

Released : 24.11.2010

RNS Number : 6904W

Patagonia Gold PLC

24 November 2010

## PATAGONIA GOLD PLC

Trading Symbol PGD.L

*24<sup>th</sup> November 2010*

### PROGRESS REPORT CAP-OESTE SOUTH EAST (COSE) GOLD-SILVER PROJECT SANTA CRUZ PROVINCE, ARGENTINA

**Highlights:**

- Patagonia Gold SA (PGSA) is pleased to announce that it has received approval of the biannual Environmental Impact Report (EIR) for the El Tranquilo property block from the State Secretary of Mining, Province of Santa Cruz, Argentina. The EIR includes the provision for the development of a decline access for underground drilling at COSE as well as a bulk sampling for metallurgical test works.
- Exceptionally high grade gold and silver continues to be encountered on the COSE project located 2 kilometres along strike from the Cap-Oeste gold and silver resource including drill hole CSE-049 which intersected:  
**5.47 metres @ 274.88g/t gold and 10,378.0g/t silver.**
- PGSA has retained Mining Engineers, Chlumsky, Armbrust and Meyer, LLC. (CAM) of Lakewood, Colorado, to independently define and describe a gold and silver resource at COSE, which complies with Canada National Instrument 43-101 (NI 43-101) scheduled for completion in early Q1 2011.

The second stage extension and infill diamond drilling campaign is continuing at COSE.

Results not previously reported include:

Hole No.	From	Interval	Grade	Grade
	metres	metres	Au g/t	Ag g/t
CSE-048-D	232.50	2.90	46.40	2,536
CSE-049-D	238.96	5.47	274.88	10,378
including	240.80	0.94	1,305.80	2,489
including	243.00	0.80	269.90	67,578
CSE-050-D	218.20	5.22	51.47	1,939
including	218.20	0.80	171.40	10,289
CSE-051-D	201.00	5.64	33.04	5,241
including	204.83	0.71	192.00	26,598

*Note: PGSA estimates that the reported intervals represent 75 to 80% of the true width of the mineralised structure.*

#### **El Tranquilo Property Block:**

The El Tranquilo property block, covering over 60 square kilometres, contains the **COSE project**, the Cap-Oeste gold and silver project, the Pampa prospect and 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.

PGSA has received approval of the biannual Environmental Impact Report for the El Tranquilo property block from the State Secretary of Mining, Province of Santa Cruz, Argentina.

The EIR includes provision for further 200,000 meters of drilling at our flagship Cap Oeste gold-silver project and 200,000 meters at COSE gold-silver project and other prospective targets within the property block. The EIR also has provision for the development of an access decline for underground drilling at COSE as well as a bulk sampling for metallurgical tests.

#### **COSE Project:**

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

A 7,000 metre extension and infill drill program is in progress. To date 15 drill holes (CSE-44-D to CSE-58-D) for 4,478 metres have been completed. Assays are pending for 6 drill holes.

The central mineralised breccia zone of COSE, containing the exceptionally high grade gold and silver, has to date been delineated within an area 120 metres down dip by 35 metres along strike with a true width of 3.5 to 4.5 metres. The mineralisation remains open in all directions.

PGSA has retained Mining Engineers, Chlumsky, Armbrust and Meyer, LLC. (CAM) of Lakewood, Colorado, to independently define and describe a gold and silver Resource at COSE, which complies with Canada National Instrument 43-101 (NI 43-101). The report, together with a preliminary economic assessment, is scheduled for completion in early Q1 2011

Running in conjunction with CAM, Independent Engineers, NCL Ingenieria Y Construccion SA, Chile, are preparing a preliminary cost analysis to evaluate the potential CAPEX and OPEX costs involved in the development of a decline access and an underground mine, using sub-level stoping, for the extraction of the known mineralisation at COSE.

SGS Minerals, Chile, have completed preliminary metallurgical testing, consisting of cyanide leaching in bottle-roll tests and gravity separation tests, on 25 composites of samples from the first 43 drill-holes from COSE. The gold range of the composites was from 1.2 to 1,276.0g/t and the silver ranged from 13 to 45,118g/t.

The cyanide leaching tests reported an average recovery above 75% for gold and 55% for silver after 72 hours with recovery continuing. The gravity concentration tests recovered 60% of the gold and 35% of the silver indicating that PGSA can process the high grade ore on site substantially reducing processing costs. Additional testing is to be completed on the very high grade mineralisation at COSE for inclusion in the NI43-101 report.

All drill-core was photographed prior to being cut for assaying. Samples were analysed by Alex Stewart (Assayers) Argentina SA. Check assays, standards and laboratory duplicates were performed on a systematic basis at Alex Stewart (Assayers) Argentina SA. The exceptionally high grade results have been analysed by both fire assay and gravimetric gold analysis. Gravimetric analysis is more accurate for extremely high grade gold and silver values and there has been a very good correlation of the gold fire assays values and gravimetric results with overall variation less than 5%.

**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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