



Patagonia Gold PLC : Disposal

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PATAGONIA GOLD PLC ANNOUNCES THE DISPOSAL OF HPD NEW ZEALAND LIMITED (HPDNZ) TO
GLASS EARTH LIMITED (TSXV-GEL) (GLASS EARTH)

Patagonia Gold Plc is pleased to announce the disposal of HPDNZ to Glass Earth. On 22 December 2005 an agreement was reached for Glass Earth to acquire all the issued and outstanding shares of HPD NZ which are held by the Company's wholly owned subsidiary, HPD Investments Limited. The consideration payable by Glass Earth will be 12,665,000 common shares and 6,332,500 share warrants with a strike price of \$0.25 for a period of 2 years.

HPDNZ has a total of 22 Exploration and Prospecting Permits covering over 4,724 square kilometres in both the North and South Islands of New Zealand. The North Island Exploration and Prospecting Permits are contiguous and adjacent to Glass Earth's existing property interests and contain numerous epithermal gold targets with a Waihi 'Martha Mine' style of mineralization which has been identified by Glass Earth as part of its exploration activities over the last 2 years. These North Island HPD Exploration and Prospecting permits are a strategically important fit with the Glass Earth properties. The South Island Exploration and Prospecting Permits are no less prospective and are generally for mesothermal shear hosted gold targets which exhibit 'Macrae Deposit' type signatures.

An important feature of this transaction is that Marc Sale will continue as Exploration Director of HPDNZ. Marc will also be joining the Board of Glass Earth and will be part of the New Zealand based Glass Earth exploration team.

The transaction is subject to regulatory approval , to be obtained by Glass Earth, and is expected to close no later than 31 March 2006.

ENDS

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