

## Patagonia Gold PLC : Exploration Progress

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### EXPLORATION PROGRESS SANTA CRUZ PROVINCE, ARGENTINA

#### Highlights:

- The El Tranquilo property block, containing the Cap-Oeste and COSE gold and silver projects, together with 10 other highly encouraging prospects, is rapidly developing into a 'District scale Gold-Silver area', with three exciting new prospects; Tango, Monte Leon and Marciana, discovered in 2010.
- PGSA has staked two new exploration claims at El Tranquilo, for a total of 19,736 hectares, to cover possible further extensions of the Cap Oeste structural corridor.
- Province-wide reconnaissance has, to date, successfully identified three targets for exploration drilling, with the Sarita property returning high grade samples including 83.4 grams/tonne (g/t) gold and 15,444g/t silver.
- Exploration drilling commences on the Tango Prospect mid-December and on Monte Leone and Sarita prospects in Q1, 2011.

In addition to the development and geological teams attached to the Lomada, Cap-Oeste and Manchuria projects, Patagonia Gold SA ("PGSA") has one geological team dedicated to the exploration of the outer El Tranquilo property block and two geological teams dedicated to the exploration of its 20 other exploration properties, covering approximately 133 square kilometres located in the highly prospective Deseado Massif area of the Santa Cruz Province.

PGSA currently has three drill rigs operating on its properties in Santa Cruz. Two are drilling at Cap-Oeste and one at Lomada de Leiva. A fourth drill rig will be brought in for exploration drilling in Q1 2011.

#### El Tranquilo property block:

The El Tranquilo property block, covering over 80 square kilometres (km), contains the Cap-Oeste gold-silver deposit, the very high grade COSE gold-silver deposit, La Pampa and Cap-Oeste Extension prospects, all located on the Bonanza fault trend. In addition, there are two sub-parallel trends to the north east containing the Don Pancho and Breccia Valentina prospects (1.5km) and Vetas Norte, Felix and Laguna prospects (6km).

The above prospects, with the exception of Laguna, have been successfully explored over the past three years, including surface sampling; trenching and exploration drilling and all warrant follow up drilling.

The three prospects containing drill targets identified this year are summarised as follows:

**Tango prospect:**

The Tango prospect is located on the interpreted south eastern extension of the Bonanza Fault, 600 metres ("m") to the south east of the COSE breccia deposit and within a geophysical coincident chargeable anomaly.

Trenching carried out on 25m centres for 800m to the south east of COSE along the above geophysical anomaly has shown the COSE breccia to be semi continuous. A thickened section of this breccia, exposed as a 170m long flexure, is interpreted as being created by its intersection with a secondary oblique structure, similar to the structural setting seen at COSE and Cap-Oeste.

The above flexure, named the 'Tango' prospect, is geologically and geochemically similar to the near surface expression of the COSE breccia. At both locations the breccia exposed in trenches contains anomalous gold values and highly anomalous pathfinder elements. The vitric and crystal tuff units juxtaposed against the Tango fault breccia are the same as those seen at COSE and Cap-Oeste.

A drill rig has being mobilised to conduct a 12 hole diamond and Reverse Circulation ("RC") drill program for completion before year end.

**Monte Leon-Marciana prospects:**

The newly discovered Monte Leon and Marciana prospects, identified using Hi-definition Landsat imagery, are on the south east continuation of the Cap-Oeste structural corridor, 11 km and 20 km respectively from the Cap-Oeste gold and silver project.

At Monte Leon, PGSA's exploration teams, through systematically mapping, rock chip sampling and trenching, have defined a 400m wide x 2600 m long broadly north-south trending area hosting outcropping zones of veining, hydrothermal brecciation and silicification. Continuous channel samples at Monte Leon in the 'Vein Zone' have returned grades of 16m @ 0.6 g/t Au including 2m @ 1.8 g/t Au. The combined precious metal and pathfinder geochemistry, rock types and textures of mineralization are all characteristic of that found in the upper paleolevels of epithermal systems elsewhere in the Deseado Massif.

A geophysical dipole gradient array IP and resistivity survey has recently been conducted at Monte Leone, broadly centred on the Vein zone. This survey has highlighted a continuous 200m wide x 1800m long, north south trending, coincident zone of strong chargeability and resistivity, the strongest part of which extends over a strike length of approximately 700m immediately to the north of the Vein Zone. A trenching program comprising of 50-100m spaced, 100-300m long trenches is currently underway to explore this potential extension.

A 2,500m RC drilling program will be conducted over the geochemically anomalous section of the chargeability anomaly, scheduled to commence in Q1 2011.

At Marciana, regional mapping and sampling along the district scale Cap-Oeste corridor has identified a series of spatially extensive brecciated sinter occurrences. Highly anomalous pathfinder element geochemical results returned from the sampling confirms the potential of the sinters to represent the upper levels of a large scale, hot spring style, precious metal bearing epithermal system, similar to other examples worldwide, including the world class McLaughlin and Toka Tindung gold deposits.

The central portion of the Marciana Prospect area encompasses two individual sinter occurrences named the Main, and Western sinters of approximately 15 and 3 hectares respectively. These occurrences are interpreted to comprise paleosurface silica rich outflows, potentially originating from concealed feeder structures related to a Jurassic aged, precious metal bearing epithermal system at depth.

A geophysical dipole gradient array IP and resistivity survey has recently been conducted at Marciana covering approximately 6 km<sup>2</sup> containing the Main and Western Sinter areas. Results are pending.

PGSA has staked two new exploration claims, for a total of 19,736 hectares, along the potential strike extensions of these mineralised zones.

**Regional exploration:**

In addition to the three main property blocks; El Tranquilo, La Paloma and La Manchuria, containing the advanced projects, Cap-Oeste, Lomada and Manchuria respectively, PGSA has a further 20, exploration claims, for approximately 133,000 hectares, located within the highly prospective Deseado Massif.

Two exploration teams are dedicated to advancing these 20 claims, with first pass, reconnaissance exploration having now been completed on the majority of the properties. A second pass detailed exploration of the more prospective properties is in progress. This second pass is designed to identify drill targets which to date have successfully been defined on the Sarita, El Bagual and Comino properties.

**Sarita property:**

The Sarita property, of 7,890 hectares, is located 50km to the south east of PGSA's La Manchuria project and 9km to the north-west, and on the same trend, as the silver-rich (gold bearing) Mina Martha Mine (Coeur D'Alene). Lineaments from the Martha trend can be traced on satellite imagery into the Sarita property which also contains similar lithological units.

Detailed mapping and sampling has identified several discrete mineralised NW corridors hosting persistent quartz veins/breccias. Significant mineralisation has been observed in quartz veins of polymetallic style up to 3 metres in width. Rock chip samples from discrete vein structures and aligned float have returned gold and silver grades up to 83.4 g/t gold and up to 15,444 g/t silver, as well as > 1 per cent copper in separate samples. A trenching programme of > 1,000 metres is in progress.

A second style of mineralisation has also been discovered at Sarita, postulated as analogous to the Las Calandrias deposit. Quartz-breccias, veins and silicified zones hosted in a rhyolitic flow-banded dome within a brecciated corridor, up to 80 metres wide, has been traced over 350 metres and remains open along strike. Wide spaced sampling has return gold values consistently over 1g/t gold, up to 4.88 g/t gold, in comb quartz and quartz-sulphide breccias. A recently completed geophysical survey has outlined a chargeability anomaly coincident with the most significant mineralisation within the above corridor.

A 2,500m RC drilling program is scheduled to commence in Q1, 2011, at Sarita to test the above discoveries.

**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.**

**ENDS**

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