

# ANNOUNCEMENT

## **ARCHIPELAGO FARMS INTO FOUR GOLD MINES IN CHINA'S 'GOLDEN TRIANGLE'**

### **Agreement with Provincial Government Mining Company to Earn a 60% Interest via a Broad Ranging Cooperative Joint Venture Providing Access to Additional Projects**

Archipelago Resources plc ("Archipelago" or "the Company") is pleased to announce that following completion of a positive evaluation of four small operating gold mines owned by provincial government mining company, China Guangxi Gold Company ("CGGC"), the Company has signed an agreement with CGGC and Australian listed Austpac Resources N.L. ("Austpac") to form an incorporated Cooperative Joint Venture ("CJV") to explore for and develop any economic sulphide gold mineralisation discovered at the four mines or in additional projects introduced by CGGC.

The projects are all located in far western Guangxi Province within a gold rich region of southern China referred to as the 'golden triangle' an area which accounts for much of China's gold production. The recently discovered 4 million ounce Jinfeng sulphide gold deposit now being developed by Sino Gold is located within this region.

Under the terms of the CJV, Archipelago and Austpac will earn an 80% interest and CGGC will hold a 20% interest in any gold deposits discovered by the CJV. Under a separate agreement with Austpac, Archipelago has the right to acquire up to 60% of these deposits (i.e. 75% of the foreign interest) by sole funding expenditure to the extent of approximately US\$2.7m, with the right to withdraw at agreed milestones. The first phase of exploration work will cost approximately US\$0.5m.

The four gold mines comprising the package are Gaolong, Nabi and Badu in Guangxi Province and Naneng in the adjoining Yunnan Province. However the CJV will also include the evaluation of additional mines and prospects owned or acquired by CGGC within Guangxi province. Archipelago considers the broad ranging nature of the CJV to be very attractive, commercial and in the best interest of all of the CJV parties, as it maximises the potential to locate, delineate and develop a viable operation.

Operations to date at the four mines are small in scale being limited to near surface oxide ores processed by way of heap leach. These operations have resulted in the exposure of primary refractory sulphide mineralisation at most of the projects which provide excellent starting points for the CJV exploration program, staged to total US\$3.5m over a two year period.

Archipelago considers that the projects have very good potential to support both open pit and underground mining operations, subject to the design and construction of an appropriate processing plant(s) to treat the sulphide ore. Archipelago is confident that via this wide ranging relationship it can, together with its partners, bring its exploration, development and mining and processing expertise to the region to achieve a common objective of early and successful project development.

The host rocks are Permo-Triassic in age and gold mineralisation is frequently structurally controlled with mineralisation associated with domes and fault structures related to them.

Deposits of the type in question also frequently show an association with finer clastic or carbonate sediments and are commonly described as “Carlin type” after similar mineralisation in the Carlin trend in Nevada.

Subject to completion of due diligence, appropriate joint venture documentation and statutory approvals, exploration is scheduled to start early next year. Archipelago is pleased with this new venture in another resource rich Asian country and looks forward to commencing drilling at the earliest opportunity.

Archipelago is a mining company listed on the AIM market of the London Stock Exchange. The Company’s principal activities are gold mining and exploration in Indonesia (as 85% owner of the Toka Tindung Gold Project in Sulawesi), Vietnam (as majority party in the Pac Lang and Cam Thuy/Ba Thuoc joint ventures with Vimico a Vietnamese Government mining company) and the Philippines (as option holder over a 100% interest in the Corplex tenements).

The Toka Tindung Gold Project has a resource of 1.7M ounces (ozs) of gold, of which at least 0.9M ozs will initially be mineable by open pit. The project is targeted to commence production at the rate of 150,000 ozs per annum increasing to a target of 160,000 ozs per annum in subsequent years. Subject to continuing construction progress, production remains on schedule to commence in the third quarter of 2007.

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