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RESOURCE ESTIMATE LA MANCHURIAGOLD-SILVER PROJECT SANTA CRUZ PROVINCE, ARGENTINA

Highlights:

- A Mineral resource estimate completed on the La Manchuria gold and silver deposit has defined a combined total of 146,366 ounces of gold equivalent (AuEq) above a cut-off grade of 0.75 grams/tonne (g/t) AuEq. The estimate is compliant with Canadian National Instrument 43-101 (NI 43-101).
- The uncapped resource estimate shows a combined total of 239,609 ounces AuEq above a cut-off grade of 0.75g/t AuEq.
- The La Manchuria gold and silver deposit remains open both to the North and South and at depth.
- Patagonia Gold SA (PGSA) has so far delineated resources totalling 1,037,366 ounces AuEq on the Lomada, Cap-Oeste and La Manchuria deposits, all NI 43-101 compliant, in just over 3 years since acquiring the properties.

La Manchuria-Mineral Resource Summary (above a cut-off of 0.75 AuEq (g/t))

Indicated		Grade (g/t)			Metal (Oz)		
Domain	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq
Oxide	141,570	1.91	139.1	3.12	8,675	633,338	14,198
Hypogene	284,136	3.46	133.0	4.54	31,642	1,214,873	41,486
Total	425,705	2.95	135.0	4.07	40,317	1,848,211	55,684
Inferred		Grade (g/t)			Metal (Oz)		
Domain	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq
Oxide	496,179	1.33	42.5	1.66	21,138	678,485	26,462
Hypogene	972,840	1.64	53.0	2.05	51,197	1,656,751	64,220
Total	1,469,020	1.53	49.4	1.92	72,335	2,335,236	90,682

The following economic assumptions were used in calculating the AuEq grade of each block:

Gold price: \$US 925.00/oz
Silver Price: \$US 14.50/oz

Gold recovery: 95%
Silver recovery 60%

La Manchuria property:

The La Manchuria property, consisting of 5 expedientes (mining concessions) covering 5,575 hectares, is located approximately 50 kilometres to the south east of PGSA's flagship Cap-Oeste Project and contains the La Manchuria gold and silver deposit.

PGSA acquired the La Manchuria property in February 2007 as part of its acquisition of Barrick group's entire exploration property portfolio, of approximately 200,000 hectares, located in the highly prospective Deseado massive region of the Santa Cruz Province in southern Argentina.

The La Manchuria deposit is a low-sulphidation epithermal gold and silver system hosted by rhyolitic, dacitic and andesitic tuffs of the Deseado massif geological province. Mineralised veins and breccias consist of quartz (colloform, banded, and chalcedonic morphologies), adularia, bladed carbonate (often replaced by quartz), and ginguro (dark sulphide material containing fine grained electrum or Ag sulphosalts banded with quartz).

Historic exploration on the La Manchuria deposit included prospecting, geophysics, trenching and drilling consisting of 22 drill-holes for 3,106 metres.

PGSA completed exploration, including 3 drilling programs from January 2008 to February 2010 comprising 104 holes for 17,848 metres. Drilling frequently intersected high grade gold and silver, including: LM 057-D intersecting 2.1 metres @ 102.97g/t gold and 135g/t silver and LM 060-D intersecting 1 metre @ 94.2g/t gold and 5,920 g/t silver.

In April 2010, PGSA contracted Micon International Limited (Micon) to generate a Mineral Resource Estimate and to prepare a supporting National Instrument 43-101 compliant technical report on the La Manchuria gold-silver deposit.

The resources in the report were estimated in accordance with the definitions contained in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and reserves definitions and Guidelines that were prepared by the CIM Standing Committee on Reserve definitions and adopted by the CIM Council on December 11, 2005.

The low ratio of Indicated to Inferred (38%-62%) of the La Manchuria resource together with the significant reduction of metal content of approximately 40% between the uncapped and capped combined resources, 239,609 ounces AuEq to 146,366 ounces AuEq, clearly indicates the need for more work to better define the geological controls on the high grade mineralisation as well as the need to decrease the spacing of the drill holes.

Accordingly an infill drilling program is currently being designed to reduce the drill hole spacing from the current nominal 25 metres to 12.5 metres for planned drilling in early 2011.

Patagonia Gold SA has so far delineated combined resources totalling 1,037,366 ounces of gold equivalent, 81% of which is in the indicated category, on its Lomada, Cap-Oeste and La Manchuria deposits, with the potential to significantly increase this resource in the near future by infill drilling on both the La Manchuria and the recently reported COSE deposits.

All of the above deposits are open either along strike or down dip or both. PGSA has programmed for a total of 32,000 metres of drilling for resource and exploration drilling for the 2010/2011 summer season aimed to substantially increase the mineral resources on these deposits and to explore the highly prospective areas surrounding them.

Thomas C Stubens, M.A.Sc., P.Eng., a Senior Geologist with Micon International Limited and a Qualified Person as defined in Canadian National Instrument 43-101, is the author of the report entitled " Technical Report on the Mineral Resources of the La Manchuria Project, Santa Cruz Province, Argentina", prepared for Patagonia Gold SA, dated 15th September, 2010.

Marc Sale, (BSC. Geology, Fellow AusIMM, member AIG) a Director and consultant to Patagonia Gold Plc 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.

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