

# PATAGONIA GOLD PLC

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## PROGRESS REPORT ON DRILLING AT LA PALOMA AND EXPLORATION AT EL TRANQUILO

### Highlights

- Resource drilling on the Lomada de Leiva Project, located on the La Paloma property, continues to report very encouraging results including an intersection of 28 metres at 5.71g/t gold from drill-hole LLR-04.
- Sawn channel sampling on the Cap Oeste Prospect, located on the El Tranquilo property, reports significant breccia mineralization, including an interval of 37.5 metres at 1.90g/t gold from Trench TR 14.

### La Paloma Property

The La Paloma property block, covering over 44 square kilometres, is located approximately 40km to the south of the town of Perito Moreno in the Santa Cruz province of Argentina and contains the Lomada de Leiva Project and the adjacent Breccia Sofia Prospect.

**Lomada de Leiva Project**-A drilling campaign, consisting of 62 drill holes for 8,862 metres, commenced in February of this year, has been completed 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.

Drilling results not previously reported include:

Drill Hole No.	From Metres	Interval metres	Gold g/t
LPD-11	38.0	8.0	2.46
LPD-16	95.0	19.0	3.60
including	97.0	5.0	9.00
LPD-18	102.0	5.0	3.08
LPD-23	48.0	7.0	2.48
and	61.0	8.0	1.71
and	73.0	6.0	2.23
<b>LLR-04</b>	<b>49.0</b>	<b>28.0</b>	<b>5.71</b>
including	51.0	8.0	8.27
LLR-05	58.0	12.0	2.14
LLR-07	47.0	22.0	1.67
including	47.0	6.0	3.47

Results are pending for a further 24 drill-holes completed in this campaign.

Drilling has now extended the main mineralised zone from 300m, as previously reported, to over 420m. Drill-hole LLD-11 with an intersection of 8.0m @ 2.46 g/t Au is approximately 420 metres north of drill-hole LLD-07, which reported 20.0m @ 2.66g/t Au.

**Breccia Sofia**-Drilling on the adjacent Breccia Sofia prospect is ongoing. To date 12 RC holes have been completed for 1,816 metres. Results are available for the first 7 holes and significant intersections are listed below

<b>Drill Hole No.</b>	<b>From Metres</b>	<b>Interval metres</b>	<b>Gold g/t</b>
<b>BSR-02</b>	<b>92.0</b>	<b>1.0</b>	<b>27.10</b>
and	114.0	9.0	1.74
BSR-03	150.0	5.0	1.87
BSR-06	90.0	4.0	2.88
and	118.0	5.0	3.25

The values indicate that a broad zone of gold grades >1g/t gold exists on strike 500m from the Lomada de Leiva resource area.

**Geology and Mineralization**-Ongoing assessment of drill core has enabled a progressive understanding of the geology and mineralization at the Lomada de Leiva Project, which is hosted in Jurassic volcanic and volcanoclastic sediments. Drilling has identified a second, near vertical, structure within the breccia hosting structural corridor. The higher-grade intersections within the wider lower grade zones appear associated with the intersection of these two zones. Drilling on the eastern margin of the main zone has revealed additional mineralised structures, which could represent a repetition of the gold bearing zone or a sub-parallel structure. Additional drilling is planned to test the potential of this mineralization.

### **El Tranquilo Property.**

The El Tranquilo property block, covering over 40 square kilometres, is located approximately 120km to the south east of La Paloma in the Santa Cruz province of Argentina and contains the Cap Oeste Prospect and Breccia Valentino Prospect. Property 29 'La Bajada' is contiguous with El Tranquilo and contains a number of gold anomalous and geologically encouraging areas.

**Cap Oeste Prospect**-Detailed mapping and trenching has exposed a breccia hosted in felsic volcanics over a strike of 900 metres. The breccia is open to the north where it is covered by Quaternary sedimentation and to the south where it is obscured by a resistant silica cap. The prospect has never been drilled.

The Cap Oeste breccia represents an interpreted high-level style of mineralization defined at surface by multiphase pulses of low temperature quartz as vein stock-work and breccia matrix and proximity of the zone to spatially extensive zones of silica replacement.

Trench samples indicate anomalous pathfinder element geochemistry (As, Sb and Hg) and anomalous gold values are interpreted to represent the upper portion of a low sulphidation epithermal gold system.

Based on other examples of low sulphidation gold mineralization, particularly throughout the Deseado Massif of the Argentine Patagonia, these features are commonly strongly indicative of high gold grades occurring at depth.

Trenches were excavated and sawn channel samples were collected over 1metre intervals (these are equivalent to horizontal diamond drill-holes and as such can be included in resource evaluation). Results from channels validate previous rock samples and historic channel samples. Significant sawn channel results are tabulated below:

<b>Trench No.</b>	<b>Distance from Datum</b>	<b>Interval in metres</b>	<b>Gold g/t</b>
TR 06	300m NW	20.9	0.22
TR 05	150m NW	69.1	0.22
<b>TR 14</b>	<b>50m NW</b>	<b>37.5</b>	<b>1.90</b>
<b>including</b>		<b>8.0</b>	<b>5.80</b>
TR 04	0m	34.0	0.89
TR 13	50m SE	33.0	0.22
TR.12	100m SE	10.0	0.23

(A short (2m)exploration trench excavated 500m NW reported 0.27g/t gold.)

The combination of ore grade to highly anomalous gold values from surface over uncharacteristically wide zones throughout the Cap Oeste Prospect provides for a potentially bulk mineable gold resource style target that will be drill tested in the next drill campaign scheduled to commence in October 2007.

#### **La Manchuria.**

Validation work, involving the re-sampling of drill core and sawn channels samples, is almost complete. Additional trenches have been excavated and sampled. Assays are pending. This prospect area historically contains significant gold values and the work to date has defined drill targets that will be test drilled in the next drill campaign scheduled to commence in October 2007.

Marc Sale, (BSC. Geology, member 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.

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