



Patagonia Gold PLC : Huemules Progress Report

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PATAGONIA GOLD PLC

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HUEMULES GOLD MINE - PROGRESS REPORT

An ongoing review of data acquired with the Huemules Gold Mine, in December 2005, shows that drilling results at Huemules Norte confirmed the presence of a new gold shoot containing bonanza grades.

A drilling campaign completed at Huemules Norte in 2002 by Leleque Exploration (JV Brancote Holdings-Minamalu) established the presence of the high grade shoot. A follow up campaign carried out by Leleque Exploration (JV Meridian Group-Minamalu) in 2003 confirmed and extended the shoot down dip. The shoot is open at depth.

Results include:

HUEMULES NORTH HIGH-GRADE ZONE							
Drill Hole	From metres	Intersection metres	Gold g/t	Silver g/t	Copper %	Lead %	Zinc %
HD-02	71.0	2.0	60.3	17.3	0.81	0.16	0.48
Including		1.0	107.1	17.2	0.35	0.11	0.76
HD-14	142.5	7.5	35.8	53.5	1.39	0.81	2.83
Including		2.0	85.0	41.4	0.85	0.18	0.37
and		1.0	119.7	25.4	2.67	0.14	1.72
HD-18	139.0	4.0	61.5	69.4	1.77	1.12	0.89
Including		0.5	460.1	213.0	3.38	7.43	4.58
HD-19	126.0	3.0	12.8	10.5	0.28	0.02	0.03
Including		1.0	30.1	18.5	0.25	0.02	0.03
HND-01	161.2	2.3	13.8	37.7	0.42	0.02	0.05
Including		0.9	25.3	56.0	0.18	0.02	0.05
HND-02	160.3	4.7	7.3	36.6	0.89	0.88	2.17
Including		3.0	9.1	14.6	0.67	0.10	0.25
HND-03	165.8	5.3	296.5	155.4	1.05	1.59	3.07
Including		0.6	2,338.6	1,020.0	1.27	6.17	9.14
And		0.6	123.5	147.0	3.46	2.42	4.47

All drill intersections from the 2003 campaign have been re assayed by Patagonia Gold in December 2005 the results, of which, have confirmed the original gold assays within 99.9%. Full assay and collar co-ordinate details are appended to this release. (Appendix A)

The Huemules Gold property is located some 25 kilometres to the NW of Esquel and lies within the 6km wide, 300 degree striking, Willimanco structural corridor which extends north-west from the Esquel Gold Project. The property is optioned to Minera Huemules SA, a wholly owned subsidiary of Minamalu SA which in turn is a wholly owned subsidiary of Patagonia Gold Plc.

Geology and Mineralisation

The Huemules area covers a section of mountains, known as Cordon Rivadavia, occurring as fault blocks trending north northwest-south southeast, and are comprised mainly of relatively coarse grained series of andesitic to dacitic pyroclastics. This sequence is flat-lying and well-stratified and is intruded by felsic domes and (doleritic) dykes and sills.

Hydrothermal events have occurred within andesite hosted structures producing the brecciation, alteration, sulphidation and quartz veining observed in the region.

Project scale geology is dominated by a structural corridor at about 155 degrees, in which Huemules Norte, Centro and Huemules Sur are located. This prominent northwest-trending, sub-vertical west dipping fault system was clearly a tensional environment as mapping has identified several dyke swarms in this corridor.

The Huemules Sur and Huemules Norte fault system, which controls epigenetic gold and silver mineralization, is over 3 kilometres long, and up to 20 meters wide. Mineralisation is mesothermal and consists of quartz stockworks (with minor carbonate) with pyrite, chalcopyrite, sphalerite and galena. Reasonably intense chloritisation, silicification and clay are also present.

The fault zone has been re-activated at least twice, with an early phase of high-temperature fluid depositing the bulk of the gold mineralization, followed by a later, lower temperature, carbonate-dominated fluid carrying manganese and base metals.

The Huemules vein system includes three sectors, designated Sur, Centro, and Norte. At Huemules Sur, the zone consists of a broad corridor of pyritized and irregularly argillized and/or silicified rock, up to 150 meters wide, containing multiple lenticular, gold-bearing, quartz veins, veinlets, and quartz breccia zones. At Huemules Norte and Centro it is more commonly a well-defined quartz breccia zone of 5 to 15 meters width containing disseminated pyrite and chalcopyrite and enclosing a single discrete gold-bearing vein.

Exploration History

The Huemules gold/silver deposits were discovered by prospectors in about 1965. Exploration work has been carried out by:

- The United Nations (1978 to 1983), including 2,049 metres of diamond core (DC) drilling and 322 metres of underground development at Huemules Sur.
- The Chubut Mining Directorate (1987 to 1988), including 242 metres of (DC) drilling and 240 metres of underground development at Huemules Sur
- EACA, the Argentine company awarded the mining licence (1989 to 1994), including 1,210 metres of (DC) drilling and 210 metres of underground development at Huemules Sur together with 120 metres of underground drive development at Huemules Norte.
- Production from the two main ore shoots was approximately 2,000 tonnes of ore grading-120 g/t gold for a total of 7,717 ounces. The direct shipping ore was sold to the Union Miniere smelter in Belgium.
- Sunshine Mining (1994 to 1996), including 2,903 metres of Reverse circulation drilling in the vicinity of the Huemules Sur Mine.
- Minera El Desquite-JV Brancote Holdings-MBP SA. (1998 to 2000).
- Leleque Exploration-JV Brancote-Minamalu (2001 to 2002) including 2820 metres of (DC) drilling in the vicinity of the Huemules Norte Mine.
- Leleque Exploration-JV Meridian Group-Minamalu (2003), including 443 metres of (DC) drilling at Huemules Sur and 1,032 metres of (DC) drilling at Huemules Norte.

For drill-hole location details for the 2002/2003 drilling campaigns see Appendix B.

Exploration potential at Huemules remains very good with the majority of past work focused on limited areas around the high grade shoots. All of the identified shoots remain open at depth, often with the best grades at the deeper levels, and a number of ore grade surface showings remain untested.

Ongoing work

Chlumsky, Armbrust and Meyer L.L.C. (CAM) an international mineral resources, consulting, and engineering group from Lakewood, Colorado, U.S.A. have been engaged by Patagonia Gold to complete a resource estimate, to Canadian National Instrument 43-101 code, on the newly discovered high grade shoot at Huemules Norte and to review the historical resource at Huemules Sur.

CAM will also give recommendations for infill, down-dip and metallurgical drilling at Huemules Norte in preparation for environmental and scoping studies.

Marc Sale, (BSC. Geology, member AusIMM, member AIG) a Director and consultant to Patagonia Gold Plc and a qualified person as defined in National Instrument 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this press release.

ENDS

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APPENDIX A

Huemules Norte-Drilling 2003-Re-assaying 2005

All assaying for JV Meridian Group-Minamalu (JV MG-M) for Huemules drilling as well as for Patagonia Gold confirmation assaying was completed by ALS Chemex Laboratories, with Sample Preparation done in Mendoza, Argentina, and Geochemical Analyses in La Serena, Chile. Gold analysis (50 gm sample) was by Fire Assay, with Atomic absorption finish for samples returning less than 10g/t, and gravimetric finish for those over 10g/t. Elements other than gold were analyzed by ICP initially. Patagonia Gold re-assays for high-grade Silver and Base Metals were done by Acid Digestion and Atomic Absorption at the same laboratory.

Initial sample pulp size was nominally 500g. Remaining sample pulps re-assayed for high-grade gold, silver, and base metals generally weighed 300g - 400g.

Correlation Coefficients between JV MG-M and Patagonia Gold assays for the 55 samples re-analyzed were 0.9999 for Gold and 0.9987 for Silver. A table showing the sample comparison follows:

PATAGONIA GOLD Plc 2005							JV MG-M 2003					
Hole ID	From	To	Au ppm	Ag ppm	Cu %	Pb %	Zn %	Au ppm	Ag ppm	Cu %	Pb %	Zn %
HND03	164.95	165.75	0.790	15.00	1.87	0.27	1.10	0.860	20.20	>0.99	0.25	>0.99
HND03	165.75	167.05	18.350	29.00	0.49	0.76	1.02	18.700	30.20	0.46	0.68	0.93
HND03	167.05	167.55	17.550	69.00	2.22	1.60	6.45	17.500	75.40	>0.99	>0.99	>0.99
HND03	167.55	168.65	6.030	7.00	0.30	0.36	1.02	6.610	5.60	0.26	0.32	0.86
HND03	168.65	169.30	90.800	74.00	1.15	1.76	3.96	90.000	94.00	>0.99	>0.99	>0.99
HND03	169.30	169.90	2338.600	1020.00	1.27	6.17	9.14	2360.000	1280.00	>0.99	>0.99	>0.99
HND03	196.90	170.50	3.460	5.00	0.16	0.09	0.17	0.763	4.90	0.15	0.08	0.16
HND03	170.50	171.05	123.500	147.00	3.46	2.42	4.47	107.000	225.00	>0.99	>0.99	>0.99
HND01	160.64	161.20	0.511	15.00	1.35	0.99	0.64	0.472	15.30	>0.99	0.97	0.56
HND01	161.20	161.70	9.160	38.00	0.83	0.02	0.08	8.890	46.80	0.74	0.01	0.06
HND01	161.70	162.60	25.300	56.00	0.18	0.02	0.05	25.700	48.10	0.16	0.01	0.03
HND01	162.60	163.45	4.240	18.00	0.42	0.02	0.04	4.700	28.50	0.38	0.01	0.03
HND02	160.27	161.00	2.700	106.00	1.61	4.23	9.85	2.700	89.20	>0.99	>0.99	>0.99

HND02	161.00	161.57	4.970	44.00	0.98	0.15	0.25	5.470	50.10	>0.99	0.16	0.26
HND02	161.57	161.90	5.270	73.00	1.16	1.92	6.19	5.670	89.10	>0.99	>0.99	>0.99
HND02	161.90	163.00	8.810	11.00	0.64	0.04	0.09	9.890	13.30	0.73	0.04	0.09
HND02	163.00	164.30	8.930	5.00	0.23	0.02	0.09	9.150	4.70	0.24	0.02	0.08
HND02	164.30	164.95	10.000	40.00	1.59	0.37	0.84	10.100	44.70	>0.99	0.39	0.84
HND04	189.70	190.95	7.300	4.00	0.13	0.15	0.43	7.510	2.80	0.12	0.14	0.40
HND04	191.65	192.30	8.350	4.00	0.75	0.03	0.11	9.980	4.80	0.69	0.02	0.07
HND04	192.30	193.15	9.480	16.00	1.54	0.05	0.10	10.100	21.70	>0.99	0.05	0.10
HND04	194.30	195.40	11.645	12.00	0.89	0.67	1.85	11.350	16.00	0.92	0.69	>0.99
HND06	156.00	157.00	4.660	3.00	-0.01	-0.01	0.03	4.900	0.25	0.00	0.00	0.02
HSD05	136.65	137.30	1.970	4.00	0.64	0.02	0.03	2.500	5.00	0.64	0.01	0.02
HSD06	163.30	163.90	1.535	2.00	0.11	1.06	1.59	1.760	2.80	0.10	>0.99	>0.99
HSD06	193.55	194.10	0.826	1.00	0.01	0.01	0.02	1.020	0.80	0.00	0.01	0.01

APPENDIX B

Huemules Drilling 2002 - 2003						
Collar Coordinates						
Drill Hole	East	North	Elevation	Azimuth	Inclination	Length
HD-01	1539871.49	5264400.53	1591.03	75	-50	149.96
HD-02	1539878.71	5264375.56	1584.24	70	-52	114.60
HD-03	1539902.85	5264345.90	1572.43	67	-50	96.32
HD-04	1539850.55	5264382.27	1582.40	67	-50	140.21
HD-05	1539859.44	5264364.29	1581.84	67	-55	135.94
HD-06	1539870.71	5264332.82	1577.40	67	-53	135.94
HD-07	1539868.16	5264528.03	1620.39	67	-50	199.34
HD-08	1539848.65	5264606.50	1636.58	40	-61	81.07
HD-09	1539850.30	5264573.33	1627.16	67	-50	78.03
HD-10	1539827.28	5264670.40	1665.61	67	-50	81.08
HD-11	1539802.21	5264768.67	1679.32	67	-50	80.01
HD-12	1539759.70	5264739.48	1671.85	67	-50	93.27
HD-13	1540038.57	5263946.67	1554.95	67	-50	196.60
HD-14	1539837.56	5264297.55	1572.85	67	-50	166.42
HD-15	1539883.65	5264441.82	1611.54	120	-50	111.25
HD-16	1539904.29	5264409.69	1604.42	125	-50	87.17
HD-17	1539788.88	5264563.30	1615.61	67	-50	142.03
HD18	1539824.93	5264318.82	1570.96	67	-50	169.17
HD-19	1539854.04	5264277.62	1571.83	67	-55	151.18
HD-20	1539931.74	5264354.69	1578.41	67	-75	56.99

HD-21	1539837.32	5264354.02	1574.63	67	-60	154.07
HD-22	1539938.26	5264068.21	1563.78	67	-50	200.00
HND-01	1539835.00	5264235.00	1575.00	63	-65	207.40
HND-02	1539835.00	5264262.00	1574.00	65	-60	203.05
HND-03	1539830.00	5264290.00	1573.00	65	-60	186.30
HND-04	1539815.00	5264315.00	1572.00	65	-60	207.55
HND-05	1539835.00	5264542.00	1622.00	70	-60	126.40
HND-06	1539825.00	5264565.00	1622.00	70	-50	100.88
HSD-05	1540952.00	5262377.00	1710.00	30	-60	221.29
HSD-06	1540983.00	5262370.00	1695.00	30	-65	221.47

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