

## Patagonia Gold PLC : Progress update

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Patagonia Gold PLC

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### Patagonia Gold Plc

#### **CONTINUED EXCELLENT PROGRESS FOR LOMADA DE LEIVA AND CAP-OESTE PROJECTS**

London, United Kingdom 13th March 2013 - Patagonia Gold Plc (AIM: PGD, TSX: PAT)("Patagonia Gold" or "the Company" or "the Group") announces a progress update for its Lomada de Leiva ("Lomada") and Cap-Oeste projects in Santa Cruz Province, Argentina.

##### **Lomada:**

- **Lomada main heap leach project on target to achieve full operational status by late Q2 2013 with an estimated production of 14,000 ounces of gold for the second half of 2013**
- **Receipt of US\$3.835 million from second gold pour of 2,385 ounces of gold from the trial heap leach.**
- **Development construction fully funded to production supported by gold sales from original and extended trial heap leach**
- **Principal mining equipment has arrived in Buenos Aires for assembly and transport to site, with operation to begin in late March 2013**

##### **Cap-Oeste/COSE:**

- **Successful fund-raise of US\$9.4 million completed in early March 2013 allows the acceleration of drilling on the highly prospective Cap-Oeste/COSE corridor and other nearby targets**

Photographs of the progress at Lomada and Cap-Oeste will be posted on the Company's website, [www.patagoniagold.com](http://www.patagoniagold.com)

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

*"We are very pleased with our progress towards achieving self-sufficiency in 2013. With the proceeds from our recent fund-raising together with the income from the Lomada gold project, Patagonia Gold is able to continue with its plans to expand the resource base of its flagship Cap-Oeste/COSE project, whilst also continuing the development of its other exciting projects."*

##### **LOMADA DE LEIVA:**

The Lomada de Leiva project is located approximately 40 kilometres south-east of the town of Perito Moreno in the

Province of Santa Cruz, and is within the Group's La Paloma property block, covering over 44 square kilometres.

Construction of the fully permitted Lomada main heap leach project is well advanced and on target to achieve full 'nameplate' production of 21,000 ounces of gold per annum in late Q2 2013. In the meantime, production of gold continues with the mining and loading of ore onto the extended Trial heap leach pad.

Proceeds of US\$3,835,118 from the second gold pour of 2,385 ounces of gold have been received, which together with the receipt of US\$708,186 from the initial gold pour of 425.67 ounces of gold bring the total proceeds received by the Group to date to US\$4,543,304. This revenue is from gold produced from the trial heap leach. Gold production will continue from the extended trial heap leach until the main heap leach commences full production in late Q2 2013.

The principal items of mining equipment, including a Liebherr R974 excavator and three Volvo A40F dump trucks, have arrived in Buenos Aires for assembly and transport to site and will begin operation in late March 2013. Further equipment, including a Liebherr PR754A bulldozer and an L586 HL loader are scheduled to arrive during March and April 2013.

The use of an 'owner' operated fleet are expected to substantially increase production and reduce costs as this will allow the termination of the smaller hire equipment which the Group has been required to use during start up.

The Company is maintaining its guidance of production cash costs below US\$500 per ounce of gold from the Lomada project.

#### **CAP-OESTE/COSE PROJECT:**

The El Tranquilo property block, covering approximately 80,000 hectares, contains Patagonia Gold's flagship project, the Cap-Oeste deposit, together with the COSE bonanza gold and silver deposit and numerous other prospects including Monte Leon. The successful fund-raise of US\$9.4 million completed in early March 2013 allows Patagonia Gold to accelerate its drilling programmes on its portfolio of properties.

A second drill rig is scheduled to arrive at Cap-Oeste in late March 2013 to continue drilling on the highly prospective corridor between the bonanza grade COSE deposit and the Cap-Oeste deposits in order to follow up the high grade intersections encountered in the 2012 drilling campaign. The initial programme comprises 100 diamond core drill-holes for 12,700 metres. Additional drills will be brought in as and when required should potential resources be identified.

Drilling is also planned for the adjacent Don Pancho prospect where exploration drilling in 2009 identified high grade gold/silver near surface and on the Palmeras prospect, which was identified by the recently completed Induced Polarization (IP) geophysical programme.

#### **EL TRANQUILO AND REGIONAL:**

The Monte Leon, Cerro Vasco and El Bagual prospects will be drill tested during the 2013 exploration campaign. A total of 26 diamond core HQ holes, for 6,000 metres, have been programmed for 2013.

Monte Leon is a high tonnage low grade oxide target containing high grade quartz vein hosted sulphide mineralisation.

Cerro Vasco, located approximately 15km directly along strike from Lomada and 20 km directly west of Goldcorp's world class Cerro Negro, project contains two high priority targets; the first being a similar breccia system to that currently being mined at Lomada and outcropping at surface with gold in rock chip samples up to 44g/t, and the second a large silica cap proximal to the breccia system.

El Bagual, located in the centre of the Deseado Massif, represents another large system of mineralisation drilled by Barrick but as yet not followed up by the Group. The system is completely oxidized to at least 150m below surface and hosts wide intersections up to 28m @ 0.50g/t and 38m @ 0.38g/t from 50m below surface with grades increasing with depth. El Bagual is a potential bulk tonnage target possibly suitable for heap leach processing.

#### **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 Group is primarily focused on three projects: the flagship Cap-Oeste project, the nearby COSE 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.

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 since 2003.

**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.**

#### **Cautionary Note Regarding Technical Information and Forward-Looking Information**

The Group's production decision in respect of the Lomada project is not based on a feasibility study of mineral reserves demonstrating economic and technical viability and therefore readers are cautioned that there is increased uncertainty and there are economic and technical risks of failure associated with such production decisions.

This news release may contain certain information that constitutes forward-looking information within the meaning of applicable securities laws. Forward-looking information is frequently characterised by words such as "plan," "expect," "project," "intend," "believe," "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking information includes, but is not limited to, statements about strategic plans, mineral resources estimates, spending commitments, forecasts of free cash flow, future operations, results of exploration, commencement and completion of pre-feasibility studies, future work programs, commencement production, production schedules, capital expenditures and objectives. Forward-looking information is based on the opinions, expectations and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices and other factors described above and in the Company's most recent annual information form under the heading "Risk Factors," which has been filed electronically by means of the Canadian Securities Administrators' website located at [www.sedar.com](http://www.sedar.com). The Company disclaims any obligation to update or revise any forward-looking information if circumstances or management's estimates, expectations or opinions should change. The reader is cautioned not to place undue reliance on forward-looking information.

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