KERNOW ACQUIRES NEW GOLD PROPERTY IN PORTUGAL

Mr. Alan Matthews, President of Kernow Resources & Developments Ltd., is pleased to announce that Kernow has entered into a Contract of Exploration with the Government of Portugal to explore the Poco das Freitas property located in the North East of Portugal.

Terms of the Contract

The contract is initially for two years and thereafter can be renewed on annual basis for a further one year at a time. Kernow has committed to complete Euros 45,000 worth of exploration work on the property in the first two years.

Size, Mineralization and Historic Exploration

The Property covers an area of 63.79 square kilometres and within its boundaries are a series of pits and workings excavated for the production of gold during the time of the Roman Empire. The main workings are the “Limarinho” and “Poco das Freitas” pits and they lie within 200 meters of each other at the centre of the property. The Limarinho pit covers an area of some 400 meters in length, 200 meters in width and extends to approximately 30 meters below the original surface. The Poco das Freitas area consists of a series of pits and workings covering an area of approximately 200 meters by 300 meters. Several other workings have been documented on the property to the east and south of these two areas.

Gold mineralisation on the property is associated with Hercynian aged intrusive two mica granites and significant shear zones. The shears are related to a large regional structure known as the Vila Real-Verim fault, which is over 75 kilometres in length. The structure has greatly influenced the emplacement of gold deposits in Northern Portugal and Northern Spain.

Royalty Payable

The property has been the subject of considerable exploration in the past. In view of the success attained by previous owners the Portuguese Government has, in the Exploration Contract, defined an area enclosing the Poco das Freitas and Limarinho pits within which, if an economically viable gold deposit is confirmed, Kernow will be required to pay an additional royalty to the Government of Euros 250,000 paid in instalments of Euros 50,000 over a period of 5 years. These payments will be in addition to the negotiable 3% royalty payable to the Government.
Recent Exploration

During 1987 to 1991 COGEMA (Compagnie Générale des Matières Nucléaires of France) prospected an area within the current license boundary for gold. It conducted a property wide soil geochemical survey on a 200 x 200 meter grid taking 1,264 samples, which were analysed, for a suite of elements including gold, silver, arsenic, tin and bismuth. From the results COGEMA identified 15 anomalous areas which were further sampled and mapped on a 50 x 50 meter grid taking a further 1,637 samples. COGEMA also collected for analysis 366 lithogeochemical samples.

Of the 15 anomalous areas outside of the Poco das Frietas/Limarinho area only one anomaly was followed up by drilling. This was at the Bobadela showing where three diamond drill holes totalling 414.80 meters were completed. Other gold anomalies throughout the property require further investigation.

At the Poco das Frietas area 7 diamond drill holes totalling 981.13 meters were completed. At Limarinho pit 16 diamond drill holes totalling 1,838.90 meters were completed.

COGEMA’s Estimate of Mineralisation

From the data generated from the holes at Limarinho, structural studies, thin section work and limited metallurgical testing COGEMA completed a study outlining of the “Potential of Gold” at Limarinho. COGEMA estimated from the 16 drill holes at Limarinho that the deposit contained 2.07 tonnes of gold at a grade of 2.8 grams per tonne of gold from the current surface to 50 meters below surface. It classified this estimate as “Reservas Possíveis” which translates into “Possible Reserves”. This category of “Reserve Possíveis” is not a category recognised by National Instrument 43-101 Standards of Disclosure for Mineral Projects. The study was published in 1998 in a document made publicly available by the Portuguese “Instituto Geolodico e Minerio” entitled “Mineral Potential of Portugal”

Kernow believes that this estimate is relevant and reliable, however, it has not done the work necessary to verify the classification of the resource or reserve and the work required to verify the classification will form part of its ongoing work program. Furthermore, Kernow does not view the “Reservas Possíveis” as a National Instrument 43-101 defined resource or reserve verified by a Qualified Person. In Kernow’s view the historical estimate should not be relied upon.

Proposed Exploration

Kernow’s intention is to firstly further investigate the gold anomalies noted throughout the property by mapping, sampling and, where necessary, trenching. This will be followed by a re-assessment and reinterpretation of the COGEMA borehole data for the Poco das Freitas and Limarinho deposits. Further drilling will be required at the Limarinho deposit to bring the classification of any resources into compliance with the definitions of NI 43-101.
For further information concerning Kernow’s activities please contact Mr. Alan Matthews by telephone in Portugal at + (351) 93 676 0927 or to leave a message at (602) 820-8155 or by facsimile at + (351) 22 609 5185 or by e-mail at: piran@mindspring.com

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*This news release contains forward looking statements regarding the ongoing and upcoming exploration work and expected geometry of geological formations and structures. Actual results may differ materially from those currently anticipated in such statements.*