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Patagonia Gold PLC

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PATAGONIA GOLD PLC

DEVELOPMENT PROGRESS LOMADA GOLD-HEAP LEACH PROJECT SANTA CRUZ PROVINCE, ARGENTINA

Highlights:

- **Construction of the 50,000 tonne heap leach pad (HLPAD) at the Lomada de Leiva Project is progressing ahead of schedule with the completion of earthworks and civils.**
- **PGSA has initiated a resource infill and extension drill program, consisting of 38 Diamond HQ drill holes for 4,700 metres, targeting the inferred and peripheral mineralization at Lomada de Leiva and surrounds.**

The Lomada de Leiva gold-heap leach project (Lomada project) is located on the La Paloma property block approximately 40km to the south of the town of Perito Moreno and currently contains a Canadian National Instrument 43-101 (NI 43-101) compliant resource of 161,346 ounces (ozs) of gold (Au) in the measured and indicated categories with a further inferred 73,725 oz/Au.

HLPAD:

The first stage of the Lomada project consists of constructing a 50,000 tonne trial heap leach pad and plant, which based on 70% recovery, is estimated to yield approximately 2,200 oz. of gold for the first 6 metre loading.

Construction of the HLPAD commenced in late September. The HLPAD's 100m x 100m base area, pregnant and barren solution ponds, plant site and emergency containment dam have all been completed with the HLPAD and ponds lined with a high density PVC liner. Screened filter material has been spread over the base of the entire HLPAD area to a depth of 0.3m which is now ready for loading of ore.

A reverse circulation (RC) grade control drill program, consisting of 89 drill holes for 2,645 metres, has now been completed with a total of 2,660 samples collected and submitted to ACME Analytical Laboratories, Mendoza. Interpretation and modelling of the incoming data is being collated for delineation of approximately 50,000 cubic metres (110,000 tonnes) of ore.

Drill and blasting of the first 20,000 tonne ore package is scheduled for mid November with mining, hauling and loading of ore onto the HLPAD to commence soon after for completion by year end.

Construction of the concrete footings and base area for the processing facility is in progress. The facility is scheduled for completion with commissioning planned for early Q1, 2011. Irrigation of the heap leach pad will then commence with the production of the first gold soon thereafter.

Subject to successful leaching and additional permitting, further loading and production from the first stage heap leach will continue until the main 5 million tonne heap leach project is fully operational, scheduled for Q4 2011.

The features of the main heap leach project are:

- Low pre-production capital of \$8.5 million
- Production of 21,000 oz. of gold/year, for a mine life of 7 years, at a cash cost of \$299/oz.
- Project cash flow before tax, of \$63.6 million, based on a cash price of \$850/oz. gold.

Resource drill program:

There is significant potential to increase the mine life at Lomada de Leiva with further drilling on the remaining inferred resource not included in the main heap leach project, together with additional extension and exploration drilling on Lomada de Leiva and the adjacent Breccia Sofia prospect.

Accordingly, PGSA has initiated a resource infill and extension drill program, consisting of 38 Diamond HQ drill holes for 4,700 metres targeting the inferred and peripheral mineralization at Lomada de Leiva and surrounds.

Drilling is scheduled for completion Q4 2010 with an upgrade to the existing Lomada de Leiva NI 43-101 compliant resource by Q2 2011.

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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