

PATAGONIA GOLD PLC

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ACQUISITION OF BARRICK'S PROPERTY PORTFOLIO IN SANTA CRUZ, ARGENTINA

BARRICK ELECTS TO TAKE PART CONSIDERATION IN NOTES CONVERTIBLE INTO 10% OF PATAGONIA GOLD PLC

- The Board of Patagonia Gold Plc ("Patagonia Gold" or "the Company") is pleased to announce that it has acquired Barrick's entire exploration property portfolio in the Santa Cruz province of Southern Argentina ("Acquisition").
- The Barrick property portfolio contains 70 expidentes (mineral titles) in six groups ("Properties") covering approximately 200,000 hectares in the highly prospective Deseado massive region of the Santa Cruz Province in Argentine Patagonia.
- To date, drilling carried out on the La Paloma Property, including the very promising Lomada de Leiva discovery, has identified the potential for a gold resource in excess of 500,000 ounces of gold (not compliant to Canadian NI43-101).
- Infill Drilling has commenced on the Lomada de Leiva discovery.
- Initial consideration for the Acquisition comprises a cash payment of US\$800,000 and the issue by the Company of loan notes to Barrick, convertible into shares representing 10% of the enlarged issued share capital of Patagonia Gold.

Commenting on the Acquisition, Patagonia Gold's Chairman, Sir John Craven said: "The acquisition of the extensive property portfolio held by Barrick in Santa Cruz marks a significant advance for Patagonia Gold. We are delighted that Barrick, a leading international gold producer, has elected to take part of the consideration for the sale in the form of convertible notes and we look forward to developing our relationship with Barrick in the future."

Description of the Properties

The Properties are a highly prospective portfolio containing 70 expidentes (mineral titles) in six groups covering approximately 200,000 hectares in the Deseado massive region of Santa Cruz Province in Argentine Patagonia.

The volcanic plateau of the Deseado massif is 60,000 km² in area and hosts several mines and advanced projects such as Cerro Vanguardia, Mina Martha, Manantial Espejo, Huevos Verdes, Cerro Negro as well as numerous smaller prospects and showings. These projects are low sulphidation epithermal “bonanza” vein style gold-silver deposits, the main target for exploration in this region.

Santa Cruz province has an active and established mining industry and contains a very active petroleum industry and accordingly all the infrastructure associated with exploration and mining. The closest town to the main project area, Perito Moreno is serviced by bituminised all weather roads.

Lomada de Leiva on the La Paloma Property is the most advanced area drilled by the Vendors, where a preliminary in house resource by the Vendors has been calculated. They identified in total the potential for more than 500,000oz gold (not compliant to Canadian N143-101) in three drilled prospects throughout the Property.

Lomada de Leiva. Drill hole intersections include;

Hole ID	From	Interval	Au g/t
DDH-LP05	49.00	3.44	3.16
DDH-LP05	86.75	3.29	5.34
DDH-LP07	36.00	11.00	5.33
Including	38.60	1.40	15.80
DDH-LP07	49.00	17.00	5.45
DDH-LP11	6.80	3.20	5.30
DDH-LP11	12.00	17.60	9.08
Including	15.00	1.00	24.70
DDH-LP12	78.65	10.00	3.13
DDH-LP14A	105.00	4.00	2.85
DDH-LP20	60.50	4.75	3.90
DDH-LP25	21.00	7.15	2.71
DDH-LP35	88.35	7.35	4.97
Including	89.75	1.40	16.70
DDH-LP36	36.95	12.45	2.59
DDH-LP37	63.80	14.70	5.21
Including	74.00	1.00	13.30
DDH-LP44	44.00	11.00	3.00

Gold mineralization at Lomada de Leiva occurs in a NNE-striking, steeply ESE-dipping tabular zone (500 metres strike x 200 metres normal to strike) with reported gold drill intersections up to 200 metres (vertical) from surface. Geology is characterised by gold mineralized breccias mostly containing angular clasts of rhyolite and occasional clasts of crustiform-colloform banded quartz. The breccias have cut and, perhaps, destroyed earlier quartz veins and are themselves cut by at least two phases of narrow chalcedonic quartz veins and late hematite-jarosite veining.

A programme of infill drilling at Lomada de Leiva will be carried out to test the main mineralized zone (500 metres strike length by 200 metres down dip) at maximum of 50 metres grid line spacing.

The above drill programme, has commenced and the drilling contract has been awarded to an Argentine based company. In addition an access agreement with the estancia owner has been agreed and the Environmental Impact Study (EIS), undertaken by the Vendors, will be transferred to Patagonia Gold.

The portfolio of Properties includes a number of other exciting prospects, several with preliminary in-house resources, including the Brecha Sofia zone where the following drill intersections were identified:

Brechia Sofia zone. Drill hole intersections include;

Hole ID	From	Interval	Au g/t
DDH-LP42	272.50	3.00	140.61
DDH-LP47	100.00	12.00	2.41
DDH-LP51	251.70	10.00	4.99
DDH-LP54	0.35	17.85	3.50

The Brecha Sofia occurrence is characterised by narrow gold-bearing, drusy quartz veinlets and breccia matrix that report up to bonanza gold grades (400 g/t Au). Mineralization here is typical of a low sulphidation epithermal veinlet and stockwork deposit.

Brecha Sofia, together with the two other previously drilled prospects, Manchuria and Bagual require further exploration, including geological structural and alteration mapping, as well as systematic geochemical sampling prior to further drilling. In addition there are numerous significant geological and geochemical zones that require exploratory drilling.

It is intended that the above work will be conducted in parallel to the proposed infill drilling at Lomada de Leiva.

The Patagonia Gold property 'Cerro Vasco' immediately to the north of La Paloma has recently returned rock chip samples of 2.85m @ 44.2g/t Au in a breccia considered similar to that at La Paloma. An EIS to enable drilling on the property has been lodged.

The Terms of the Acquisition

The Company and its wholly owned Argentinean subsidiary, Patagonia Gold S.A. ("PGSA") have acquired the rights, title and interest in 70 mining and exploration claims and properties currently held by Barrick Exploraciones Argentina S.A. and Minera Rodeo S.A. (together "the Vendors") being subsidiaries of Barrick Gold Corporation.

The initial consideration for the Properties payable to the Vendors has an aggregate value of approximately £2,572,350 and comprises (i) a cash payment by PGSA of

US\$800,000 and (ii) the issue by the Company of £2,162,092.65 of loan notes ("Loan Notes") which are convertible into ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") at a conversion rate of 7.125p per Ordinary Share. Accordingly, upon conversion, the Loan Notes, will convert into 30,345,160 Ordinary Shares, representing 10 per cent. of the Company's current issued share capital (as would be enlarged by the issue of such shares). To the extent not previously converted or redeemed, the Loan Notes will fall to be repaid by the Company on 20 February 2009. The Loan Notes will become redeemable by the holders thereof after 20 February 2008 and to the extent that any Loan Notes remain outstanding at such time, interest shall be payable on the outstanding Loan Notes from the commencement date at the rate of 5.25 per cent. per annum. The Loan Notes may be converted by the Vendors at any time on or after 27 February 2007 and by the Company at any time after 31 May 2007.

A further cash payment of US\$1.5 million will become payable to the Vendors upon the delineation of 200,000 oz or greater of gold or gold equivalent (43-101 Indicated Resource) on the La Paloma Property group. In addition PGSA has granted to the Vendors an option to buy back up to a 70 per cent. interest in any particular Property group upon the delineation of greater than 2 million oz of gold or gold equivalent (43-101 Indicated Resource) on that Property group.

Under the terms of the acquisition agreement, PGSA has committed to complete a minimum level of expenditure of US\$10 million on the Properties over a 5 year period. This will include a commitment of US\$1.5 million in the first 18 months.

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.

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