

Patagonia Gold PLC : Operational Update

Released : 30.03.2015

RNS Number : 6994I

Patagonia Gold PLC

30 March 2015

Patagonia Gold reports update on Cap-Oeste and COSE Resource estimates

London, United Kingdom 30th March 2014 - Patagonia Gold Plc (AIM: PGD)("Patagonia Gold" or the "Company") is pleased today to provide an update of the two main resource models for Cap-Oeste and COSE deposits.

Highlights:

Cap-Oeste project:

- Updated JORC compliant Resource model increased total Indicated gold equivalent ounces by 98,000 to 1,295,000.
- High grade "COSE" style mineralisation containing 75,000 ounces of gold and 3,533,000 ounces of silver modelled for inclusion into cyanide leachable resource.

COSE project:

- Updated JORC compliant Resource model increased total Indicated gold equivalent ounces by 19,165 to 83,000.
- Higher ore volume modelled to ensure underground mine design recovers the maximum possible of contained metal and ensuring that higher volume mechanised mining can be implemented.

Global Resource:

- The combined Indicated and inferred resources for Cap-Oeste, COSE, Manchuria and Lomada deposits has been increased by 213,183 ounces bringing the Company's global resources to 2,089,183 ounces of gold equivalent.

El Tranquilo property block:

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

Cap-Oeste Resource update;

CUBE consulting from Perth, Western Australia has been retained to complete resource updates for the Cap-Oeste and COSE projects as part of the global pre-feasibility study package being completed for both projects.

A total of 502 drillholes for 102,300 metres were utilised in the re-interpretation and modelling of the Cap-Oeste deposit. Mineralisation was modelled in a broader envelope than previous and included holes not incorporated into the previously

published resource dated 10th September 2012. Ordinary and Indicator Kriging were utilised to interpolate gold into a block model with cell sizes of 10m x 5m x 5m.

Additional metallurgical testing at Cap-Oeste has established that the central core section of the orebody hosts gold (Au) and silver (Ag) within a style of mineralisation very similar to that of the neighbouring high grade COSE, with free gold and silver associated with silver minerals such as Pyrrhotite, Electrum and Proustite. This mineralisation style is amenable to cyanide leaching and adds 75,000 oz of gold and 3,533,000 oz of silver bringing the total of the cyanide leachable gold in the Cap-Oeste resource to 406,000 oz of gold equivalent (AuEq) when added to the existing "All Oxide" resource.

Table 1: Cap-Oeste JORC compliant Indicated and Inferred Resources March 2015.

Cap-Oeste Mineral Resource Estimate - March 2015 Model							
(0.3g/t AuEq Cutoff)							
INDICATED RESOURCES							
	Tonnes (x 1000)	Grade (g/t)			Contained Metal (oz x 1000)		
		Au	Ag	AuEq	Au	Ag	AuEq
All Oxide	4,779	0.95	35.42	1.54	146	5,437	237
Sulphide	9,806	2.25	66.51	3.36	708	20,970	1,058
TOTAL-Indicated	14,585	1.82	56.32	2.76	855	26,407	1,295
INFERRED RESOURCES							
	Tonnes (x 1000)	Grade (g/t)			Contained Metal (oz x 1000)		
		Au	Ag	AuEq	Au	Ag	AuEq
All Oxide	1,009	0.62	27.67	1.08	20	897	35
Sulphide	7,383	1.05	25.54	1.47	248	6,063	350
TOTAL-Inferred	8,392	1.00	25.79	1.43	269	6,960	385
INDICATED + INFERRED RESOURCES							
	Tonnes (x 1000)	Grade (g/t)			Contained Metal (oz x 1000)		
		Au	Ag	AuEq	Au	Ag	AuEq
All Oxide	5,788	0.90	34.07	1.46	166	6,334	272
Sulphide	17,189	1.73	48.92	2.55	957	27,033	1,407
TOTAL-ALL	22,977	1.52	45.17	2.27	1,123	33,367	1,679

Au equivalent was calculated by dividing a set Au price (USD\$1,200/Oz) by a set Ag price (USD\$20/Oz) following guidance from PGD. The formula used is; AuEq (g/t) = Au (g/t) + Ag (g/t)/60.

This new resource model has now been incorporated into the optimisation and mine design runs currently being completed in conjunction with the heap leach pad design and plant for the gold and silver extraction.

COSE Resource update:

An updated model of the COSE mineralisation has been completed including 123 drill holes for 25,471m. This model incorporated additional data from 37 drill holes not previously included into the former published resource. The model was completed with the intention of applying mechanised underground mining equipment to achieve maximum ore extraction considering the extremely high grade and style of mineralisation present.

The mineralisation was remodelled in section from drill hole core logging and a single block model was created with dimensions extended out to fully cover all of the COSE mineral resource area. The parent block size used was 2.5mE x 5mN x 5mRL with sub-celling to 0.625mE x 1.25mN x 0.625mRL.

Table 2: COSE JORC compliant Indicated and Inferred Resources March 2015

INDICATED RESOURCES							
	Tonnes (x 1000)	Grade (g/t)			Contained Metal (oz x 1000)		
		Au	Ag	AuEq	Au	Ag	AuEq
TOTAL-Indicated	49	27.80	1,466.00	52.20	44	2,325	83
INFERRED RESOURCES							
	Tonnes (x 1000)	Grade (g/t)			Contained Metal (oz x 1000)		
		Au	Ag	AuEq	Au	Ag	AuEq
TOTAL-Inferred	20	12.50	721.00	24.50	8	464	16
INDICATED + INFERRED RESOURCES							

	Tonnes (x 1000)	Grade (g/t)			Contained Metal (oz x 1000)		
		Au	Ag	AuEq	Au	Ag	AuEq
TOTAL-ALL	69	23.40	1,251.00	44.20	52	2,789	99

Au equivalent was calculated by dividing a set Au price (USD\$1,200/oz) by a set Ag price (USD\$20/oz) following guidance from PGD. The formula used is; AuEq (g/t) = Au (g/t) + Ag (g/t)/60.

An increase in the contained Indicated ounces of Au and Ag of 4,150 oz and 1,040,000 Oz respectively was reported while Inferred ounces were reduced by 18,566 and 391,000 oz respectively, the conversion of previously Inferred to Indicated category ounces and the use of a lower Silver price of \$20/oz attributed to the overall reduction in AuEq ounces from 106,412 to 99,000. However the Company considers the model to be far more robust and the modelling update has considerably de-risked the project through application of more conservative estimation parameters.

Kenmore Consulting from Perth is in the final stages of completing an underground mine design and development plan for COSE.

Global Resource:

The Global resource base for the company is shown below

INDICATED RESOURCES							
Area	Indicated	Grade (g/t)			Metal (oz)		
Name	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq
La Manchuria	425,705	2.95	135	4.07	40,317	1,848,211	55,684
COSE	49,000	27.8	1466	52.2	44,000	2,325,000	83,000
Cap-Oeste	14,585,000	1.82	56.32	2.76	855,000	26,407,000	1,295,000
Lomada	5,002,016	1.003	NA	NA	161,346	0	161,346
TOTAL Indicated					1,100,663	30,580,211	1,595,030

INFERRED RESOURCES							
Area	Inferred	Grade (g/t)			Metal (oz)		
Name	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq
La Manchuria	1,469,020	1.53	49.4	1.92	72,335	2,335,236	90,682
COSE	20,000	12.5	721	24.5	8,000	464,000	16,000
Cap-Oeste	8,392,000	1	25.79	1.43	269,000	696,000	385,000
Lomada	3,412,270	0.672	NA	NA	73,726	NA	73,726
Total Inferred					423,061	3,495,236	565,408

INDICATED + INFERRED RESOURCES							
					Metal (oz)		
					Au	Ag	AuEq
Total IND + INF Oz					1,523,724	34,075,447	2,160,438

Note: The Lomada Indicated resource shown above has been depleted by an estimated 71,255 ounces through mining from 2012 to 31st December 2014. A new resource update is in progress to incorporate additional drilling.

The company last reported global resources 10th September 2012 with indicated resources of 1,478,000 ounces AuEq and inferred resources of 398,000 ounces AuEq totalling 1,876,000 ounces of AuEq on the Cap-Oeste, COSE, Manchuria and Lomada deposits in the aggregate. All resources were estimated in accordance with JORC and NI 43-101.

Note: The final resource estimate reports will be posted onto the company's website.

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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