

Patagonia Gold PLC : Lomada de Leiva Permit

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PATAGONIA GOLD PLC

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**PERMIT RECEIVED FOR THE MAIN HEAP LEACH
LOMADA DE LEIVA GOLD PROJECT
SANTA CRUZ PROVINCE, ARGENTINA**

London, United Kingdom - 22 November 2012 - Patagonia Gold Plc (AIM: PGD, TSX: PAT) (the "Company") is pleased to announce:

- **the granting by the State Secretariat of Mining of Santa Cruz of the full and final permit, by Disposition number 318, for the development and production of the Lomada de Leiva gold project in the Santa Cruz province, Argentina (the "Permit").**

The Permit document will be posted on the Company's website, www.patagoniagold.com, as soon as practicable.

Commenting on this announcement, Carlos Miguens, PGD's Deputy Chairman said:

"We are very pleased to have achieved this important milestone for our Company. We would like to thank the Governor, authorities and the community of the province of Santa Cruz for their confidence in our capacity to proceed with the responsible development of the Lomada de Leiva gold project, while taking good care of the environment and existing social structures. We are now ready to commence the construction of the main heap leach with the aim of achieving full production by early Q2 2013."

Lomada Heap Leach Gold Project:

The Lomada de Leiva Project, together with the adjacent Breccia Sofia Prospect, is located on the La Paloma property block and is approximately 40km to the south of the town of Perito Moreno in the Santa Cruz province of Argentina.

Target annual production of the Lomada heap leach gold project, as per the preliminary economic assessment ("PEA") completed by Chlumsky, Armbrust and Meyer, LLC ("CAM") of Lakewood, Colorado, dated 20 November 2008, is scheduled at 21,000 ounces gold. The Company expects full production rates from the main heap leach to be achieved by Q2 2013 with a forecast production of 14,000 ounces gold for the second half of 2013.

The Lomada heap leach is a 'low cost high return' project with a total CAPEX of approximately US\$16m and an OPEX, estimated from the trial to be sub US\$500 per ounce, in the lower quartile of world gold producers.

The total additional capital requirements to bring Lomada to full production is estimated at approximately US\$7.0m together with debt for the mining equipment totalling US\$4.2m with scheduled payments over 36 months. The principal capital items budgeted for in Q4 2012 and Q1 2013 include the heap leach pad construction and liner, pre-production capital, plant expansion, maintenance facilities, storage, camp and mining equipment.

Construction of the full scale heap leach and pre-stripping of the mine area is underway with earthmoving and construction equipment currently being mobilised to site. The final heap leach pad design and irrigation plan for an initial capacity of 2.5Mt of ore has been received. Plant expansion design has also been completed in house which will require six additional carbon leach columns to double the existing irrigation nameplate capacity to 120m³/hr.

Patagonia Gold intends to operate its own mining fleet. Mining equipment orders have been placed with Escandinavia S.A. (Volvo) and COVEMA S.A. (Liebherr) with the equipment scheduled to arrive at the project in Q1 2013. Contract earthmoving equipment will be hired until the fleet arrives and is commissioned.

There will be an estimated crew of 81 employees and contractors working during the lifetime of the gold project. The policy of the Company has always been to prioritize the local workforce and purchase goods and services from regional suppliers where possible.

The 2008 PEA projected a mine life of 7 years. However CAM reported that "Significant upside remains by increasing the size of the resource at Lomada de Leiva and the adjacent Breccia Sofia which would significantly extend the life of the project." Recent exploration has identified additional targets to the immediate south of the project area. The Company will now commence an exploration program aimed at increasing the existing resource.

About Patagonia Gold

Patagonia Gold Plc is an advanced mining exploration company that seeks to grow shareholder value through the acquisition, exploration and development of gold and silver projects in the southern Patagonia region of Argentina. The Company is primarily focused on the development of three projects: the flagship Cap-Oeste project, the nearby COSE project and the Lomada Heap Leach which is expected to begin generating free cash flow by 2013. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina and Chile, and is one of the largest landholders in the province of Santa Cruz.

Patagonia Gold is listed on the Toronto Stock Exchange (TSX) under the symbol PAT and has been listed on the AIM market of the London Stock Exchange under the symbol PGD since 2003.

Matthew Boyes, (BSC. Geology, Fellow AusIMM) Chief Operating Officer for Patagonia Gold PGSA and a qualified person as defined in Canadian National Instrument 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this press release.

Cautionary Note regarding Technical Information and Forward-Looking Information

The preliminary economic assessments in connection with the Lomada project referred to in this press release is preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that either preliminary economic assessment will be realized. The Company's planned production decision in respect of the Lomada project is not based on a feasibility study of mineral reserves demonstrating economic and technical viability and therefore readers are cautioned that there is increased uncertainty and there are economic and technical risks of failure associated with such production decisions.

This news release contains certain information that constitutes forward-looking information within the meaning of applicable securities laws. Forward-looking information is frequently characterised by words such as "plan," "expect," "project," "intend," "believe," "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking information includes, but is not limited to, statements about commencement of production operations at the Lomada Project, forecasts as to free-cash flow, strategic plans, mineral resources estimates, spending commitments, future operations, results of exploration, commencement and completion of pre-feasibility studies, future work programs, commencement production, capital expenditures and objectives. Forward-looking information is based on the opinions, expectations and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices and other factors described above and in the Company's most recent annual information form under the heading "Risk Factors," which has been filed electronically by means of the Canadian Securities Administrators' website located at www.sedar.com. The Company disclaims any obligation to update or revise any forward-looking information if circumstances or management's estimates, expectations or opinions should change. The reader is cautioned not to place undue reliance on forward-looking information.

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