



HPD Exploration PLC : Acquisition

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HPD Exploration Plc ('HPD' or the 'Company')

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HPD is pleased to announce that Patagonia Gold (HPD 50%) has entered into an agreement with WestMag Limited of Australia for an exclusive option to purchase up to 75% of their Coyhaique Gold Project in Chile.

The agreement comprises 78 contiguous mineral concessions totalling 20,800 hectares within an area 30 kilometres long by 4 to 12 kilometres wide. The project is located 15 kilometres east of the city of Coyhaique in Region XI of southern Chile. Access and infrastructure are excellent.

The project lies at the north-western margin of the Deseado Massif, a broad volcanic plateau occupying a large area of the Province of Santa Cruz in Argentina, host to numerous significant low sulphidation epithermal gold/silver deposits, including the Cerro Vanguardia mine of AngloGold. The project is also situated in the foothills of the Andean cordillera some 300 kilometres south of the Esquel Gold Project.

Homestake Mining held the properties in the early 1990's, completing preliminary exploration, including scout drilling on the visible vein structures, which effectively outlined the broad potential of the property. The work of Homestake identified fifteen extensive zones of gold-silver mineralisation, comprising classic low sulphidation epithermal vein, breccia and stockwork systems ranging in strike length from 300 metres to several kilometres.

Rockchip sampling and scout drilling of the exposed sections of mineralisation returned economic style grades and widths plus rare bonanza grades associated with visible gold and electrum, including a sample assay of 426 g/t gold (Au) and 5560 g/t silver (Ag) from the Lilly vein.

Better results from chip channel sampling included 18 metres @ 7.26 g/t Au and 19.0 g/t Ag on the Vargas vein whilst better results from drill intersections included 1.3 metres @ 19.6 g/t Au and 27.0 g/t Ag from the Violeta vein and 5.05 metres @ 6.19 g/t Au and 6.3 g/t Ag from a stockwork zone.

Bill Humphries, Managing Director of HPD said: 'The acquisition of this large highly prospective land package in southern Chile, containing widespread gold occurrences and direct drilling targets, is indeed a prize to add to our portfolio of quality exploration properties'

There are several significant veins visible on the property including: Adriana vein with a strike length of about 1000 metres of up to 4 metres width; Violeta vein in several sections over a strike length of 1500 metres of up to 10 metres width; Vargas vein with a strike length of 300 metres of up to 9 metres width, with numerous smaller veins which may be extensions of Violeta and Vargas. At least 90% of the property is covered by shallow overburden and vegetation, thus the potential for discovery of hidden deposits is considered excellent.

Samples collected by Consultant Geologist Chris Cooper and Miguel Valente on behalf of HPD whilst completing due diligence on the Coyhaique Gold project, broadly confirmed the previous surface sampling by Homestake, including the bonanza grade of the Lilly vein, 176.5 g/t Au and 2750 g/t Ag. Grades of up to 7.8 g/t Au and 93.0 g/t Au were reported on Adriana vein, of up to 9.59 g/t and 68.3 g/t Ag on the Vargas vein and of up to 6.98 g/t Au and 100.0 g/t Ag on the Violeta vein.

Compilation of all available data, acquisition of Satellite Imagery together

with the logging of the scout drilling core, will be completed over the winter months (June to September) in preparation for the summer field exploration campaign.

It is anticipated that a drilling programme will be commenced on the already defined targets as soon as is practically possible.

In addition to the Coyhaique acquisition, Patagonia Gold (HPD 50%) has staked three exploration properties (Piedmentos) of total area 4800 hectares in southern Chile approximately 100 kilometres north of Coyhaique adjacent to or in the vicinity of several of its existing Argentine properties.

These acquisitions will allow Patagonia Gold to focus its main exploration effort in Chile, a country with a long history of mining and a sound mining law.

ENDS

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The directors of HPD Exploration Plc accept responsibility for the contents of this announcement.

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