

Patagonia Gold PLC : Drilling Report

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**DRILLING UPDATE
CAP-OESTE AND COSE GOLD-SILVER PROJECTS
SANTA CRUZ PROVINCE, ARGENTINA****Highlights:**

- **The high grade Main shoot at Cap-Oeste continues at depth with drill-hole CO-162-D intersecting 7.70 metres at 26.07 grams per tonne (g/t) gold and 1,322 g/t silver from 353.3 metres.**
- **Drilling on the COSE shoot continues to report very high grade gold and silver with drill hole CSE 033-D intersecting 5 metres at 17.63 g/t gold and 335 g/t silver from 269.5 metres.**
- **Both the Main shoot and COSE remain open at depth.**
- **Drilling along strike between the Main shoot and COSE has identified another potential shoot now called the Cap-Oeste extension.**

El Tranquilo Property:

The El Tranquilo property block, covering over 60 square kilometres, contains the Cap-Oeste deposit, the COSE prospect as well as the Vetas 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.

Cap-Oeste Project:

In October 2009, PGD reported an updated Resource estimate on the Cap-Oeste gold and silver project showing a combined resource of 655,932 ounces of gold equivalent so far, with 88% in the indicated category. The estimate is to Canadian National Instrument 43-101 (NI 43-101).

Note: Gold equivalent = gold + (silver divided by 65).

A Scoping study to investigate both open pit and underground mining methods together with various processing operations, including heap leach, was initiated in February 2010 for completion in Q4 2010.

Metallurgical studies were also initiated which required the drilling of 13 twin holes for 1,110 metres.

PGD has elected to await the results of the Scoping study before proceeding with further resource drilling on the Main shoot. However a further 8 holes for 2,203 metres were drilled on the main shoot and three other shoots within the resource area to confirm their down dip continuity.

Results of this drilling include:

Hole No.	From	Interval	Grade	Grade
	metres	metres	Au g/t	Ag g/t
CO-156-D	265.00	2.75	4.00	93
CO-161-D	171.70	5.55	3.96	22
CO-162-D	353.30	7.70	26.07	1,322
including	353.30	0.95	96.60	8,152
CO-164-D	155.00	5.00	4.17	108

COSE Project:

In early 2009, a geophysical survey, completed over 6 kilometres of the interpreted Cap-Oeste Bonanza fault structure, identified two large chargeability anomalies centred approximately two kilometres along strike to the north-west (La Pampa) and south-east (COSE) of the Cap-Oeste deposit. Follow up reconnaissance exploration drilling on both La Pampa and COSE identified auriferous breccia beneath these anomalies.

A drilling campaign commenced on the COSE prospect in October 2009 and to date 43 holes for a total of 10,270 metres have been completed.

Results not previously reported include:

Hole No.	From	Interval	Grade	Grade
	metres	metres	Au g/t	Ag g/t
CSE-033-D	269.50	5.00	17.63	335
including	269.50	2.00	36.25	689
CSE-034-D	283.60	2.80	18.37	267
CSE-035-D	285.08	3.12	16.92	237
including	286.60	1.60	27.03	410
CSE-038-D	199.90	2.10	13.02	601
and	207.00	4.50	4.29	41
CSE-040A-D	175.45	0.81	5.40	3,210
CSE-041-D	297	2.10	18.07	619
including	298.00	0.50	72.50	1,449

The drilling has focused on extending the shoot, both down plunge and up plunge to surface, from the extremely high grade intersections encountered in holes CSE-013-D (4.10 metres @561.60 g/t gold and 28,523 g/t silver) and CSE-27-D (13.93 metres @159.23 g/t gold and 627 g/t silver).

The shoot has now been confirmed to extend for approximately 125 metres and remains open.

The very high grades within the shoot are currently interpreted as being at the intersection of the COSE breccia, which is associated with the southern extension of the Bonanza fault, and a suite of NE-SW trending structures.

Due to the complexity of the mineralization and the depth of the very high grade zone beneath surface, access to this zone from underground may prove to be the best and most economical approach for future drilling. Accordingly, an application for a permit, to construct an underground access drive for bulk metallurgical sampling and drilling, has been included in the bi-annual Environmental Impact Study for the El Tranquilo property.

In house 3D modelling of the geological structures and mineralization together with metallurgical studies are currently in progress in preparation for a resource estimate.

Exploration to the south of COSE, including detailed mapping, sampling and trenching has identified a potential similar structural setting to the COSE breccia at surface, results of channel sampling are pending.

Cap Oeste Extension

Step out drilling on 100 metre centres has been conducted over one kilometre of strike to the south east of Cape Oeste resource area along the chargeability anomaly towards the COSE Project. Several holes have intersected zones of oxidized brecciation over 5 metres in width.

Follow up drilling has encountered further encouraging geochemistry with drill hole CX-051-D reporting 8m @ 1.2g/t gold and 28g/t silver in oxidised breccia. This is considered significant for possible Cap-Oeste style shoot development at depth in less oxidised rock.

2010-2011 Drilling Season:

Planning for next season's drilling campaign, scheduled to commence in September 2010, will target the potential Cap-Oeste

style shoots, identified so far by the exploration teams along the highly prospective Bonanza fault, including: La Pampa; three shoots in the Cap-Oeste resource area; Cap-Oeste extension and south east of COSE.

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

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 Hanson 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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