

Production Guidance and Resource Update

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Patagonia Gold Plc
("Patagonia Gold" or the "Company")

Production Guidance and Resource Update

Patagonia Gold Plc, the mining company with gold and silver projects in the southern Patagonia region of Argentina, Chile and Uruguay, announces an update of the Cap-Oeste resource model and forecast production update for the Cap-Oeste heap leach operation.

Summary

- Total production for 2017 is estimated to be 30,950 oz AuEq (2016: 25,800 oz AuEq, 2015: 21,521 oz AuEq)
 - Production at Cap-Oeste for the year expected to be 24,850 oz AuEq, significantly lower than previous guidance due to delays in getting the agglomeration circuit installed
 - Recovery issues at Cap-Oeste now resolved and overall recovery ramping up to design
 - Production at Lomada is expected to reach 6,100 oz Au for the year, significantly higher than forecast for the year
- Update resource model of Cap-Oeste shows contained ounces of COSE style (high grade) cyanide leachable mineralisation double to 295,000 oz AuEq

Production guidance

After a series of significant setbacks, the Cap-Oeste heap leach pad is now producing from a fully commissioned agglomeration plant, with the recovery issues having been resolved. The first pass leaching of fully agglomerated product over a period of 14 days, resulted in a recovery of 62% which is in line with testwork results and expectations for this length of leaching and the Company remains confident that gold recovery of 80% will be achieved on completion of the full leaching cycle. Agglomeration of the ore continues on a daily basis with throughput now exceeding 3,000 tonnes per day from a 12 hour shift, with 85,000 tonnes of agglomerated ore having now been loaded onto the pads as at the end of October 2017.

As a result of the previously announced recovery issues experienced at Cap-Oeste, production for 2017 has been materially impacted and the Company now expects production from the Cap-Oeste heap leach operations to be 24,850 oz AuEq for 2017 full year, with 10,100 oz AuEq for the final quarter of 2017. The Company expects to provide production guidance for 2018 during Q1 2018.

Lomada continues to perform well with production exceeding expectations with production for 2017 expected to be 6,100 oz Au. Leaching at Lomada will continue for as long as it remains commercially viable.

Cap-Oeste resource update

Current pit operations have now advanced to a level where high grade COSE style hypogene mineralisation has been exposed, enabling the Company to confirm the shoot's dimensions and style of mineralisation and grade below the current pit. A subsequent reinterpretation of the deeper drilling and mineralisation intersected below the current pit, has led to a material increase in the tonnage and contained Au and Ag of this non refractory style of mineralisation (which falls within the COSE style mineralisation).

An updated JORC compliant resource model has been completed by CUBE Consulting to report on the ore below the current pit

and shows a material increase in the COSE type mineralisation, which can be treated via cyanide leaching, in the Cap-Oeste resource (Measured and Indicated) which is now approximately 295,000 oz AuEq at an average grade of approximately 19.40 g/t AuEq.

The current pit, which is expected to be completed in March 2018, as at the end of August 2017, still contains 578,347t @ 3.32 g/t Au and 131 g/t Ag for 61,875 oz Au and 2.44 Moz Ag for a total AuEq contained oz of 96,994 oz and has not been included in the updated JORC Code Compliant resource.

The tables below set out the JORC Code Compliant resource below the current pit.

Table 1: JORC Code Compliant Gross Resource for Cap-Oeste below the current pit - October 2017

Gross Resources for Cap-Oeste							
Geo Ox	Tonnes	Grade (g/t)			Metal (oz)		
		Au LUC/OK	Ag LUC/OK	AuEq ⁽¹⁾	Au	Ag	AuEq ⁽¹⁾
MEASURED RESOURCES							
Oxide	221	2.74	18.25	3	19	130	21
COSE ⁽²⁾	-	-	-	-	-	-	-
Fresh ⁽³⁾	1,693	2.91	51.7	3.65	158	2,814	199
Sub-Total	1,914	2.89	47.84	3.58	178	2,944	220
INDICATED RESOURCES							
Oxide	1,971,594	1.06	32.6	1.53	66,942	2,066,450	96,701
COSE ⁽²⁾	472,426	12.63	469.96	19.4	191,800	7,138,215	294,596
Fresh ⁽³⁾	8,111,721	1.7	46.49	2.37	443,100	12,125,600	617,711
Sub-Total	10,555,741	2.07	62.85	2.97	701,842	21,330,265	1,009,008
MEASURED + INDICATED RESOURCES							
Oxide	1,971,815	1.06	32.6	1.53	66,962	2,066,580	96,723
COSE ⁽²⁾	472,426	12.63	469.96	19.4	191,800	7,138,215	294,596
Fresh ⁽³⁾	8,113,414	1.7	46.5	2.37	443,258	12,128,414	617,910
Sub-Total	10,557,655	2.07	62.85	2.97	702,019	21,333,209	1,009,228
INFERRED RESOURCES							
Oxide	528,193	0.68	23.15	1.01	11,468	393,044	17,127
COSE ⁽²⁾	-	-	-	-	-	-	-
Fresh ⁽³⁾	4,366,559	1.45	36.14	1.97	203,929	5,073,580	276,999
Sub-Total	4,894,752	1.37	34.74	1.87	215,396	5,466,624	294,126
Total	15,452,407	1.85	53.94	2.62	917,416	26,799,833	1,303,355

Table 2: JORC Code Compliant Net Resource for Cap-Oeste below the current pit attributable to the Company - October 2017

Net Attributable Resources to the Company (PGSA) ⁽⁴⁾							
Geo Ox	Tonnes	Grade (g/t)			Metal (oz)		
		Au LUC/OK	Ag LUC/OK	AuEq ⁽¹⁾	Au	Ag	AuEq ⁽¹⁾
MEASURED RESOURCES							
Oxide	199	2.74	18.25	3	18	117	19
COSE ⁽²⁾	-	-	-	-	-	-	-
Fresh ⁽³⁾	1,524	2.91	51.7	3.65	142	2,533	179
Sub-Total	1,723	2.89	47.84	3.58	160	2,649	198
INDICATED RESOURCES							
Oxide	1,774,435	1.06	32.6	1.53	60,248	1,859,805	87,031
COSE ⁽²⁾	425,183	12.63	469.96	19.4	172,620	6,424,394	265,136
Fresh ⁽³⁾	7,300,549	1.7	46.49	2.37	398,790	10,913,040	555,940
Sub-Total	9,500,167	2.07	62.85	2.97	631,658	19,197,239	908,108
MEASURED + INDICATED RESOURCES							
Oxide	1,774,634	1.06	32.6	1.53	60,266	1,859,922	87,050
COSE ⁽²⁾	425,183	12.63	469.96	19.4	172,620	6,424,394	265,136
Fresh ⁽³⁾	7,302,073	1.7	46.5	2.37	398,932	10,915,572	556,119
Sub-Total	9,501,890	2.07	62.85	2.97	631,817	19,199,888	908,306

INFERRED RESOURCES							
Oxide	475,374	0.68	23.15	1.01	10,321	353,740	15,415
COSE ⁽²⁾	-	-	-	-	-	-	-
Fresh ⁽³⁾	3,929,903	1.45	36.14	1.97	183,535	4,566,221	249,299
Sub-Total	4,405,277	1.37	34.74	1.87	193,857	4,919,962	264,714
Total	13,907,166	1.85	53.94	2.62	825,674	24,119,849	1,173,019

Notes:

- (1) AuEq values are calculated at a ratio of 69:1 Ag to Au.
- (2) COSE style mineralisation with free milling cyanide recoverable Au and Ag.
- (3) Fresh refractory sulphide mineralisation.
- (4) Cap-Oeste is 100% owned by Patagonia Gold S.A. ("PGSA"), which is the operator of Cap-Oeste. The Company is interested in 90% of PGSA, with the remaining 10% being held by Santa Cruz government's wholly-owned mining company, Fomento Minero de Santa Cruz Sociedad del Estado. The net attributable resource, shows the 90% of the Cap-Oeste resource which is attributable to the Company.
- (5) Resources were calculated on a block model of 0.5 g/t AuEq and at US\$1,250 Au and US\$18 Ag per oz.

Glossary of technical terms

Ag	the chemical symbol for Silver
Au	the chemical symbol for Gold
AuEq	gold equivalent, taking into account the amount of AG, calculated at a ratio of 69:1 Ag to Au
g/t	grammes per tonne
Indicated Resource	that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation
Inferred Resource	that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity
JORC	the Joint Ore Reserves Committee: The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
LUK/OK	Localised uniform conditioning/Ordinary Kriging
Measured Resource	that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation where data and samples are gathered
Mineral Resource	a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling
Moz	million ounces
oz	ounces
t	tonnes

Matthew Boyes, (BSC. Geology, Fellow AusIMM) Chief Operating Officer for the Company 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

announcement.

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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 project, the La Manchuria project and the Lomada heap leach project. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina, Chile and Uruguay and is one of the largest landholders in the province of Santa Cruz.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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