

Patagonia Gold PLC : Drilling and Exploration Update

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Patagonia Gold PLC

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Patagonia Gold Reports La Manchuria and Cap-Oeste-COSE Drilling and Exploration Update

London, United Kingdom 24th July 2013 - Patagonia Gold Plc (AIM: PGD,) ("Patagonia Gold" or the "Company") today provided a drilling and exploration progress update on the La Manchuria and Cap-Oeste-COSE projects.

La Manchuria project:

- A re-evaluation of the existing La Manchuria resource, in conjunction with a drilling campaign to identify its possible expansion, is underway. Management believes significant potential exists to substantially grow the resource base by changing the focus from the narrow high grade vein hosted model used for the existing resource estimate to a lower grade bulk tonnage model
- Assays from the first four drill-holes of the current campaign have been received with LM-099-D, drilled into a previously undrilled area of the Eastern Manchuria outcrop, intersecting 3.95 metres (m) at 15.97 grams per tonne (g/t) gold and 41.60 g/t silver
- The Western outcrop containing the Main Zone ore body has been extended to the South East with LM-097-D intersecting 40m at 2.11 g/t gold 35.98 g/t silver

Cap-Oeste-COSE project:

- A potential new high grade shoot has been identified 250 metres along strike to the north west of the main Cap-Oeste ore body with CO-401-D intersecting 42.50m at 2.12g/t gold and 57.41 g/t silver from 374.4m down hole. The shoot remains open along strike and down dip
- Newfields Inc. of Reno, Nevada, USA has been contracted to lead the prefeasibility study to assess the economic viability of the combined Cap-Oeste-COSE deposits. Ongoing evaluation of both deposits have shown there to be potential synergies in combining their development including significant cost reductions in capital and operational costs.

La Manchuria South (new prospect)

- First pass exploration success at La Manchuria South, located 15 kilometres to the south of the La Manchuria project, have returned encouraging results from sawn channel samples, including 1.10m @ 14.46g/t gold and 234.17g/t silver in Ch-18 plus 1.00m @ 4.50 g/tgold and 18.50g/t silver in Ch-01. All 20 channel samples returned anomalous values over the 450m strike of the mineralised structure

LA MANCHURIA:

The La Manchuria project is located approximately 44 kilometres south-east of the Cap-Oeste and COSE deposits and represents a large system of low sulphidation style vein hosted gold-silver (Au-Ag) mineralisation which outcrops at surface.

A nine hole, 1259m HQ diameter diamond drill programme was completed into the Manchuria main zone and Manchuria East on the 30th May 2013. Results have now been received for the first four holes tabulated below.

Hole ID	From	To	Length	Au	Ag	Au Eq
	(m)	(m)	(m)	(g/t)	(g/t)	(g/t)
LM-096-D	136.87	138.00	1.13	6.78	311.00	11.96
LM-097-D	19.00	59.00	40.00	2.11	35.98	2.71
Including	39.00	40.00	1.00	16.30	41.20	16.99
and	51.00	52.00	1.00	11.60	58.10	12.57
LM-098-D	59.55	60.50	0.95	8.87	22.50	9.25
LM-099-D	53.50	57.45	3.95	15.97	41.60	16.66
including	55.10	56.40	1.30	29.89	52.25	30.76

Table 1; Initial results from La Manchuria 2103 exploration programme

*Intervals reported in the above table are not true thicknesses and are estimated to represent between 80-85% of the actual true thickness of mineralisation

** AuEq (gold equivalent) ratio is 60:1 Ag: Au

The mineralisation intersected in the eastern zone is hosted within a "Classic" low sulphidation mineralised style epithermal vein which is subvertical and outcrops at surface. The structure has been mapped at surface over a strike extent of greater than 400m. Follow up drilling is now being designed to test both along strike and down dip of hole LM-099-D as mineralisation has only been tested to a very shallow depth of 50m below the existing ground surface.

To date, the Company has completed 20,993 metres of diamond and reverse circulation drilling on this project. Patagonia Gold reported the following Canadian National Instrument (NI) 43-101 compliant resource in September 2010:

Indicated		Grade (g/t)			Metal (Oz)		
Domain	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq
Oxide	141,570	1.91	139.1	3.12	8,675	633,338	14,198
Hypogene	284,136	3.46	133.0	4.54	31,642	1,214,873	41,486
Total	425,705	2.95	135.0	4.07	40,317	1,848,211	55,684
Inferred		Grade (g/t)			Metal (Oz)		
Domain	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq
Oxide	496,179	1.33	42.5	1.66	21,138	678,485	26,462
Hypogene	972,840	1.64	53.0	2.05	51,197	1,656,751	64,220
Total	1,469,020	1.53	49.4	1.92	72,335	2,335,236	90,682

The following economic assumptions were used in calculating the AuEq grade of each block:

Gold Price: \$US 925/oz Gold recovery: 95%

Silver Price: \$US 14.50/oz Silver Recovery: 60%

Formulae:

$$1) \text{ Metal Value} = \text{Grade} * \text{Metal Price} * \text{Metallurgical Recovery} * 0.032151$$

$$2) \text{ AuEq} = (\text{Au-Value} + \text{Ag-Value}) / (\text{Au-Price} * 0.032151)$$

"Thomas C Stubens, M.A.Sc., P.Eng., a Senior Geologist with Micon International Limited and a Qualified Person as defined in Canadian National Instrument 43-101, was the author of the report entitled "Technical Report on the Mineral Resources of the La Manchuria Project, Santa Cruz Province, Argentina", prepared for Patagonia Gold SA, dated 15th September, 2010".

Management believes significant potential exists to substantially grow the resource base by changing the mineralisation focus from the thin, discontinuous high grade vein hosted model used for the above resource estimate to a lower grade bulk tonnage target. Preliminary re-evaluation work is underway. Should this study provide positive results, PGD will update the existing 43-101 compliant resource. The timeline for completion of this work is scheduled for Q4 2013.

Geochemical and geophysical programmes will also be undertaken during the second half of 2013 on both the La Manchuria property and the recently incorporated Manchuria South property.

CAP-OESTE-COSE:

The El Tranquilo property block, covering approximately 80,000 hectares, contains Patagonia Gold's flagship Cap-Oeste project, together with the COSE bonanza gold and silver deposit and numerous other prospects including Monte Leon.

Newfields Inc. of Reno, Nevada, USA has been contracted to lead the prefeasibility study to assess the economic viability of the combined Cap-Oeste-COSE deposits. Newfields will lead a team of potentially two to three different consulting houses in the completion of a comprehensive pre-feasibility level study on the project. Newfields will concentrate predominantly on design and testwork associated with the construction of the tailings storage facility (TFS) and water

management plus the geotechnical studies for pit wall and underground mine design.

In May 2013 a single hole, CO-401-D, was drilled into an area 250 metres along strike to the north west of the main Cap-Oeste deposit where two previously drilled exploratory holes, CO-335-D and CO-387-D had intersected wide mineralised zones containing high grade gold and silver. CO-401-D successfully intersected similar mineralisation 50m down dip of CO-387-D confirming the presence of a potential new high grade gold and silver shoot. The shoot remains open along strike in both directions and down dip.

Hole ID	From	To	Length	Au	Ag	Au Eq
	(m)	(m)	(m)	(g/t)	(g/t)	(g/t)
CO-335-D	353.50	381.80	28.30	4.11	25.51	4.53
CO-387-D	345.85	372.20	26.35	3.08	74.74	4.36
including	354.00	354.50	0.50	15.41	792.37	28.61
CO-401-D	374.70	417.20	42.50	2.12	57.41	3.08
including	383.10	384.60	1.50	16.39	363.42	22.45

Table 2; CO-335-D reported RNS 28th March 2012, CO-387-D and CO-401-D not previously reported.

**Intervals reported in the above table are not true thicknesses and are estimated to represent between 80-85% of the actual true thickness of mineralisation*

*** AuEq(gold equivalent) ratio is 60:1 Ag: Au, AuEq (ppm) for CO-335-D recalculated at 60:1 Ag: Au ratio*

Follow up drilling will be designed to test the extension of this potential new shoot.

LA MANCHURIA SOUTH:

La Manchuria South properties are made up of the HAYDEE and RENE licence areas which are located 15 kilometres to the South of La Manchuria project and were part of the package of properties incorporated into PGSA land holdings through the Shareholders agreement with Fomicruz, the mining arm of the province of Santa Cruz (see RNS 26th October 2011).

Limited exploration has been completed to date on these properties. Samples taken in this first pass programme reported were predominantly repeats of samples taken by Fomicruz in the late 1990's which confirmed that mineralisation existed at the site. The main structure is covered by a volcano to the north west and open to the south east. A detailed geophysics and trench sampling programme is being designed and will be implemented in Q4 2013.

LOMADA DE LEIVA:

Production at Lomada de Leiva heap leach project reached planned level as of the end of June 2013. Construction of the main heap leach project continues with all earthworks complete and the liner placed on the drainage pond and the first cell. Lining of cells 2 and 3 will be carried out in August when weather conditions are more favourable. The plant expansion and welding of the main pipelines is under way and is scheduled for completion in Q3 2013. All mine facilities have now been constructed along with camp accommodation for mine staff and contractors.

The expansion of the existing trial pad has created sufficient capacity for full mine production until the end of September 2013, after which loading of the main heap leach pad will commence.

Ends

About Patagonia Gold

Patagonia Gold Plc is a mining company that seeks to grow shareholder value through exploration, development and production of gold and silver projects in the southern Patagonia region of Argentina. The Company is primarily focused on three projects: the flagship Cap-Oeste/COSE project, the La Manchuria project and the Lomada heap leach project, which is generating free cash flow. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina and Chile, and is one of the largest landholders in the province of Santa Cruz.

Matthew Boyes, (BSC. Geology, Fellow 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.

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