



Patagonia Gold PLC : Exploration Update

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EXPLORATION UPDATE

Patagonia Gold (PGD) continues to expand the drill targets on its principal properties in Argentina, Chile and New Zealand together with making new discoveries.

The Company has under licence, application or option: 79 properties covering 3,380 km² in Southern Argentina, distributed across the Rio Negro, Chubut and Santa Cruz provinces; 39 properties covering 104 km² in Southern Chile and 19 properties covering 4,630 km² in both the North and South Islands of New Zealand.

Highlights

Gastre. -The discovery of significant disseminated copper mineralization with values of >3% copper and associated silver values of 170g/t along strike and to the east of IMA's Navidad silver project.

Cerro Colorado. -Sampling over the central zone has returned significant results including 28.1g/t gold and 88.1g/t silver over 2 metres.

Cerro El Morro. -One of the main structures has now been traced for over one kilometre with values in the south east of 3.7g/t gold and 269g/t silver increasing to 24.6g/t gold and 233g/t silver in the north west.

Crespo. -The discovery of new veins and the extension of known mineralization confirm this as a gold rich district of high potential.

Argentina

The Gastre Block: consisting of 10 cateos covering 950 square kilometres, is located in north central Chubut within the proven mineralized belt extending from IMA's Navidad silver project in the south east to Aquiline's tenements, containing the Calcatreu gold project, in the northwest and is considered extremely prospective to host both base metal and precious metal mineralization.

Mapping and sampling of the southern section of the claims, in a zone named Copper Hill, has identified significant disseminated copper mineralization with values of >3% copper and associated silver values of 170g/t. The mineralization is related to an extensive linear structure, which has the same orientation and is along strike from one of the major Navidad mineralized zones to the east. Over 4.5 kilometres to the west, along the same trend, copper mineralization has also been identified, with values >1% Copper and >50g/t silver.

300 metres southeast of Copper Hill in the base of the Canadon Asfalto sequence, (host to the Navidad deposit), rock chip samples have reported results of >3% copper and 71g/t silver in disseminated mineralization. In addition previous prospecting in an area adjacent to this copper rich trend returned values of up to 5.1g/t gold and 52g/t silver.

Significant Samples include

Property	Sample	Copper %	Silver pm
Gastre	33957	3.10%	71.7
	33958	1.63%	37.0
	33959	2.29%	47.7

33962	3.23%	170.0
33964	1.84%	89.9

Cerro Colorado: this exciting prospect comprising two minas and a cateo, covering almost 200 square kilometres is located in the Andean cordillera to the south of Esquel and contains mineralization typically associated with a hi-sulphidation gold system. Extensive chip channel sampling over the central zone of 700 metres x 300 metres of advanced argillic alteration has returned very significant gold results, including:

- o 28.1g/t gold 88.1g/t silver over 2 metres
- o 6.22g/t gold 28.3g/t silver over 7 metres
- o 7.31g/t gold 32.2g/t silver over 5 metres
- o 6.65g/t gold 65.6g/t silver over 7 metres

The mineralized system is postulated to have a stratigraphic control being fed by NE striking structures. Further infill sampling and detailed mapping will now be carried out prior to drill programme preparation.

Cerro El Morro: further exploration of this cateo has identified additional veining. Sampling has increased the tenor of the mineralization with a sample from the last programme returning 24.6g/t gold and 233g/t silver.

A recently completed geophysics survey (combined magnetic, IP and chargeability) over the vein field has enabled better definition of the structures which in places have no surface expression. One of these structures, now traceable for over a kilometre, contains values in the south east of 3.7g/t gold and 269g/t silver increasing to 24.6g/t gold and 233g/t silver in the north west, with the geophysics also indicating the structure to be considerably wider in the north west.

An Environmental Impact Study has been submitted to the Rio Negro Province and on receipt of the approval a 2,000 metres scout drill programme will commence

Crespo Project: continued exploration of this established gold district has maintained the momentum of discovery with two new sub parallel veins, extending for over 2.3 kilometres, having recently been discovered in the central southern part of the property. Mapping and sampling of these veins ('V' and 'Y') is currently in progress.

Additionally the Pedro vein has now been extended to over 2 kilometres with a number of grades >3g/t gold.

The recently completed geophysics survey conducted over the 'Paleosurface' successfully defined a 300 metres x 100 metres resistive zone with co-incident chargeability linking the two highest anomalous gold samples.

The discovery of new veins and the extension of known mineralization in the Crespo Project area confirm this as a gold rich district of high potential. Further discoveries are anticipated. PG has increased its landholding in the area and now controls an area of 535 square kilometres in 6 cateos.

Environmental Impact Studies are currently being prepared for submission in advance of drill testing several of the above targets.

Chile

Exploration in Chile remains focused in the Puerto Ibanez area and in the region to the south of the Cerro Bayo mine of Coeur in the Jenemeini area.

Reconnaissance sampling of the latter has identified geology prospective for both epithermal gold mineralization as well as gold-silver-base metal mineralization, with values >5g/t gold and >500g/t silver (separate samples), as a result of which 25 new pedimentos have been staked.

Significant Samples include

Property	Sample	Gold ppm	Silver ppm	Lead %
Jenemeini Area	40058	5.15	148.0	4.4
	40042	4.00	533.0	0.1
	40050	3.38	2.5	0.1
	40051	2.21	138.0	20.5
	40046	2.16	152.0	0.8
	40053	0.36	48.5	2.8

New Zealand

Exploration on HPD New Zealand's permits at Bendigo, Macetown and Nenthorn continues, with extensive soil sampling programmes being carried out on all three properties.

Bendigo Permit-soil sampling has identified the northwestern extension to the Rise and Shine shear zone. Coincident gold and arsenic results define a strike length of 3 kilometres with a width of 400 metres. Soil sampling is currently underway on the SE extension of the zone.

Macetown Permit-soil sampling, with results of up to 11.3g/t gold, has defined the possible extension of the Premier lode, with mineralization present over the 1,500 metres tested to date. In addition, the sampling identified a sub-parallel zone. A further 4.5 kilometres of the zone remains to be tested.

Nenthorn Permit-soil sampling has outlined extensions to the Bonanza lode (Lots Wife) and is clearly defined by over 3.7 kilometres strike of mapped quartz. Two sub parallel linear anomalies have also been defined at Redbank with the southern anomaly extending over 3.6 kilometres.

The Nenthorn Permits are adjacent to the Macraes gold mine operated by Oceana Gold, which since commissioning in 1990 has produced 1.7Mozs of gold.

HPD has programmed for a 3,000 metre Reverse Circulation exploratory drilling campaign to be carried out prior to winter on one of the above properties, subject to the results of infill soil sampling and satisfactory access arrangements being completed.

ENDS

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