

## Patagonia Gold PLC : Drilling Update - Cap-Oeste

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Patagonia Gold PLC

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

London, United Kingdom - March 28 2012. - Patagonia Gold PLC (AIM: PGD, TSX: PAT) today announced updated drill results on its Cap-Oeste and COSE Projects

#### 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 16.30m @ 18.97 grams per tonne (g/t) gold and 282.51 g/t silver in drill-hole CO-346-D.**
- **Two holes drilled into the COSE deposit to obtain material for metallurgical test work and smelter off-take marketing studies returned 7.75m @ 34.45 g/t Au and 301.49 g/t Ag from CO-075-D and 14.10m @ 34.80 g/t Au and 366.8 g/t Ag from CO-076-D.**

#### Cap-Oeste

The Phase 3 drilling campaign on the Cap-Oeste deposit, consisting of 57 drill-holes (CO-301D to CO-357D) totalling 20,210m, concluded on February 3. Results are now available for holes up to CO-348. A full table of the results is available on the Company's website. Results include:

Hole-ID	From	To	Interval	Grade	Grade	Grade
	(m)	(m)	(m)	Au (g/t)	Ag (g/t)	**AuEq (g/t)
CO-322A-D	349.60	367.00	17.40	7.10	160.47	10.10
and	379.00	385.50	6.50	5.75	16.53	6.06
CO-325A-D	229.55	233.15	3.60	9.60	600.23	20.82
CO-331-D	328.25	340.45	12.20	3.15	50.16	4.09
CO-335-D	353.30	381.60	28.30	4.11	25.51	4.59
CO-339-D	306.70	309.25	2.55	19.69	21.11	20.08
CO-341-D	365.00	389.60	24.60	3.06	112.88	5.17
CO-342B-D	261.35	265.05	3.70	5.11	303.10	10.77
CO-343-D	377.90	396.70	18.80	3.22	49.77	4.15
CO-344-D	376.00	385.00	9.00	3.76	162.70	6.80

CO-345-D	336.20	343.20	7.00	12.23	243.52	16.78
CO-346-D	392.20	408.50	16.30	18.97	282.51	24.25
including	405.90	407.15	1.25	209.96	699.47	223.03

\*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 holes and were completed by Major Drilling S.A.

### COSE Metallurgical and Step Out Drilling

Two diamond drill-holes CSE-075D and CSE-76D were recently completed to provide material for a smelter marketing study to be commenced by CELTA Mineral Services in Chile. The 2 holes were positioned with the objective of intersecting material considered to be "representative" of the average head grade that Patagonia Gold intends to market as concentrate for smelter feed. A composite sample is now being prepared for shipment to Chile

A further four step out diamond drill-holes were undertaken to intersect the COSE structure at 70m (CSE-071-D), 120m (CSE-072-D), 170m (CSE-073-D) and 220m (CSE-074-D) respectively along strike of COSE to the north-west towards the Cap-Oeste mineralisation. All holes intersected the host fault structure and reported elevated Au and Ag values. Drill-hole CSE-070-D was located approximately 60m up plunge from the existing currently delineated COSE orebody

Results for drill-holes CSE-070-D to CSE-076-D are tabled below

Hole-ID	From	To	Interval	Grade		Grade
	(m)	(m)		Au (g/t)	Ag (g/t)	
CSE-070-D	83.50	84.80	1.30	2.37	1547.33	31.28
CSE-071-D	202.00	203.00	1.00	4.58	80.00	6.08
CSE-072-D	209.50	217.50	8.00	2.97	146.62	5.71
CSE-073-D	174.80	186.50	8.95	5.73	139.99	8.35
CSE-074-D	116.10	117.15	1.05	8.25	0.65	8.26
***CSE-075D	235.25	243.00	7.75	34.45	301.49	40.09
CSE-076D	217.00	231.10	14.10	34.80	366.83	41.65
including	217.00	219.60	2.60	65.45	506.00	74.91

\*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

\*\*\* Significant core loss was recorded in 2.5 metres of the interval reported due to drill bit jamming.

### 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 deposit**, where a NI 43-101 compliant report and resource upgrade has recently delineated a gold equivalent (AuEq) resource of 966,972 ounces AuEq within the Indicated category, with a further Inferred resource of 228,968 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, Armbrust & Meyer, LLC (see Patagonia Gold'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 Q2 2012, plus a number of other gold and silver areas.

### Cap-Oeste Deposit:

The Phase 3 drilling campaign on the Cap-Oeste deposit, consisting of 57 drillholes (CO-301-D to CO-357-D) totalling 20,210m, concluded on February 3, 2012. Assay results are pending for nine drill-holes and will be reported as they are received.

Patagonia Gold has retained mining engineers, Chlumsky, Armbrust and Meyer, LLC of Lakewood, Colorado, to independently prepare an NI 43-101 compliant report and resource upgrade on the Cap-Oeste deposit to include the Phase 3 drilling campaign. The report is scheduled for completion in Q2 2012.

Phase 4 drilling is in progress at Cap-Oestefocused on extending the resource envelope from the Cap-Oeste deposit along strike 2.0 km to Pampa and exploring the 1.8 km of unexplored strike between Cap-Oeste and COSE.

To date 16 drill-holes (CO-358-D to CO-373-D) totalling 5,088m have been completed. Assay results are pending and will be reported as received.

Patagonia Gold S.A. has in place a stringent quality assurance and quality control programme to ensure best

practices in sampling and assaying. All samples from the Cap-Oeste project were collected by employees of Patagonia Gold S.A. 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 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 of 200 g/t were analysed by fire assay with 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.

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#### **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

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