

HPD Exploration PLC : Drilling Report

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HPD EXPLORATION PLC ('HPD')

PROGRESS REPORT ON EXPLORATION ACTIVITIES

Significant progress has been achieved in HPD's three operating companies in South America; New Zealand and Canada, in the eight months since activities commenced.

Highlights

Patagonia Gold S.A. (HPD 50%)

- Exploration licenses, granted or in the process of, increased from 23 to 34 properties covering 2,708 km², with latest acquisitions in Chile.
- The five geological teams have completed 'first pass' exploration on 28 properties with 19 sufficiently promising to warrant 'second pass' exploration which includes the identification of drill targets. This work is scheduled to commence in September.
- Epithermal veins have been discovered on several properties: property 21 has values up to 8.5 g/t gold (Au) over a >1km. long gossanous barite rich structure; property 22 has a sample assaying 33.4 g/t Au and 875 g/t silver (Ag) after only limited work.
- Preparations commenced for a 10,000 metre-drilling programme on the recently optioned Coyhaique property. Drilling scheduled for mid-October.
- The Cuya property, drilled earlier this year, does not merit further investment.

HPD New Zealand Limited. (HPD 100%)

- Exploration licenses, granted or in process, increased from 10 properties to 13 covering 5,484 km², with latest properties in the highly prospective Otago region.
- Second pass mapping and sampling has commenced on the Barewood property aimed at locating drill targets for the 2004/5 field season.

Landore Resources Inc. (HPD 36.2%)

- A recently completed drilling programme on the Miminiska Lake project in Canada successfully identified a high-grade gold bearing structure (possible shoot). Intersections included: 40.2 g/t Au over 2.3 metres and 9.7g/t over 4.3 metres.

Funding

- HPD Exploration Plc, with current funds of £3.1 million, is fully funded for all programmed exploration activities.

Patagonia Gold S.A. has continued with an aggressive land acquisition campaign, initially aimed at strengthening its position in southern Argentina and of late, at gaining a foothold in Chile.

Patagonia Gold has 34 properties covering 2,708 km² under various stages of grant process, and has applied for a further 5 properties of area 500 km².

In addition Patagonia Gold has entered into three 'option to purchase'

agreements covering a further 579 km² on properties that contain direct drilling targets, one of which is the priority rated Coyhaique project containing wide spread high grade gold occurrences and extensive epithermal low sulphidation veining.

Patagonia Gold has concluded its first exploration season in Patagonia, with significant results, including multi-ounce silver and gold values.

Twenty-eight properties have received first pass exploration, which consists of stream sediment and geological sampling with preliminary wide area mapping. On nineteen of these, sufficiently encouraging results, including the discovery of epithermal veins on several properties, have been obtained to warrant second pass exploration which includes more intense sampling and detailed mapping with identification of potential drill targets.

Management is confident that the latter will be achieved on several of the properties during the next exploration field season, scheduled to commence in September.

On property 21, located in central eastern Chubut, a gold mineralised gossanous, barite rich, structure more than 1 km long has been defined with samples grading up to 8.5 g/t Au. Textural evidence indicates that the outcrop is high in the system.

The high indicator element geochemistry combined with abundant vein float and highly anomalous gold, makes this property very attractive

Both properties 16 and 30, located in Chile across from central Chubut, have returned anomalous path finder elements which, in respect to the geology, is most encouraging particularly for high sulphidation systems which characteristically contain greater than 1 million ounce high tonnage/low grade deposits.

Property 22, with a sample returning 33.4 g/t Au and 875 g/t Ag after only limited work; properties 1, 28 and 36 having all returned values in excess of 1 g/t Au in vein material and property 11 returning bonanza silver grades in excess of 25 ounces per tonne, give some indication of the success enjoyed by the exploration geologists in this first season.

The geologists are currently compiling results and reports of their exploration campaigns to allow planning for the forthcoming field season.

Coyhaique Project in Chile: A geological team has commenced data compilation and field exploration at Coyhaique, including collecting samples for geochemistry, petrology and geophysical studies, together with orientation work being carried out on the main vein sets.

In addition, preparations are in progress for a 10,000 metre drilling programme, comprising 2,000 metres of diamond core and 8,000 metres of RC drilling to be carried out on several of the larger veins. Drilling is scheduled to commence in mid-October.

Cuya Property Drill Programme: In October 2002 Patagonia Gold entered into an agreement with APAC Minerals Inc. for an exclusive option to purchase up to 80% of the Cuya and El Puesto epithermal gold prospects in the Los Menucos District of the Rio Negro Province.

Patagonia Gold was attracted to Cuya, in particular, by previous work carried out on the property by Rio Tinto Mining and Exploration Ltd who's consulting geologist interpreted the Cuya hill to be slightly above the upper levels of high-grade precious metals mineralisation. After compiling all available data, PG designed a drilling programme to test the above possibility.

Drilling commenced in late February with a total of 2,478 metres drilled for 29 holes, comprising 7 diamond holes for 1,071 metres and 22 RC holes for 1,407 metres. Results from the program are as follows:

Cuya >1g/t Intercepts

Hole ID	From	To	Interval	Au g/t
CYD-01	10.50	10.72	0.22 metres @	2.22 g/t Au
CYD-01	27.65	27.82	0.17 metres @	1.88 g/t Au
CYD-01	35.00	35.45	0.45 metres @	1.09
	35.45	35.75	0.30 metres @	2.01

	35.75	36.15	0.40	metres @	1.09	
		Intercept =	1.15	metres @	1.53	g/t Au
CYD-04	37.95	38.20	0.25	metres @	1.32	g/t Au
CYD-04	58.80	59.00	0.20	metres @	1.18	g/t Au
CYD-04	118.40	118.90	0.50	metres @	1.22	g/t Au
CYD-05	8.8	9.9	1.1	metres @	1.48	g/t Au
CYD-05	14.40	14.55	0.15	metres @	1.51	g/t Au
CYD-05	57.00	57.10	0.10	metres @	3.11	g/t Au
CYD-06	25.6	26.4	0.8	metres @	1.61	g/t Au
	36.50	37.50	1.00	metres @	1.09	g/t Au
CYD-06	37.50	38.10	0.60	metres @	1.37	g/t Au
		Intercept=	1.6	metres @	1.19	g/t Au
CYD-08	48.8	49.9	1.1	metres @	2.5	g/t Au
CYR-10	22	24	2	metres @	1.16	g/t Au
CYR-16	20	22	2	metres @	0.96	g/t Au
CYR-16	26	28	2	metres @	1.13	g/t Au

Holes were drilled up to depths of 300 metres with no high-grade assays being recorded. Low-grade mineralisation was generally reported from surface to a depth of 80-100 metres.

In light of the unsatisfactory results of the drilling program Patagonia Gold has elected to terminate the current agreement, which involved further large expenditure commitments based on drilling of Cuya.

HPD New Zealand Limited has now been granted all ten of the exploration and prospecting permits originally applied for, including Malborough on the South Island and Hauraki in the north of the North Island, two large, highly prospective, areas covering 1,887 km².

In addition, applications have been lodged for three prospecting permits in the western Otago region, of area 1,811 km², covering stream sediment anomalies ranging from 75ppb Au to 365ppb Au and panned concentrates of up to 89.1 g/t Au in a previously unexplored area.

HPD New Zealand has assembled a large (5,459 km²) portfolio of prospects and holds a high expectation for the potential for discovery of significant gold mineralisation.

Field exploration has commenced on the Barewood property with mapping and geochemical sampling aimed at identifying drill targets for the 2004 field season.

Landore Resources Inc. recently completed a diamond drilling programme on Landore's 100% owned Miminiska Lake property located in northern Ontario 80 kilometres east of the Pickle Lake mining camp. The drill program was designed to confirm previous drilling results, complete infill drilling and test the potential strike and dip extension of known zones. Eighteen holes totalling 2,370 metres were completed over a strike length of 800 metres

Significant assays were intersected in most holes drilled with the best encouragement being from drill holes 0603-8, 16, 17 and 18 which potentially outline an auriferous 'shoot' within the iron formation.

Drill intersections include:

- 40.2 g/t Au. over 2.3 metres in hole 0603-8.
- 8.1 g/t Au. over 2.3 metres in hole 0603-16.
- 9.7 g/t Au. over 4.3 metres in hole 0603-17.
- 34.5 g/t Au over 0.65 metres in hole 0603-18.

Mineralisation of the above zone is open at depth and is situated in a 160 metres gap between significant historic drill hole intersections 88C-10, located fifty metres along strike, to the east of new hole 16, assaying 12.7 g/t Au over 4.0 metres, and 88C-7, eighty metres along strike to the west, assaying 9.7 g/t over 2.3 metres.

In the short time since the start of operations in September of last year HPD Exploration Plc, a minerals exploration company, has not only put together a highly prospective land position, which would be prized by many of the major mining companies, but has also enjoyed a discovery rate far in excess of the industry norm.

The above supports, firstly, the technical management's expertise and experience in the selection of the properties and secondly, the tried and true method of exploration with geologists on the ground.

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