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PERMIT RECEIVED FOR TRIAL HEAP LEACH LOMADA DE LEIVAGOLD PROJECT SANTA CRUZ PROVINCE, ARGENTINA

Patagonia Gold plc (PGD) is pleased to announce that the State Secretariat of Mining of the Province of Santa Cruz, Argentina, has approved the Environmental Impact Study and has issued the necessary permit for the proposed trial heap leach operation at the Lomada de Leiva gold project.

Lomada is located 40 kilometres south east of the town of Perito Moreno and is within the recently defined "Area of Special Interest for Mining".

Engineering design and procurement contracts for the heap leach operation are well advanced with the fabrication and construction of the elution processing plant scheduled for completion in Q3.

Construction of the pad, mining and loading of the trial heap leach will commence at the end of the southern winter and is scheduled for completion in Q4 with irrigation and processing commencing soon thereafter.

Subject to successful trial heap leaching and permitting, construction of the main heap leach operation will commence with production start up in the latter half of 2011.

The main heap leach operation at Lomada is expected to produce over 21,000 ounces of gold per year, at a low cash cost of \$300 per ounce, for the minimum expected mine life of 7 years. The project has considerable growth potential with conversion of the inferred resources by infill drilling together with developing additional resources.

Carlos Miguens, PGD's Deputy Chairman comments:

"The approval of the Environmental Impact Study for the trial heap leach allows PGD to proceed with the responsible development of the Lomada de Leiva project and create sustainable value for the region.

ENDS

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