

## Patagonia Gold PLC : CAP-OESTE UPDATED RESOURCE ESTIMATE

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Patagonia Gold PLC

30 November 2011

# PATAGONIA GOLD PLC

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### UPDATED RESOURCE ESTIMATE CAP-OESTE GOLD-SILVER DEPOSIT SANTA CRUZ PROVINCE, ARGENTINA

#### Highlights:

- Patagonia Gold (PGD or the Company) is pleased to announce that it has completed an updated resource model and estimate for the Cap-Oeste deposit.
- Total gold equivalent (AuEq) ounces within the indicated category, is now 966,972, an increase of 82.4% with respect to the previously calculated 2009 resource model. In addition, the inferred resource is now 228,968 ounces AuEq.
- The resource remains open along strike and down dip. Resource infill and extension drilling is continuing on Cap-Oeste.
- PGD has so far delineated indicated resources totalling 1,247,837 ounces AuEq and inferred resources totalling 435,935 ounces on the Cap-Oeste, COSE, Manchuria and Lomada deposits in the aggregate. All resources are National Instrument 43-101 (NI 43-101) compliant.

CAP-OESTE Resource Classification November 2011, INDICATED Resources <sup>(1)</sup>								
Cut-off	SG	Tonnes	Au (g/t)	Au (Oz)	Ag (g/t)	Ag (Oz)	AuEq <sup>(2)</sup> (g/t)	AuEq <sup>(2)</sup> (Oz)
0.3	2.46	8,182,948	2.28	599,570	74.71	19,656,004	3.68	966,972
1	2.47	6,650,740	2.70	577,686	88.96	19,022,165	4.36	933,241
3	2.48	3,084,805	4.39	435,775	150.52	14,928,467	7.21	714,812

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.

(2) AuEq ounces calculated at 53.5:1 Ag: Au ratio.

CAP-OESTE Resource Classification November 2011, INFERRED Resources <sup>(1) (2)</sup>								
Cut-off	SG	Tonnes	Au (g/t)	Au (Oz)	Ag (g/t)	Ag (Oz)	AuEq <sup>(3)</sup> (g/t)	AuEq <sup>(3)</sup> (Oz)
0.3	2.47	2,420,252	2.01	156,465	49.85	3,878,940	2.94	228,968
1	2.48	1,843,359	2.48	146,870	61.90	3,668,795	3.64	215,446
3	2.49	807,534	4.07	105,694	98.53	2,558,206	5.91	153,511

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.

(2) The quantity and grade of reported inferred resources in this estimate are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource. It is uncertain if further exploration will result in the upgrading of the

- inferred resources into an indicated or measured mineral resource category.  
 (3) AuEq ounces calculated at 53.5:1 Ag:Au ratio

### El Tranquilo Property:

The El Tranquilo property block, covering over 80 square kilometres, contains PGD's flagship project, **Cap-Oeste**, together with the COSE bonanza gold and silver deposit and numerous other prospects including Monte Leon where drilling is also continuing.

### Cap-Oeste deposit:

PGD contracted Chlumsky, Armbrust & Meyer L.L.C. (CAM) of Lakewood, Colorado, to independently describe and prepare an updated mineral resource estimate for the Cap-Oeste gold and silver deposit, Santa Cruz Province, Argentina, and to prepare a report which complies with the requirements of NI 43-101.

Extracts from the report:

*The resource model was prepared by Patagonia Gold, and was reviewed and audited by CAM. Modeling was carried out initially through the completion of a detailed sectional interpretation on plotted sections and subsequently digitized to create a solid geological grade constraining wireframe model. Vertical sections were created every 25m perpendicular to the strike of the Cap-Oeste mineralization. Grade-constraining polylines were digitized in 3D and snapped to non-composited original samples based on the cutoff and recovery parameters of Au and Ag in oxides and sulfides.*

*Excellent continuity both along strike and down dip is seen in the Cap-Oeste mineralization model. Models were clipped to surface topography and oxide and sulfide levels were separated by a secondary profile delineating the depth of oxidation. Top cuts were not applied*

Extract Ends

CAM as part of the resource audit methodology carried out a "Nearest Neighbour" check analysis of the Patagonia Gold SA (PGSA) block model.

Extract begins

*The nearest neighbor estimate, while well-known to be geometrically unbiased, over-predicts grade and under-predicts tons but is generally close on contained metal. Because this estimate is unconstrained, it is inferior to a geologically constrained model for locating ore, but if the unconstrained estimate shows less contained metal it is indicative of some type of problem in the estimation process. For the unconstrained estimate CAM used one-meter uncapped composites, with a search ellipse oriented parallel to the vein structure. The same distances for resource classification were used as per the PGSA estimate.*

*Because the unconstrained estimate did not make the oxide-sulfide vein split, CAM used a density of 2.4 for all mineralization types. As would be expected for a properly constructed model, the CAM nearest neighbour grades were higher and the tonnage was lower. However, in all cases the contained ounces in the CAM model were more, indicating that the PGSA model may be slightly conservative. CAM believes this conservatism is appropriate for a project at this level of development*

*Cap-Oeste definitely merits further exploration for additional gold silver mineralisation in an epithermal setting.*

Extract ends.

The following tables show the distribution of oxide and sulphide material within the Cap-Oeste resource.

CAP-OESTE Resource November 2011, INDICATED Resources, Material Type									
Type	Cut-off	SG	Tonnes	Au (g/t)	Au (Oz)	Ag (g/t)	Ag (Oz)	AuEq (g/t)	AuEq (Oz)
Ox	0.30	2.40	3,150,543	1.36	137,532	50.66	5,131,724	2.30	233,452
Ox	1.00	2.40	1,902,204	1.96	120,102	75.19	4,598,505	3.37	206,055
Ox	3.00	2.40	626,558	4.02	81,048	146.56	2,952,320	6.76	136,232
Vn + Sul	0.30	2.50	5,032,405	2.86	462,038	89.77	14,524,280	4.53	733,520
Vn + Sul	1.00	2.50	4,748,536	3.00	457,584	94.48	14,423,659	4.76	727,185
Vn + Sul	3.00	2.50	2,458,247	4.49	354,727	151.53	11,976,147	7.32	578,580

CAP-OESTE Resource November 2011, INFERRED Resources, Material Type									
Type	Cut-off	SG	Tonnes	Au (g/t)	Au (Oz)	Ag (g/t)	Ag (Oz)	AuEq (g/t)	AuEq (Oz)
Ox	0.30	2.40	733,965	0.79	18,573	24.15	569,767	1.24	29,223
Ox	1.00	2.40	275,836	1.25	11,081	44.31	392,964	2.08	18,426
Ox	3.00	2.40	45,821	2.82	4,151	139.75	205,876	5.43	7,999
Vn + Sul	0.30	2.50	1,686,286	2.54	137,892	61.04	3,309,173	3.68	199,745
Vn + Sul	1.00	2.50	1,567,524	2.69	135,789	65.00	3,275,832	3.91	197,020
Vn + Sul	3.00	2.50	761,712	4.15	101,542	96.05	2,352,330	5.94	145,512

# Vn+Sul indicated Vein and Sulphidic rock types

##Ox indicates all oxidised rock types

Cap-Oeste remains open along strike in both directions and down dip. Resource infill and extension drilling is continuing

unabated with the aim to achieve a further resource update. To date 26 drill-holes have been completed in the new program. Assay results are pending.

Metallurgical testwork programmes are in progress at several independent laboratories with the objective of defining a definitive treatment route for the Oxide and Sulphide material types as PGD moves towards the commencement of a pre-feasibility study for Cap-Oeste in Q1 2012.

The full Resource and report will be posted on the website, [www.patagoniagold.com](http://www.patagoniagold.com), as soon as practicable.

**Robert L. Sandefur B.S., M.S., P.E., Senior Geostatistician of Chlumsky, Armbrust & Meyer L.L.C. (CAM) of Lakewood, Colorado, a Qualified Person as defined in NI 43-101, and responsible for the audit, review and calculation of the Cap-Oeste resource estimate, has reviewed and verified all scientific or technical mining disclosure contained in this press release.**

**Craig S. Bow Ph.D, C.P.G., an independent Consulting geologist of Beulah, Colorado, a Qualified Person as defined in NI 43-101, and responsible for the audit, review of the geologic inputs to the calculation of the Cap-Oeste resource estimate, has reviewed and verified all scientific or technical mining disclosure contained in this press release.**

**Matthew Boyes, (BSC. Geology, member AusIMM) Chief Operating Officer for Patagonia Gold PGSA and a qualified person as defined in NI 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this press release.**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: This news release includes certain information that may constitute "forward-looking information" under applicable securities legislation. Forward looking information includes, but is not limited to, statements about strategic plans, mineral resources estimates, spending commitments, future operations, results of exploration, commencement and completion of pre-feasibility studies, future works programs, capital expenditures and objectives. Forward-looking information is necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in the Company's public disclosure. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.**

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