



HPD Exploration PLC : Interim Results

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HPD Exploration PLC
19 December 2003

HPD EXPLORATION PLC
SECOND INTERIM STATEMENT
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2003

CHAIRMAN'S STATEMENT

I enclose the second interim financial statements for the 6 months ended 30 September 2003. In August 2003 HPD changed its financial period end from 30 September to 31 December to bring it into line with the financial year ends of its subsidiaries. The first interim financial statements were for the 6 month period ended 31 March 2003. An annual report for the 15 month period ended 31 December 2003 will be sent to shareholders in 2004.

In my Chairman's statement at the end of last year I said that HPD was focusing its activities on Patagonia. This year we have made major advances in the development of the Company and we currently have ongoing drilling and exploration programmes in both Chile and Argentina. Progress is summarised as follows:

- In March HPD shares began trading on AIM following the successful raising of £4 million: £2.3 million through a private placing in October 2002 and £1.7 million through an open offer and private placing on admission to AIM.
- In June we announced the results of our first season's exploration programme in Argentinean Patagonia including the discovery of epithermal veins at Cerro Crespo and Cerro Nelson in Chubut province. Further exploration at Cerro Crespo discovered two large vein fields, 'Cabana' and 'Jasper', each containing swarms of low sulphidation, epithermal veins with textures indicating that erosion of the system is shallow. Over 4,000 metres of veins have been mapped, with individual veins ranging in thickness from 0.5 to 5 metres and reporting grades of up to 15.8 g/t gold. Preparation is underway at Cerro Crespo for a 5,000 metre RC drilling campaign to begin in March 2004.
- In July the Option to Purchase Agreement was formalised with WestMag over the Coyhaique gold property in Chilean Patagonia. Subsequent exploration identified a new mineralised zone named the 'Ridge' that bisects a large circular dome feature that is suspected of being the by-product of an underlying intrusive. Visible gold has been observed in several samples including a cluster of gold flakes up to 4mm long and 0.5mm thick. Following approval of an Environmental Impact Study in November a 10,000 metre drilling programme began. The first five holes on the Adriana vein all intersected a massive vein, of up to 12 metres intersection width. The initial phase of the drill programme consisting of 5,400 metres is scheduled to conclude in January 2004.
- In November HPD announced the offer for sale of substantially all of its interest in Landore Resources Inc. The disposal of our North American interests provided HPD with net proceeds of approximately £1.3 million for continuing exploration and drilling in Patagonia while enabling those shareholders who accepted the offer to acquire an interest in Landore and to continue to participate in the future of that company.
- In December we announced the consolidation of our interests in South America by the acquisition of Minera Puerto Madryn S.A. whose principal asset is 50 per cent of Patagonia Gold S.A. Consideration for the

acquisition was satisfied by the issue of 89,692,574 HPD Ordinary Shares representing 40 per cent of the enlarged issued share capital of HPD. As a result of this acquisition Patagonia Gold S.A. has become a wholly owned subsidiary.

- In January 2004 it is proposed that HPD changes its name to Patagonia Gold Plc to reflect the focus of our operating activity.

The Board of Directors of HPD welcome two of the directors of Minera Puerto Madryn S.A., Mr. Carlos Miguens and Mr. Gonzalo Tanoira, who have joined us as Deputy Chairman and Finance Director respectively. Both Mr. Miguens and Mr. Tanoira have extensive business experience in Latin America and their appointments are consistent with our strategy to build the Company's interests both through the development of our ongoing exploration projects and through acquisition. I take this opportunity to thank both Mr. Neil Herbert (Finance Director) and Mr. David Dare (Non-executive Director), who have retired from the Board, for their valued contributions to the successful development of HPD over the last three years.

Shareholders will be kept informed with regular progress reports as the Directors continue to develop our ongoing exploration activities and as new business opportunities are evaluated.

Richard Prickett
Chairman

19 December 2003

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2003

	Six months to 30 Sept 2003 £	Six months to 31 March 2003 £	Year to 30 Sept 2003 £	Year to 30 Sept 2002 £
AIM listing expenses	-	(297,798)	(297,798)	-
Administrative expenses and exploration costs	(436,781)	(364,833)	(801,614)	(191,387)
Amortisation of goodwill	(18,894)	(18,894)	(37,788)	(23,247)
Other operating income	-	-	-	6,529
OPERATING LOSS	(455,675)	(681,525)	(1,137,200)	(208,105)
Share of operating loss in Canadian associate	(145,432)	(108,108)	(253,540)	(2,702)
Share of operating loss in Patagonian joint venture	(181,999)	(151,451)	(333,450)	(19,614)
TOTAL OPERATING LOSS: GROUP & SHARE OF JOINT VENTURE & ASSOCIATE	(783,106)	(941,084)	(1,724,190)	(230,421)
Loss on dilution of interest in Canadian associate	-	-	-	(621)
Interest receivable:				
- Group	33,774	20,421	54,195	16,886
- Share of associate	1,244	1,794	3,038	1,456
	35,018	22,215	57,233	18,342
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(748,088)	(918,869)	(1,666,957)	(212,700)
TAX ON LOSS ON ORDINARY ACTIVITIES	-	-	-	-
RETAINED LOSS FOR THE PERIOD/YEAR	(748,088)	(918,869)	(1,666,957)	(212,700)
LOSS PER SHARE	(0.5p)	(0.7p)	(1.2p)	(0.2p)
DILUTED LOSS PER SHARE	(0.5p)	(0.7p)	(1.2p)	(0.2p)

UNAUDITED TOTAL CONSOLIDATED STATEMENT OF
TOTAL RECOGNISED GAINS AND LOSSES

	Six months to 30 Sept 2003 £	Six months to 31 March 2003 £	Year to 30 Sept 2003 £	Year to 30 Sept 2002 £
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Loss attributable to shareholders of HPD Exploration PLC	(748,088)	(918,869)	(1,666,957)	(212,700)
Unrealised exchange rate movements	(28,959)	15,136	(13,823)	(10,822)
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TOTAL RECOGNISED LOSSES FOR THE PERIOD/YEAR	(777,047)	(903,733)	(1,680,780)	(223,522)
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UNAUDITED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2003

	30 Sept 2003 £	31 March 2003 £	30 Sept 2002 £
FIXED ASSETS			
Intangible fixed assets	684,685	694,338	446,313
Tangible fixed assets	6,786	8,597	9,500
Investments			
- Share of net assets in Canadian associate	188,364	50,617	18,650
- Other investments	-	-	1
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	188,364	50,617	18,651
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Investment in Patagonian Joint venture:			
- Share of gross assets	155,217	164,264	-
- Share of gross liabilities	(5,344)	(9,505)	-
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	149,873	154,759	-
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TOTAL FIXED ASSETS	1,029,708	908,311	474,464
CURRENT ASSETS			
Debtors: amounts falling due in less than one year	91,942	42,821	92,529
Cash at bank and in hand	2,254,632	3,226,238	530,850
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	2,346,574	3,269,059	623,379
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(17,095)	(37,572)	(30,868)
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NET CURRENT ASSETS	2,329,479	3,231,487	592,511
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TOTAL ASSETS LESS CURRENT LIABILITIES	3,359,187	4,139,798	1,066,975
PROVISIONS FOR LIABILITIES AND CHARGES			
Investment in joint venture:			
- Share of gross assets	-	-	17,125
- Share of gross liabilities	-	-	(56,397)
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	-	-	(39,272)
Provisions	(24,706)	(28,270)	(27,492)
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	(24,706)	(28,270)	(66,764)
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NET ASSETS	3,334,481	4,111,528	1,000,211
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CAPITAL AND RESERVES			
Called up share capital	1,345,389	1,345,389	1,047,073
Share premium account	3,965,845	3,965,845	249,111
Profit and loss account	(1,976,753)	(1,199,706)	(295,973)
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EQUITY SHAREHOLDERS' FUNDS	3,334,481	4,111,528	1,000,211
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Notes

This report is prepared on the basis of the accounting policies set out in the most recent set of annual financial statements.

The report was approved by the Board of Directors on 19 December 2003.

The comparative figures for the year ended 30 September 2002 are not the Group's statutory accounts for the financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. This report of the auditors was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

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