



Patagonia Gold PLC : Drilling Report

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Patagonia Gold PLC
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PATAGONIA GOLD PLC ('PGD') DRILLING AND EXPLORATION UPDATE

HIGHLIGHTS

Coyhaique-Chile: Drilling on the Adriana vein consistently intersects massive vein structures up to 12 metres thickness with assays of 3 to 5 g/t gold and 1 oz/t silver.

Cerro Crespo-Argentina: Sawn channel sampling on the Cabana zone has returned intercepts grading 10.3 metres @ 6.55 g/t gold and 2.1 metres @15.23 g/t gold with individual assays of 32.4 g/t gold and 25.7 g/t gold.

COYHAIQUE-CHILE

Drilling commenced in mid November at the Coyhaique Project in Chile and to date, 2,710 metres of Reverse Circulation (RC) drilling has been completed for a total of 41 holes. The majority (26) of these holes have been drilled on the central section of the more than 1.5 kilometre long vein Adriana, at 40 metre spacing close to the outcropping vein, with 25 metre step-back holes at 80 metre spacing, where possible. Most holes intersected massive veining from 1 to 12 metres in thickness, reporting consistent grades of between 3 and 5 g/t gold with silver averaging approximately 1 oz./t.

Significant Drill hole Intersections

Adriana Vein

| Drill Hole | From metres | Intersection metres | Gold g/t (ppm) | Silver g/t (ppm) |
|------------|-------------|---------------------|----------------|------------------|
| RC48 | 25 | 3 | 3.7 | 25.6 |
| RC49 | 18 | 3 | 3.5 | 33.9 |
| RC57 | 12 | 3 | 3.8 | 26.5 |
| RC58 | 9 | 9 | 3.2 | 20.9 |
| RC59 | 15 | 4 | 2.8 | 40.8 |
| RC60 | 6 | 8 | 3.0 | 34.1 |
| RC72 | 35 | 3 | 5.6 | 73.6 |
| RC75 | 7 | 3 | 4.2 | 5.0 |

Eight exploratory holes were drilled in the Ridge zone of which RC63 intersected massive veining from 118m depth returning 8m @ 1.5 g/t gold and 2.9 g/t silver. A diamond core hole will be drilled beneath this intersection to test depth potential.

Drilling has now commenced on the Valenzuela zone where recent surface channel sampling returned a highly encouraging intercept of 22.2 g/t gold and 21.7 g/t silver over 1 metre.

Field exploration of the Coyhaique Project area is continuing with three geological teams, two of which are concentrating on mapping and channel sampling of known veins and zones, with the third exploring for new occurrences.

The latest, discovered only last week, is a zone located approximately 2 kilometres to the northeast and along trend of the Violeta-Vargus-Estela zones. This zone, named the 'Hidden Veins', has been given high priority for mapping and sampling to allow for its inclusion in this season's drilling campaign.

CERRO CRESPO-ARGENTINA

Preparations are on schedule to commence the proposed 5,000 metres RC drilling campaign, to be carried out on prospective structures in the Cabana vein-field, in the last week of February.

The Environmental Impact Study for the project area, submitted to the Chubut Province Mining Inspectorate, was approved in early December, following which an extensive trenching programme was initiated to better define the potential drill targets. Sample results from sawn channels on veins intercepted by the trenching have been encouraging showing the Cabana vein-field to be highly auriferous. Significant results received from channel sampling are,

- 2.10 metres @15.23 g/t gold and 13.49 g/t silver.
- 10.6 metres @ 6.55 g/t gold and 5.05 g/t silver.

Property wide exploration continues to report new areas of interest with the latest discovery located 1.7 kilometres to the southeast of Cabana, further supporting indications that the Cerro Crespo area is a significant new epithermal low sulfidation gold discovery.

The Cerro Crespo Project, centred on exploration property No. 21, is located 20 km south of the town Gobernador Costa in the western part of the province of Chubut. It is approximately 150 km southeast of Esquel and, similarly, is situated in the foothills of the Andes cordillera.

ENDS

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