

Patagonia Gold PLC : Cap-Oeste Drilling Update

Released : 12.01.2012

RNS Number : 4058V

Patagonia Gold PLC

12 January 2012

Patagonia Gold Provides Drilling Update For Cap-Oeste Gold-Silver Deposit, Argentina

Toronto, Ontario - January 12 2012 - Patagonia Gold PLC (TSX: PAT, AIM: PGD) today announced updated drill results on its Cap-Oeste gold-silver deposit in Santa Cruz province, Argentina.

Highlights:

- **Drilling along strike to the north-west of the main Shoot of the Cap-Oeste deposit continues to intersect high grade gold and silver, including 37.40 metres @ 20.04 grams per tonne (g/t) gold and 206 g/t silver in drill-hole CO-317-D.**
- **The current infill and extension drilling campaign on the Cap-Oeste gold and silver deposit will be closed at the end of January to allow a fourth NI 43-101 compliant resource update, scheduled for reporting in Q2 2012. Drilling will continue on the Cap-Oeste deposit, which remains open along strike in both directions and down plunge.**

The current drilling campaign on the Cap-Oeste deposit has been concentrated in the recently discovered high grade area to the immediate north west of the Main shoot. To date results have been received for the first 18 holes in this campaign. A full table of the results is available on the Company's website. Results include:

Hole No	From	*Interval	Grade	Grade	Grade
	Metres	Metres	Au g/t	Ag g/t	**AuEq g/t
CO-307-D	341.80	3.00	6.64	94.30	8.40
CO-309-D	364.00	3.32	7.44	399.35	14.91
and	375.00	13.81	4.85	156.56	7.78
CO-311-D	332.00	39.00	7.79	223.37	11.97
including	345.00	2.60	13.19	983.56	31.57
including	351.00	7.00	22.52	495.68	31.78
CO-312-D	383.35	4.15	6.73	150.24	9.54
CO-313-D	343.00	10.00	3.40	161.95	6.43
CO-314-D	408.30	18.80	3.91	92.01	5.63
CO-317-D	287.45	37.40	20.04	205.63	23.88
including	310.00	6.00	77.44	1,030.15	96.70

**The actual true thickness of mineralisation is estimated to represent between 85-90% of the intervals shown in the above table.*

***AuEq(gold equivalent) ratio is 53.5:1 Ag:Au*

All drill-holes completed in phase 3 of the Cap-Oeste programme are HQ size diamond core drill-holes and were completed by Major Drilling S.A.

Results from CO-317-D for an interval from 295m to 318m downhole are included below to highlight the continuity and consistency of the high grade gold and silver results received for this hole.

Hole No	From	*Interval	Grade	Grade	Grade
	Metres	Metres	Au g/t	Ag g/t	**AuEq g/t
CO-317-D	295.00	1.00	38.30	66.68	39.55
CO-317-D	296.00	1.00	7.18	26.18	7.67
CO-317-D	297.00	1.00	3.31	12.32	3.54
CO-317-D	298.00	1.00	5.46	21.41	5.86
CO-317-D	299.00	1.00	20.90	50.59	21.85
CO-317-D	300.00	1.00	3.06	38.40	3.78
CO-317-D	301.00	1.00	20.80	66.89	22.05
CO-317-D	302.00	1.00	4.05	19.03	4.41
CO-317-D	303.00	1.00	13.70	199.51	17.43
CO-317-D	304.00	1.16	21.70	62.02	22.86
CO-317-D	305.20	0.84	6.07	82.39	7.61
CO-317-D	306.00	1.00	1.90	22.23	2.32
CO-317-D	307.00	1.00	35.50	145.05	38.21
CO-317-D	308.00	1.00	16.45	62.74	17.62
CO-317-D	309.00	1.00	6.62	51.19	7.58
CO-317-D	310.00	1.00	52.50	952.00	70.29
CO-317-D	311.00	1.00	117.90	374.00	124.89
CO-317-D	312.00	1.00	121.14	3223.68	181.40
CO-317-D	313.00	1.00	33.74	764.09	48.02
CO-317-D	314.00	1.00	45.30	623.00	56.94
CO-317-D	315.00	1.00	94.06	244.13	98.63
CO-317-D	316.00	1.00	8.62	26.97	9.13
CO-317-D	317.00	1.00	9.40	50.14	10.34

* The actual true thickness of mineralisation is estimated to represent between 85-90% of the intervals shown in the above table

** AuEq(gold equivalent) ratio is 53.5:1 Ag:Au

El Tranquilo block:

Patagonia Gold's El Tranquilo exploration and mining concession property block (El Tranquilo block), covering over 80 square kilometres, is located approximately 160 kilometres to the south-east of the town of Perito Moreno in the Santa Cruz Province of Argentina.

El Tranquilo block contains Patagonia Gold's flagship **Cap-Oeste gold and silver project**, where a NI 43-101 compliant report and resource upgrade recently delineated a gold equivalent (AuEq) resource of 966,972 ounces AuEq within the Indicated category, with a further inferred resource of 266,968 ounces AuEq, as set out in "NI 43-101 Technical Report" prepared by Craig S. Bow Ph.D., CPG and Robert L. Sandefur, P.E., of Chlumsky, Ambrust & Meyer, LLC (see Company's news release dated November 30, 2011).

El Tranquilo block also contains the COSE bonanza grade gold and silver deposit, where an underground mining operation is in preparation for commencement in Q1 2012, and a number of other gold and silver areas.

Cap-Oeste project:

Three drill rigs are currently engaged on the Cap-Oeste deposit completing a drill campaign commenced in Q3 2011. To date 40 drill-holes (CO-301 to CO-340), for 13,840 metres, have been completed. The current drill campaign will be closed at the end of January 2012 to allow for a NI 43-101 compliant resource update, scheduled for reporting in Q2 2012.

Assay results are pending for 22 drill-holes. Results will be reported on a regular basis as received.

Drilling will continue on from the current campaign for the Cap-Oeste deposit, which remains open along strike in both directions and down plunge. In addition, drilling will be carried out on Vetas Norte, Don Pancho, Monte Leon and other prospects.

Patagonia Gold has in place a stringent quality assurance and quality control program to ensure best practices in sampling and assaying. All samples from the Cap-Oeste project were collected by employees of Patagonia Gold and shipped directly to Alex Stewart Laboratories Mendoza (ISO 9001 Certified) for preparation and assay in sealed bags. All samples are assayed for gold by fire assay and silver by aqua regia digestion with atomic absorption (AA) finish, according to Alex Stewart's procedures Au4-50 and Ag4A-50. Inductively coupled plasma (ICP) analyses for a suite of multi-elements (39 elements, including base metals and silver) were performed by procedure ICP-MA-39. Silver over limits 200 g/t were analysed by fire assay gravimetric finish. Gold above 10 g/t was re-assayed with gravimetric methods.

Matthew Boyes, (BSc. Geology, Fellow AusIMM., member SEG), Chief Operating Officer for Patagonia Gold 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 news release.

About Patagonia Gold

Patagonia Gold Plc is an advanced mining exploration company that seeks to grow shareholder value through the acquisition, exploration and development of gold and silver projects in the southern Patagonia region of Argentina. The Company is primarily focused on the development of two properties: the flagship Cap-Oeste project and the nearby COSE project, which is expected to begin generating free cash flow by 2013. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina and Chile, covering approximately 800,000 hectares, being one of the largest landholders in the province of Santa Cruz. The Company is headquartered in London, with subsidiary offices in Buenos Aires and Toronto.

Patagonia Gold is listed on the Toronto Stock Exchange (TSX) under the symbol PAT and has been listed on the AIM market of the London Stock Exchange under the symbol PGD.L since 2003.

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 the commencement of underground mining operations at the COSE project, forecasts as to free-cash flow, strategic plans, mineral resources estimates, future operations, results of exploration, 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.

Contact Information

Bill Humphries, CEO
Patagonia Gold Plc
Tel: +44 (0)20 7409 7444

Philip Yee, CFO
Patagonia Gold Plc
Tel: +1 (416) 572 2007

Colin Languedoc
Barnes Communications Inc.
Tel: +1 (416) 367-5000

Simon Raggett / Angela Peace
Strand Hanson Ltd
Tel: +44 (0)20 7409 3494

Rory Scott
Mirabaud Securities LLP
Tel: +44 (0)20 7484 3510

David Bick/Mark Longson
Square 1 Consulting
+44 (0)20 7929 5599

This information is provided by RNS
The company news service from the London Stock Exchange

END

DRLSFDFMFFESEFF