Mexico. After drying, samples were crushed to 70 percent passing 2 mm, then a split was taken and pulverized to 85 percent passing 75 microns utilizing a ring-and-puck pulverizer to obtain a 250 grams pulp. An aliquot of this pulp was sent to Chemex's Vancouver laboratory for analysis. Samples were assayed for gold by fire assay with atomic absorption finish and for silver and 32 other elements by ICP using a 4-acid leach total digestion method.

13.5 *Security*

No information is available regarding the security measures put in place during 1994-1995 when Lluvia de Oro completed its drill program.

Under Nevada Pacific Gold and US Gold, samples were maintained in custody until picked up by truck at the Magistral Mine by Chemex.

13.6 Density Determinations

In July and August 2008, as part of a resource calculation undertaking, density determinations were carried out for mineralized rock (drill core), tailings material, and dump material. Procedures for these determinations are outlined below.

13.6.1 In Situ Material

Density determinations were carried out on 24 pieces of drill core taken from mineralized (>1 oz/t Ag) intercepts in five drill holes. Holes were picked to give geographic spread through the deposit. Core pieces were visually inspected so as to have 'typical' mineralized appearance and to not have too many vugs or voids that could preclude accurate weight measurement in water. In general, Palmarito mineralized material is a siliceous breccia and not overly vuggy and, for the most part, not strongly oxidized. One sample (PMC06-05, 15.1m) contained moderate limonite and was moderately vuggy. This sample yielded the lowest density value (2.51 g/cm³).

Core pieces were weighed on an Ohaus triple-beam balance to determine mass with a precision of 0.05 g. The same pieces were weighed while submerged in water by suspending them by wire in a 5-gallon bucket. For each measurement, care was taken to determine tare weight of the submerged wire and to assure that the core piece was fully submerged. Specific gravity (density) is then given by:

$$[Wt \text{ in air} / (wt \text{ in air} - wt \text{ in water})] \times \text{density of water (1 g/cm}^3\text{)}.$$

Density values range from 2.51 to 2.84 g/cm³ (13.1 % spread) and average 2.65 g/cm³.

13.6.2 Tailings Material

Density determinations were made from three different sample sites in the Palmarito tailings pile. For each site, a level location was created and a hole (approximately 40 cm x 40 cm x 15 cm) was excavated and all material carefully removed and collected in plastic sample bags. The hole was then lined with plastic and filled with water to the level top of the hole. The plastic containing the water was lifted from the hole and the water carefully transferred to 20 liter plastic bottles. The tailings material and water were then transported to the mine laboratory at Magistral where the water volume was measured to 0.1 liter precision utilizing a laboratory beaker. The tailings material was fully dried in the sample prep oven and then weighed. During the process, care was taken in the field to capture all of the tailings material from the hole and to ensure that the plastic liner lined the entire hole with no gaps along the walls and corners of the hole.

Density is given by: *wt of tailings material in grams / water volume in ml (=cm³)*.

The three sites yielded density values of 1.51, 1.56, and 1.45 g/cm³ (7.6% spread). Average density is 1.51 g/cm³.

13.6.3 Dump Material

A bulk density determination was made by extracting and weighing material of known volume from seven different locations on the lower and middle lifts of the Palmarito dumps.

A Caterpillar 225 excavator with a 1.5 cubic yard bucket was utilized to extract dump material using extreme care to extract the sample and to preserve the *in-situ* compaction. Once a bucketful of material was obtained from each sample site, the bucket was hand-leveled to the known (1.5 cu. yd.) volume. Each sample was then loaded into a 10-ton dump truck until truck capacity was reached (seven samples) and the truck was then weighed, full and empty, at a public truck scale in Guamuchil to obtain net material weight.

Because it was suspected that the degree of compaction might vary with depth in the dump, samples were obtained from the dump surface (~1m depth) and at a depth of ~3-4m. In both cases, care was taken to remove any loose, fallen material before obtaining the sample from the *in-situ* floor or wall of the sample pit. Three shallow samples and two deeper samples were obtained in the middle dump, and one of each was obtained from the lower dump.

It was observed that the deeper samples contained more fines and that the fine material was wet so the resulting density must be considered a wet density.

Results of this bulk test yielded a density of 1.20 g/cm³.

13.7 Sample Procedure Adequacy

It is the author's opinion, the sample preparation, security and analytical procedures are adequate for mineral resource estimation of the Palmarito deposit. However, the author notes that improvements can be made in these procedures so that they closer reflect best practices. In particular, this pertains to the tailings and dump samples. Regular submission of standard and blank samples for these materials would provide a quantitative check on the lab accuracy.

14.0 DATA VERIFICATION

14.1 *Quality Control Procedures*

14.1.1 Lluvia de Oro/Nevada Pacific Gold

Neither Lluvia de Oro nor Nevada Pacific applied quality control procedures that meet with current standards of practice for sample assays. Nevada Pacific included down-hole surveys for 15 drill holes. No down-hole surveys were conducted by Lluvia de Oro.

14.1.2 US Gold

Ten core and reverse circulation holes drilled by US Gold were surveyed down-hole to ascertain deviation.

Standard and blank samples were inserted into the sample streams of the core and reverse circulation drilling. Duplicate samples were also sent; however, these results were pending at the time of this report.

No standard, blank or duplicate samples were included in the sample streams from the pit samples taken from the historic dumps or the blast holes drilled in the historic tailings pond.

14.2 *Database Validation*

The author has verified a sample of the data relied upon for this resource estimate. The validation process was designed to investigate the drill hole collar locations, core hole lithology, down-hole deviation, assay values and assay data entry.

Drill hole collar coordinates were verified by the author through field checking and survey comparison. During the site visit, the author located 13 collar locations in the field. Lluvia de Oro and Nevada Pacific hole locations were marked with metal plates and concrete monuments. The more recent US Gold holes were still open and easy to locate. These hole locations were checked against locations plotted on a topographic map. The author observed good agreement between the field locations and the map. All collar elevations in the database were compared against the surveyed topography. Overall there was good agreement between the two. When discrepancies were noted, the collar elevations were adjusted to agree with the topography prior to resource modeling.

During the site visit, the author reviewed core and chip samples for 11 holes drilled by US Gold and Nevada Pacific. The core and chip samples were compared against lithological logs and assay data. The author observed good agreement for this comparison. Lithological contacts observed in the core and chips were consistent with the logs. High silver and gold values indicated in the assay data were consistent with highly silicified and brecciated zones in the core and chips.

Of the 131 core and RC holes drilled, 25 have down-hole surveys. The author examined the deviations in these holes to estimate the potential for deviations in the un-surveyed holes and assess the potential impact on the resource estimate. On average, these holes deviate seven degrees on azimuth and three degrees on dip over a depth of 150 meters. The author's assessment of these deviations indicates that unknown deviations in the un-surveyed holes will not materially affect the resource estimate.

The author evaluated the assay data for the standard and blank samples submitted by US Gold as part of their quality control program. Silver and gold values from the assay were compared against their known values. The author did not observe any systematic bias in the assay grades.

Fourteen holes drilled by Lluvia de Oro were twinned by Nevada Pacific. The author compared the silver grade, gold grade and ore zone thickness for each twin pair. The author made a visual comparison of all twin hole pairs in vertical sections. This analysis indicates that, qualitatively, the two drilling programs are identifying the ore zone at the same depth with the same thickness and grade. The author conducted a two-tailed t-test analysis for ore zone length, average silver grade, and average gold grade. The null hypothesis assumed that the average difference between paired twin holes is equal to zero, implying no bias between the results of the two drilling programs. None of the analyses indicated a statistically significant difference between the two programs at the 95 percent confidence interval. While both of these campaigns lacked quality control programs consistent with current standards, PAH believes that these data are acceptable for use in this resource estimate. This is due to the high level of consistency between the two data sets with respect to grade and ore zone thickness.

US Gold provided the author with copies of the assay certificates. The author compared these certificates against the reported values in the drill hole database for approximately ten percent of the drill holes. The author observed good agreement between the certificates and the drill hole database.

As previously noted, the author validated only a sample of the data. The process was aimed at identifying systematic errors or bias in the database. Consequently, some errors may exist in the database that this validation process did not identify.

15.0 ADJACENT PROPERTIES

There are no significant adjacent properties to the Palmarito Project with “adjacent” defined by NI 43-101 guide lines. The Magistral Mine that is also owned by US Gold and is located 7.5 miles (12 km) from the project area. US Gold is currently evaluating the economics of resuming production with a particular focus on capital costs and timing. The Magistral Mine has produced approximately 70,000 ounces of gold and has a measured and indicated resource estimate of 541,000 ounces of gold. This resource estimate was provided in a NI 43-101 Technical Report authored by PAH in September 2006.

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Preliminary metallurgical and mineralogical test work (Lyntek Inc., 1996) was previously undertaken to characterize the Palmarito silver and gold mineralization. The study was undertaken on a composite sample assaying 4.68 opt silver and 0.013 opt gold (160.5 gpt Ag and 0.4 gpt Au). The composite sample was prepared from several reverse circulation drill holes.

The bench-scale test-work included chemical analyses of feed material, assay by size of feed, gravity concentration and magnetic separation of sized material, cyanide shake, and bottle roll cyanide tests. Selected products from the metallurgical tests were investigated mineralogically to determine the silver-gold bearing minerals.

The test results indicate the following:

1. The host rock is predominantly quartz and feldspar with a minor amount of hematite.
2. Silver distribution is directly proportional to weight in the various size fractions. However, gold tends to concentrate in the fine fractions.
3. Gravity tests on various size fractions did not tend to concentrate silver-gold in the heavies (concentrate fraction). This indicates poor liberation of silver even in the fine fractions.
4. Removal of magnetic material from gravity concentration fractions did upgrade the product slightly (from 10.16 opt Ag to 13.37 opt Ag [348.3 gpt Ag to 458.4 gpt Ag]) but 10 to 30 percent of the silver was lost in the magnetic fraction. This may be due to poor liberation.
5. Bottle roll cyanide test on minus 10 mesh feed extracted 53 percent of the silver. Recovery by the size data indicated higher silver recoveries from the fine fraction.
6. Mineralogical studies indicated that the main silver-bearing mineral is the chlorargyrite followed by argentine jarosite and native silver. Argentine jarosite is refractory to cyanide leach. Native silver and chlorargyrite particles rimmed with goethite were also observed in the microscope study. Evaluation of leach residue indicated the presence of argentine jarosite only which accounts for the poor extraction of silver in the bottle roll test.
7. Bottle roll cyanide tests on minus 10 mesh feed extracted 78.4 percent of the gold. Gold recovery in size fractions (45 to 93 percent) confirm earlier test work by Kappes Cassidy and Mountain States International. A projected gold recovery of +/- 90 percent at a finer grind size is based on this data.

A new metallurgical testing program was undertaken by SGS Mineral Services in Lakefield, Ontario and Durango, Mexico in 2008 to better understand the mineral composition of Palmarito ore and the test

alternative recovery processes. SGS's QemSCAN was used to perform a particle map analysis and a trace mineral search. SGS's lab in Durango, Mexico performed test work on five separate core samples obtained from various parts of the Palmarito ore body. Bottle-roll tests to determine the amenability of cyanide leaching and thiosulphate leach test were conducted. Floatation was also extensively tested under different conditions.

SGS' 2008 testing revealed the following:

1. Samples with predominantly larger mineral grains and higher-grades were much more amenable to both cyanide leach and floatation.
2. Samples with predominantly fine grains had a significant fraction that was locked in Fe-oxides and silicate minerals.
3. Average silver and gold recoveries from bottle roll tests (80 percent passing -200 mesh) were 59 percent and 89 percent, respectively.
4. Two of the five core composite samples tested achieved reasonable silver and gold recoveries from bulk floatation and cyanidation of floatation concentrates. Recoveries for these two samples, with average head grade of 419 grams per tonne (gpt) silver and 0.65 gpt gold, averaged 71.8 percent for silver and 71.6 percent for gold.
5. Three of the five core composite samples did not achieve favorable silver or gold recoveries from bulk floatation and cyanidation. Recoveries for these three samples, with average head grade of 242 gpt silver and 0.15 gpt gold, averaged 14.5 percent for silver and 62.6 percent for gold.
6. Low recoveries are apparently due to encapsulation of small silver mineral grains in Fe-oxides (primarily hematite), quartz, galena, sphalerite, calcite and chlorite.
7. Recovery of lead and zinc in all tests were extremely low.
8. Thiosulphate leaching was not effective.

Recent mineralogical testwork by SGS had several differences from previous work most notably that the dominant form of silver observed by electron microprobe was argentine with minor amounts of native silver and trace amounts of chlorargyrite, not dominantly chlorargyrite as observed in previous tests.

The most important conclusion was the distinction between higher-grade mineralization that generally contained larger mineral grain and recovered well by conventional means, and lower-grade mineralization that generally contained small mineral grains and did not recover well due primarily to encapsulation. Further metallurgical work would be required to determine how this affects the cut-off grade in an economic mining scenario.

17.0 RESOURCE ESTIMATE

The geologic resources for Palmarito are partitioned into three categories: 1) In Situ, 2) Dump and 3) Tailings. The in situ resources consist of the material undisturbed by past mining activity. The Dump resources consist of material that was mined in the past, but not processed. Furthermore, this material currently resides in waste piles proximal to the old mine workings at Palmarito. The Tailings resources are the tailings from the previous processing operations at Palmarito. This material currently resides in a dry tailings pond south of the old mine workings. Where appropriate, the following discussion of the resource estimate for Palmarito will address the in situ, dump and tailings resources separately.

17.1 *Topography*

There are two sources of topographic data used to estimate the resources for Palmarito. The first is an aerial survey of the entire project site. The second is a ground survey of the waste dumps.

Aerial photography and photogrammetry of the project area was completed by Cooper Aerial Survey (Tucson, AZ) in June 1995 for Lluvia del Oro using fixed stations as control points for the aerial survey. Topographic and cadastral data was provided to Lluvia del Oro as AutoCAD files and in a variety of ASCII text formats.

The dumps were surveyed in August 2008 by Geotopografia y Construcción (Guasave, Sinaloa, Mexico). A total of 320 points were surveyed using a geodesic Trimble 5800 GPS. These points were used to create the dump topographic map using Civil CAD software.

17.2 *Drill Hole Database*

The in situ, dump and tailings resource estimates are based on two drill hole databases provided to PAH by US Gold. The first database contains core, reverse circulation and Conventional Rotary Percussion (CRP) drill holes. The core and reverse circulation holes were used mostly for the in situ resource estimate; however, some were collared in the dump material. As a result, the dump intercepts of these holes were used to model the Dump material. The CRP holes were used exclusively for modeling the tailings resources. The second database contains data for pits excavated within the dump resources. Consequently, this data was used exclusively for the Dump resource estimate. Tables 17-1, 17-2, and 17-3 summarize the drill hole statistics for the data used to model the in situ, dump and tailings resources, respectively.

Examination of the silver and gold assay data show that, like most metal deposits, the sample distributions are highly skewed positive. The low grade samples of no practical economic interest dominate the distribution and this complicates one's ability to study and model the higher grades. Evaluating these distributions using the natural logs of the metal grades alleviates their skewness to an extent where the structure of the higher grades can be studied. Figures 17-1 and 17-2 illustrate this

TABLE 17-1**US Gold Corporation****Technical Report, Palmarito Deposit****In Situ Drill Hole Data - Basic Statistics**

Number of Core Holes	27
Number of RC Holes	104
Meters of Core	3,614
Meters of RC	10,337
Average Hole Length (m)	107
Minimum Depth (m)	20
Maximum Depth (m)	330
Meters of Total Drilling	13,951
Average Sample Length (m)	1.6
Number of Sampled Intervals	8,424
Total Meters Sampled	13,181
Average Silver Grade (g/t)*	15
Minimum Silver Grade (g/t)	0.03
Maximum Silver Grade (g/t)	989
Average Gold Grade (g/t)*	0.0582
Minimum Gold Grade (g/t)	0.0025
Maximum Gold Grade (g/t)	70

Note: Sample statistics exclude intercepts within the Dump

*weighted by sample length

TABLE 17-2**US Gold Corporation****Technical Report, Palmarito Deposit****Dump Drill Hole Data - Basic Statistics**

Number of Core Holes	4
Number of RC Holes	21
Number of Pits	27
Meters of Core	160
Meters of RC	1,180
Meters of Pits	117
Average Hole Length (m)	28
Minimum Depth (m)	4
Maximum Depth (m)	110
Meters of Total Drilling	1,457
Average Sample Length (m)	2.6
Number of Sampled Intervals	84
Total Meters Sampled	217
Average Silver Grade (g/t)	192
Minimum Silver Grade (g/t)	1.20
Maximum Silver Grade (g/t)	1,170
Average Gold Grade (g/t)	0.31
Minimum Gold Grade (g/t)	0.03
Maximum Gold Grade (g/t)	1.68

Note: Sample statistics exclude intercepts within the in situ material

*weighted by sample length

TABLE 17-3
US Gold Corporation
Technical Report, Palmarito Deposit
Tailings Drill Hole Data - Basic Statistics

Number of Blast Holes	232
Meters Drilled	1,378
Average Hole Length (m)	5.9
Minumum Depth (m)	1
Maximum Depth (m)	27

Average Sample Length (m)	5.9
Number of Sampled Intervals	232
Total Meters Sampled	1,378
Average Silver Grade (g/t)	50
Minimum Silver Grade (g/t)	0.25
Maximum Silver Grade (g/t)	270
Average Gold Grade (g/t)	0.0634
Minimum Gold Grade (g/t)	0.0025
Maximum Gold Grade (g/t)	0.4990

*weighted by sample length

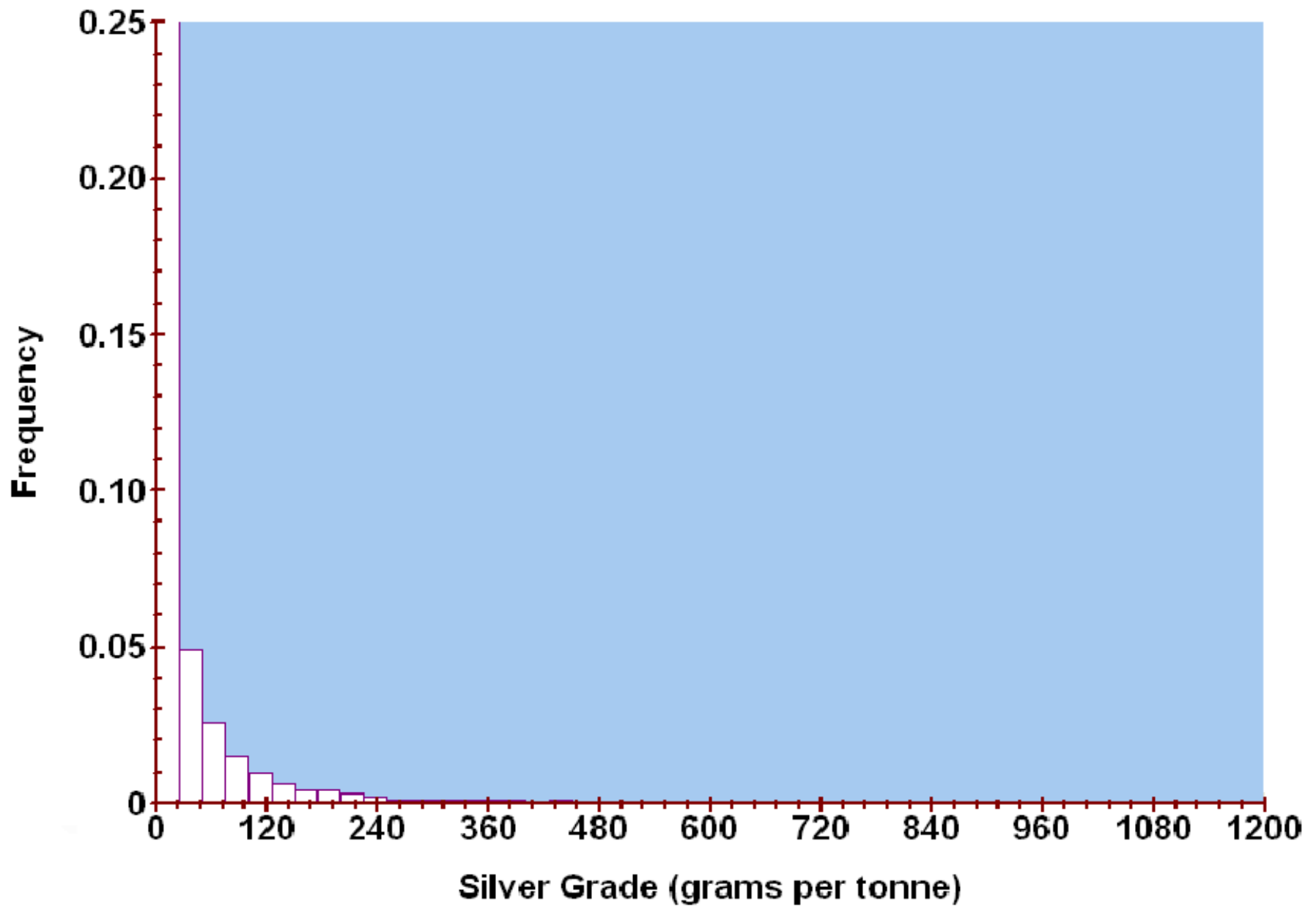
point. Figure 17-1 displays the silver grade distribution for drill hole samples within the in situ material using a normal scale. It is difficult to resolve any structure of this distribution at grades of economic interest (>10 Ag g/t). Figure 17-2 displays the same data, but uses a natural log scale. Now the character of the distribution at higher grades is revealed. PAH's modeling efforts rely heavily on evaluating silver and gold grades using their natural logarithms.

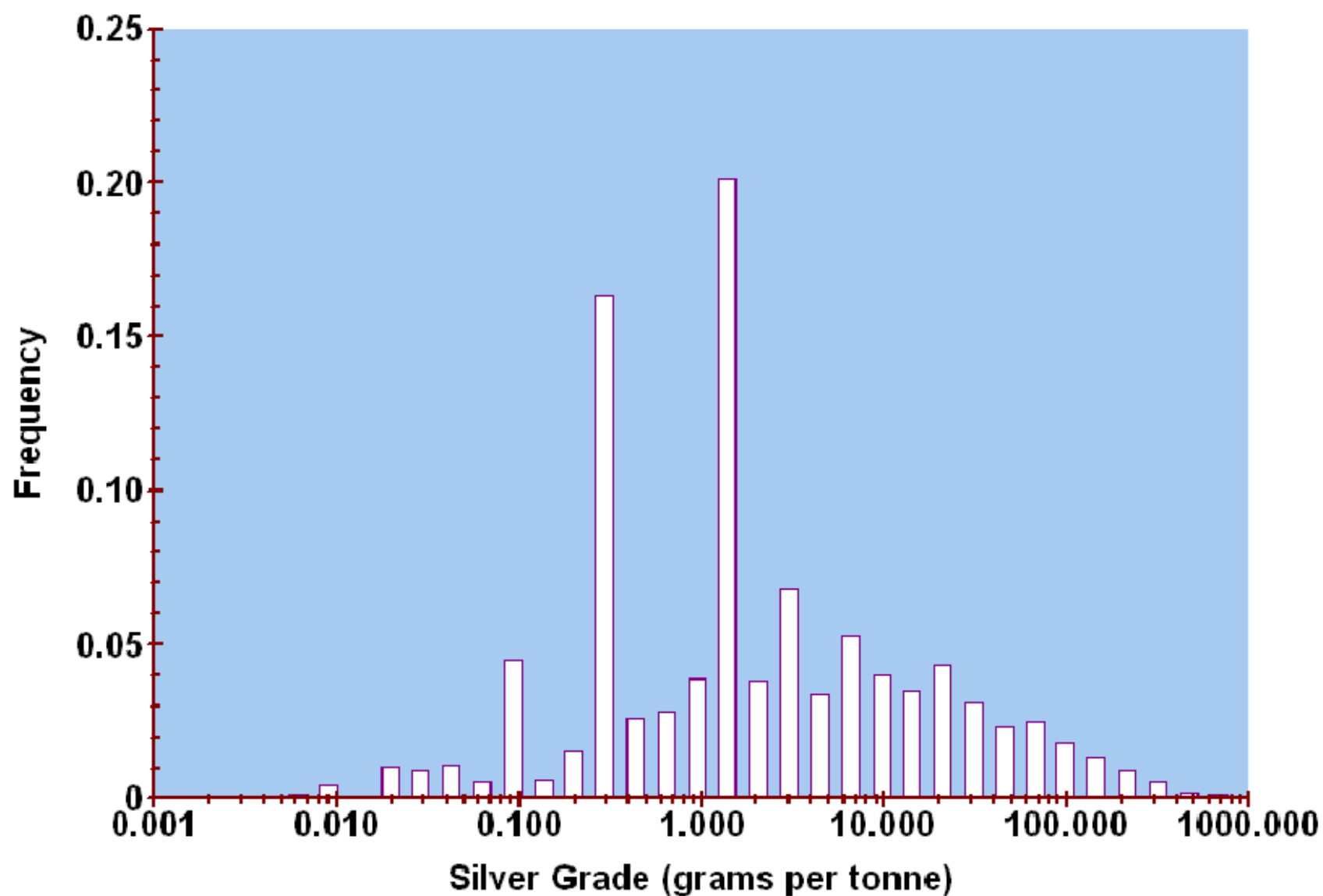
17.3 Definition of Model Domains

For the in situ, dump and tailings material, PAH has defined finite volumes which restrict the bounds of the resource estimates. These finite volumes are referred to as domains. The following is a description of PAH's methods for defining these domains in each material type.

17.3.1 In Situ Domains

For the in situ material, PAH generated domains intended to restrict grade interpolation to a thin tabular zone defined by the drill holes. The top and bottom contact of the domain was interpreted along a series of vertical sections that run parallel to the local dip direction of the deposit. The contacts were drawn to approximate the 10 grams (0.32 troy ounces) silver per tonne limit of the mineralized zone. The grade limit of 10 grams (0.32 troy ounces) silver per tonne was chosen for two reasons: It represents a natural statistical break in the drill hole data (see Figure 17-2), and it is just below those grades thought to be of economic interest. These contacts were then interpreted on 10 meter (32.8 feet, spaced plan views with the assistance of the drill hole grades and the sectional interpretations. This resulted in contour maps of the top and bottom of the mineralized zone. Surface triangulations for each were created then stitched into a three dimensional solid. Where the deposit is open (typically down-dip), PAH has extrapolated the





domain 150 meters (492.1 feet) beyond the drill hole data maintaining the domain's thickness and orientation. Note: Further constraints are applied to the extrapolation of the resource estimate by the search ellipse. This is described in section 17.5, below.

The three dimensional solid is a tabular zone of variable thickness, which takes the shape of a folded antiform that plunges to the northeast. This shape introduces a problem for grade modeling and variography. Using Gems®, one cannot set search parameters for either case that can "see around corners." PAH attempted to unfold the model space to mitigate this problem, but ultimately was not satisfied with the results. Instead, the solid was partitioned into three separate domains to be modeled separately. These domains are referred to as North Limb, Nose and South Limb. Figure 17-3 illustrates these domains.

17.3.2 Dump Domains

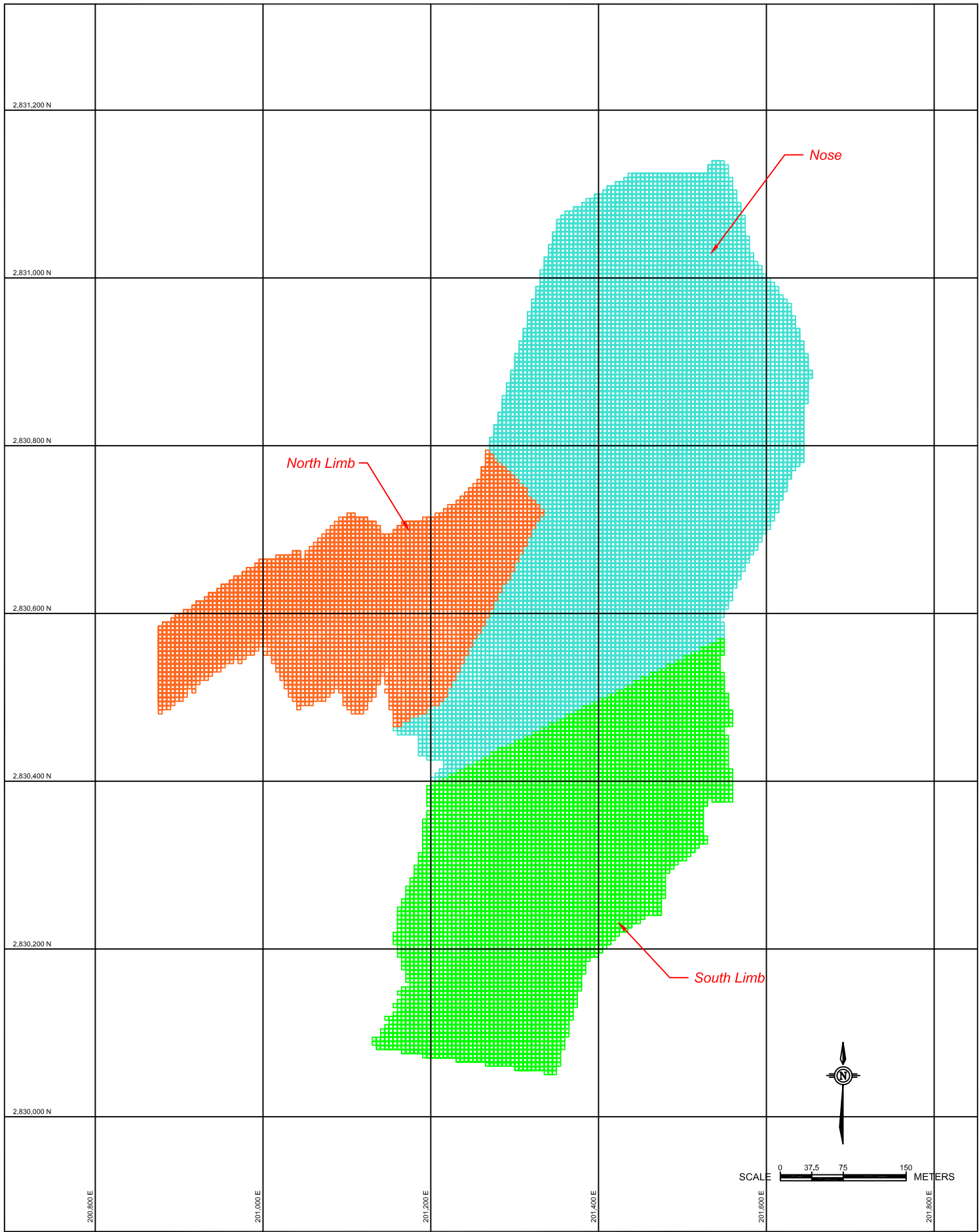
As described above, a detailed survey of the Dump material was conducted in 2008 and a topographic map was produced from this survey. After studying this topographic map, PAH concludes that the dump material was deposited in a series of six lifts. PAH deems it likely that each lift represents waste material from a discreet episode of historic mining. Another possibility is that these lifts were used to segregate different grades of material. In either case, PAH cannot conclude that the silver and gold content of one lift is representative of the others. As a result, PAH constructed a domain around each individual lift as shown in Figure 17-4.

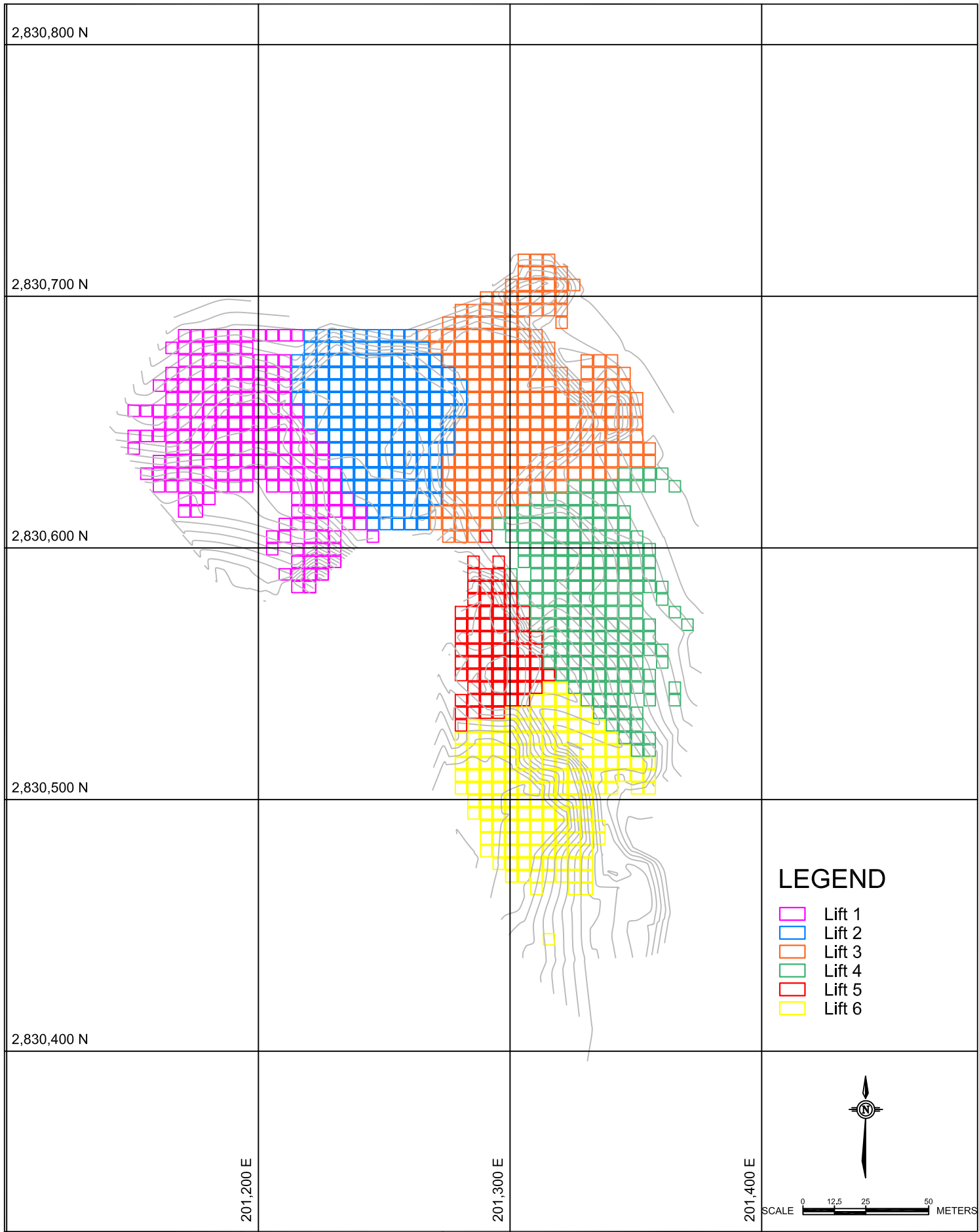
Aside from the boundaries between lifts, PAH established the top, bottom and the horizontal boundaries of the Dump material. The top of the Dump is defined by the topographic map referenced in the previous paragraph. The horizontal limits of the Dump material are defined by the limits of the survey. The bottom of the Dump was interpreted by PAH. This was done using information from the drill hole databases and the topographic map of the greater project area. In general, the Dump bottom accounted for the dimensions of the pits and drill holes that intercepted the dump material. Also the overall shape of the Dump bottom was designed to mimic the natural grade of the surrounding hillside.

17.3.3 Tailings Domains

Two domains were defined for the Tailings material. Analysis of the sample grades for the Tailings material indicate two populations, a high grade and a low grade. PAH created two domains to separate high grade tailings from low grade tailings. In plan view, PAH interpreted a boundary between CRP holes above and below a silver grade of 40 grams per tonne (See Figure 17-5). Only the CRP holes drilled in 2008 were used for this exercise for reasons described in Section (Data Validation Section).

PAH also established the top, bottom and horizontal boundaries of the Tailings material. The top of the Tailings material is defined by the project topographic map. The bottom of the tailings material was interpreted by PAH as a surface triangulation connecting the bottoms of the CRP holes. For the most part, this surface uses the 2008 series of CRP holes. However, where no 2008 holes exist, the surface uses the 1976 series holes. The horizontal boundary was also interpreted PAH through analysis of the

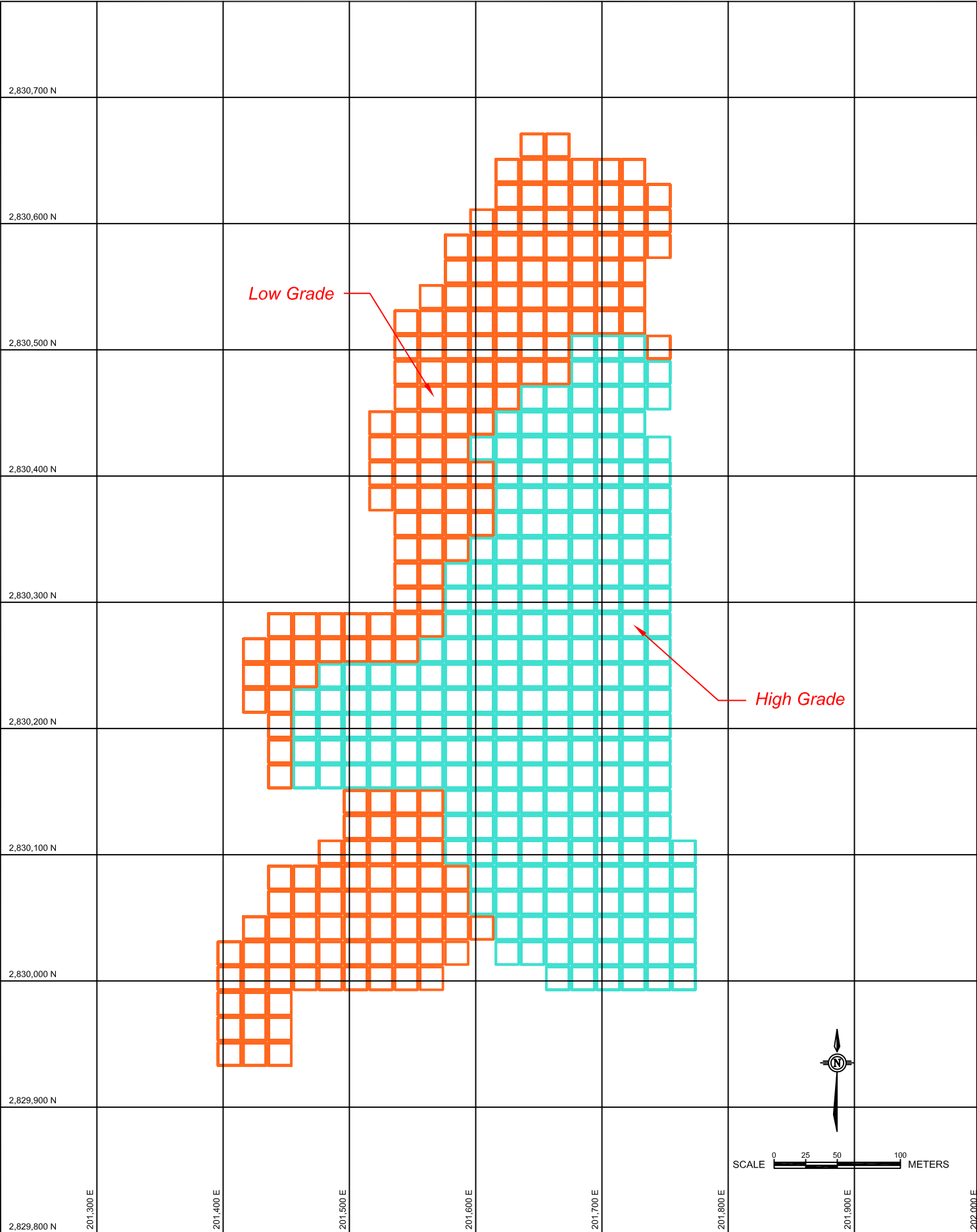




LEGEND

- Lift 1
- Lift 2
- Lift 3
- Lift 4
- Lift 5
- Lift 6





project topography. This analysis indicates that the tailings pond takes the shape of a lobe which extends beyond the CRP holes to the southeast. This lobe appears to go beyond the topographic data. PAH interpreted the boundaries of this lobe to the end of the topographic data and used it as the horizontal boundary of the tailings material.

17.4 *Compositing*

17.4.1 In Situ Composites

Prior to grade modeling, the silver and gold assay sample data from drill hole intercepts of in situ material were composited. This was done to normalize the sample lengths. The compositing logic is as follows:

1. Composite length is 5 meters (16.4 feet).
2. Composite lengths are measured down-the-hole.
3. Composites begin at the top of the in situ domain (see Section 1.73).
4. Final composite for a given hole is typically truncated by the bottom of the mineralized envelope.
5. There is no exclusion or special treatment of truncated composites.
6. Composite grades are calculated as the weighted average by volume of samples within the composite interval.

17.4.2 Dump Composites

Drill holes and pits provide the assay information for the Dump material. For each pit, a single composite sample was taken representing the grade of the full depth of the excavation. For these samples, no further compositing was done. The drill hole samples were composited to the full length of the dump intercept for each hole. This was done to remain consistent with the pit samples. As with the in situ composites, the composite grades for these drill holes were calculated as the weighted average by volume of samples within the composite interval.

17.4.3 Tailings Composites

Similar to the pit samples for the dump material, a single composite sample was taken for each CRP hole drilled in the tailings material. These composite samples represent the grade of the full length of the CRP hole. No further compositing was done for these samples.

17.5 *Block Model*

For each material type, a three dimensional block model was created in GEMS® mining software. The geometry of these block models are detailed in Table 17-4.

TABLE 17-4
US Gold Corporation
Technical Report, Palmarito Deposit
Block Model Geometries

In Situ Model	X	Y	Z
Origin (southwest-top corner)	200,850	2,829,940	235
Block Size (meters)	5	5	5
Number of Columns	186		
Number of Rows	240		
Number of Levels	87		
Number of Blocks	3,883,680		
Dump Model	X	Y	Z
Origin (southwest-top corner)	201,138	2,830,412	150
Block Size (meters)	5	5	2
Number of Columns	50		
Number of Rows	65		
Number of Levels	16		
Number of Blocks	52,000		
Tailings Model	X	Y	Z
Origin (southwest-top corner)	201,335	2,829,892	130
Block Size (meters)	20	20	0.5
Number of Columns	25		
Number of Rows	4		
Number of Levels	100		
Number of Blocks	10,000		

17.6 *Grade Modeling*

The composited assay data for the drill holes and pits were used to populate the block models with silver and gold grades. In all cases, the silver and gold grades were transformed to their natural logarithms prior to grade interpolation. The interpolation algorithms assigned natural logarithm values for silver and gold to the blocks. PAH applied the exponential function (e^x) to the interpolated natural log values of the blocks to yield “untransformed” silver and gold grades.

PAH’s use of natural logarithms during the modeling process is intended to mitigate problems that arise from highly skewed distributions. As discussed previously, the silver and gold distributions at Palmarito are highly skewed positive, where the lowest and highest grades differ by several orders of magnitude. Modeling such distributions with linear interpolation algorithms, such as ordinary kriging and IDP (inverse distance to a power), give disproportionate influence to the highest grades. Transforming these distributions using the natural logarithm function significantly reduces the skewness. When linear interpolation is then applied using the transformed, the resulting block grade distributions are more consistent with PAH’s understanding of the Palmarito deposit.

17.6.1 Variography of In Situ Data

PAH conducted a variography analysis of the silver grades in the in situ material. This was done to assess the possibility of using ordinary kriging for modeling silver grades, define semi-variogram models to be used with ordinary kriging and establish search ellipse parameters to be used during modeling.

All composites were analyzed together to establish the down-hole semi-variogram. This semi-variogram shows a clear structure. PAH fit a spherical model to it and interpreted from that model a 0.25 nugget effect for the entire deposit.

Within each domain, PAH generated directional semi-variograms along several orientations. From these, a primary axis of continuity was picked for each domain. The semi-variograms for the primary axes all showed sufficient structure that they could be modeled for use in ordinary kriging. To each, PAH fit spherical models that maintained a nugget effect of 0.25 as described above.

Semi-variograms were then generated in several directions normal to the primary axes, from which the secondary axes of continuity were picked. The structures of the semi-variograms for the secondary axes were less pronounced. To each, a spherical model was fit, again maintaining a nugget effect of 0.25 and also having a sill value consistent with the respective primary semi-variogram model.

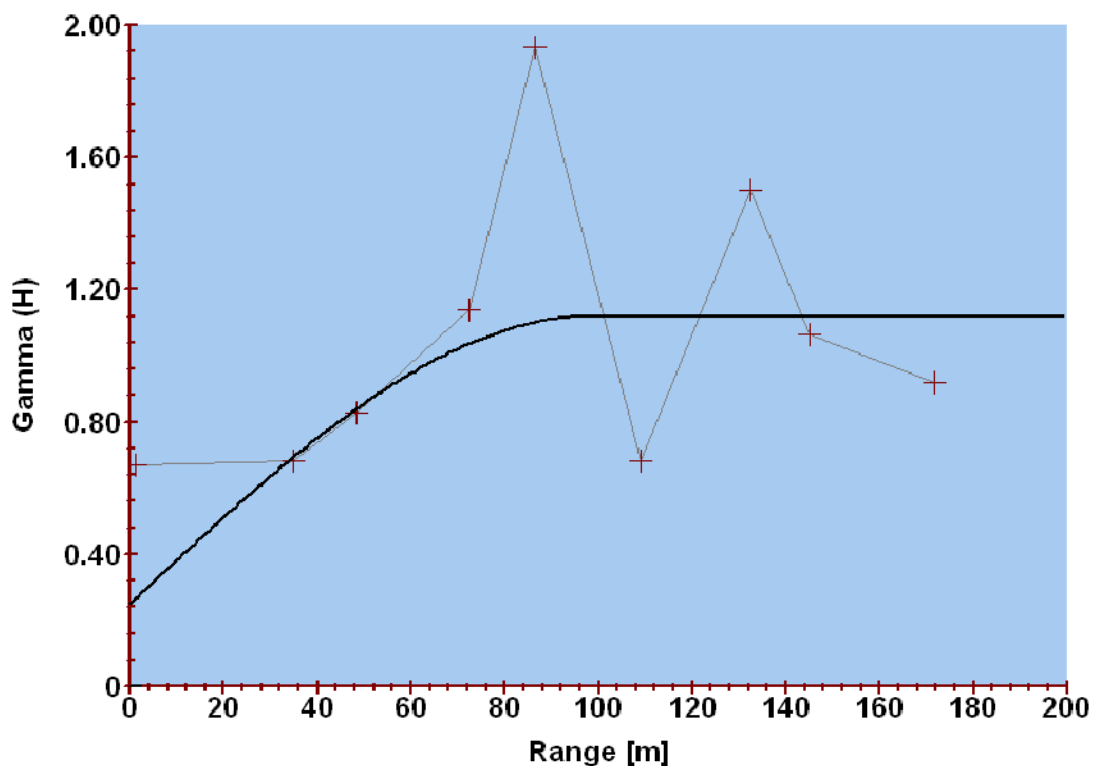
By default the tertiary axis of continuity is normal to both the primary and secondary axes. As should be expected, this axis is normal to the orientation of the tabular ore body. PAH elected to use a single range for all domains. A single semi-variogram was defined for the tertiary axis of all domains. To this, a spherical model was fit using a nugget effect of 0.25. The resulting model has a range of 22 meters. Figures 17-6 through 17-9 display the calculated semi-variograms and their associated models. These models define the search parameters used during grade interpolation. These are listed in Table 17-5.

TABLE 17-5
US Gold Corporation
Technical Report, Palmarito Deposit
In Situ Search Parameters

Axis	Parameter	Domain		
		North Limb	Nose	South Limb
Primary	nugget	0.25	0.25	0.25
	total sill	1.12	1.18	0.79
	range (m)	98.28	88.66	170.00
	azimuth (°)	280.00	60.00	125.00
	dip (°)	-44.00	-36.00	-30.00
Secondary	nugget	0.25	0.25	0.25
	total sill	1.12	1.18	0.79
	range (m)	98.00	75.00	90.00
	azimuth (°)	40.00	0.00	35.00
	dip (°)	-27.00	19.90	-0.01
Tertiary	nugget	0.25	0.25	0.25
	total sill	1.12	1.18	0.79
	range (m)	22.00	22.00	22.00
	azimuth (°)	149.80	109.00	125.00
	dip (°)	33.30	42.20	60.00

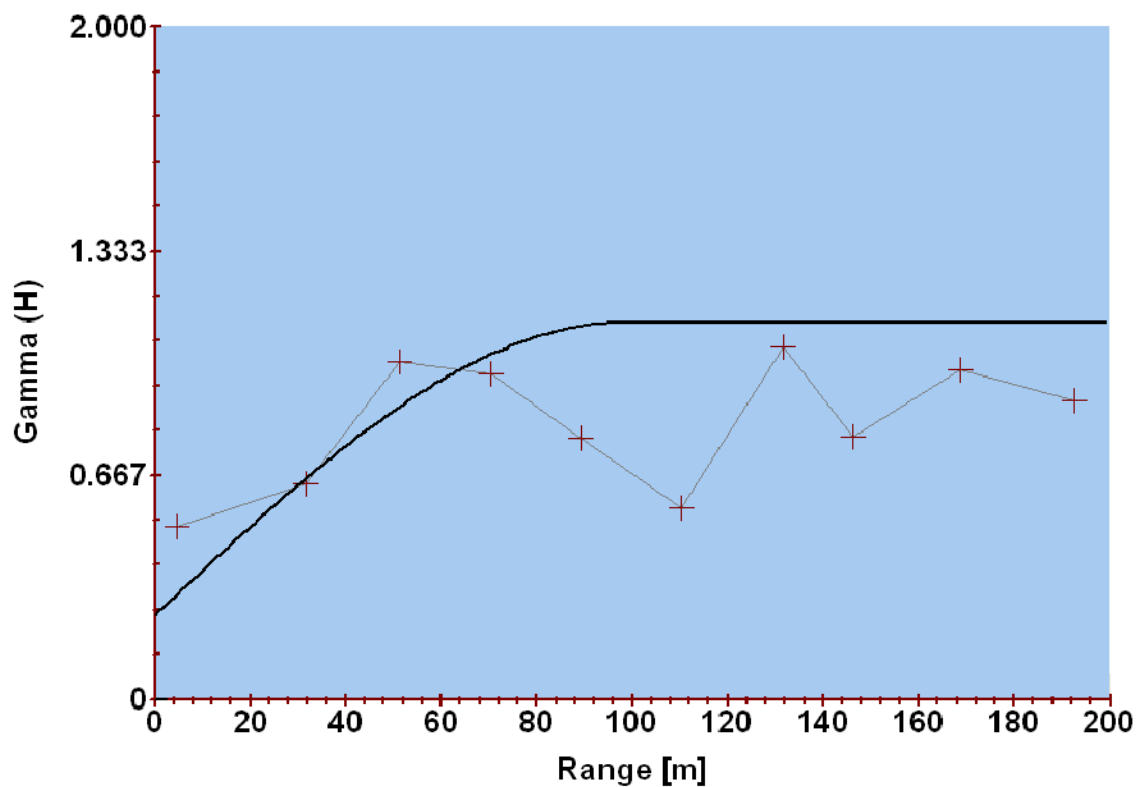
North Limb Primary

Az 280, Dip -44



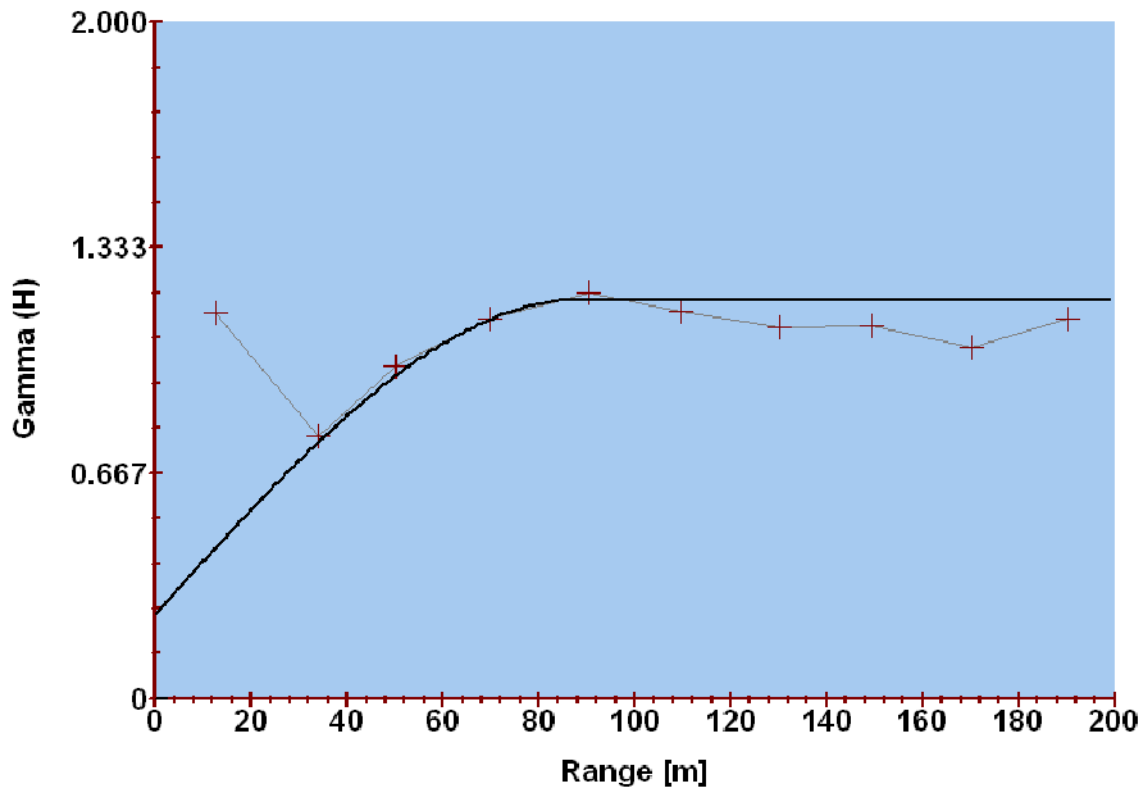
North Limb Secondary

Az 40, Dip -27.4



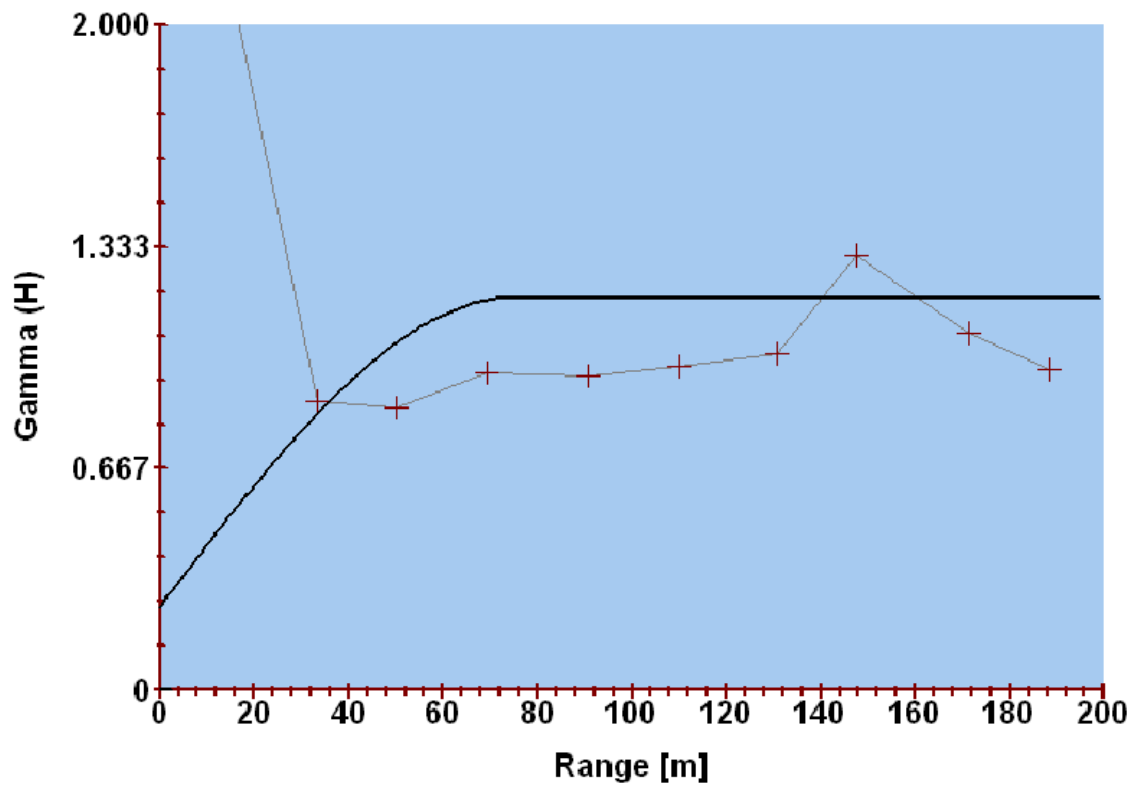
Nose Primary

Ax 60, Dip -36



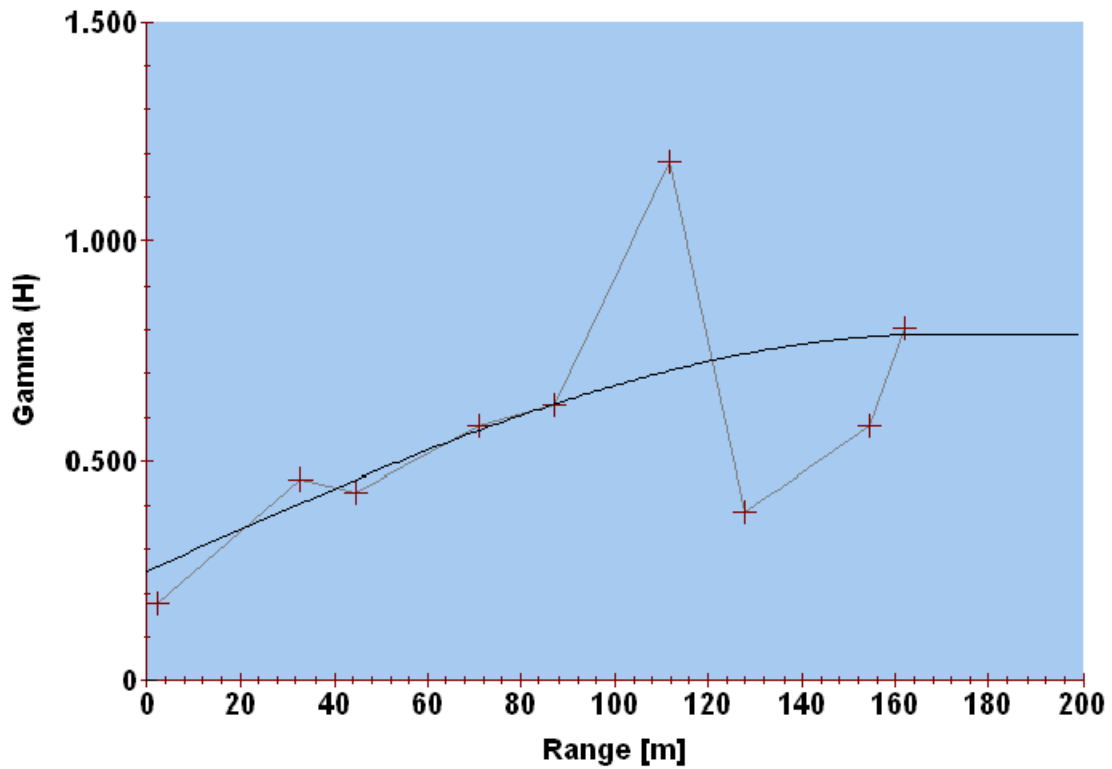
Nose Secondary

Az 0, Dip 19.9



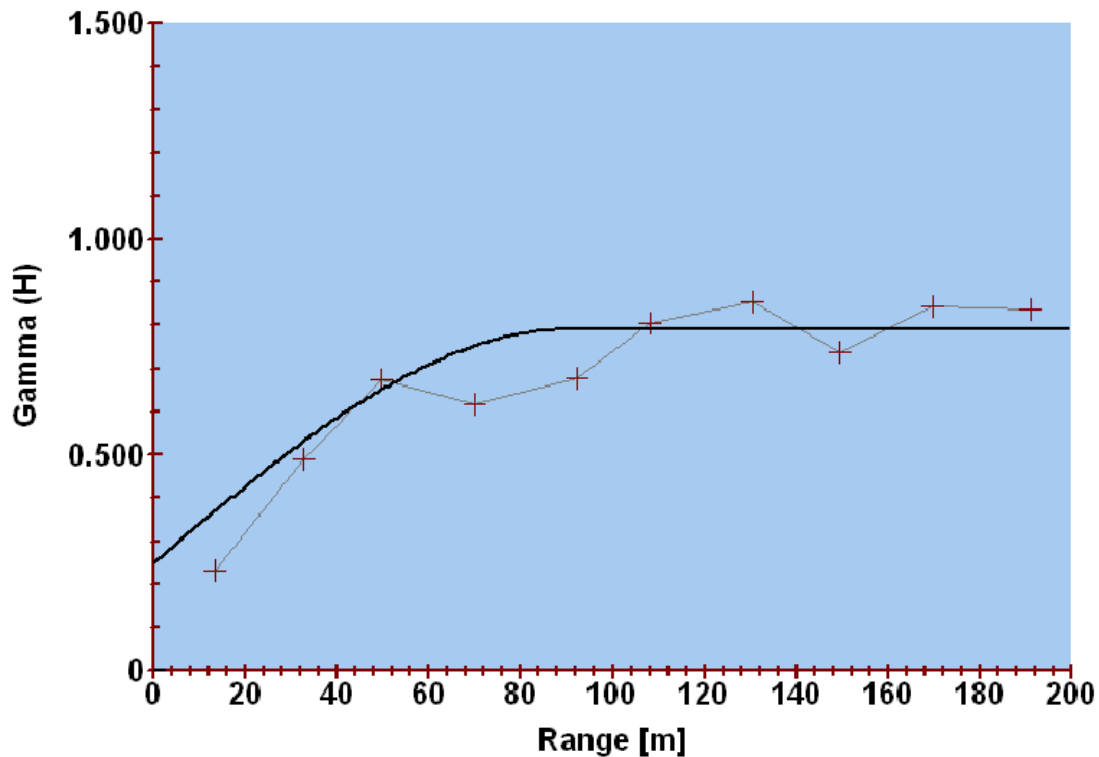
South Limb Primary

Ax 125, Dip -30



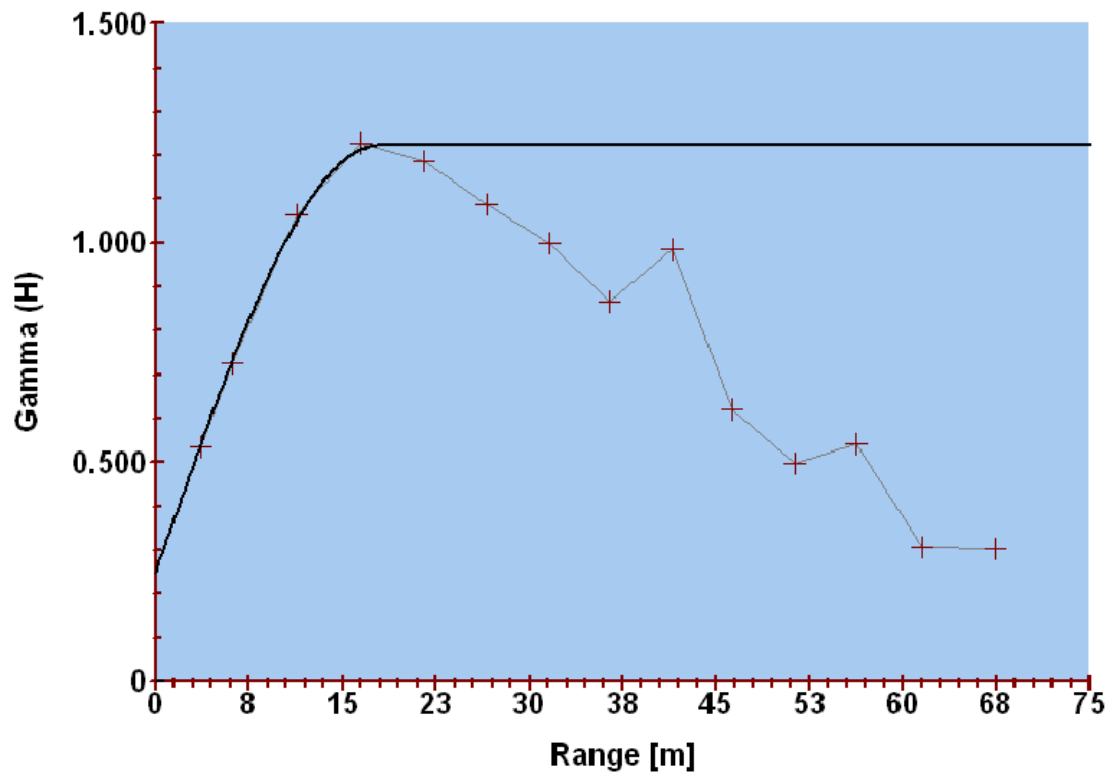
South Limb Secondary

Az 35, Dip -0.1



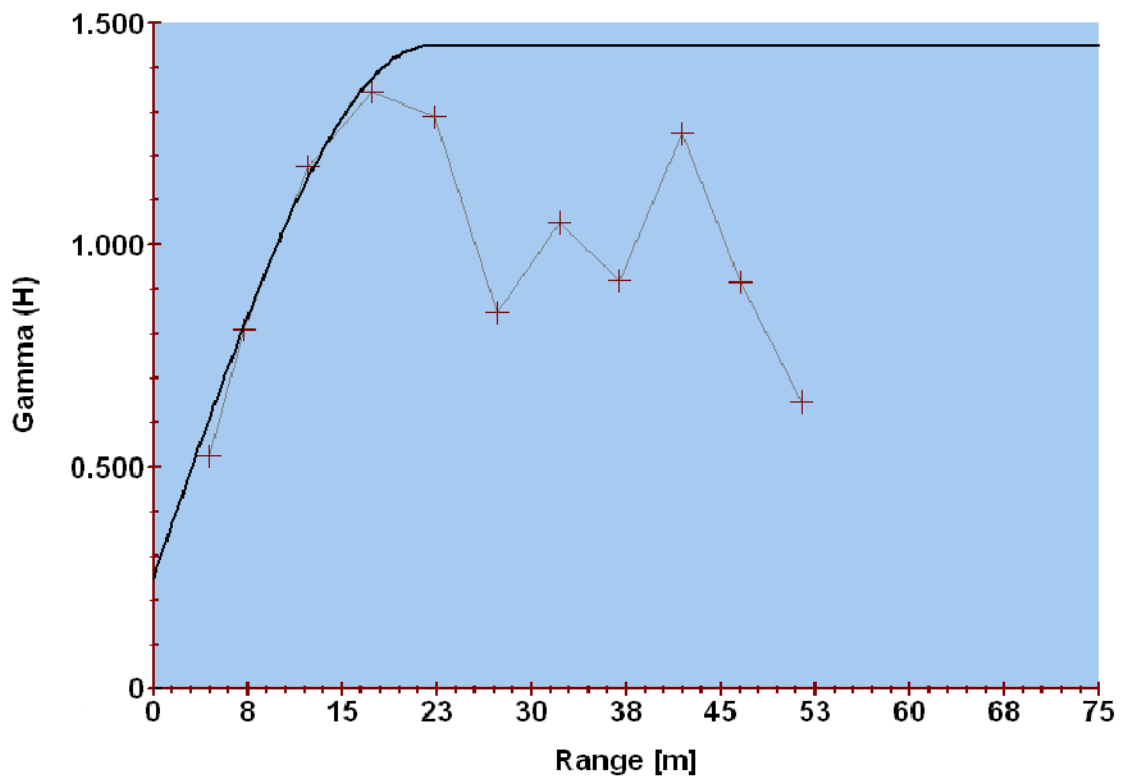
All Domains

Down Hole



All Domains Tertiary

Normal to Local Deposit Dip



17.6.2 In Situ Grade Modeling

Grade modeling for the in situ material is restricted to those blocks that are at least partially within the mineralized domains (defined in Section 17.3.1). Each block is assigned a percentage value representing the percent of the block within the domains. Only blocks with a percentage value greater than zero qualify to receive an interpolated silver and gold grade.

Blocks were then tagged with a code representing in which of the three domains (North Limb, Nose, and South Limb) they are found. This tag dictates the search parameters used by the block during grade interpolation. These domains are not treated as hard boundaries with respect to the composite data.

PAH interpolated the silver grade for qualifying blocks using ordinary kriging and the composite data. The semi-variogram models and search ranges used for each domain are consistent with those listed in Table 17-5, above. Any qualifying block with at least one composite in its search ellipse receives a silver grade. A block is limited to only the closest 12 composites during interpolation. Note, because the domains are not treated as hard boundaries, composites outside of the bounds of a given domain may influence the grade of a block within those bounds.

PAH interpolated the gold grade for qualifying blocks using the ID2 (inverse distance to the 2nd power) interpolation algorithm. The search ranges and orientations used for the gold model are the same as for the silver model. Any qualifying block with at least one composite in its search ellipse receives a gold grade. A block is limited to only the closest 12 composites during interpolation. As with the silver model, the domains are not treated as hard boundaries.

The drill hole data indicate the some underground workings were encountered. From this data PAH defined a three dimensional solid representing these underground workings. Blocks at least 50 percent within this solid were assigned zero grade and therefore excluded from the resource estimate.

17.6.3 Dump Grade Modeling

Grade modeling for the Dump material is restricted to those blocks that are within the mineralized domains (defined in Section 17.3.2). Only blocks that have at least 50 percent of their volume contained within a domain qualify to receive an interpolated silver and gold grade.

Blocks were then tagged with a code representing in which of the six domains they are found. These domains are treated as hard boundaries during the interpolation process. Consequently, the interpolated grades for a block within a given domain will only be influenced by composites of the same domain.

Both silver and gold grades were interpolated using the same methods. Blocks grades were calculated using the ID2 interpolation algorithm and a spherical search radius of 300 meters (984.2 feet). Any qualifying block with at least one composite in its search ellipse receives a grade. A block is limited to only the closest 12 composites during interpolation.

17.6.4 Tailings Grade Modeling

Grade modeling for the Tailings material is restricted to those blocks that are within the mineralized domains (defined in Section 17.3.3). Only blocks that have at least 50 percent of their volume contained within a domain qualify to receive an interpolated silver and gold grade.

Blocks were then tagged with a code representing which of the two domains they are found in (high grade or low grade). These domains are treated as hard boundaries during the interpolation process. Consequently, the interpolated grades for a block within a given domain will only be influenced by composites of the same domain.

Both silver and gold grades were interpolated using the same methods. Blocks grades were calculated using the ID2 interpolation algorithm and a spherical search radius of 300 meters. Any qualifying block with at least one composite in its search ellipse receives a grade. A block is limited to only the closest 12 composites during interpolation.

17.7 Grade Model Validation

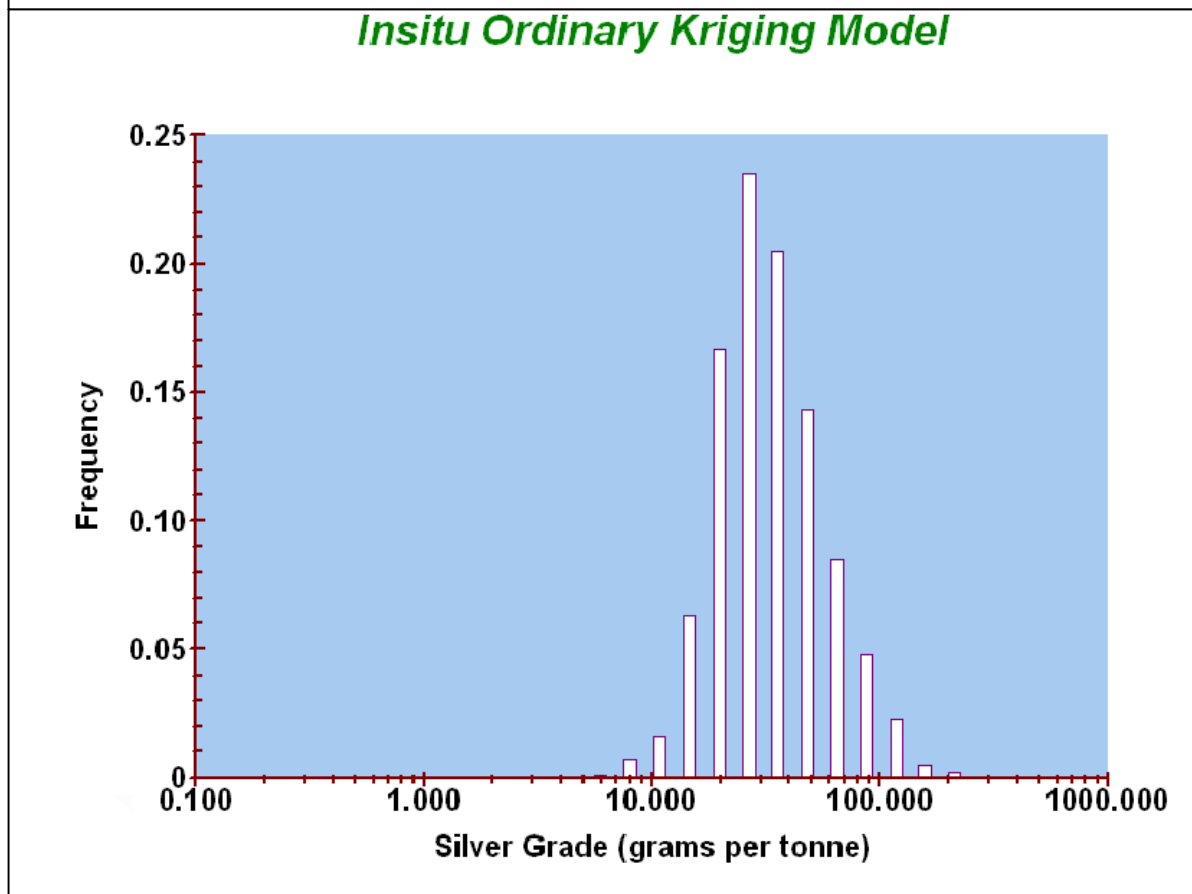
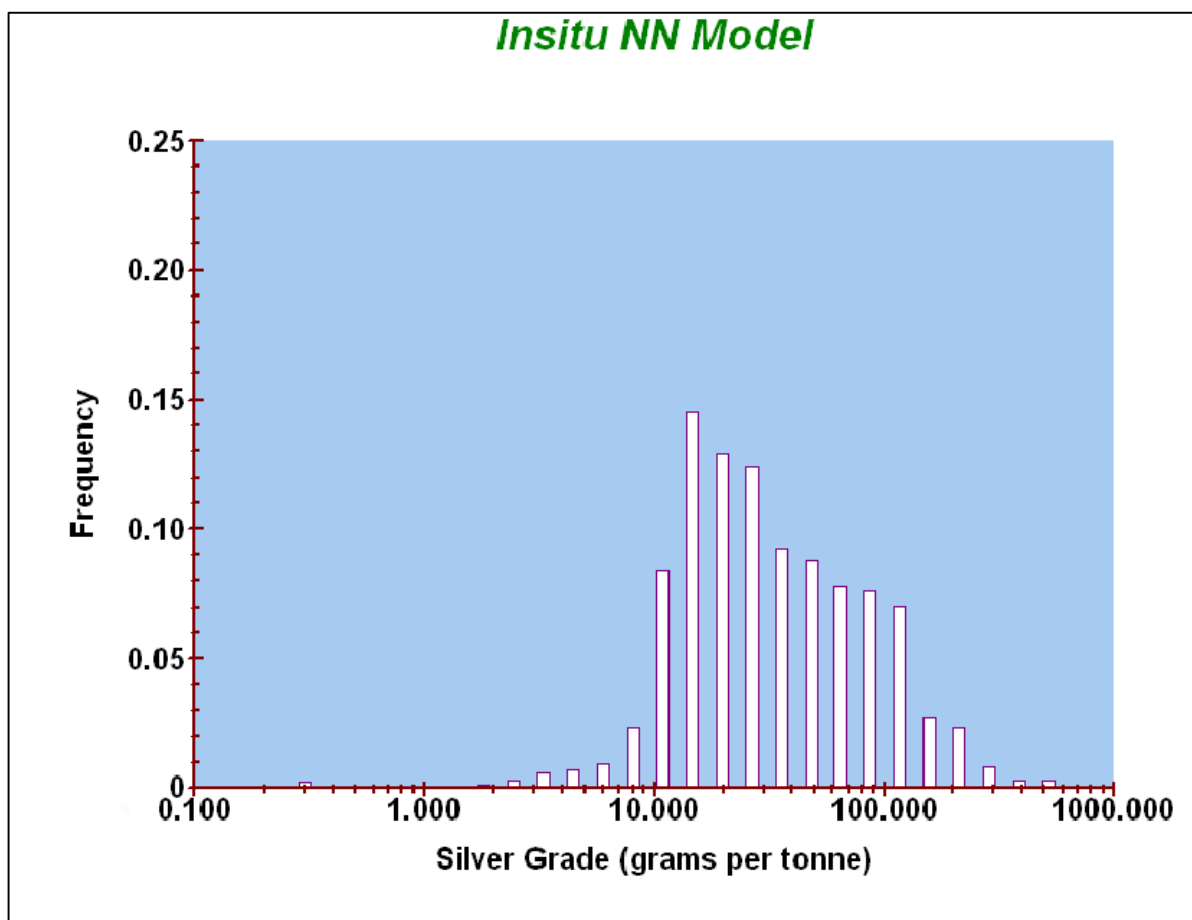
The modeling methods described above are the final result of an iterative modeling process where several methods were explored. The final methods were chosen based on an internal review conducted by PAH. This review was designed to determine if the block grades are a fair and reasonable representation of both the composite data and PAH's understanding of the deposit geology.

17.7.1 In Situ Grade Model Validation

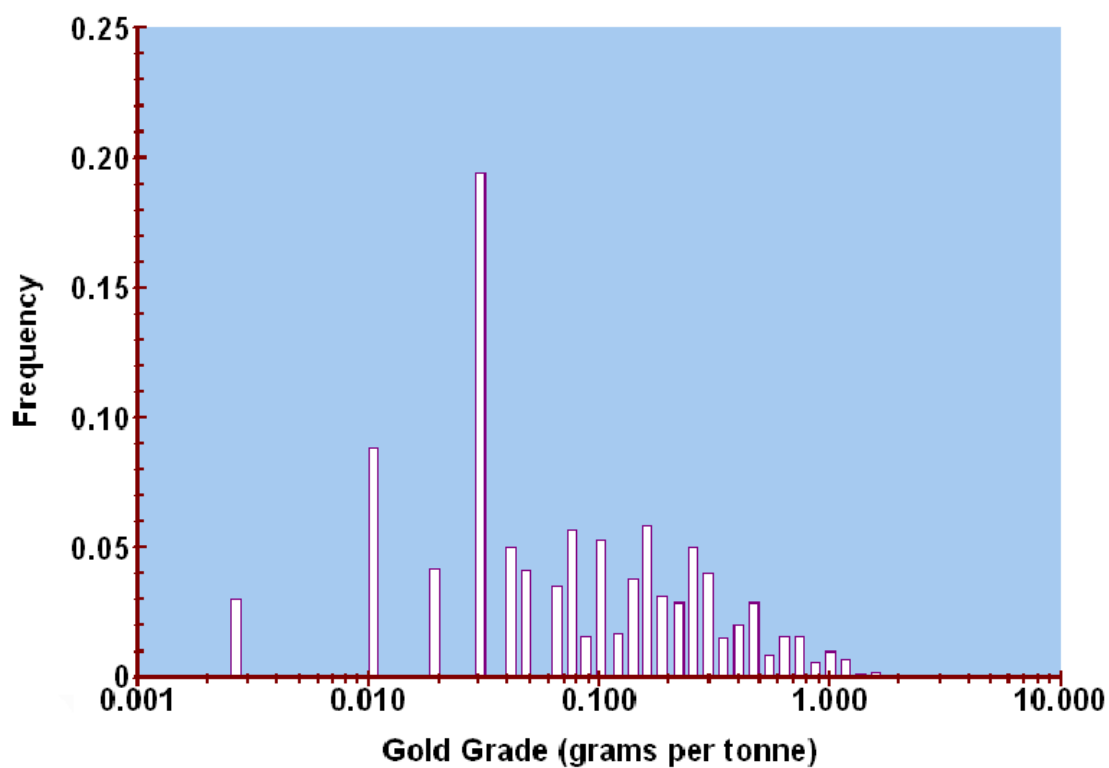
PAH generated nearest neighbor ("NN") models for silver and gold. The NN interpolation method simply assigns a block the same grade as its closest composite. These models are intended to represent the declustered composite data where any bias due to variable sample spacing has been mitigated. The NN interpolation used a spherical search ellipse with a radius of 9,999 meters (328,079.7 feet). For this exercise, only blocks that were previously classified as measured or indicated were assigned a grade in the NN models.

The silver and gold histograms for the resource models and the NN models are shown in Figures 17-10 and 17-11. The histograms for the resource models exclude blocks that are classified as inferred. The resource model distributions have a similar shape to their NN counterparts with a slightly smaller spread. The reduction in spread is an anticipated result of the volume variance between small sample composites and large blocks.

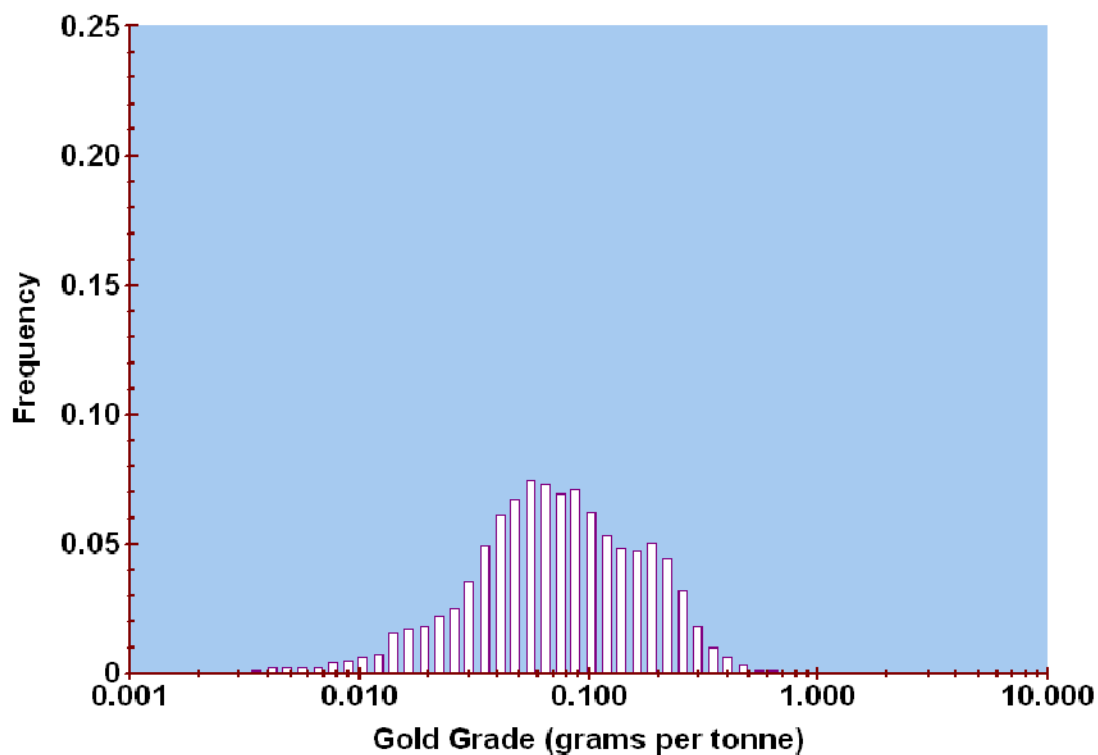
For a more quantitative comparison of these distributions, PAH compared the 95 percent confidence intervals ("95%CI") about their log mean. Calculation of the 95%CI assumes a normal distribution. The highly skewed nature of the silver and lead grades throughout the Palmarito deposit requires some data transformation prior to calculating the 95%CI. PAH chose to use the natural logarithm of the grades to conduct this calculation as it provides a more normal distribution. Table 17-6 shows that the 95%CI of



Insitu NN Model



Insitu ID2 Model



the NN model overlap the log mean of the resource model for both silver and gold. The similarity between the means and the overall shape of these distributions indicate that, at a global scale, the block models are a fair and reasonable representation of the drill hole data.

PAH reviewed the in situ models along sections and compared the interpolated block grades with those of the drill holes. This review is meant to verify that, at a local scale, block and drill hole grades are similar. Figures 17-12 and 17-13 are example sections from this review for silver and gold, respectively. This review indicates that, at a local scale, the block models are a fair and reasonable representation of the drill hole data. Figure 17-14 is a three-dimensional view of the silver grade model.

TABLE 17-6
US Gold Corporation
Technical Report, Palmarito Deposit
In Situ Models - 95% Confidence Intervals about the Log Mean

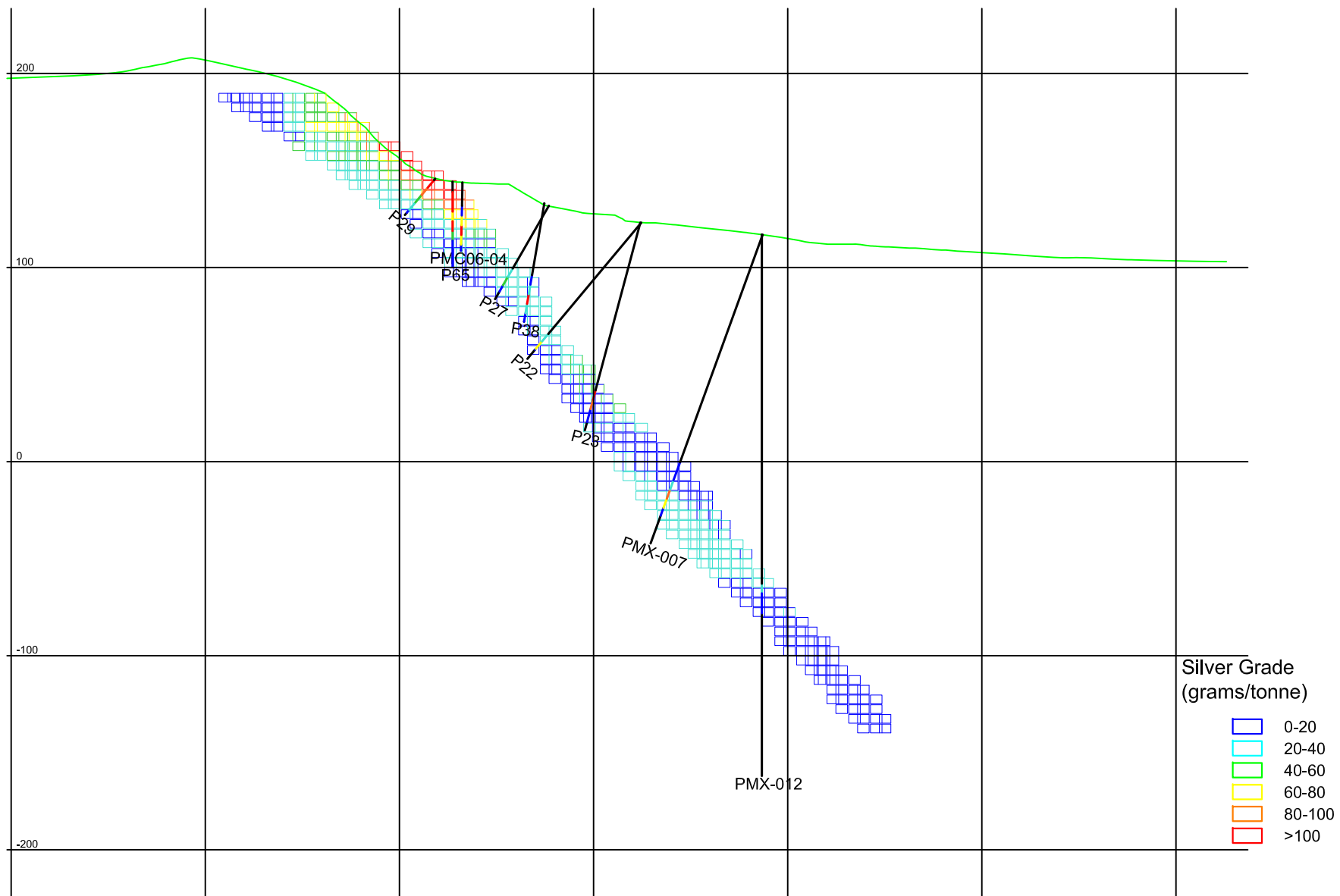
Source	Log (ln(g/t))		Normal (g/t)	
	From	To	From	To
NN Silver	3.37	3.52	29.17	33.79
Kriged Silver	3.42	3.50	30.48	33.14
NN Gold	-2.72	-2.51	0.07	0.08
ID2 Gold	-2.71	-2.58	0.07	0.08

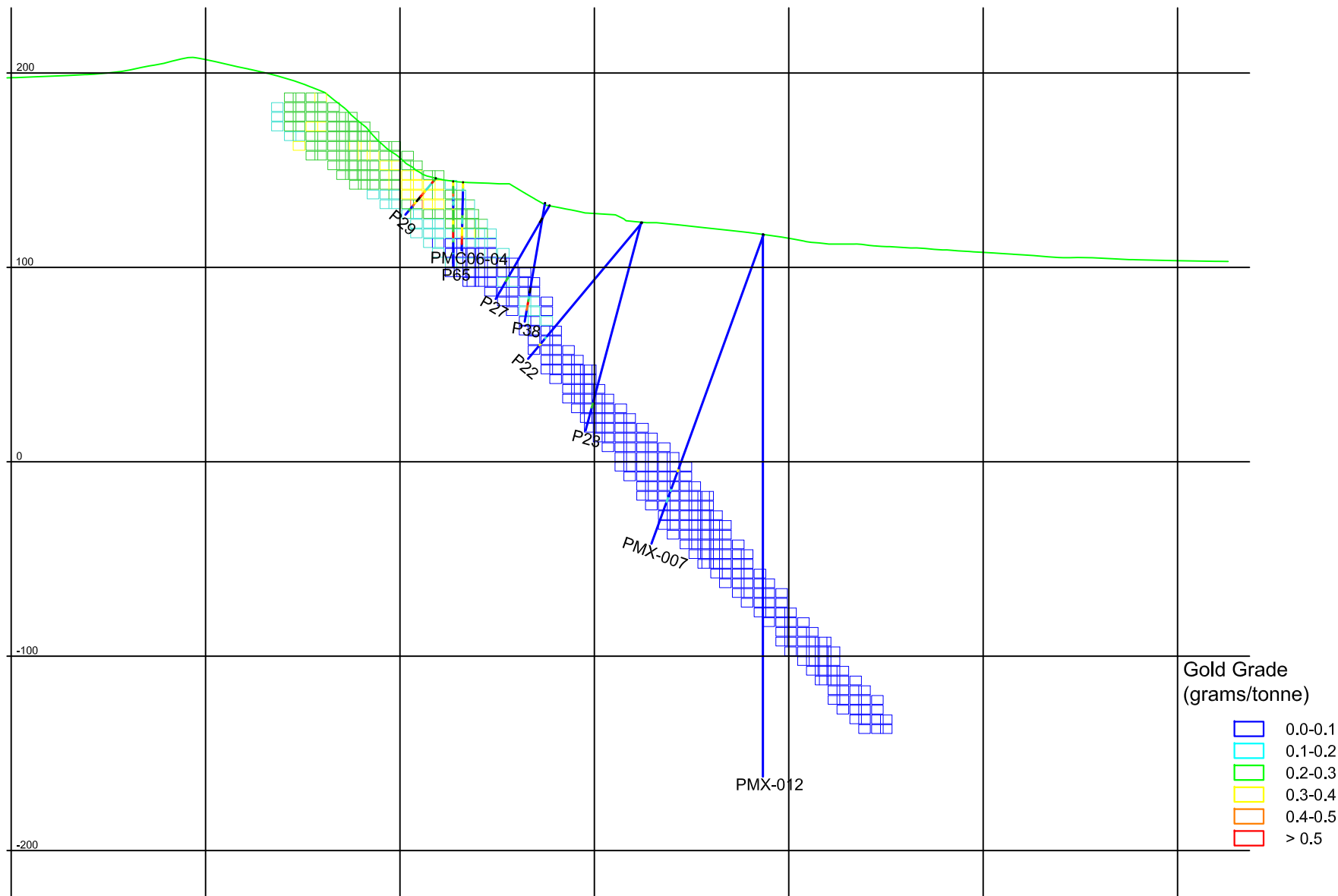
17.7.2 Dump Grade Model Validation

The silver and gold histograms for the resource models and the composites are shown in Figures 17-15 and 17-16. The resource model distributions have a similar shape to their respective composite grades with a slightly smaller spread. The reduction in spread is an anticipated result of the volume variance between small sample composites and large blocks.

For a more quantitative comparison of these distributions, PAH compared the 95 percent confidence intervals ("95%CI") about their log mean. Calculation of the 95%CI assumes a normal distribution. The highly skewed nature of the silver and lead grades throughout the Palmarito deposit requires some data transformation prior to calculating the 95%CI. PAH chose to use the natural logarithm of the grades to conduct this calculation as it provides a more normal distribution. Table 17-7 shows that the 95%CI of the composites overlap the log mean of the resource model for both silver and gold. The similarity between the means and the overall shape of these distributions indicate that, at a global scale, the block models are a fair and reasonable representation of the drill hole data.

PAH reviewed the in situ models along sections and compared the interpolated block grades with those of the drill holes. This review is meant to verify that, at a local scale, block and drill hole grades are similar. This review indicates that, at a local scale, the block models are a fair and reasonable representation of the drill hole data.





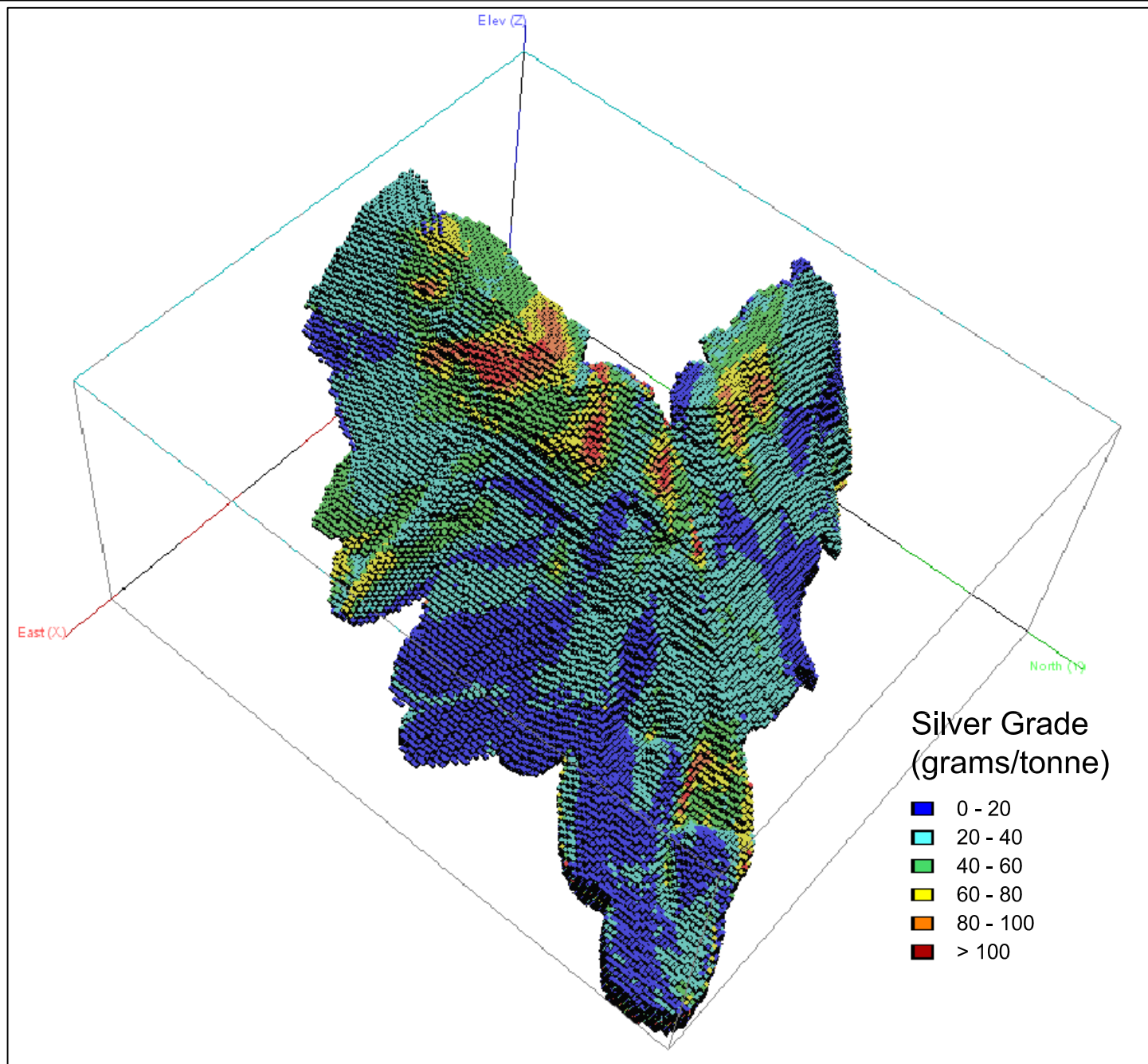
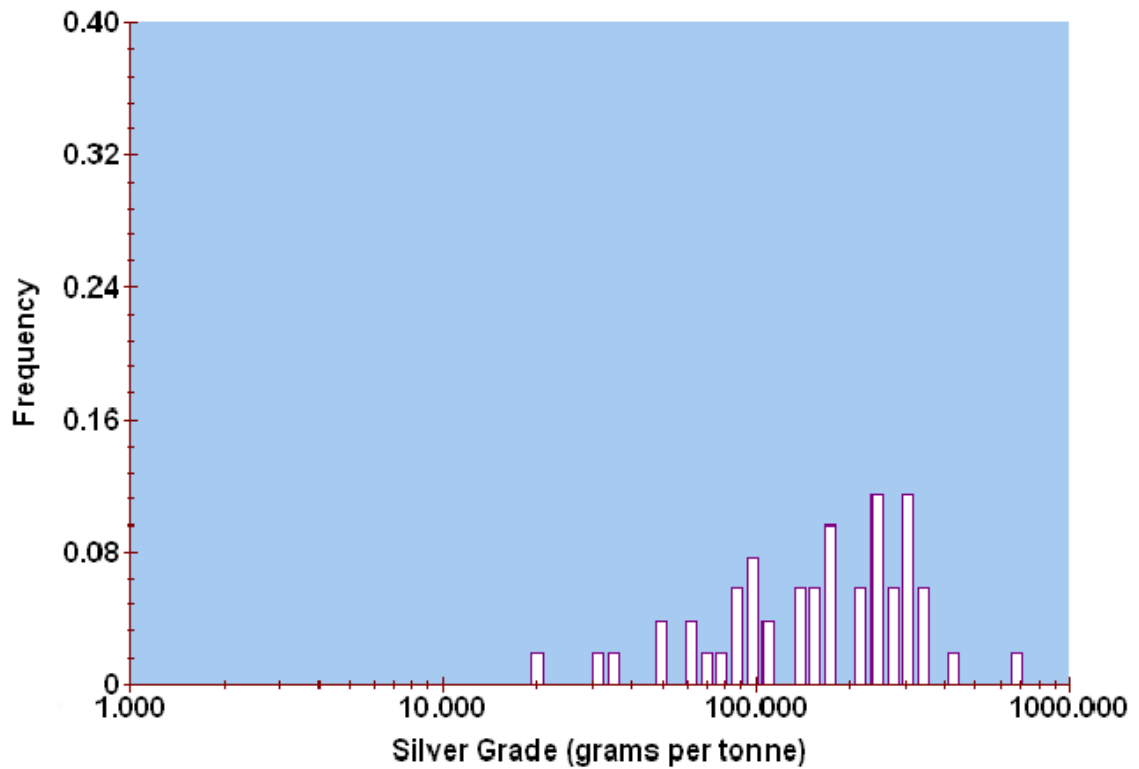
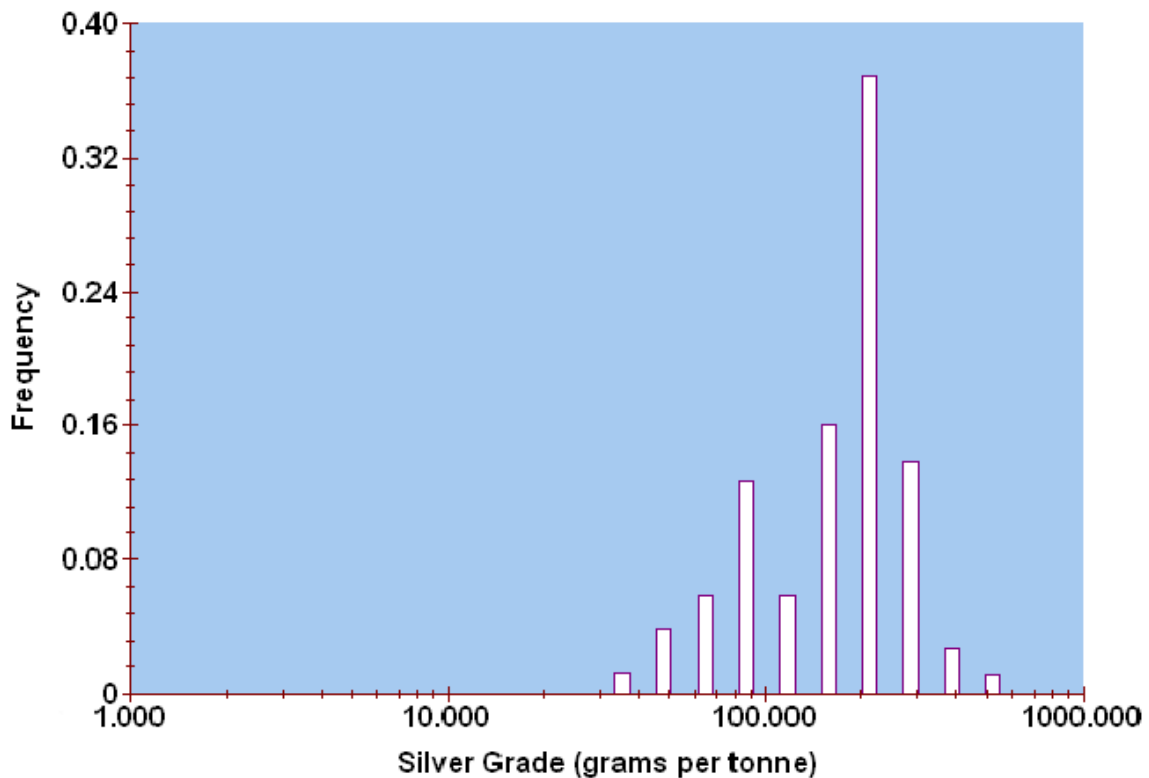


FIGURE 17-14
 SILVER MODEL 3D VIEW

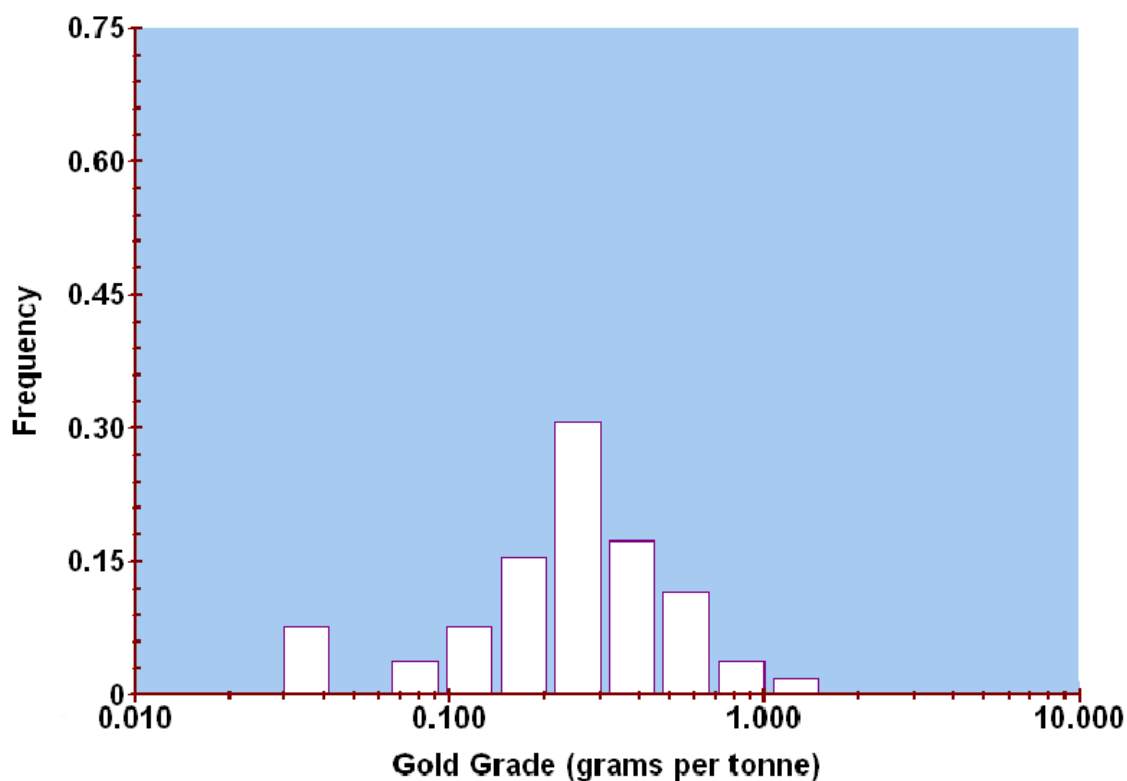
Dump Composites



Dump ID2 Model



Dump Composites



Dump ID2 Model

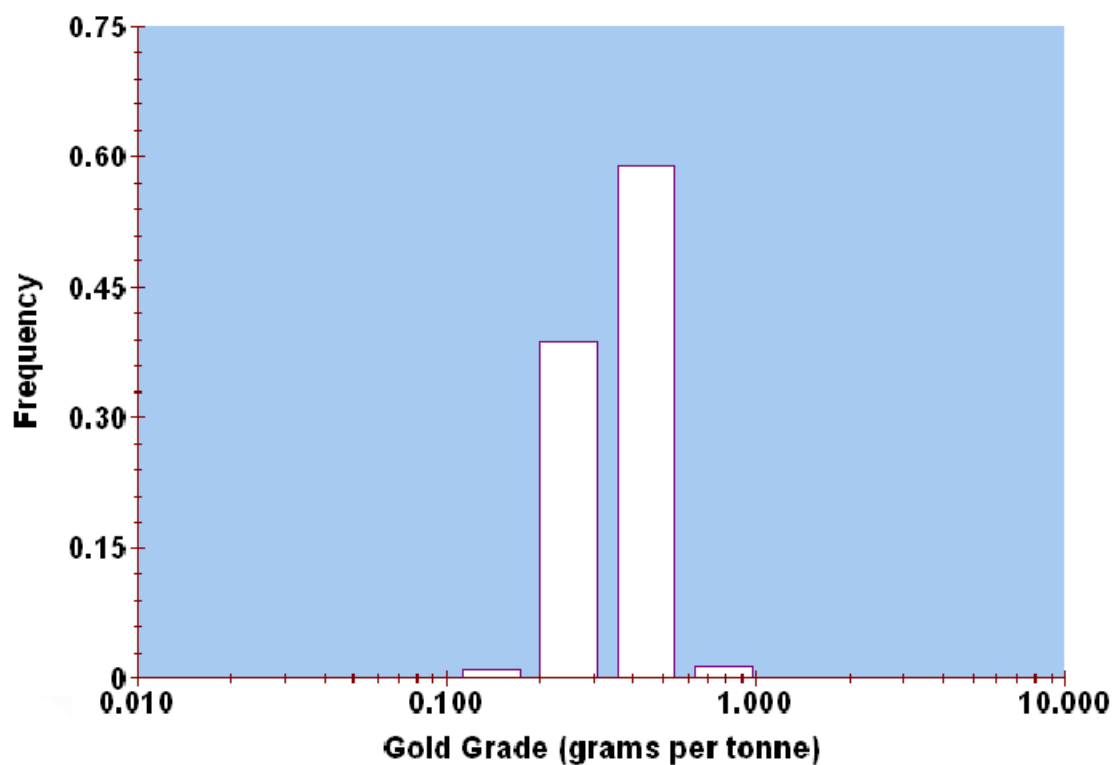


TABLE 17-7
US Gold Corporation
Technical Report, Palmarito Deposit
Dump Models - 95% Confidence Intervals about the Log Mean

Source	Log (ln(g/t))		Normal (g/t)	
	From	To	From	To
Silver Composites	4.83	5.22	139	186
Silver Model	4.93	5.23	126	185
Gold Composites	-1.68	-1.23	0.19	0.29
Gold Model	-1.76	-1.42	0.17	0.24

17.7.3 Tailings Grade Model Validation

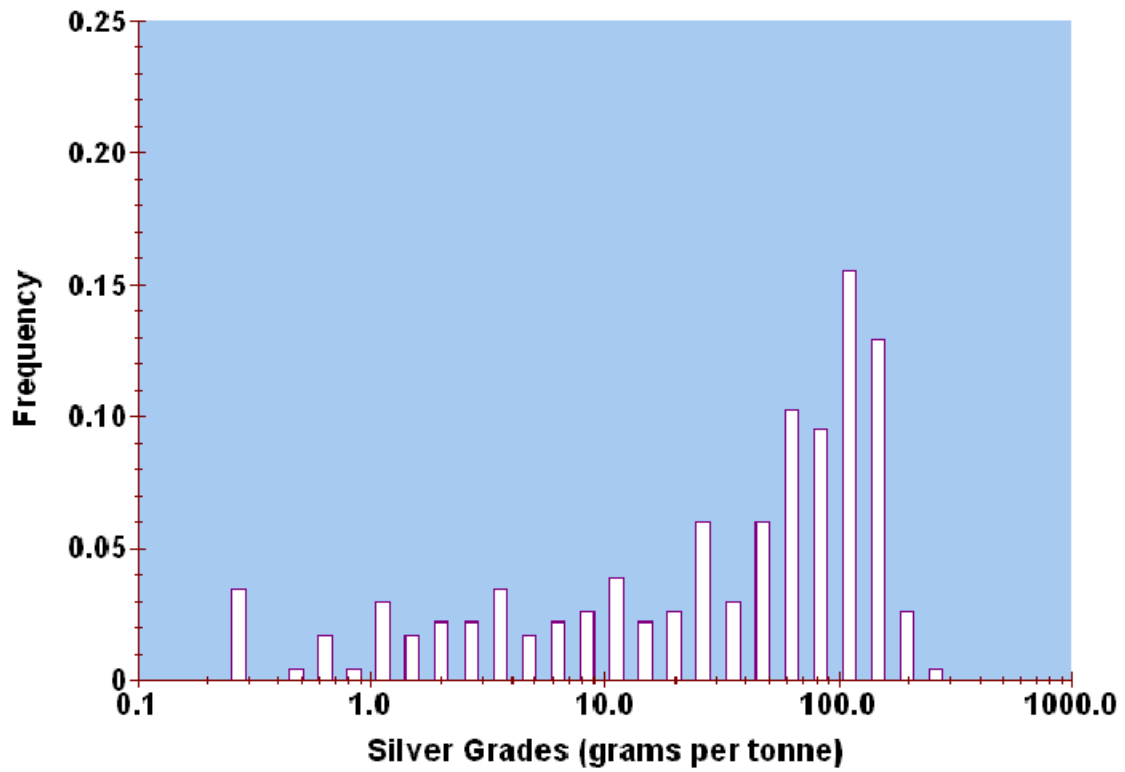
The silver and gold histograms for the resource models and the composites are shown in Figures 17-17 and 17-18. The histograms for the resource models exclude blocks that are classified as inferred. The resource model distributions have a similar shape to their respective composite grades with a slightly smaller spread. As stated previously, there are two populations within the grade data. The reduction in spread is an anticipated result of the volume variance between small sample composites and large blocks.

For a more quantitative comparison of these distributions, PAH compared the 95 percent confidence intervals ("95%CI") about their log mean. Calculation of the 95%CI assumes a normal distribution. The tailings distributions are both highly skewed and bimodal. As a result, the two populations were separated (using the domains described in Section 17.3.3) and transformed prior to calculating the 95%CI. PAH chose to use the natural logarithm of the grades to conduct this calculation as it provides a more normal distribution. Table 17-8 shows that the 95%CI of the composites overlap the log mean of the resource model for both silver and gold. The similarity between the means and the overall shape of these distributions indicate that, at a global scale, the block models are a fair and reasonable representation of the drill hole data.

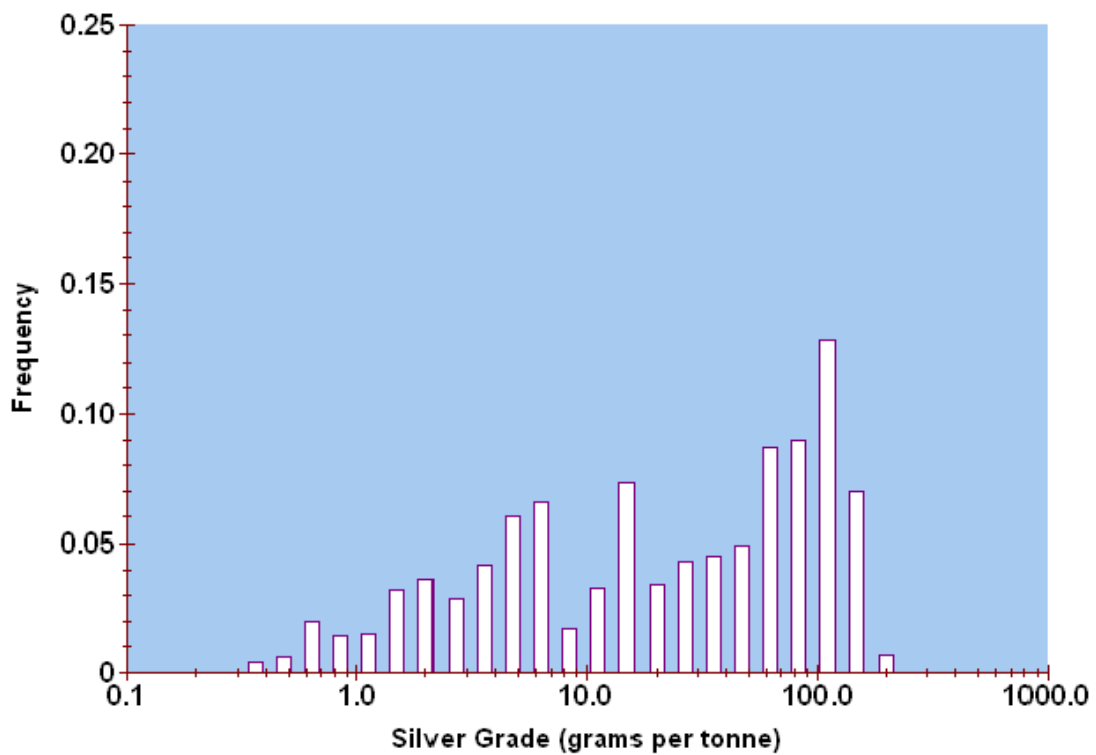
TABLE 17-8
US Gold Corporation
Technical Report, Palmarito Deposit
Tailings Models - 95% Confidence Intervals about the Log Mean

High Grade Domain				
Source	Log (ln(g/t))		Normal (g/t)	
	From	To	From	To
Silver Composites	4.29	4.51	73	91
Silver Model	4.41	4.56	82	96
Gold Composites	-2.57	-2.25	0.077	0.105
Gold Model	-2.45	-2.19	0.086	0.112
Low Grade Domain				
Source	Log (ln(g/t))		Normal (g/t)	
	From	To	From	To
Silver Composites	1.34	2.01	3.8	7.5
Silver Model	1.49	1.96	4.4	7.1
Gold Composites	-4.90	-4.41	0.007	0.012
Gold Model	-4.82	-4.48	0.008	0.011

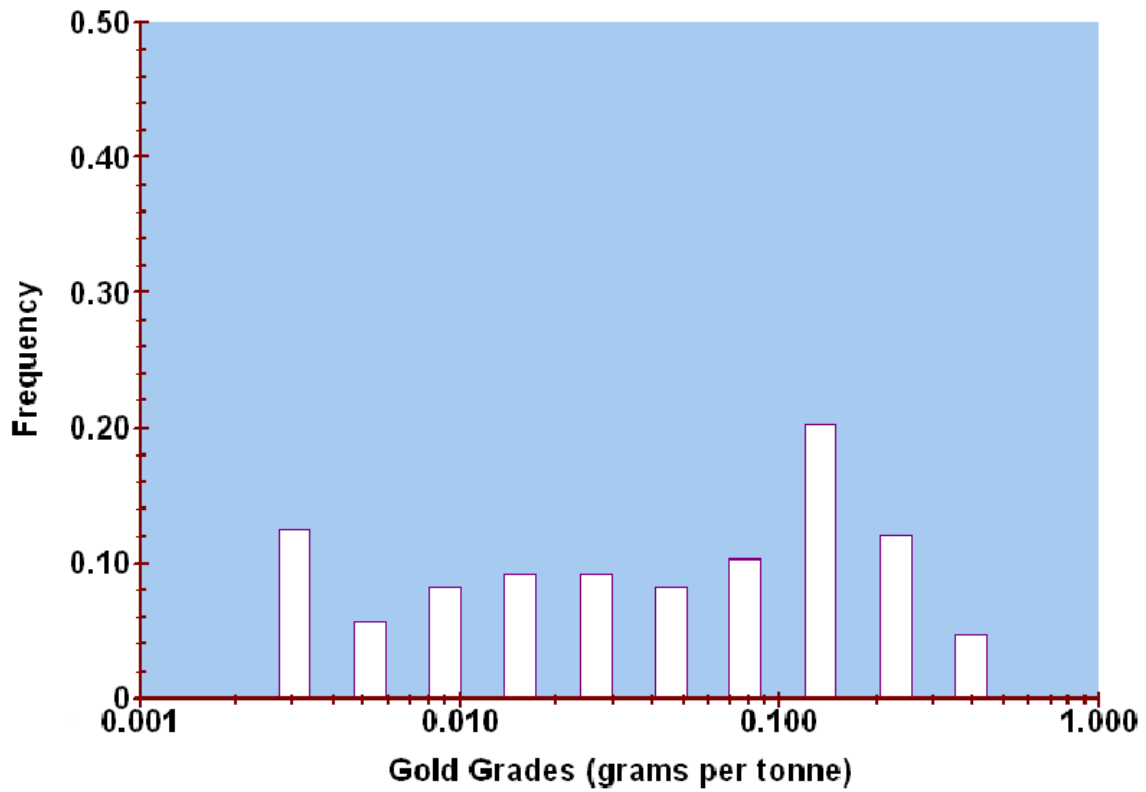
Tailings Composites



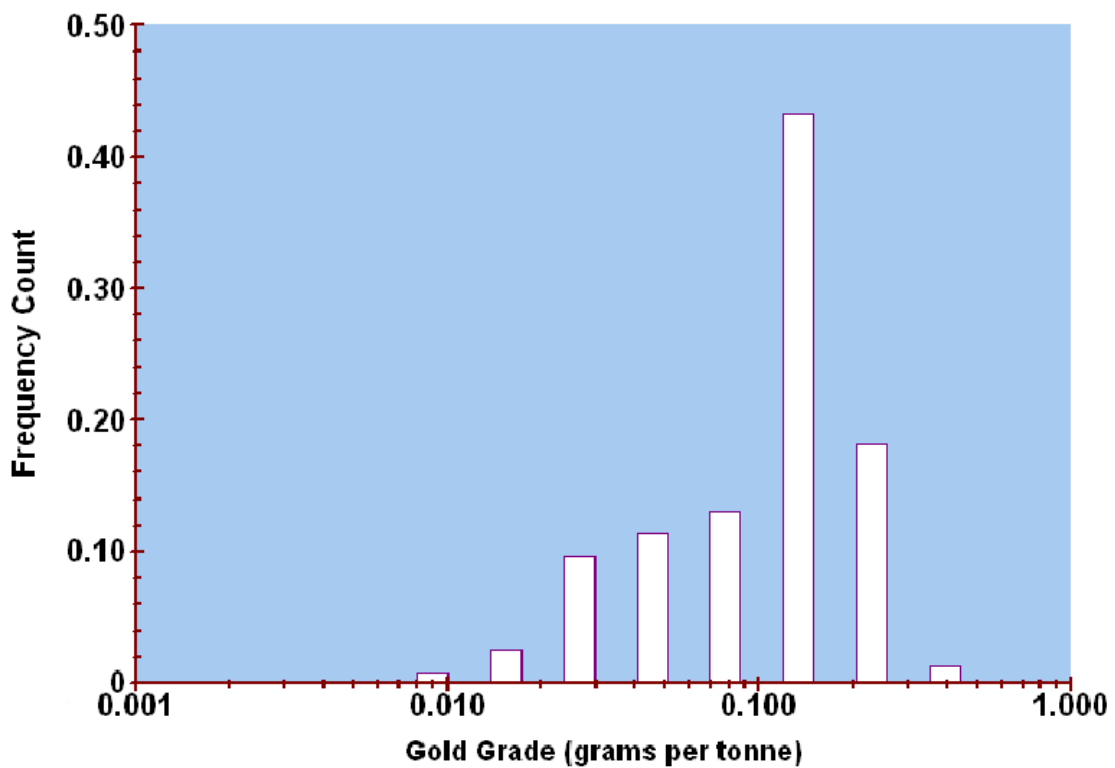
Tailings ID2 Model



Tailings Composites



Tailings ID2 Model



PAH reviewed the in situ models along sections and compared the interpolated block grades with those of the drill holes. This review is meant to verify that, at a local scale, block and drill hole grades are similar. This review indicates that, at a local scale, the block models are a fair and reasonable representation of the drill hole data.

17.8 *Specific Gravity Model*

Three specific gravity values were used while generating the resource estimate for Palmarito. The values below are used for the in situ, dump and tailings material:

In Situ Material – 2.65

Dump Material – 1.20

Tailings Material – 1.50

These values are consistent with the average specific gravities calculated from the sample density measurements described in Section 13.6.

17.9 *Mineral Resource Classification*

All blocks with an interpolated grade in the in situ, dump and tailings block models were assigned a code of measured, indicated or inferred. These terms reflect PAH's confidence in the resources represented by the block. Also, the use of these terms by PAH is consistent with their definitions as adopted by the CIM Council on November 17, 2004.

17.9.1 *In Situ Classification Scheme*

Classification codes were applied to the blocks using the ratio of a block's kriging variance for silver to the total sill value of the semi-variogram used in that block's domain. If this ratio is less than 0.35, the block was classified as measured. If this ratio was in the range of 0.35 to 0.65, the block was classified as indicated. All other blocks were classified as inferred.

At face value, this classification scheme appears very quantitative. However, PAH chose the parameters of this scheme based on visual comparison of the block model against the drill hole locations. Kriging variance is a value generated for each block during the interpolation process using the kriging algorithm. This value tends to increase with the distance between a block and its nearest drill holes. Furthermore, this value tends to increase rapidly for blocks not surrounded on all sides by drilling. These tendencies of kriging variance are similar in manner to PAH's confidence in the block grades. Through an iterative process of experimenting with different kriging variance to total sill ratios and visually inspecting the results, PAH was able to choose specific ratio values that best reflect its confidence in the resource. Note: the purpose of dividing the kriging variance by the total sill value is to normalize the classification scheme for all three domains.

While there was no minimum composite criterion applied to the classification scheme, PAH does note that all measured and indicated blocks have grades interpolated by at least three composites.

17.9.2 Dump Classification Scheme

PAH feels that the dimensions of the Dump material are well defined and the Dump sample density is high. As a result, all of the dump material is classified as either measured or indicated. There are no inferred Dump resources. All blocks within 15 meters of a drill hole (in the same domain) were classified as measured. The remaining blocks were classified as inferred.

17.9.3 Tailings Classification Scheme

A large portion of the Tailings resource is defined either by old drilling or interpretation of the topographic map (see Section 17.3.3). PAH's classification scheme was aimed at clearly demarcating these resources from those defined by the high density drilling conducted by US Gold in 2008. Blocks within 10 meters of a 2008 drill hole were classified as measured. Indicated blocks are between 10 and 20 meters of a 2008 drill hole. All other blocks are classified as inferred.

17.10 Mineral Resource Estimate

The estimated mineral resource for the in situ, dump, and tailings material at Palmarito are detailed in Tables 17-9, 17-10 and 17-11. Note that these are not reserve estimates. Currently, these resources do not have demonstrated economic viability.

TABLE 17-9
US Gold Corporation
Technical Report, Palmarito Project
In Situ Resource Estimate

Class	Cut-off Grade (g Ag/tonne)	Tonnage ('000)	Ag Grade (grams/tonne)	Contained Ag (grams)	Contained Ag (troy ounces)	Au Grade (ppm)	Contained Au (grams)	Contained Au (troy ounces)
Measured	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	1	290	192,135	6,177	0.35	229	7
	240	5	261	1,273,797	40,952	0.29	1,410	45
	200	13	233	3,029,891	97,409	0.25	3,245	104
	160	34	199	6,749,356	216,986	0.19	6,333	204
	120	125	152	19,023,742	611,598	0.17	21,255	683
	80	459	111	50,830,010	1,634,144	0.16	71,421	2,296
	40	2,288	65	149,685,221	4,812,260	0.14	321,741	10,344
	0	6,408	40	256,590,167	8,249,169	0.10	660,413	21,232
Indicated	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	-	-	-	-	-	-	-
	160	0	167	5,138	165	0.10	3	0
	120	22	129	2,788,821	89,658	0.14	3,006	97
	80	164	100	16,477,536	529,740	0.16	26,486	851
	40	958	61	58,542,584	1,882,097	0.12	118,729	3,817
	0	3,376	35	119,294,128	3,835,211	0.09	287,331	9,237
Measured and Indicated	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	1	290	192,135	6,177	0.35	229	7
	240	5	261	1,273,797	40,952	0.29	1,410	45
	200	13	233	3,029,891	97,409	0.25	3,245	104
	160	34	199	6,754,494	217,152	0.19	6,336	204
	120	147	149	21,812,562	701,256	0.17	24,261	780
	80	623	108	67,307,546	2,163,884	0.16	97,906	3,148
	40	3,246	64	208,227,804	6,694,357	0.14	440,470	14,161
	0	9,785	38	375,884,295	12,084,379	0.10	947,744	30,469
Inferred	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	0	288	95,400	3,067	0.02	7	0
	240	2	279	628,008	20,190	0.00	7	0
	200	4	252	890,650	28,634	0.12	417	13
	160	6	223	1,444,289	46,433	0.09	554	18
	120	27	148	4,042,633	129,967	0.08	2,257	73
	80	143	103	14,728,614	473,513	0.11	15,398	495
	40	1,436	59	84,694,602	2,722,864	0.11	154,479	4,966
	0	6,557	30	196,548,795	6,318,887	0.07	434,335	13,964

TABLE 17-10
US Gold Corporation
Technical Report, Palmarito Project
Dump Resource Estimate

Class	Cut-off Grade (grams Ag/tonne)	Tonnage (^{'000})	Ag Grade (grams/tonne)	Contained Ag (grams)	Contained Ag (troy ounces)	Au Grade (ppm)	Contained Au (grams)	Contained Au (troy ounces)
Measured	360	0.4	384	139,899	4,498	0.24	88	3
	320	0.6	362	218,739	7,032	0.26	160	5
	280	2.7	306	835,016	26,845	0.38	1,025	33
	240	12.2	268	3,267,532	105,049	0.36	4,432	142
	200	20.9	249	5,189,531	166,839	0.35	7,402	238
	160	27.9	231	6,458,420	207,633	0.34	9,414	303
	120	34.4	214	7,378,597	237,216	0.31	10,645	342
	80	45.3	186	8,411,570	270,425	0.29	12,968	417
	40	47.4	180	8,538,062	274,492	0.28	13,189	424
	0	48.3	177	8,572,914	275,612	0.27	13,221	425
Indicated	360	0.8	382	295,373	9,496	0.21	166	5
	320	2.0	352	711,736	22,882	0.21	414	13
	280	3.2	332	1,046,620	33,648	0.20	619	20
	240	9.0	281	2,517,753	80,944	0.28	2,468	79
	200	23.4	244	5,703,434	183,361	0.29	6,867	221
	160	35.8	224	7,997,435	257,111	0.26	9,198	296
	120	40.9	213	8,728,378	280,610	0.25	10,154	326
	80	44.6	204	9,074,405	291,735	0.24	10,796	347
	40	53.7	179	9,601,702	308,687	0.21	11,458	368
	0	53.7	179	9,602,982	308,728	0.21	11,459	368
Measured and Indicated	360	1.1	382	435,271	13,994	0.22	254	8
	320	2.6	354	930,475	29,914	0.22	575	18
	280	5.9	320	1,881,636	60,493	0.28	1,643	53
	240	21.2	273	5,785,285	185,992	0.33	6,901	222
	200	44.3	246	10,892,965	350,200	0.32	14,268	459
	160	63.7	227	14,455,855	464,744	0.29	18,612	598
	120	75.3	214	16,106,975	517,826	0.28	20,799	669
	80	89.9	194	17,485,975	562,160	0.26	23,764	764
	40	101.1	179	18,139,764	583,179	0.24	24,647	792
	0	102.0	178	18,175,896	584,341	0.24	24,680	793

TABLE 17-11
US Gold Corporation
Technical Report, Palmarito Project
Tailings Resource Estimate

Class	Cut-off Grade (grams Ag/tonne)	Tonnage ('000)	Ag Grade (grams/tonne)	Contained Ag (grams)	Contained Ag (troy ounces)	Au Grade (ppm)	Contained Au (grams)	Contained Au (troy ounces)
Measured	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	3.9	207	814,436	26,183	0.28	1,109	36
	160	11.5	191	2,192,798	70,497	0.34	3,919	126
	120	40.8	151	6,141,996	197,460	0.24	9,770	314
	80	173.6	110	19,158,183	615,920	0.15	26,692	858
	40	318.9	88	28,142,822	904,769	0.11	35,265	1,134
	0	728.4	44	31,988,225	1,028,396	0.05	40,036	1,287
Indicated	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	-	-	-	-	-	-	-
	160	1.5	175	264,543	8,505	0.29	431	14
	120	17.2	135	2,330,109	74,911	0.23	3,874	125
	80	66.4	113	7,502,031	241,184	0.17	11,193	360
	40	90.9	99	9,012,425	289,742	0.14	12,343	397
	0	361.5	33	11,817,900	379,936	0.05	16,313	524
Measured and Indicated	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	4	207	814,436	26,183	0.28	1,109	36
	160	13	189	2,457,341	79,002	0.33	4,349	140
	120	58	146	8,472,105	272,371	0.24	13,643	439
	80	240	111	26,660,214	857,105	0.16	37,884	1,218
	40	410	91	37,155,247	1,194,511	0.12	47,608	1,531
	0	1,090	40	43,806,125	1,408,332	0.05	56,349	1,812
Inferred	360	-	-	-	-	-	-	-
	320	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-
	240	-	-	-	-	-	-	-
	200	-	-	-	-	-	-	-
	160	-	-	-	-	-	-	-
	120	120.8	132	15,934,242	512,273	0.17	20,105	646
	80	154.6	126	19,483,477	626,378	0.16	24,964	803
	40	154.6	126	19,483,477	626,378	0.16	24,964	803
	0	165.8	118	19,599,578	630,111	0.15	25,144	808

18.0 OTHER RELEVANT DATA

There are no other data and information that is relevant to the Palmarito Project.

19.0 INTERPRETATION AND CONCLUSIONS

Assuming a cut-off grade of 40 grams Ag per tonne, the measured + indicated silver resources for the Palmarito Silver Project are 8.5 million troy ounces of contained silver and 16,500 thousand troy ounces of contained gold within 3.8 million tonnes of material with an average grade of 70 grams silver per tonne and 0.14 grams gold per tonne. In addition, the inferred resource includes 3.4 million troy ounces of contained silver and 5,800 troy ounces of contained gold within 1.6 million tonnes of material averaging 65.5 grams silver per tonne and 0.11 grams gold per tonne.

19.1 *Mineralization and Geology*

Palmarito is a low-sulfidation epithermal silver-gold deposit. Mineralization at Palmarito occurs at the brecciated contact of a Late Tertiary rhyolite dome which was emplaced into Early Tertiary volcanic and volcanics of the dominantly andesitic composition. The volcanic consist of pyroclastic flows, tuffs and agglomerates. Intruding the volcanic sequence are granodiorite batholiths.

The brecciated contact forms a resistant face to the north and east facing escarpments of the rhyolite some which stands as a prominent hill.

The breccias consists of clast supported, coarse angular fragments of porphyritic rhyolite and fine to medium grained andesite. Clasts are cemented by a fine grained silicious matrix. The unit is pervasively silicified. On either side of the breccias is a zone of strongly fractured rhyolite and andesite which has been altered and mineralized to form a stockwork.

Silver mineralization within the breccias displays good continuity over a total strike of 2,600 feet (800m) as the zone wraps around the face of the dome. Down dip of the old workings there is evidence of multiple breccia units occurring within a wide stockwork zone.

20.0 RECOMMENDATIONS

Two areas of continued work are recommended for future development of the Palmarito Project, as follows:

1. Additional metallurgical testing in order to evaluate and select the best process option.
2. Exploration drilling to test down-dip to the north-northeast and to the southwest to expand the mineralization outside of the current zone.

20.1 *Metallurgical Testing*

This program should be primarily designed to evaluate and to select the best process option(s) for the Palmarito mineralization, and secondarily to quantify the metallurgical characteristics of the various silver-gold bearing zones found on the property.

20.2 *Exploration Drilling*

Several exploration drilling targets have been identified to explore for silver-gold mineralization that is outside of the known mineralized areas, but where the opportunity for new resources is strongly indicated by geologic interpretation and geochemical sampling. The recommended drill sites are down-dip to the north-northeast and to the southwest of the current mineralized zone.

TABLE 20-1
US Gold Corporation
Technical Report, Palmarito Project
Summary of Exploration Drilling

Area	Number of Holes	Total Meters
North-Northeast	11	3,400
Southwest	5	760
Total	16	4,160

20.3 *Cost of Recommended Work*

Table 20-2 summarizes the estimated costs for the work recommended above.

TABLE 20-2
US Gold Corporation
Technical Report, Palmarito Project
Cost of Recommended Work

Description	Cost
Metallurgical Testing	\$ 125,000
Exploration Drilling	\$ 630,000
Contingency (15%)	\$ 113,250
Total	\$ 868,250

21.0 REFERENCES

1. Asamera Oil Corporation Ltd. "Report on the Palmarito Silver Prospect, Sinaloa Province, Mexico," dated April 1976.
2. Canadian Barranca Corporation Ltd. "Ore Reserves: Palmarito Mine, Mexico," dated October 1970.
3. Hudson, Donald M., 2003, Epithermal Alteration and Mineralization in the Comstock District, Nevada: Econ Geol., vol. 98, p. 367-385.
4. Leahey, T.A., 1996, Preliminary Resource Analysis for the Palmarito Silver-Gold Project Sinaloa, Mexico, Prepared for Lluvia de Oro Inc., by Computer Aided Geoscience Pty, Ltd., June 1996.
5. Lyntek Inc. "Characterization Study for Palmarito Silver-Gold Deposit," dated November, 1996.
6. Petruk, W. and Owens D., 1974, Some Mineralogical Characteristics of the Silver Deposits in the Guanajuato Mining District, Mexico: Econ. Geol, vol. 69, p 1078-1085.
7. US Gold Corporation, Report on the Core Drilling Program at the Palmarito Silver-Gold Prospect located in Sinaloa, Mexico: Internal Report, April 2007.

22.0 ILLUSTRATIONS

The illustrations supporting the various sections of the report are located within the relevant sections immediately following the references to the illustrations, for ease of reference. An index of tables and illustrations is provided at the beginning of the report.

23.0 CERTIFICATION OF QUALIFICATION

Aaron M. McMahon
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165 South Union Boulevard, Suite 950
Lakewood, Colorado 80228-2226
303-986-6959
aaron.mcmahon@pincock.com

I, Aaron M. McMahon, P.G., am a professional geologist and Senior Geologist for Pincock, Allen & Holt, Inc. of 165 S. Union Boulevard, Suite 950, Lakewood, Colorado, USA. This certificate applies to the Technical Report for the Palmarito Deposit, Mexico dated December 15, 2008 (the "Technical Report").

1. I am a Senior Geologist of: Pincock, Allen & Holt.
2. I graduated with a degree in Geology from James Madison University in 1998. In addition, I have obtained a Master of Science degree in Geology from Arizona State University in 2001.
3. I am a Professional Geologist registered with the State of California.
4. I have worked as a geologist for a total of seven years since my graduation from university.
5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I am responsible for the preparation of all sections of the technical report titled "NI-43-101 Technical Report for the Palmarito Project, Sinaloa State, Mexico" dated December 15, 2008 (the "Technical Report") relating to the Palmarito silver deposit. I visited the silver mine in April 2008 and December 2008 for a total of three days.
7. I have not had prior involvement with the property that is the subject of the Technical Report.
8. 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.
9. I am independent of the issuer applying all of the tests in section 1.4 of National Instrument 43-101.
10. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated in Lakewood, Colorado, this 15th day of December 2008.

"Aaron M. McMahon"

Aaron M. McMahon, P.G.