



Patagonia Gold PLC : Drilling Report

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PATAGONIA GOLD PLC

DRILLING UPDATE EL TRANQUILO PROPERTY BLOCK SANTA CRUZ PROVINCE, ARGENTINA

Highlights:

- Exploration drilling, completed on six separate prospects within 5 kilometres of the Cap-Oeste gold and silver deposit, has returned highly encouraging results, including 5 metres @ 8.13 grams per tonne (g/t) gold and 250 g/t silver at the Don Pancho prospect and 1 metre @ 63.70 g/t gold and 140 g/t silver at the Felix prospect.

El Tranquilo Property Block:

The El Tranquilo property block, 100% owned by PGD and covering over 40 square kilometres, contains the **Cap-Oeste gold-silver deposit** as well as the Vetas Norte and Breccia Valentina structural trends.

A Reverse Circulation (RC) drilling campaign of 2,252 metres has been completed on the Don Pancho, Vetas Norte, Puma and Felix prospects, all located within 5 kilometres of Cap-Oeste. A further 921 metres of RC and diamond drilling was completed on the Pampa and Cap-Oeste South East (COSE) prospects located on the north-west and south-east extensions of the Cap-Oeste trend (Bonanza fault).

Significant intersections include:

| Hole No. | From metres | Interval metres | Grade Au g/t | Grade Ag g/t |
|-----------|-------------|-----------------|--------------|--------------|
| DPA-003-R | 23.00 | 5.00 | 8.13 | 250 |
| including | 23.00 | 1.00 | 20.4 | 447 |
| and | 27.00 | 1.00 | 10.9 | 489 |
| DPA-008-R | 44.00 | 7.00 | 1.70 | 10 |
| VNO-001-R | 35.00 | 6.00 | 0.84 | 5.0 |
| including | 36.00 | 2.00 | 1.67 | 7.5 |
| VNO-08-R | 83.00 | 1.00 | 15.80 | 9.0 |
| FLX-001-R | 19.00 | 1.00 | 63.70 | 140 |
| FLX-004-R | 28.00 | 5.00 | 1.32 | 28 |
| CSE-002-R | 134.00 | 12.00 | 2.53 | 5.4 |
| including | 142.00 | 3.00 | 5.19 | 60 |
| CX-038-D | 114.00 | 2.25 | 5.71 | 3.2 |

Hi-definition Landsat imagery enabled identification of structural trends, Breccia Valentina and Vetas Norte, sub parallel to the Cap-Oeste trend. PGD's exploration teams have systematically mapped, rock chip sampled and trenched these trends and have successfully defined drill targets.

An exploration drilling campaign has recently been completed on several of these targets including Don Pancho, Vetas Norte and Felix.

The Don Pancho prospect is located in a flex in the Breccia Valentina trend. Results from trench assays were proportionately similar to the original trenching

results from the Cap-Oeste gold-silver deposit which is only 1,100 metres to the south west. Drilling on a short section of the trend has confirmed the presence of high grade gold and silver within a silicified brecciated structure. Don Pancho remains open at depth as well as along strike to the south east and to the north-west where it would intersect the Bonanza fault in the vicinity of the Pampa prospect.

The Vetas Norte prospect contains an area of epithermal quartz blocks which in sawn channel samples over the limited outcropping vein material returned up to 2.1m @ 0.68 g/t Au. Textural evidence indicates increased potential for mineralisation at depth. Drill results beneath the outcrops have confirmed this model.

The Felix prospect contains both low sulphidation quartz veining as well as low angle silicified brecciated structures. Geological evidence suggests that this prospect is also in the upper levels of a mineralised system. Drilling has confirmed the gold - silver mineralization of the area, intersecting broad zones of mineralization and high grade gold.

Drilling along the Cap-Oeste trend (Bonanza fault) also returned very encouraging results.

The COSE prospect is centred on an extensive geophysical chargeability high located 2 kilometres to the south-east of Cap-Oeste. Two holes drilled into the interpreted strike extension of the Bonanza fault intersected chalcedonic vein.

The Pampa prospect, located 2.5 kilometres to the north-west of Cap-Oeste and also centred on an extensive geophysical chargeability high, returned high grade values in chalcedonic veinlets at a vertical depth of less than 90m. This prospect, along strike from Cap-Oeste and straddling the intersection of the Don Pancho trend, is considered highly prospective for a repetition of the Cap-Oeste main shoot.

Follow up drilling is planned for all of the above prospects commencing October 2009.

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.

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