

Patagonia Gold PLC : Progress Report

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Patagonia Gold PLC

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## PATAGONIA GOLD PLC

### PROGRESS REPORT DRILLING AT CAP-OESTE GOLD-SILVER PROJECT EXPLORATION ON EL TRANQUILO

**Highlights:**

- **Drilling on the main shoot of the Bonanza fault deposit at Cap-Oeste continues to intersect high grade gold and silver, including 7.0 metres @ 8.23grams per tonne (g/t) gold and 239 g/t silver in drill-hole CO-129.**
- **A 4,000 metre drilling campaign has commenced on 6 highly prospective targets, identified by exploration, on the El Tranquilo Property block and within 6 kilometres of the Cap-Oeste gold-silver project.**

**Cap-Oeste Gold and Silver Project:**

The initial drill programme on Cap-Oeste, completed in May 2008, established a Canadian National Instrument 43-101 compliant resource of 304,099 ounces of gold and 6,929,825 ounces of silver with just 11,328 metres of drilling.

Patagonia Gold PLC (PGD) commenced a second drilling campaign in October 2008 with the aim of substantially increasing the resource. To date 50 drill holes have been completed, for a further 11,000 metres, concentrating on the main shoot of the Bonanza fault. Results are pending for 8 holes.

Results not previously reported include:

Hole No.	From metres	Interval metres	Grade Au g/t	Grade Ag g/t
CO-129-D	278.00	15.80	5.22	126
including	281.00	7.00	8.23	239
CO-130-D	258.00	14.10	3.58	60
including	268.00	3.00	5.38	23
CO-131-D	279.00	24.00	2.62	23
including	290.50	3.00	4.79	39
CO-132-D	280.40	32.70	2.86	45
including	305.85	3.80	5.66	22

Gold values indicate that the mineralization of the system remains persistent at depth.

Geologically, the high grade mineralization at Cap Oeste is a result of a weak secondary structure intersecting the south west dipping Bonanza fault defining the main shoot. The current drilling is approaching a depth where the interpreted intersection of the well defined north east dipping Esperanza fault will intersect the Bonanza fault. It is interpreted that this zone of increased structural intersection will have created a prospective zone of mineral precipitation.

Drilling will continue up to the onset of the southern winter, circa mid-May. On completion all data will be collated for a resource estimate update.

PGD has retained Micon of Toronto, Canada, to independently prepare a resource upgrade at Cap-Oeste, which complies with Canada National Instrument 43-

101 (NI 43-101). The report is scheduled for completion in the third quarter of 2009.

#### **Exploration of the Tranquilo property block**

The El Tranquilo property block, 100% owned by PGD, covering over 40 square kilometres, contains the **Cap-Oeste Gold and Silver Project** as well as the Breccia Valentina and Vetas Norte structural trends

Patagonia Gold has three geological teams active in the exploration of the El Tranquilo property block.

Hi-definition Landsat imagery has enabled identification of trends sub parallel to the Bonanza fault. These structural trends, 1.5 and 4 kilometres respectively from the Cap-Oeste Bonanza fault have now been systematically mapped and rock chip sampled.

The Breccia Valentina and the Vetas Norte trends have been identified over a cumulative 10 kilometres of strike and contain the additional named prospects of Don Pancho, La Puma, Vetas Norte and Felix. Trenching has been completed on all of these prospects.

**Don Pancho prospect** is located in a flex in the Breccia Valentina corridor. Five trenches were excavated, covering 404 metres, based on the highly encouraging mapping and rock chip sampling which contained values up to 9.61 g/t gold and 572 g/t silver. Sample results from the trenches were highly anomalous, including from trench 004-5.0m @ 1.20 g/t Au and 55 g/t Ag

These values are proportionally similar to the original trenching results from the Cap Oeste Resource area which is only 1,100 metres to the south west.

A drilling campaign, consisting of 9 Reverse Circulation (RC) drill holes for 780 metres, has been completed on Don Pancho. Results are pending.

**La Puma prospect** was also trenched after mapping and sampling identified a 3 kilometre structure containing mineralized outcrop. Sawn channels on these outcrops returned sample values of up to 9.32 g/t Au and 104 g/t Ag.

A drilling campaign, consisting of 6 RC drill holes for 516 metres, has been completed at Puma. Results are pending.

**Vetas Norte prospect** is 1,500 metres along strike from La Puma and contains an extensive area of epithermal quartz blocks which have returned up to 1.85 g/t Au and 28 g/t Ag. Sawn channels over the limited outcropping epithermal vein material returned 2.1m @ 0.68 g/t Au. This is significant because of the textural evidence indicating mineralization at depth. An exploration drill hole below this channel sample intersected 10 metre zone of altered siliceous quartz-pyrite vein material, a step back intersected multiple zones over 5 metre of quartz - sulphide material. Results are pending.

Drilling is continuing at Vetas Norte with a further 6 RC drill holes planned for a total of 765 metres.

**Pampa prospect.** The Cap Oeste trend has a strike of 320° whereas the deflected Don Pancho trend has a strike of 290°. The zone where these two trends intersect, some 2 kilometres along strike to the north west of the current Resource area of Cap Oeste is marked by a significant geophysical and vegetation anomaly. This zone is named Pampa, as it is a flat colluvium covered area and does not contain any outcrop.

The Pampa prospect is considered a prime drill target. Initial exploration drilling on the southern section of this intersection zone, has returned highly anomalous path finder elements as well as elevated gold values.

A diamond drill exploration programme, 12 holes for 1,440 metres, is planned to commence in late April.

Smaller exploration drilling campaigns will be carried out on the Felix prospect located along trend to the south-west of La Puma, 4 RC drill holes for 330 metres, and on Cose prospect located along trend to the south-west of Cap-Oeste project, 2 RC drill holes for 280 metres.

The above exploration drilling campaigns are scheduled to be completed by mid May. Results will be released as they come to hand.

**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.**

**ENDS**

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