



## Patagonia Gold PLC : Drilling & Exploration Update

Released : 08.02.2005

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08 February 2005

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Patagonia Gold Plc

### DRILLING AND EXPLORATION UPDATE

Patagonia Gold Plc ('Patagonia Gold') is maintaining a high level of exploration activity in southern Argentina and Chile with a total of eleven exploration teams, supported by two consultants, operating in the Chubut, Rio Negro and Santa Cruz Provinces of Argentina and in southern Chile.

Patagonia Gold is conducting exploration on 55 properties, covering 3,717 square kilometres, of which the principal ones are:

#### Argentina

Crespo Project: The drill programme initiated in early 2004 on the Cabana Zone returned significant gold intersections.

Significant drill hole intersections not previously reported include:

Drill Hole	From Metres	Intersection Metres	Gold g/t (ppm)
CR-69	7.0	3.0	14.5
CR-70	14	2.0	7.1
CR-70	28	5.6	10.2
CD-86	58.5	1.5	4.5
CD-86	65.2	1.8	4.0

The high gold values encountered were subsequently established to be associated with supergene enrichment and were generally restricted to the intersection of the two main structures with the remainder of the zone returning lower grades.

Work is continuing on other prospective areas at Crespo.

Results from the property wide stream sediment sampling programme has led to the discovery of three new prospective zones of veining, Western veins, Lazo and the Northern vein zone. The latter zone, discovered only in the past two weeks, has so far been mapped for a strike length of 2.2 kilometres. Initial sampling on these zones has established grades of up to 14g/t gold.

In addition a geophysical survey is currently being conducted over an extensive paleosurface which could represent the upper level of a complete epithermal system.

Environmental Impact Studies (EIS) for these areas are currently being prepared ahead of a scout drilling campaign scheduled to be carried out in the second quarter.

Property 36: exploration has identified multiple veins over a large area on this property, with surface samples returning values of up to 3.7g/t Au 269g/t Ag.

An EIS has been submitted to the Rio Negro Province and, on receipt of the approval, a 2,000m scout drill programme will commence. A geophysical survey is currently being conducted to establish the possible presence of buried drill targets.

The Gastre Block: consisting of 6 cateos covering 550 square kilometres, is located in north central Chubut within the proven mineralised belt extending from IMA's Navidad silver project in the south east to Aquiline's tenements containing the Calcatreu gold project in the northwest.

This property is currently being explored by two teams led by Consulting Geologist Christopher Cooper, who was involved in the discovery of the world class epithermal gold vein, Galadriel Sur, at Esquel.

Prospecting has returned rock sample values of up to 5g/t Au and 50g/t Ag

Cerro Colorado: acquired late last year, is located in the Andean cordillera to the south of Esquel and contains an extensive area of alteration of the type associated with high sulphidation gold systems. Sampling to date by Patagonia Gold has returned values over 5g/t Au. The main zone, outcropping over an area of 700m by 300m, is currently being evaluated by Nick Callan, an independent consultant geologist.

The Carrenleufu Block: consisting of 6 categoos covering 600 square kilometres, is also located in the Andean cordillera to the south of Esquel and contains Jurassic volcanics and structures favourable for hosting gold deposits. A property wide stream sediment sampling programme, nearing completion, has returned initial results of up to 6g/t gold indicating the highly anomalous character of the area. Mapping and detailed sampling of the anomalous drainages will now be conducted by two exploration teams.

Chile

Coyhaique Project: Intensive property wide exploration of the Coyhaique Project conducted over the past 16 months, including drilling of the four main veins, has failed to meet expectations.

Our target at Coyhaique was to identify a substantial economic deposit. Results to date have not provided sufficient confidence to continue with this project whilst there are many other prospective areas in Patagonia Gold's portfolio yet to be explored.

Accordingly, WestMag Ltd, has been advised that Patagonia Gold no longer wishes to proceed with the option to purchase the Coyhaique mining concessions.

Geological management and exploration teams are concentrating on target generation and exploration in the Cordilleran areas of both Argentina and Chile. Exploration of other prospective properties held by Patagonia Gold is continuing: Cerro Aguja in southern Chile, a high sulphidation gold system, where the central diatreme breccia has now been accessed and sampled; the recently acquired Puerto Ibanez properties in southern Chile where initial sampling has returned grades of over 2g/t gold and 1225g/t silver and in Santa Cruz on property 29, where extensive areas of epithermal veining has been identified and sampled.

New Zealand

Negotiations for the sale of HPD-New Zealand have been terminated. Patagonia Gold will continue to explore and add value to this portfolio of highly prospective properties.

Bill Humphries said; 'I am very happy with the progress and results that our exploration team achieved in 2004 and look forward to this year with anticipation that our exploration efforts will be rewarded.'

For more information please contact

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