

Patagonia Gold PLC : Advanced Exploration Target

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PATAGONIA GOLD PLC

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ADVANCED EXPLORATION TARGET CAP-OESTE SOUTH EAST (COSE)GOLD-SILVER PROSPECT SANTA CRUZ PROVINCE, ARGENTINA

Highlights:

- A review and conceptual model of the COSE gold and silver prospect has defined 700,000 to 800,000 tonnes of mineralised material containing between sixty to seventy thousand ounces of gold (Au) and two to three million ounces of silver (Ag), at a cut-off grade of 1.00 gram per tonne (g/t) gold-equivalent (AuEq) and with composite results capped at 90g/t Au and 1000g/t Ag.
- Uncapped, the conceptual model defines more than double the metal content in the mineralised zone to a potential 173,000 ounces (oz) AuEq at a cut-off grade of 1.00g/t AuEq.
- The higher grade section of the deposit remains open at depth and to the north along strike
- A resource infill and extension drill program, consisting of 24 diamond core HQ drill holes for 7,000 metres, has commenced to advance the COSE exploration target to a resource, compliant with Canadian National Instrument 43-101, for completion Q1 2011.

COSE in-situ conceptual mineral inventory.

Capped

CUT-OFF	1000t	Ag g/t	Ag 1000ozs	Au g/t	Au 1000ozs	AuEq g/t	AuEq 1000ozs
5.0g/t	191	208	1,279	7.37	45	9.45	58
3.0g/t	257	193	1,598	6.18	51	8.11	67
1.0g/t	774	109	2,720	2.64	66	3.74	93

Uncapped

CUT-OFF	1000t	Ag g/t	Ag 1000ozs	Au g/t	Au 1000ozs	AuEq g/t	AuEq 1000ozs
5.0g/t	212	325	2,211	16.64	113	19.89	135
3.0g/t	297	289	2,765	12.46	119	15.35	147
1.0g/t	789	158	4,008	5.25	133	6.83	173

The gold equivalent cut-off was calculated using a gold price of US\$980.00/oz and a silver price of US\$15.00/oz and assuming a gold recovery of 95% and a silver recovery of 60%.

El Tranquilo Property Block:

The El Tranquilo property block, covering over 60 square kilometres, contains the **COSE prospect**, the Cap-Oeste gold and silver deposit, the Pampa prospect and the Vetás Norte and Breccia Valentina structural trends.

The property is located approximately 120km to the south east of the Lomada de Leiva gold project where development of a heap leach operation is currently in progress.

COSE Prospect:

The COSE prospect is an advanced exploration target associated with the larger Cap-Oeste gold-silver deposit located 2 kilometres to the North West. COSE was discovered in late 2008 using geophysics, surface exploration and scout drilling.

A drill campaign, consisting of 43 drill holes for a total of 10,270 metres, was completed on COSE in the 2008/9 summer. Drilling intersected extremely high grade gold and silver, including:

4.10 metres @ 561.6 g/t Au and 28,523g/t Ag in drill hole CSE-013-D.

Fred H. Brown, CPG, Pr.Sci.Nat. an independent geological consultant, was contracted by Patagonia Gold S.A. (PGSA) to review and prepare a three dimensional model and conceptual mineral resource inventory for the COSE prospect, based on the drilling data to date.

F Brown concluded:

'The quantity and grade in this mineral resource inventory are conceptual in nature, and it is uncertain if further exploration will result in upgrading the deposit to a mineral resource category. The higher grade section of the deposit remains open at depth and to the north along strike, and based on the information supplied by Patagonia Gold represents a viable exploration target with the potential to increase the total in-situ resource.'

The economic modelling of the COSE deposit as defined was inconclusive. The generation of a conceptual pit shell established that no resources were available for open pit mining due to the high stripping ratio. An underground operation remains a possibility, at a cut-off grade on the order of 3.0g/t AuEq.

PGSA has applied for an exploration permit for an underground access drive, to allow for bulk metallurgical sampling as well as deeper drilling, included in the the current Environmental Impact assessment application for the El Tranquilo Property.

Capping of the COSE deposit has a very great affect on the metal content of the mineral zone. This indicates the need for more work to better define the geological controls on the high grade mineralisation as well as the need to decrease the spacing of the drill holes.

Accordingly, an infill and extension drill program, consisting of 24 diamond core HQ drill holes for 7,000 metres, has commenced to advance the COSE exploration target to a resource, compliant with Canadian National Instrument 43-101 (NI 43-101), for completion Q1 2011.

A total of 32,000 metres of drilling is planned for resource and exploration drilling on the El Tranquilo property for the 2010/2011 summer season.

Fred H Brown CPG, Pr.Sci.Nat., an independent consultant, is a Qualified Persons as defined in Canadian National Instrument 43-101 and is the author of the report entitled "Review and Conceptual Model of the COSE Prospect, Argentina", prepared for Patagonia Gold SA, dated 23rd August 2010. F.H.Brown is independent of Patagonia Gold SA.

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

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