



# Patagonia Gold PLC : Resource Statement

Released : 04.10.2007

Patagonia Gold PLC  
04 October 2007

PATAGONIA GOLD PLC

Trading Symbol PGD.L

RESOURCE STATEMENT-LOMADA DE LEIVA  
PROPOSED WORK PROGRAM 2007

Lomada de Leiva Gold Resource:

Chlumsky, Armbrust and Meyer, LLC. (CAM) of Lakewood, Colorado, was retained by Patagonia Gold PLC (PGD) to independently define and describe a gold Resource at Lomada de Leiva, Santa Cruz Province, Argentina, which complies with Canada National Instrument 43-101 (NI 43-101).

Resource estimates at 0.30 grams per tonne gold (Au) cut-off for Lomada de Leiva are:

Measured and Indicated at 161,346 ounces Au. and additional Inferred Resources of 73,725 ounces Au.

Lomada de Leiva 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.

A drilling campaign, consisting of 62 drill holes for 8,862 metres (m), commenced in February of this year, was completed by PGD on the 100% owned Lomada de Leiva Project. The drilling was designed to validate historical drill data and to infill and extend the existing resource for definition to Canadian National Instrument 43-101 standards.

PGD is very encouraged with the above results. The Project team has successfully advanced Lomada de Leiva from acquisition, in February of this year, through a substantial drill programme to NI 43-101 compliant Resource status in just 6 months. This is not only an outstanding achievement for the team but demonstrates the robust potential of the Project.

Furthermore, two thirds of the resource has been categorized as 'measured and indicated' thus substantially reducing the additional amount of drilling required to advance this deposit towards Reserve status.

These results supported with the high potential to develop additional resources at; Lomada de Leiva, the adjacent Breccia Sofia and nearby Cerro Vasco are sufficiently encouraging for PGD to advance this Project towards possible production.

Scoping Study: Accordingly, PGD intends to appoint Independent Engineers to undertake a Scoping study (preliminary assessment) to determine potential economics for mining Lomada de Leiva and to identify the target resource base that will support mining on that project.

The following table and comments are extracts from CAM's Report

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Table 1-1	
Resource Totals	
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Resource Type	Cut-off	Tonnes	Au Grade	Contained Au
	(g/t Au)		(g/t)	(Troy oz)
Measured	0.30	1,427,628	1.125	51,633
Indicated	0.30	3,574,388	0.955	109,713
Measured + Indicated	0.30	5,002,016	1.003	161,346
Inferred	0.30	3,412,271	0.672	73,725
Measured	0.50	951,843	1.491	45,630
Indicated	0.50	2,315,170	1.261	93,859
Measured + Indicated	0.50	3,267,013	1.328	139,489
Inferred	0.50	1,850,623	0.911	54,187
Measured	1.00	454,530	2.357	34,451
Indicated	1.00	1,035,423	1.958	65,194
Measured + Indicated	1.00	1,489,953	2.080	99,645
Inferred	1.00	456,543	1.628	23,890

Exploration, mainly drilling and trenching, have been carried out to industry standards including the analysis, quality assurance and quality control efforts applied to the exploration work. The delineated significant intercepts indicating the gold mineralization has been verified and substantiated sufficiently to pursue a resource calculation for the Lomada Leiva project.

Oxide mineralization of potentially economic grade is present from surface to at least 60-meter depth. Resource estimates at 0.3 grams per tonne Au cutoff for Lomada Leiva are Measured and Indicated at 161,346 ounces Au. Inferred Resources total 73,725 ounces Au.

The potential for further mineralization at Lomada de Leiva includes added definition along strike as well as the potential for offsets along strike and parallel structures (as suggested by CSAMT interpretations).

The depth of the mineralization is fairly well defined at 200 meters vertical depth, however there are possibilities for additional discovery at depth especially in the southern portion of the defined ore body where isolated low-grade (greater than 5 ppm Au) chalcedonic veins may be followed to depth in anticipation of enhanced grade with the intersection with the main mineralized structure.

Bottle Roll and other tests are in progress for the Lomada Leiva samples. Preliminary results of bottle roll tests indicates an average of 71 percent extraction in 6 hours and 85 percent extraction in 12 hours for oxidized mineral material, derived from sample. Testing is continuing.

CAM believes the resource model is suitable for preliminary mine design, and recommends the following actions to facilitate the conversion of the Resource to a Reserve:

1. Perform two preliminary pit designs. One, based on Measured and Indicated Resources, and the other on Measured plus Indicated plus Inferred Resources. On the basis of these designs, one or two holes should be drilled on each section above and below the pit bottom to define final pit geometry
2. In addition to the pit bottom design holes, review the sections to see if additional drilling is necessary to define the lateral extent of the ore.'

End of extracts

A follow-up drill programme is planned for Lomada de Leiva after detailed interpretation of the drill sections and results. In addition the previous Controlled source audio frequency magnetotellurics (CSAMT) geophysics survey is to be extended (one of CAM's recommendations) to cover a sub parallel structure as well as the ground to the north of Breccia Sofia.

The drill programme will be designed to increase the exiting resource potential as well as elevating the known resource categories.

#### Breccia Sofia

Breccia Sofia is considered part of the same mineralised felsic dome system that hosts the Lomada de Leiva breccia-vein structure. However at Breccia Sofia there are also high silver values with previous drilling reporting values of 3m @ 140.6g/t gold, including 1m of 401g/t gold and 1,095g/t silver in drill-hole DDH-LP42.

17 reverse circulation (RC) holes were drilled by PGD at Breccia Sofia, infilling and extending the previous drilling.

Results not previously reported include

Drill Hole No.	From Metres	Interval metres	Gold g/t
BSR-07	79.0	2.0	3.02
BSR-12	55.0	5.0	2.48
and	75.0	4.0	2.16
BSR-14	70.0	3.0	4.44
BSR-15	38.0	3.0	2.85
and	48.0	5.0	17.49
BSR-16	25.0	7.0	2.61
and	42.0	3.0	3.33
BSR-17	31.0	4.0	1.90
and	42.0	2.0	7.56

The values indicate that a broad zone of gold grades >1g/t gold exists on strike 500m from the Lomada de Leiva resource area. Drill holes BSR15-16-17 are the most southerly line drilled targeting a structure sub parallel to the Lomada de Leiva trend and 100m south of the nearest drill line.

This structure is 550m along the inferred strike from the drill hole DDH-LP42 and is open to the south and down dip.

Currently drill sections are being interpreted and preparations made for a CSAMT geophysics survey in order that a follow up drill programme can be prepared.

#### Cerro Vasco

PGD 'Property 28' (Cerro Vasco) is located 8km to the north of Lomada de Leiva within the same regional structural corridor. The main zone, Brecha Emilia, comprises a brecciated gold-mineralized structure of 1,200metre strike length and has similar characteristics to the Lomada de Leiva breccia-vein system. Mapping of the central part of the structure and systematic rock chip sampling has been carried out by PGD. Gold values in the region of 3g/t to 4g/t were reported and included a sawn channel intersection of 2.85m @ 44.2 g/t gold.

The Santa Cruz Mines department has approved the Environmental Impact Assessment for a drill programme at Cerro Vasco.

#### Exploration Programme for the second half of 2007

The exploration programme for second half of 2007 includes a proposed 10,000 metre drill programme scheduled to commence in October. Two drill contracts have already been signed and all environmental approvals granted. At Breccia Sofia

3,000 metres will infill and extend existing drilling in order to quantify this potential resource adjacent to Lomada de Leiva; a further 3,500 metres is allocated for La Manchuria to infill the Main Zone for production of a NI 43-101 compliant resource and 3,500 metres for Breccia Valentina and Cap Oeste on targets defined by recent validation and exploration.

Shareholders will be kept regularly informed by press releases over the ensuing months with respect to the progress on the drilling and exploration programmes.

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.

Mr. Robert L Sandefur, P.E. Consultant Engineer with Chlumsky, Armbrust and Meyer, LLC and the author of the report entitled ' NI 43-101 Compliant Technical Report Lomada Leiva Project Santa Cruz Province, Argentina' prepared for Patagonia Gold Plc, dated 31 August, 2007, is the Qualified Person in accordance with the requirements of the Canadian National Instrument 43-101.

ENDS

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