

PATAGONIA GOLD PLC (AIM: PGD.L)

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DRILLING UPDATE: EL TRANQUILO PROPERTY AND PROGRESS REPORT: LA PALOMA PROPERTY, SANTA CRUZ, ARGENTINA

Highlights

- Drilling on the Cap-Oeste Prospect, located on the El Tranquilo Property, has reported very encouraging results in the first 11 of a 32 drill hole programme including 5 metres at 28.70g/t gold and 84.1g/t silver.
- Exploration drilling on the adjacent Breccia Valentina Prospect, located on the El Tranquilo Property has also reported very encouraging results in the first 2 of a 12 drill hole programme including 5.2 metres at 3.35g/t gold.
- Chlumsky, Armbrust and Meyer (“CAM”), consulting and engineering group headquartered in Lakewood, Colorado, U.S.A., have commenced work on a Canadian National Instrument (NI) 43-101 compliant Scoping Study on the Lomada de Leiva Project located on the La Paloma Property.

El Tranquilo Property

The El Tranquilo Property, covering over 40 square kilometres, is located approximately 120km south east of La Paloma in the Santa Cruz province of Argentina. It contains the Cap Oeste Prospect and Breccia Valentina Prospect.

PGD’s Property 29 ‘La Bajada’ is contiguous with the El Tranquilo Property and contains a number of gold anomalous and geologically encouraging areas.

Cap-Oeste Prospect

Drilling has commenced on the highly prospective Cap-Oeste Prospect. Results from the first 11 holes are now available and significant intersections include:

Drill Hole No.	From metres	Interval metres	Gold g/t	Silver g/t
COR-001-R	44.0	13.0	11.55	47.49
including	50.0	5.0	28.70	84.10
and	65.0	5.0	1.40	28.20
COR-002-R	48.0	6.0	2.36	68.20
COR-007-R	49.0	5.0	5.80	68.40
COR-008-R	40.0	10.0	3.61	32.70
COR-011-RD	105.6	7.9	3.36	*

To date, 20 drill holes have been completed for a total of 1,690 metres, consisting of 8 Reverse Circulation (“RC”) drill holes spaced along 350 metres of the anomaly established by trenching earlier this year, a further 8 step back drill holes, RC with a diamond tail, with the remaining holes as an exploration fence across the southern extension of the anomaly. Results from the remaining 9 holes are pending and will be announced in due course.

Drilling has confirmed the presence of a wide (up to 20 metres) gold mineralised zone of more than 0.5g/t with a high grade core. The zone remains open at depth and along strike in both directions. Further drilling is underway to the south east and north west along strike in order to extend the zone, together with additional step back drill holes.

Breccia Valentina Prospect

Drilling has commenced on the Breccia Valentina Prospect, located approximately 5 kilometres along strike from Cap-Oeste. Results from the first 2 holes are now available and significant intersections include:

Drill Hole No.	From Metres	Interval metres	Gold g/t	Silver g/t
BVA-002-D	26.0	12.5	2.38	*
Including	28.0	5.2	3.35	*
And	129.0	5.0	3.11	*

*Results are pending

The above results confirm that the gold tenor is improving with depth.

Breccia Valentina is interpreted as a structurally controlled phreatic breccia pipe characterised at surface by high level silica hosting highly anomalous gold in veins and breccias formed in association with an adjacent dome. This compelling conceptual target, the model for which potentially hosts economic gold grades at depth, is typical of other Pacific Rim phreatic breccias hosting economic gold resources.

To date, 7 diamond drill holes have been completed for a total of 1,094 metres along the anomaly established by trenching earlier this year. Results of the remaining 5 holes are pending.

The El Tranquilo property block also contains other highly prospective areas which require further exploration in order to define the potential for drill targets.

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

In October 2007 a NI 43-101 compliant resource was announced at a 0.3g/t gold cut off of Measured and Indicated at 161,346 ounces gold and an additional Inferred Resource of 73,725 ounces of gold.

Patagonia Gold Plc was sufficiently encouraged with the results to engage CAM, the consulting and engineering group from Lakewood, Colorado, USA., to prepare a Scoping Study for the project.

A controlled source audio frequency magnetotellurics (“CSAMT”) geophysics survey is nearing completion on the interpreted southern extension of the Lomada de Leiva mineralised zone as well as on its northerly trend towards Breccia Sofia. The survey has also targeted sub parallel structures to the east, the upper portions of which were identified by previous drilling.

Currently drill sections in conjunction with the geophysical survey results are being interpreted to form the basis of an infill and expansion drill programme at Lomada de Leiva. This drilling will also include metallurgical holes as well as pit design holes anticipated from the Scoping Study

A 3,000 metre drilling programme is planned on Lomada de Leiva and Breccia Sofia to commence early in Q1, 2008.

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.

www.patagoniagold.com

ENDS

For more information, please contact:

Bill Humphries/Richard Prickett
Patagonia Gold Plc
Tel: + 44 (0)20 7409 7444

Arabella Hobbs/ Leesa Peters
Conduit PR
Tel: + 44 (0)20 7429 6610/ +44 (0) 7833 926 694

Simon Raggett / Angela Peace
Strand Partners Ltd
Tel: +44 (0)20 7409 3494

Alastair Stratton / Tim Graham
Matrix Corporate Capital LLP
Tel: + 44 (0)20 7925 3234/ +44 (0) 7925 7852