

Patagonia Gold PLC : Update: La Manchuria and Lomada de Leiva

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Patagonia Gold PLC

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Patagonia Gold
Reports La Manchuria Reassessment and Lomada Production
On Track

London, United Kingdom----September 2013 - Patagonia Gold Plc (AIM: PGD) ("Patagonia Gold" or "the Company") today provides a progress update on its La Manchuria and Lomada projects in the Santa Cruz Province of Argentina.

La Manchuria project - Reassessment:

- **Results from additional sampling and metallurgical studies of the existing drill-core at La Manchuria have confirmed the potential to develop a bulk tonnage low grade deposit amenable to open-pit mining, heap leach treatment.**
- **Infill sampling of drill core has established the presence of wide low grade mineralisation returning intersections averaging over 55 metres true width including drill-hole LM-069D reporting 144.20 metres at 1.02g/t AuEq.**
- **Metallurgical bottle roll results from low to medium grade oxide and sulphide hosted material give excellent recoveries of up to 95.3% for gold and 93.1% for silver, significantly higher than used for the 2010 estimate thus adding more value to the deposit.**

Lomada project:

- **5,413 ounces of gold sold to date with revenue of \$US 8,005,865 to the end of July 2013. Project ramp up is nearing completion with targeted mine production achieved in August and gold production on track to meet scheduled 1,750 ounces of gold this month, September 2013.**
- **Main pad ready to commence loading as and when the extended trial pad is full, anticipated early Q4 2013.**

Commenting on this announcement, CEO of Patagonia Gold, Bill Humphries, said:

"La Manchuria provides Patagonia Gold with the opportunity to develop another "low CAPEX- low OPEX-high-profit" Heap-Leach project similar to our existing Lomada operation. Subject to the completion of necessary studies and permitting, the Company will aim to fast track La Manchuria into production by 2015 to further boost the development and construction of its flagship Cap-Oeste/COSE project."

LA MANCHURIA:

The La Manchuria project is located approximately 44 kilometres south-east of the Cap-Oeste and COSE deposits and represents a large system of low sulphidation style vein hosted gold-silver (Au-Ag) mineralisation which outcrops at surface.

Targeted mineralisation at La Manchuria had previously been the high grade veins which provided the bulk of the contained ounces in the existing resource model published in September 2010 (for resource details see RNS 06-11-2010). To date, the Company has completed 20,993 metres of diamond and reverse circulation drilling on this project.

Management believes that La Manchuria has the potential to be developed as a bulk tonnage low grade heap leachable deposit similar to Lomada de Leiva by changing the mineralisation focus from the thin, discontinuous high grade vein hosted model used for the original resource estimate to a lower grade bulk tonnage target. Preliminary re-evaluation work is underway.

Re-sampling of 1,586 samples from previously un-sampled core from the deposit has returned some very encouraging results and is helping to complete the geological and mineralisation model of the La Manchuria system as a whole. Results from 496 samples remain pending and will be reported once available.

The additional sampling has been completed between zones of previously reported "vein assays" filling in the gaps and providing wide overall analysis of the mineralisation. The results reported below include previously released data incorporated with the newly-acquired data to demonstrate the grade and width potential within La Manchuria.

Table 1: La Manchuria drill results incorporating re-sampled intervals

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)
LM-045-D	1.50	44.10	42.60	0.43	28.30	0.90
LM-049-D	17.00	88.00	71.00	0.43	19.76	0.75
LM-051A-D	27.10	84.20	57.10	0.59	28.66	1.04
LM-052-D	12.30	25.80	13.50	0.31	23.56	0.70
LM-055-D	11.75	42.80	31.05	0.35	63.55	1.41
LM-066-D	81.40	114.20	32.80	3.51	36.06	4.11
LM-069-D	0.00	144.20	144.20	0.65	21.74	1.01
LM-070-D	24.90	85.60	60.70	0.48	15.57	0.74
LM-071-D	6.40	35.00	28.60	0.45	25.09	0.86
LM-087-D	0.00	99.00	99.00	0.36	23.08	0.75
LM-080-D	0.00	62.85	62.85	0.55	36.98	1.16
LM-081-D	2.00	86.50	84.50	0.88	43.08	1.60

*Intervals reported in the above table are not true thicknesses and are estimated to represent between 90-95% of the actual true thickness of mineralisation

** AuEq(gold equivalent) ratio is 60:1 Ag: Au with equal % recovery of metal implied

In the latest round of drilling completed in May 2013, drill-hole LM-104-D intersected vein hosted high grade mineralisation 120 metres north of the last known mineralised intersection demonstrating that the mineralisation is open to the north.

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)
LM-104-D	37.10	38.15	1.05	8.44	8.50	8.58

Management also believes significant potential exists at depth and to the south east of the existing resource plus the high grade mineralisation recently intersected in the eastern vein system reported in the RNS 24-07-2013.

SGS Chile based in Santiago has recently reported results for two composite bottle roll samples from the La Manchuria deposit. The two samples were produced from approximately 175kg of oxidised and sulphide hosted medium to low grade mineralisation. The scope of the test work was to ascertain the recovery curves for both Au and Ag in a high cyanidation (5g/L NaCN) environment over 72 hours.

Table 2: Results for La Manchuria high cyanidation (5g/L) bottle roll test work

Sample ID	Grind Size (um)	NaCN (Kg /t)	Au Recovery		Ag Recovery		Head grade	
			Time:12 hr (%)	Time:72 hr (%)	Time:12 hr (%)	Time:72 hr (%)	Calc Head Au (g/t)	Calc Head Ag (g/t)
Oxide	100	0.38	76.1	96.5	79.7	94.1	1.31	48
Sulphide	100	0.54	76.5	93.3	46.7	84.6	1.09	74

Au recoveries in both samples were excellent with 96.5% and 93.3% respectively for the oxide and sulphide material and reported in line with expectations. The Ag however significantly outperformed the previous test work results and confirmed that Ag potentially could add more value to the Manchuria resource than previously calculated. Further test work on a coarser product to represent heap leaching conditions will commence once a full reinterpretation of the re-sampled results has been completed.

LOMADA DE LEIVA:

Construction has continued throughout the winter with some downtime due to weather conditions. The plant expansion is now 90% complete with return pregnant and barren solution lines and collection tanks installed together with the lining of the main collection pond. Cell 1 of the main pad is ready for loading of the first ore to commence.

Production totalled 5,413oz Au to the end of July 2013 for gross revenue of \$US 8,005,865 realising an average gold price of \$US 1,478.9 per ounce and 89.5oz of Ag for \$US 2,189 in revenue with a realised price of \$US 24.5 per ounce.

The trial pad has now been expanded to a capacity of 300,000+ tonnes and is currently loaded to 73% of its capacity. A total of 111,812T @ 2.03g/t Au grade has been added to the existing pad during 2013 bringing the total combined mined ore to date to 220,944T @ 2.05 g/t Au with leached Au recoveries to date estimated at 47.4% with only the initial trial of 68,000T having been irrigated for the full 90 day period.

Ends

About Patagonia Gold

Patagonia Gold Plc is a mining company that seeks to grow shareholder value through exploration, development and production of gold and silver projects in the southern Patagonia region of Argentina. The Company is primarily focused on three projects: the flagship Cap-Oeste/COSE project, the La Manchuria project and the Lomada heap leach project, which is generating free cash flow. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina and Chile, and is one of the largest landholders in the province of Santa Cruz.

Matthew Boyes, (BSC. Geology, Fellow AusIMM) Chief Operating Officer for Patagonia Gold PGSA 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 press release.

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