

Patagonia Gold PLC : Drilling Report

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Patagonia Gold PLC

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DRILLING UPDATE MONTE LEON GOLD-SILVER PROSPECT SANTA CRUZ PROVINCE, ARGENTINA

Highlights:

- Drilling at Monte Leon has intersected wide near surface zones of potentially bulk mineable gold and silver mineralization over a strike length of 1 kilometre, including 74 metres at 1.07 grams per tonne (g/t) gold and 102g/t silver in drill-hole MLN-003.
- The zones intersected correlate to the wide low grade intersections reported from trenching indicating good vertical continuity. Geological interpretation indicates the wide zones may become more focused at depth. The mineralization remains open along strike to the north and south and down plunge.
- An Induced Polarization (IP) geophysical survey has been initiated to provide IP coverage in the area from the Cap-Oeste project to Monte Leon, a distance of 10 kilometres, and from Monte Leon to the Marciana prospect, a further 7 kilometre to the south east, giving a total IP coverage of 24 kilometres within the known Cap-Oeste. Corridor.
- A substantial follow-up drill program will commence in Q3 to infill the current drilled area and to test for extensions both along strike and down plunge.

Results from the drilling campaign include:

Hole No.	From	Interval	Grade	Grade
	metres	metres	Au g/t	Ag g/t
MLN-002	3.00	7.50	2.58	1
MLN-003	22.00	74.00	1.07	102
including	85.00	7.00	1.44	1,018
MLN-004	18.00	28.00	0.54	4
and	88.00	21.00	0.54	6
and	122.00	1.50	21.21	321
MLN-005	13.00	65.50	0.87	1
MLN-006	26.00	34.00	0.81	4
and	74.00	43.00	1.04	9
MLN-008	122.00	36.00	0.76	pending
MLN-009	7.60	29.40	1.39	1

The El Tranquilo property block, covering over 80 square kilometres, is located approximately 120 kilometres to the south east of the Lomada de Leiva gold project where a heap leach operation is currently in progress. El Tranquilo contains Patagonia Gold's flagship project, Cap-Oeste, together with numerous other prospects including **Monte Leon**.

Monte Leon Prospect:

The Monte Leon prospect is located 11 kilometres to the south east of the Cap-Oeste deposit and within the same structural corridor. The Monte Leon prospect is both within the El Tranquillo mineral property block and PGSA's 100% owned Estancia 'La Bajada'.

The Monte Leon prospect was identified in 2010 by PGSA's exploration teams using 'Hi-definition Landsat imagery and has been advanced through geophysics, mapping, rock chip sampling, trenching and drilling. Mapping has so far defined the prospect over a 400m wide x 2600 m long north-south trending area hosting outcropping zones of veining, hydrothermal brecciation and silicification.

A geophysical dipole gradient array IP and resistivity survey at Monte Leon highlighted a continuous 700 metre wide x 2 kilometre long, north south trending zone of strong chargeability and resistivity which remains open to the north and south. Trenching within this zone identified broad low grade gold intersections, including TR-016-MLN with **48 metres at 1.01 g/t Au and 2g/t Ag**.

A drilling campaign, consisting of 15 diamond HQ core drill-holes for 3,953 metres, has been completed on six sections along 1 kilometre of the geophysical anomaly. Drilling intersected wide near surface intervals of potentially bulk mineable gold and silver low grade mineralization hosted by extensive zones of hydrothermal brecciation. The drill intersections correlate to the wide low grade intersections reported from the trenching indicating good vertical continuity. Results are pending for the last 6 holes and will be reported when received.

The Monte Leon prospect, like the Cap Oeste and the COSE deposits, is situated on the margin of an IP chargeability anomaly. The La Pampa prospect to the north of Cap Oeste as well as the Marciana prospect (undrilled) to the south of Monte Leon both sit within chargeability anomalies.

The areas between the Cap-Oeste project and Monte Leon, a distance of 10 kilometres, and Monte Leon and Marciana, a distance of 7 kilometres, is covered by recent, post mineral cover.

A 95 line-kilometre IP geophysical survey has been initiated to cover the above two areas. The results of this survey are anticipated to provide multiple targets for ongoing exploration of the 'corridor'.

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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