



Patagonia Gold PLC : Interim Results

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Patagonia Gold PLC
22 September 2004

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Patagonia Gold Plc
('Patagonia Gold' or 'the Company')

Interim Results for the Six Months ended 30 June 2004

CHAIRMAN'S STATEMENT

This is my first report to you as Chairman, having been appointed on 24 June 2004.

The financial results for the period under review show a loss of £1,688,568 (0.76p per share).

Operations

Argentina

The Cerro Crespo Project was the focus of a ~5,000mRC drilling programme which paused at the end of the previous field season. The results from this predominantly RC programme were encouraging in that not only were intersections of economic merit identified, but significant areas of veining were identified which had no obvious surface expression.

Significant intersections include:

Hole	From	To	Interval (m)	Au g/t
CR-01	6	13	7.0	5.99
CR-02	9	17	8.0	8.68
CR-03	6	11	5.0	4.20
CR-31	28	32	4.0	8.57
CR-33	28	35	7.0	8.24
CR-35	17	21	4.0	8.70
CR-69	7	10	3.0	14.5
CR-70	4	6	2.0	9.89
CD-86	28	33.6	5.6	10.2

Exploration to identify additional drill targets commenced in September and a drill programme to focus on the Cabana area is planned for late October / early November after further exploration and geophysics have been conducted. This programme will target not only the existing known areas but explore targets identified by ground exploration and geophysics survey.

A stream sediment survey of the Crespo Project area has returned very encouraging results and these anomalies will be followed-up with mapping and sampling with the aim of identifying areas worthy of drilling.

Chile

The Coyhaique Project, located in Region XI of Patagonian Chile is under option from WestMag Resources of Australia. The main veins on the property were drilled as part of a Phase I drill programme. Channel sample and near surface drill results were consistent, in the case of the Adriana vein they extended over a strike length of 1.5 kilometres.

Results included:

ID	SECTOR	FROM	TO	INT	Au g/t	Ag g/t
RC-48	Adriana	25.00	28.00	3.00	3.74	25.60
RC-49	Adriana	18.00	21.00	3.00	3.50	33.87
RC-57	Adriana	12.00	15.00	3.00	3.83	26.47
RC-58	Adriana	9.00	18.00	9.00	3.20	20.94
RC-59	Adriana	15.00	19.00	4.00	2.81	40.78

RC-60	Adriana	6.00	14.00	8.00	3.03	34.09
RC-72	Adriana	35.00	38.00	3.00	5.63	73.60
RC-75	Adriana	7.00	10.00	3.00	4.21	5.00
RC-103	Violeta	9.00	18.00	9.00	3.90	29.14
RC-105	Violeta	7.00	12.00	5.00	2.63	20.12
RC106	Violeta	12.00	16.00	4.00	2.97	16.63
RC-110	Violeta	23.00	28.00	5.00	2.36	38.36
RC-112	Violeta	15.00	18.00	3.00	3.87	17.03

Both the Adriana and Violeta vein have potential depth extensions to identified shoots. The Phase II drill programme will focus on new targets as well as further definition of the potential identified.

In both Argentina and Chile regional exploration programmes are underway. Geological teams on both sides of the border are conducting not only reconnaissance of new areas but also second pass evaluation of existing properties of identified potential.

New properties include the recently applied for Carrenleufu block south of Esquel; the 'border minas' adjacent to Coyhaique but in Argentina; the Gastre Block contiguous with the Navidad prospect and in the same structural domain as Calcatreu and other prospective properties in Central Chubut.

Our plan is to define drill targets for the future.

New Zealand

Discussions are continuing with interested parties regarding a disposal of these properties and shareholders will be informed in due course on the outcome of these discussions.

In just two years since formation Patagonia Gold has established a prominent exploration presence in Southern Argentina and Chile with the two advanced drill projects of Coyhaique and Crespo and several other exciting opportunities.

Sir John Craven
Chairman

22 September 2004

Unaudited Consolidated Profit and Loss Account FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Six months to 30 June 2004 £	Fifteen months to 31 December 2003 £
Administrative expenses	(432,107)	(1,055,129)
Exploration costs	(902,343)	(195,476)
Amortisation of goodwill	(378,760)	(62,550)
Other operating expense	(5,063)	(297,798)
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OPERATING LOSS	(1,718,273)	(1,610,953)
Share of operating loss in Canadian associate	0	(253,540)
Share of operating loss in Patagonian joint venture	0	(433,100)
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TOTAL OPERATING LOSS: GROUP AND SHARE OF JOINT VENTURE AND ASSOCIATE	(1,718,273)	(2,297,593)
Profit on dilution of interest in Canadian associate	0	486,178
Interest receivable:		
- Group	29,705	64,951
- Share of associate	0	8,113
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	29,705	73,064
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LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,688,568)	(1,738,351)
TAX ON LOSS ON ORDINARY ACTIVITIES	0	0
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RETAINED LOSS FOR THE PERIOD	(1,688,568)	(1,738,351)
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LOSS PER SHARE	(0.76p)	(1.30p)
DILUTED LOSS PER SHARE	(0.76p)	(1.30p)

LOSS PER SHARE

	Weighted Average number of £ shares	Six months to 30 June 2004 per share	Weighted Average number of £ shares	Fifteen months to 31 December 2003 per share
Loss attributable to shareholders	(1,688,568)	221,710,192	(0.76p)	(1,738,351)
			132,214,312	(1.30p)

Unaudited Consolidated Balance Sheet
AT 30 JUNE 2004

	30 June 2004 £	31 December 2003 £
FIXED ASSETS		
Intangible fixed assets	14,666,071	15,044,831
Tangible fixed assets	54,962	54,171
Investments	85,210	85,210
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TOTAL FIXED ASSETS	14,806,243	15,184,212
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CURRENT ASSETS		
Debtors: amounts falling due in less than one year	102,765	145,251
amounts falling due in more than one year	167,197	0
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	269,962	145,251
Cash at bank and in hand	1,591,268	3,083,419
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	1,861,230	3,228,670
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(174,089)	(181,815)
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NET CURRENT ASSETS	1,687,141	3,046,855
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TOTAL ASSETS LESS CURRENT LIABILITIES	16,493,384	18,231,067
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NET ASSETS	16,493,384	18,231,067
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CAPITAL AND RESERVES		
Called up share capital	2,242,814	2,242,314
Share premium account	18,092,675	18,092,425
Profit and loss account	(3,842,105)	(2,103,672)
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EQUITY SHAREHOLDERS' FUNDS	16,493,384	18,231,067
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Unaudited Consolidated Statement of Total
Recognised Gains and Losses
FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Six months to 30 June 2004 £	Fifteen months to 31 December 2003 £
Loss attributable to shareholders of Patagonia Gold PLC	(1,688,568)	(1,738,351)
Unrealised exchange rate movements	(49,865)	(69,348)
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Total recognised losses for the period	(1,738,433)	(1,807,699)
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Unaudited Consolidated Cash Flow Statement
FOR THE SIX MONTHS ENDED 30 JUNE 2004

Six months to 30 June 2004 £	Fifteen months to 31 December 2003 £
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Net cash outflow from operating activities	(1,520,003)	(1,486,914)
Returns on investments and servicing of finance	29,705	64,951
Capital expenditure	(2,603)	(2,760)
Acquisitions and disposals	0	(37,757)
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Net cash outflow before use of liquid resources and financing	(1,492,901)	(1,462,480)
Management of liquid resources	1,459,970	(2,406,796)
Financing	750	4,015,049
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(Decrease)/ increase in cash in the period	(32,181)	145,773
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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 22 September 2004.

The interim statement is unaudited and does not constitute statutory accounts within the meaning of S240 of the Companies Act 1985. The comparative figures for the period ended 31 December 2003 are taken from the Group's statutory accounts for the fifteen months ended on that date. 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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