

DNR Grants Gold and Copper Exploration Permit

Southern Gold Resources (USA) Inc. will begin to exclusively explore for copper, gold and related minerals in an area approximately ten (10) kilometers south of Utuado and five (5) kilometers east of Adjuntas under a permit granted by the Department of Natural Resources on October 5, 1992. The exploration work is commencing this week, following consultation with the DNR and the issuance of other required permits.

Southern Gold's initial exploration program at the Cala Abajo deposit will consist of nine 3-inch diameter test holes to verify the grade and metallurgical characteristics of copper and gold minerals in the program exploration area. The results of the initial program will be used to assess the economic viability of developing the Cala Abajo deposit. The Company will also undertake an environmental assessment of the permit area through its Puerto Rican consultants, Caribbean Architects and Engineers.

Southern Gold Resources (USA) Inc., a private U.S. company, whose principal shareholders include American, Canadian and British investors, developed interest in the Puerto Rican deposits in late 1991 and undertook initial technical investigations and negotiations with Government authorities early the following year. The Company focused its efforts on the Cala Abajo deposit located within the municipalities of Utuado and Adjuntas in the lightly populated mountainous region of west central Puerto Rico.

Partners of the Company include Southern Gold Resources Ltd., a Canadian mineral resource investment company, USMX, Inc., a fully integrated, mineral resource company based in Denver, Colorado, U.K. based Brancote Holdings plc, a mineral investment company, and John Prochnau, a consulting geologist based in Reno, Nevada and Managing Director of Brancote Holdings.

Southern Gold Resources Ltd. President, Alan Savage, informed that Southern Gold (USA) Inc. would like to emerge as an independent public company, domiciled in Puerto Rico, reporting to a board of directors with strong Puerto Rican involvement, with a long term commitment to produce minerals to the benefit of its shareholders and the people of Puerto Rico. Company plans include maximizing the hiring of local personnel.

Partner USMX, Inc. is known for its commitment to responsible environmental practices. In this regard, Federal Government agencies have acknowledged their efforts. In 1992, the Company received the State of Nevada Governor's Award for "Excellence in Mine Reclamation" made jointly by State, Bureau of Land Management and U.S.D.A. Forest Service. The same attention to environmental controls will be implemented at Cala Abajo.

Company spokesman stated that, as Southern Gold's exploration project develops in the Adjuntas - Utuado area, the Company will continue providing information regarding its evolution.