



Patagonia Gold PLC : Updated Resource Estimate

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Patagonia Gold PLC

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PATAGONIA GOLD PLC

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UPDATED RESOURCE ESTIMATE CAP-OESTE GOLD AND SILVER PROJECT EL TRANQUILO PROPERTY

HIGHLIGHTS:

- **Updated Resource Estimate on Cap-Oeste gold and silver project shows a combined total of 655,932 ounces of gold equivalent so far, with 88% in the indicated category and capable of being mined by open pit method.**
- **Tenders for a Scoping Study together with metallurgical studies are currently being sought, with the work scheduled to commence before Christmas.**
- **The Cap-Oeste 'Bonanza Fault' structure remains open at depth and along strike in both directions.**

Note: Gold equivalent = Gold plus (Silver divided by 65)

El Tranquilo Property.

The El Tranquilo property block, covering over 60 square kilometres, contains the Cap-Oeste gold-silver deposit as well as the Vetas Norte and Breccia Valentina structural trends

The property is located approximately 120km to the south east of La Paloma where a Resource and positive Scoping Study has already been identified by PGD on the Lomada de Leiva Project.

Cap-Oeste Project

To June 2009, 156 drill holes totalling 25,939 metres had been drilled in the Bonanza Fault structure which has currently been defined over 1,200 metres along strike and down dip to ~350 metres. The Main shoot within this structure, has been drilled on a spacing of approximately 25 metre centres with the remainder of the 1,200 metres being drilled on approximately 50 metre centres.

The drilling results have confirmed the presence of a wide gold mineralized structure with a core containing bonanza grade gold and silver. The Bonanza Fault structure remains open at depth and along strike in both directions. The high grade gold values are associated with bonanza grade silver values.

Commenting on the Resource upgrade, Managing Director Bill Humphries, said:

Patagonia Gold has now delineated over 893,000 ounces of gold equivalent, on the Lomada and Cap-Oeste Projects in just 30 months since acquiring the Santa Cruz properties from Barrick Gold. Drilling has recommenced at Cap Oeste and Manchuria and I look forward to the rapid growth of these

exciting projects.

Exploration drilling in both diamond and reverse circulation drill holes has confirmed the structure to extend to the Pampa prospect 2km to the NW and the COSE prospect 2.5km to the SE.

The contained gold equivalent (uncapped) within the geochemical domain created by Micon is 655,932 ounces, an increase of almost 89% on the previous uncapped gold equivalent Resource of 347,497 ounces. Importantly the revised Resource contains approximately 88% in the Indicated category whereas the Maiden Resource contained 50% Indicated.

Furthermore, the Resource remains open along strike and down dip with excellent potential for the discovery of a repetition of the Main shoot along the ~6km of strike so far explored. As well as the favourable potential of locating additional mineralisation from the prospective sub parallel structural trends identified by exploration drilling completed to date.

Patagonia Gold PLC (PGD) retained Micon of Toronto Canada, to independently describe and prepare an updated mineral resource estimate for the gold silver deposit discovered at Cap-Oeste, Santa Cruz Province, Argentina, and to prepare a report which complies with the requirements of Canadian National Instrument 43-101 (NI 43-101).

The updated mineral resource estimates for the Cap-Oeste deposit is summarised as follows:

Table 1

Summary of the Estimated Mineral Resources, Cap-Oeste Deposit

Category	Tonnes	Au Cap Ok	Oz Au Cap	Ag Cap Ok	Oz Ag Cap
Indicated	5,629,645	1.89	342,120	65.04	11,773,380
Inferred	1,053,990	1.35	45,750	41.34	1,401,030
Density=2.39 t/m³					

1. The contained ounces rounded to the nearest 10 oz
2. The density used to determine tonnages is derived by application of a correction factor of +7.5% to the average density as determined by PGSA
3. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing or other relevant issue.
4. The quantity and grade reported Inferred Resources in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in the upgrading of the Inferred Resources into an Indicated or Measured Mineral Resource category.

Table 17.13

Comparison of Capped vs. Uncapped Metal Grades, Cap-Oeste Deposit

Category	Tonnes	Au Cap Ok	Au Nocap Ok	Oz Au Cap	Oz Au Nocap	Ag Cap Ok	Ag Nocap Ok	Oz Ag Cap	Oz Ag Nocap
Indicated	5,629,645	1.89	2.00	342,120	362,040	65.04	80.12	11,773,380	14,503,120
Inferred	1,053,990	1.35	1.36	45,750	46,090	41.34	47.33	1,401,030	1,604,030
Density=2.39 t/m³									

The following comments are extracts from Micon's report

Exploration work by PGSA has been successful in locating the Cap Oeste gold-silver deposit in 2008 and additional delineation drilling during the 2009 field season has been successful in extending the limits of the mineralization down-plunge to a vertical depth of approximately 370m from surface

Considering the near surface location of the mineralization that has been outlined at the Cap Oeste deposit, the conceptual operation scenario contemplates extraction of the gold- and silver- bearing material by means of open pit mining method.....

Throughout the northern portion of the El Tranquilo property block exploration claims PGSA has defined at least seven areas hosting either gold-silver mineralisation or containing elevated levels of "pathfinder" geochemical metals.....These areas are spatially related to three 2- to 3-km spaced northwest to west northwest trending regional scale mineralized structural corridors...

From the results presented above Micon believes that additional diamond drilling programs are clearly warranted to search for the limits of the Cap Oeste deposit. Such programs would test for the continuation of the gold-silver mineralization along the down plunge projections of the known mineralization shoots, test the south-eastern and north-western strike projection of the mineralization along the Bonanza fault, and begin testing the Esperanza fault for its potential of hosting additional mineralization.

Micon concludes; the sampling methods, security and analytical procedures employed at the Cap-Oeste drilling and trenching programs were carried out by PGSA to acceptable industry and NI43-101 standards.

End of Extract.

These results supported by the high potential to develop additional Resources at Cap-Oeste are sufficiently encouraging for PGD to advance this project towards production. Tenders for a Scoping Study together with Metallurgical studies are currently being sought, with the work scheduled to commence before Christmas.

Exploration Programme for the second half of 2009

A follow-up drill programme has commenced at Cap-Oeste initially based on the COSE prospect, located along strike on the Bonanza fault 2.5 km to the south

east of the Resource area. COSE has only two previous drill holes, one of which reported 12m @ 2.53, including 3m @ 5.19g/t Au. Drilling will focus on proving a potential new mineralised shoot.

A drill programme planned on the Main shoot in the Resource area will aim to extend the Main shoot further down plunge as well as increase the down dip projection of other potential shoots within the current Resource.

A geophysical survey on the Pampa prospect 2.km to the northwest of the Resource area will commence this month. Drilling has proved the continuation of the Bonanza fault into the Pampa prospect area, with Drill-hole CX-038 reporting 2.25m @ 5.71g/t Au from 114m. As this prospect is obscured by gravels geophysics is considered the most efficient exploration technique ahead of a planned follow-up drill programme.

Currently exploration, including mapping and sampling, is being conducted on the sub parallel trends in the Cap-Oeste area within the El Tranquilo Property. Drilling of these prospects has returned extremely favourable results including, at the Don Pancho prospect, 5m @ 8.13g/t Au from 23m in DPA-003 and at the Felix prospect, 1m @ 63.70g/t Au from 19m in FLX-001.

Additional drilling is planned at the Felix prospect this year.

Marc Sale, (BSC. Geology, Fellow AusIMM, member AIG) a Director and consultant to Patagonia Gold Plc and a Qualified Person as defined in National Instrument 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this press release.

Mr. Reno Pressacco, M.Sc (A), PGeo and Richard Gowans P.Eng both with Micon International Limited are both Qualified Persons as defined in NI43-101 and are the authors of the report entitled "Technical Report on the updated Mineral Resource Estimate for the Cap Oeste Gold Silver Deposit, Santa Cruz Province, Argentina", NI 43-101 Compliant Technical Report, prepared for Patagonia Gold Plc, dated 30th September, 2009.

ENDS

For more information, please contact:

Bill Humphries/Richard Prickett
Patagonia Gold Plc
Tel: +44(0)20 7409 7444

David Bick / Mark Longson
Square 1 Consulting
Tel : +44(0)20 7929 5599

Simon Raggett / Angela Peace
Strand Partners Ltd
Tel: +44(0)20 7409 3494

Alastair Stratton / Tim Graham
Matrix Corporate Capital LLP
Tel : +44(0)20 3206 7204 / +44(0)20 3206 7206

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