



Patagonia Gold PLC : Drilling Report

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Patagonia Gold PLC

13 January 2009

PATAGONIA GOLD PLC

DRILLING UPDATE

CAP-OESTE GOLD-SILVER PROJECT

SANTA CRUZ PROVINCE, ARGENTINA

Highlights:

- Drilling on the main shoot of the Bonanza fault deposit continues to intersect high grade gold and silver, including 17.80 metres @ 15.18 grams per tonne (g/t) gold and 157 g/t silver in drill-hole CO-105.
- Drilling has confirmed the down dip continuation of the mineralization to >300 metres with drill hole CO-116 reporting 13.15 metres @ 4.45g/t gold and 98g/t silver. The Bonanza fault deposit remains open at depth and along strike in both directions.
- Patagonia Gold (PGD) has entered into a purchase agreement for the Estancia La Bajada property thus acquiring the land surface rights of the majority of the Cap-Oeste Deposit, the Breccia Valentina prospect and other highly prospective areas.

Results not previously reported include:

Hole No.	From	Interval	Grade	Grade
	metres	metres	Au g/t	Ag g/t

CO-105-DR186	95	17.80	15.18	157
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including	193	101.90	97.06	111
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CO-107-DR181	00	19.60	5.82	247
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including	189	708.55	10.89	486
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CO-108-DR70.10 9.65 14.88 592

including 70.10 3.90 26.58 595

including 75.50 1.25 26.70 2,478

CO-109-DR127.60 11.70 2.30 49

including 136.00 2.30 6.49 176

CO-110-DR152.30 4.20 10.32 1,490

including 152.30 2.08 19.05 2,818

CO-111-DR53.20 5.30 3.63 800

including 57.00 1.50 5.21 2,737

CO-116-DR258.50 13.15 4.45 98

including 264.00 5.10 7.76 204

El Tranquilo Property:

The El Tranquilo property block, 100% owned by PGD, covering over 40 square kilometres, contains the Cap-Oeste Gold and Silver Project as well as the Breccia Valentina and Vetas Norte Prospects.

Cap-Oeste Gold and Silver Project:

The initial drill programme on Cap-Oeste, completed in May 2008, established a Canadian National Instrument 43-101 compliant resource of 304,099 ounces of gold and 6,929,825 ounces of silver with just 11,328 metres of drilling.

PGD re-commenced a second drilling campaign in October 2008 with the aim of substantially increasing the resource, concentrating on the high grade shoot 'A' (averaging 13.17g/t gold and 228g/t silver). To date 26 holes for a total of 4,372 metres have been completed. Results are pending for 5 drill holes

The latest drill-hole results confirm the down dip continuation of the mineralization to >300 metres and the gold and silver assay results confirm the robust nature of the shoots. The intersection in drill-hole CO-116 is >100 metres down dip from CO-104 which reported 15.2 metres @ 6.10 g/t gold (Au) and 1,777 g/t silver (Ag).

Geological interpretation of the holes drilled this campaign (CO-096 to CO-121) indicates that the Main shoot 'A' and the other peripheral shoots, so far defined, are converging at depth.

Results from a Reverse Circulation (RC) drill programme, at the La Pampa zone over 1.5 kilometres to the north-west of the Resource area and along the Bonanza structure are pending, however geologically the drill holes intersected similar oxidised material to the Main shoot. Further exploration drilling along the Bonanza structure is planned for April May 2009.

Estancia Bajada Acquisition.

On December 15th 2008, Patagonia Gold (PGD) entered into a purchase agreement for the Estancia La Bajada property comprising 36,544 hectares of land, dwellings, sheds, outbuildings and infrastructure, for the sum of US\$950,000 payable over 4 six monthly instalments.

With the above acquisition PGD now has the land surface rights as well as the mineral rights over the majority of the Cap-Oeste Deposit, the Breccia Valentina prospect and other highly prospective areas.

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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