

## Patagonia Gold PLC : Drilling Report

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Patagonia Gold PLC

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# PATAGONIA GOLD PLC

## EXCEPTIONAL DRILLING RESULTS CAP-OESTE SOUTH EAST (COSE) GOLD-SILVER PROJECT SANTA CRUZ PROVINCE, ARGENTINA

### Highlights:

- Exceptionally high grade gold and silver continues to be encountered on the COSE project located 2 kilometres along strike from the Cap-Oeste gold and silver resource including drill hole CSE-047 which intersected:  
5.00 metres @ 162.78g/t gold and 8,622.0g/t silver.
- The central mineralised breccia zone of COSE containing the exceptionally high grade gold and silver, has to date been delineated within an area 75 metres down dip by 25 metres along strike with a true width of 3.5 to 4.5 metres. The mineralisation remains open in all directions.
- PGSA has contracted Independent Mining Engineers to provide a detailed preliminary mine design in conjunction with a timeline and financial model for the development of a decline access and an underground mine for the COSE project.

The second stage extension and infill diamond drilling campaign is continuing at COSE.

Results to date include:

Hole No.	From	Interval	Grade	Grade
	metres	metres	Au g/t	Ag g/t
CSE-044-D	206.40	1.50	43.45	5,106
and	233.80	5.86	95.32	6,093
including	237.00	0.85	475.50	38,134
CSE-045-D	257.60	7.40	13.50	168
including	258.90	1.10	72.80	748
CSE-047-D	253.00	5.00	162.78	8,622
including	253.00	0.40	145.34	8,126
including	253.40	0.50	794.00	70,626
including	253.90	0.95	125.40	1,513
including	256.00	1.00	92.12	518
including	257.00	1.00	130.43	2,200

*Note: PGSA estimates that the reported intervals represent 75 to 80% of the true width of the mineralised structure.*

### **El Tranquilo Property Block:**

The El Tranquilo property block, covering over 60 square kilometres, contains the **COSE project**, the Cap-Oeste gold and silver deposit, the Pampa prospect and the Vetas Norte and Breccia Valentina structural trends.

The property is located approximately 120km to the south east of the Lomada de Leiva gold project where development of a heap leach operation is currently in progress.

### **COSE Project:**

The COSE project is an advanced exploration target associated with the larger Cap-Oeste gold-silver deposit located 2 kilometres to the North West. COSE was discovered by Patagonia Gold's exploration team in late 2008 using geophysics, surface exploration and scout drilling.

A drill campaign, consisting of 43 drill holes for 10,270 metres, was completed in the 2009/10 summer. Subsequently, a review and conceptual model of the COSE project defined 700,000 to 800,000 tonnes of mineralised material containing between sixty and seventy thousand ounces of gold and two to three million ounces of silver.

The review indicated 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 to advance the conceptual model to a Canadian National Instrument 43-101 (NI-43-101) compliant resource.

Accordingly, a seven thousand metre extension and infill drill program is in progress. To date 10 drill holes (CSE-44-D to CSE-53-D) for 2,645metres have been completed. Assays are outstanding for 6 drill holes.

The central mineralised breccia zone of COSE containing the exceptionally high grade gold and silver, has to date been delineated within an area 75 metres down dip by 25 metres along strike with a true width of 3.5 to 4.5 metres. The mineralisation remains open in all directions.

The primary objective of the current drill program is to test the potential for extension of the breccia hosted mineralisation and to increase the overall level of confidence in the existing model and grade continuity for the entirety of the known mineralised breccia-fault zone.

PGSA has contracted Independent Mining Engineers, NCL Ingenieria Y Construccion SA, Chile, to complete a preliminary cost analysis to evaluate the potential CAPEX and OPEX costs involved in the development of a decline access and an underground mine, using sub-level stoping, for the extraction of the known mineralisation at COSE.

NCL will provide a detailed preliminary mine design in conjunction with a timeline and financial model outlining expected costs for the development of the COSE project. NCL commenced work on the 20<sup>th</sup> October with a final report expected in 5 weeks. NCL will be retained to make any updates and final adjustments which could arise due to changes in the existing mineralised envelope as a result of the current drill campaign.

All drill-core was photographed prior to being cut for assaying. Samples were analysed by Alex Stewart (Assayers) Argentina SA. Check assays, standards and laboratory duplicates were performed on a systematic basis at Alex Stewart (Assayers) Argentina SA. The exceptionally high grade results have been analysed by both fire assay and gravimetric gold analysis. Gravimetric analysis is more accurate for extremely high grade gold and silver values and there has been a very good correlation of the gold fire assays values and gravimetric results with overall variation less than 5%.

**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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