

Patagonia Gold Plc (“Patagonia Gold” or the “Company”)

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Patagonia Gold Plc announces that the Provincial Government of Chubut in Argentina passed the following legislation on 29th June 2006

“To suspend for a term of THIRTY SIX (36) months the metal-bearing mining activity, with the exception of alluvial ore, in the area comprised between the Parallels 42° and 44° 30’ Latitude South, the Meridian line 70° 30’ West Longitude and the international limit with Chile, in accordance with what has been established by Section 3 of the Provincial Constitution.”

This exclusion zone covers a number of Patagonia Gold’s exploration properties including the Huemules project, Leleque and Nahuel Pan areas, and the Crespo Project.

Patagonia Gold has a substantial exploration property portfolio outside of this exclusion zone, including the Gastre and El Morro projects. In addition the Board has recently taken a decision to devote an increasing proportion of its financial and human resources to exploration in other provinces.

In light of this new development the above expansion programme will be accelerated.

ENDS

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