

## Patagonia Gold PLC : Drilling Report

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Patagonia Gold PLC

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# PATAGONIA GOLD PLC

*1<sup>st</sup> June 2011*

### DRILLING UPDATE CAP-OESTE GOLD-SILVER PROJECT SANTA CRUZ PROVINCE, ARGENTINA

#### Highlights:

- The 2010/11 infill and extension drilling campaign on the Cap-Oeste gold and silver deposit is now 95% complete and on target for finalising by the end of June. An NI 43-101 compliant resource update will then be completed, scheduled for reporting in Q3.
- Drilling on the E shoot located 150 metres south along strike from the Main shoot and within the Cap-Oeste deposit, continues to intersect high grade gold and silver, including 13.30 metres @ 8.58 grams per tonne (g/t) gold and 508 g/t silver in drill-hole CO-213. E shoot, together with the Main, B and C shoots, remains open at depth.
- Drilling will continue throughout the Austral winter months, aimed at extending the above shoots down plunge and further test the La Pampa, Tango and other prospects along the six kilometre strike extension of the Cap-Oeste Project.

The 2010/11 drilling campaign on the Cap-Oeste deposit was designed to infill a potential open pit area, 1,200m long x 150m depth on a 25m x 25m grid, and to extend the known shoots within the deposit area down plunge below the 150m level.

Results not previously reported include:

Hole No.	From	Interval	Grade	Grade
	metres	metres	Au g/t	Ag g/t
CO-181-D	137.89	6.73	35.53	53
including	139.34	1.12	116.15	186
CO-187-D	229.10	12.57	3.70	307
including	232.50	2.50	9.35	568
CO-197-D	125.10	2.25	24.50	141
CO-206-D	48.00	3.48	8.76	1,221
CO-213-D	190.00	13.30	8.58	508
including	200.70	2.60	53.74	700
CO-218-D	126.00	8.00	6.14	62
CO-222-D	352.00	31.00	5.29	178

including	360.00	11.00	9.40	381
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The El Tranquilo property block, covering over 80 square kilometres, is located approximately 120 kilometres to the south east of the Lomada de Leiva gold project where a heap leach operation is currently in progress. El Tranquilo contains Patagonia Gold's flagship project, **Cap-Oeste**, together with numerous other prospects including Monte Leon.

**Cap-Oeste project:**

The Cap-Oeste project contains the Cap-Oeste deposit and the adjacent COSE deposit on which combined Canadian National Instrument 43-101 (NI43-101) compliant resources of **762,325 ounces** of gold equivalent, 85% in the indicated category, have been delineated so far. The mineralisation on the Cap-Oeste project remains open in all directions.

Three drill rigs are currently engaged on the Cap-Oeste deposit completing a diamond core HQ drill campaign commenced in Q4 2010. To date 102 drill-holes (CO-165 to CO-266), for 20,646 metres, have been completed. The drill campaign is approximately 95% complete and is on target for completion in June.

Assay results are pending for 20 drill-holes with a further 21 holes in various stages of processing prior to assaying. Results will be reported on a regular basis as received.

PGSA has retained Mining Engineers, Chlumsky, Armbrust and Meyer, LLC of Lakewood, Colorado, to independently prepare a report and resource upgrade on the Cap-Oeste deposit which complies with NI 43-101. The report is scheduled for completion in Q3 2011

Drilling will continue throughout the Austral winter months aimed at testing the depth potential of the shoots within the Cap-Oeste deposit and further testing the La Pampa, Tango and other prospects along the six kilometre strike extension of the Cap-Oeste Project.

**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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