

## Patagonia Gold PLC : PROGRESS REPORT LOMADA GOLD PROJECT

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Patagonia Gold PLC

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**PROGRESS REPORT  
LOMADA GOLD PROJECT  
SANTA CRUZ PROVINCE, ARGENTINA****Highlights:**

- **Patagonia Gold Plc (PGD) is pleased to announce the successful commissioning of the the Lomada trial heap leach pad and processing facility with gold now being accumulated onto activated carbon. The project has been completed within time and budget.**
- **Expansion of the trial heap leach pad from the current 50,000 tonnes x 6 metres high to 180,000 tonnes x 12 metres high has commenced with earthworks and liner placement completed. Ore loading and irrigation of the expansion is planned to commence Q3 2011.**

Photographs of the above are available for viewing on our web site at [www.patagoniagold.com](http://www.patagoniagold.com)

**Lomada de Leiva project:**

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 of gold in the measured and indicated categories with a further inferred 73,725 ounces of gold.

Prior to the construction of the full Lomada project, PGD elected to construct and operate a 50,000 tonne 6 metre high trial heap leach pad to test and optimise construction methods together with the irrigation and processing facilities. Construction of the trial pad and facilities commenced in October 2010 and has been completed and successfully commissioned within time and budget.

The trial is now in full operation with gold being accumulated onto activated carbon. The trial is expected to yield approximately 2,500 ounces of gold in 120 days. PGD is investigating several options for the production of gold bars. This includes stripping of the above carbon to produce Dore for refining into pure gold by a third party or stockpiling the carbon until PGD has its own Gold room which is currently in the planning stage.

Following the successful operation of the above trial heap leach pad, PGD plans to expand the trial by raising the pad from the current 6 metres height to 12 metres to test the kinetics of the piling. This will expand the trial from 50,000 tonnes to 180,000 tonnes. The expanded trial is expected to yield approximately 8,000 ounces of gold.

Construction of the expansion has commenced with earthworks and liner placement completed. Ore loading and irrigation is expected to commence Q3 2011.

**Lomada Resource Upgrade:**

Patagonia Gold SA (PGSA) has recently completed an extension and infill drilling campaign, comprising 35 diamond drill holes HQ core for 4,441 metres, aimed at enlarging the resource and advancing the inferred part of the resource into an indicated category.

The upgraded resource, together with the results from the trial Lomada project, will be used to revise the 2009 scoping study of the Lomada project prior to the commencement of the main heap leach project.

**Matthew Boyes, (BSC. Geology, member AusIMM) Development Manager 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.**

**ENDS**

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