



Patagonia Gold PLC : Acquisition

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Patagonia Gold PLC
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PATAGONIA GOLD CONSOLIDATES ITS INTEREST IN HIGHLY PROSPECTIVE PROPERTIES NEAR ESQUEL, ARGENTINA.

Patagonia Gold Plc ('Patagonia Gold'), the South American mining explorer, is pleased to announce the acquisition of the remaining 60% of the issued share capital of Huemules SA, Leleque SA and Minera Nahuel Pan SA from Meridian Gold Group companies. Patagonia Gold already held 40% of these companies through its 100% subsidiary Minamalu SA.

- Huemules SA ('Huemules'), which holds 4 mineral properties (100%) and is earning the right to purchase a further 12 properties, for total area 22,588 hectares, located in the Cordon Huemules approximately 25 kilometres to the west of the Esquel gold project and containing the historical Huemules gold mine. Exploration in the late 1990's delineated an inferred gold resource of 114,300ozs in the immediate vicinity of the mine together with identifying other prospective areas;
- Leleque Exploration SA ('Leleque'), which holds 26 properties (100%), for total area 89,565 hectares, to the north and adjacent to the Esquel gold project and though lightly explored, is considered highly prospective with several large colour alteration areas together with numerous gold anomalies that have been identified by previous exploration; and
- Minera Nahuel Pan SA ('Nahuel Pan'), which holds 6 mineral properties (100%), for total area 15,783 hectares also considered to be highly prospective for gold with a large colour alteration area, along strike and to the south of the epithermal corridor in the Cordon de Esquel, separated only by the Willimanco fault valley.

The consideration for the acquisition, which completed on 28 October 2005, was \$1,500,000.

Speaking of the acquisition today, Bill Humphries, Managing Director, said: 'By acquiring the remaining 60% of these three exciting properties we now control a significant interest in a highly prospective area that is host to one of the world's largest high grade gold deposits. Management has commenced evaluating all available data, including results from the two diamond drill campaigns carried out on the Huemules Mine area in 2002/3.'

Patagonia Gold, with 45 per cent of its shareholders based in Argentina, is successfully operating in the Chubut province, currently carrying out exploration activities on 37 properties covering 2,600km².

ENDS

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