

## Patagonia Gold PLC : Drilling Report

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Patagonia Gold PLC

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# PATAGONIA GOLD PLC

## DRILLING AND GEOLOGY UPDATE MONTE LEON PROSPECT SANTA CRUZ PROVINCE, ARGENTINA

### Highlights:

- The remaining results from the initial drill program on the Monte Leon prospect have now been received, including a high grade intersection of 0.70m @ 80.30 g/t Au and 16 g/t Ag on drill-hole MLN-014-D.
- A second drill program of 4,000 metres, designed to test multiple high grade Au-Ag vein structures along a 500m strike length of the Monte Leon corridor, has now commenced.

Results from the first pass drilling campaign include;

Hole ID	From	Interval	Grade	Grade	Grade
	metres	metres	Au g/t	Ag g/t	Au Eq g/t
MLN-004-D*	122.00	1.50	21.20	321	27.2
MLN-004-D	174.00	2.00	2.92	677	15.6
MLN-003-D	31.05	2.15	16.73	16	17.03
MLN-003-D	85.00	7.00	1.44	1018	20.48
MLN-005-D	138.00	3.00	0.81	267	5.80
MLN-014-D	301.20	0.70	80.30	16	80.60
<b>including</b>	<b>301.50</b>	<b>0.15</b>	<b>570.07</b>	<b>47</b>	<b>570.94</b>

\*Previously released without Au Eq grade

Gold Equivalent (Au Eq) grade calculated at 53.5:1 Ag; Au ratio

**El Tranquilo:** 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**.

### Monte Leon Prospect:

The Monte Leon prospect is located 11 kilometres to the south east of the Cap-Oeste deposit and within the same structural corridor. The Monte Leon prospect is both within the El Tranquillo mineral property block and PGD's 100% owned Estancia 'La Bajada'.

The Monte Leon prospect was identified in 2010 by PGSA's exploration teams using 'Hi-definition Landsat imagery and has been advanced through geophysics, mapping, rock chip sampling, trenching and drilling. Geophysical gradient array induced polarization (IP) and resistivity surveys have highlighted a continuous 700 metre wide x 2,600 metres long, north south trending zone of strong chargeability and resistivity which remains open to the north and south.

In May 2011, an initial drilling campaign, consisting of 15 diamond HQ core drill-holes for 3,953 metres, was completed on six sections along one kilometre of the geophysical anomaly. Drilling intersected wide, near surface intervals of potentially bulk mineable gold and silver low grade mineralization hosted by extensive zones of hydrothermal brecciation. The drilling also intersected multiple near-vertical high grade Au-Ag bearing structures in the deeper portions of 5 of the initial holes drilled

Initial metallurgical test-work carried out on the above low grade wide intervals of near surface mineralization has returned encouraging recoveries of gold in the oxide material. However recoveries of both gold and silver are low in the sulphide material.

Results include;

	Comp A	Comp B	Comp C	Comp D	Comp E	Comp F
Type	Oxide	Sulphide	Sulphide	Sulphide	Transitional	Oxide
Au Rec (%)	79.8	10.3	18.4	17.8	69.0	82.2
Ag Rec (%)	12.8	17.7	23.5	14.6	54.0	49.2

Exploration for potentially bulk mineable gold and silver low grade mineralization within the oxide material will continue to form part of the exploration program on Monte Leon.

Following a thorough review of the geological, assay and metallurgical testwork data PGSA is now focusing exploration on the multiple near-vertical high grade Au-Ag bearing structures. These structures are to date traceable over more than 400 metres along strike and approximately 150 metres down dip for which a 4,000 metres (15 holes) infill exploration programme is now underway to provide better definition of geometry and continuity.

Mineralisation intersected in MLN-014-D shows an increase of Au grade at depth consistent with the applied district scale geological model characterized by hot spring and dome breccia style mineralization intersected at shallower depths within the epithermal system.

**Matthew Boyes, (BSC. Geology, member AusIMM) Chief Operating Officer for Patagonia Gold PGSA and a qualified person as defined in Canadian National Instrument 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this press release.**

**ENDS**

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