

Patagonia Gold PLC : ACQUISITION OF ESTANCIA 'EL TRANQUILO'

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Trading Symbols PGD.L & PAT.T

*5th January 2012*ACQUISITION OF ESTANCIA 'EL TRANQUILO'
SANTA CRUZ PROVINCE, ARGENTINA**Highlights:**

- **Patagonia Gold (PGD), through its 100% owned subsidiary Minera Minamalu S.A., has purchased the Estancia 'El Tranquilo', of area 20,000 hectares, covering the remaining land surface rights over the Company's flagship Cap-Oeste gold and silver project together with other highly prospective gold areas.**

El Tranquilo block:

PGD's El Tranquilo exploration and mining concession property block (El Tranquilo block), covering over 80 square kilometres, is located approximately 160 kilometres to the south-east of the town of Perito Moreno in the Santa Cruz Province of Argentina.

The El Tranquilo block contains Patagonia Gold's flagship Cap-Oeste gold and silver project; where the Company recently delineated a NI 43-101 compliant gold equivalent (AuEq) resource of 966,972 ounces AuEq within the Indicated category, with a further inferred resource of 266,968 ounce AuEq, as set out in the technical report titled "NI 43-101 Technical Report, Update of Cap Oeste Project, Santa Cruz Province, Argentina", dated November 14, 2011, prepared by Craig S. Bow Ph.D., CPG, and Robert L. Sandefur, P.E., of Chlumsky, Armbrust & Meyer, LLC (see the Company's press release dated November 30, 2011). El Tranquilo block also contains the COSE bonanza grade gold and silver deposit, where an underground mining operation is in preparation for commencement in Q1 2012, together with numerous other highly prospective gold and silver areas.

In December 2008, PGD purchased the Estancia 'La Bajada', of area 36,544 hectares, which gave PGD the land rights as well as the mineral rights over the south eastern sector of the Cap-Oeste project; the COSE Deposit and the prospects Monte Leon, and Breccia Valentina.

Purchase of Estancia 'El Tranquilo':

In December 2011 PGD purchased the adjacent Estancia 'El Tranquilo' which covers the remaining north eastern sector of the Cap-Oeste project. It also covers the highly prospective Don Pancho, Vetas Norte and Felix areas. The purchase price for 'El Tranquilo' was US\$ 2,100,000 and comprises 20,000 hectares of land, dwellings, sheds, outbuildings and infrastructure.

With the above acquisition PGD now have the land surface rights as well as the mineral rights over the whole Cap-Oeste gold and silver deposit; the COSE bonanza grade gold and silver deposit and other very prospective gold and silver targets within the El Tranquilo block.

PGD considers that the ownership of the land rights as well as the mineral rights is essential for the orderly and unencumbered development of its projects.

Matthew Boyes, (BSC. Geology, Fellow AusIMM., member AIG) Chief Operating Officer for Patagonia Gold PGSA and a qualified person as defined in Canadian National Instrument 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this press release.

About Patagonia Gold

Patagonia Gold Plc is an advanced mining exploration company that seeks to grow shareholder value through the acquisition, exploration and development of gold and silver projects in the southern Patagonia region of Argentina. The Company is primarily focused on the development of two properties: the flagship Cap-Oeste project and the nearby COSE project, which is expected to begin generating free cash flow by 2013. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina and Chile, covering approximately 800,000 hectares, being one of the largest landholders in the province of Santa Cruz. The Company is headquartered in London, with subsidiary offices in Buenos Aires and Toronto.

Patagonia Gold is listed on the Toronto Stock Exchange (TSX) under the symbol PAT and has been listed on the AIM market of the London Stock Exchange under the symbol PGD.L since 2003.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: This news release includes certain information that may constitute "forward-looking information" under applicable securities legislation. Forward looking information includes, but is not limited to, statements about the commencement of underground mining operations at the COSE project, forecasts as to free-cash flow, strategic plans, mineral resources estimates, future operations, results of exploration,, future works programs, capital expenditures and objectives. Forward-looking information is necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in the Company's public disclosure. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

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