



Patagonia Gold PLC : Progress Report

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PATAGONIA GOLD PLC

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PROGRESS REPORT ON THE LOMADA DE LEIVA PROJECT
AND EXPLORATION AT LA MANCHURIA

Highlights

- Resource drilling on the Lomada de Leiva Project, located on the La Paloma property, continues to report very encouraging results including an intersection of:

21 metres at 8.49g/t gold from drill-hole LLD 26.

- Validation of historic drilling at La Manchuria Prospect confirms significant mineralization, including 0.6m at 158 g/t gold and 0.9m at 5,669 g/t silver in separate samples.

Lomada de Leiva Project

Field work, including drilling and trenching, has now concluded for this season on Patagonia Gold's (PGD) principal project, the 100% owned Lomada de Leiva.

Results are awaited from the last 11 drill holes and from 14 sawn trenches that were cut across the surface outcrop of the mineralised zone above the drilled sections. These trenches will represent near surface horizontal drill holes.

In addition samples have been submitted from significant drill intersections for 'bottle Roll' metallurgical gold extraction tests with different grinds and leach times. Check assays have also been dispatched for QA/Qc work with two independent and Certified Laboratories. All of this work will conform to Canadian National Instrument (NI) 43-101 standards.

All geological, geochemical and physical data is currently being collated for dispatch to Chlumsky, Armbrust and Meyer LLC, an international mineral resources, consulting and engineering group from Lakewood, Colorado, U.S.A. who will undertake the NI43-101 compliant resource estimate on Lomada de Leiva.

La Manchuria Property

PGD's 100% owned La Manchuria property, consisting of 5 expidentes (mining concession) covering 5,575 hectares, is located approximately 150km to the south east of the La Paloma property in the Santa Cruz province of Argentina. The Manchuria 'Main zone' Prospect is within the same regional corridor that contains the operational mines, Mina Martha to the south and Huevos Verdes to the north.

Historic exploration work included soil and rock chip sampling, geophysics, trenching to enable sawn channel sampling and two drill programmes of reverse circulation (RC) and diamond drill holes comprising 22 drill holes for a total of 3,104 metres.

PGD has undertaken a vigorous exploration and validation programme at La Manchuria in order to plan for a drilling campaign scheduled to commence after the southern winter in early October. Validation of historical data included; taking rock chip samples, cutting of new sawn channel samples along side of previous sawn channels and the re sampling of 1/4 drill cores.

Significant sawn channel results include;

Trench No.	Interval in metres	Gold g/t	Silver g/t
TR 03	2.00	0.41	173.0
TR 04	1.00	4.91	206.0
TR 05	3.00	17.04	60.2
and	1.50	29.00	160.0

Selected historical drill core was quartered and re-assayed. Significant intersections are listed below.

Drill Hole No.	From Metres	Interval metres	Gold g/t	Silver g/t
LM98-1	110.20	1.50	7.12	951
LM98-2	89.47	0.40	61.20	163
and	95.47	0.60	158.20	235
LM98-6	50.00	1.00	6.11	272
LM98-8	33.05	1.00	1.77	579
and	149.50	1.50	10.10	63
LM98-9	3.02	1.50	1.53	597
and	61.90	1.50	10.32	15
LM98-10	54.64	0.90	15.30	5,669
and	87.85	0.65	15.90	457
and	166.00	1.03	1.00	423
LM98-11	115.00	1.50	30.20	106
LM98-12	6.00	1.50	0.43	541
and	42.00	1.50	9.08	74

Mineralization is associated with a low to intermediate Sulphidation epithermal quartz-adularia vein system. Veins are characteristically narrow on average less than 1m but contain bonanza grades of both gold and silver. Vein mineralization is strongly structurally controlled with a preferential NW strike to the vein swarms and densely sheeted zones. The host rock is a sequence of rhyolitic tuffs which is underlain by andesite.

The competence of the rhyolite is not considered as favourable as andesite for hosting mineralization; accordingly the October drill programme will also be designed to test the depth potential of the veins below the rhyolite into the more receptive andesite to determine if the veins expand with depth.

The previous drill programmes were not extensive enough to systematically explore the 'Main zone' and significant potential remains in this zone to be tested.

In addition the property also contains other geological prospective targets. A rock chip sample (28902), taken 200m southeast from Trench 3 and outside of the 'Main zone' reported 16.4 g/t gold and 1,970 g/t silver.

Update on Chubut mining suspension

We have recently been informed that our appeal to the Supreme Court has been dismissed. Accordingly our future plans in the Chubut Province will be determined as and when the mining and exploration exclusion is lifted. The new definitions of acceptable mining activities within the above zone are expected from the Provincial government in the near future.

Meanwhile Patagonia Gold and its operating subsidiaries are focusing all of their resources in the Santa Cruz and San Juan provinces of Argentina.

Marc Sale, (BSC. Geology, Fellow 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.

ENDS

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