

## Patagonia Gold PLC : Operational Update

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Patagonia Gold PLC

18 November 2013

### **Patagonia Gold reports on exploration success and first semester 2014 drilling program**

#### **Scheduled gold production achieved at Lomada**

**London, United Kingdom-18<sup>th</sup> November 2013 - Patagonia Gold Plc (AIM: PGD,)** ("Patagonia Gold" or "the Company") today provided a progress update on regional exploration, the Lomada mine and development of its properties in the Santa Cruz Province of Argentina.

#### **EXPLORATION PROSPECTS:**

- **La Manchuria South prospect: Three main target areas identified: Vete Speme, Cerro Turulo and Tres Lagunas all within 12 kilometres of the La Manchuria deposit. Results to date include 1.05 metres @ 3.51 grams per tonne (g/t) gold (Au) and 150.3 g/t silver (Ag) in Veta Speme and 2 metres (m) @ 4.36 g/t Au and 174.7 g/t Ag in Tres Lagunas**
- **Comino prospect: Close proximity to Don Nicolas project owned by Minera IRL in the eastern part of the Deseado Massif. Results to date include 16.3m at 3.80g/t Au and 4.7g/t Ag situated within a structural corridor of 450m+ strike length mapped to date. All mineralisation is oxidised and outcropping at surface**
- **Los Toldos: First pass reconnaissance rock chip sampling at the El Amanecer structure returns values up to 1.06ppm Au and 9.6ppm Ag in banded quartz veins**

#### **LOMADA MINE:**

- **Lomada de Leiva Mine: All capital now invested. Achieved scheduled production target in October with 62,000 tonnes @ 2.40 g/t gold loaded onto the pad and 1,671 ounces of gold poured**

#### **DRILL PROGRAM:**

- **First semester 2014 drill program: In anticipation of the Lomada Mine generating free cash flow by year end, Patagonia Gold's management is preparing a detailed drill program for the first half of 2014 commencing early Q1, consisting of approximately 20,000 metres of both Diamond core HQ and Reverse Circulation (RC)**

#### **La Manchuria South prospect:**

La Manchuria South prospect is located approximately 10 kilometres (km) SE of PGD's La Manchuria high grade gold and silver deposit and is part of the recently permitted land package acquired through the 90/10 JV agreement with the provincial mining company, Fomicruz.

Patagonia Gold commenced exploration in late Q2 2013 over approximately 10,000 hectares of previously sparsely explored terrain.

Veta Speme - Initial ground reconnaissance, rock chip and sawn channel sampling together with geochemical sampling has returned highly encouraging results. Veta Speme has so far been mapped over 3km along strike with over 90 sawn channel samples having been taken over the exposed outcrop. Anomalous gold and silver mineralised material, consisting of sheeted veining and stock-work of crystalline quartz at surface, has been encountered over an area of 1,400m of strike length and

up to 8m in exposed width. The mineralisation is developed principally in north NNW striking dilation zones and parallel with the main structure which trends north-northeast.

Tres Lagunas - Is represented by a large outcropping quartz vein located within a NW trending structure, the predominant mineralised trend within the Deseado Massif. Tres Lagunas is situated approximately 10km to the southeast of La Manchuria and 2km to the northeast of Veta Speme. Both occurrences have recently been sampled for the first time returning excellent results including:

Trench ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	Prospect
CH-021-VSP	0.0	0.4	0.4	0.53	665.2	Veta Speme
CH-024-VSP	0.0	1.05	1.05	3.51	150.3	Veta Speme
CH-031-VSP	0.0	0.65	0.65	4.41	28.9	Veta Speme
CH-042-VSP	0.0	0.95	0.95	1.71	25.9	Veta Speme
CH-043-VSP	0.0	0.65	0.65	1.07	1.8	Veta Speme
CH-001-TLG	1.2	2.4	1.2	2.13	89.4	Tres Lagunas
CH-009-TLG	1.0	3.0	2.0	4.36	174.7	Tres Lagunas
CH-013-TLG	3.5	4.7	1.2	3.31	128.2	Tres Lagunas

Table 1: Sawn-channel samples results from Veta Speme (-VSP) and Tres Lagunas (-TLG)

A regional magnetic geophysical survey together with an extensive sawn channel and trenching programme is planned for the Q4 2013 exploration campaign with the objective of finalising a drill programme to commence in Q1 2014.

#### Comino prospect:

The Comino prospect is represented by one licence area located within the eastern portion of the Deseado Massif within close proximity to the Don Nicolas project operated by Minera IRL and Yamana's Cerro Moro deposit. A former owner of the Comino prospect, Homestake, drilled 15 shallow (~30m) holes in 1998 with best results reported as 16m at 1.63g/t Au and 4.7ppm Ag from surface in HOM-98-PH-003. Significant mineralisation was intersected in 6 of the 15 holes.

Patagonia Gold commenced exploration on the Comino prospect in Q1 2013 with the object of testing the above positive historical data. Results from 9 trenches sampled during August 2013 at the Comino prospect include:

Trench/Channel ID	Sample Type	From	To	Length	Au (g/t)	Ag (g/t)
CH-006-COM	Chip channel	0.00	2.35	2.35	1.44	2.4
CH-008-COM	Chip channel	1.10	3.10	2.00	1.77	2.6
<b>CH-009-COM</b>	<b>Chip channel</b>	<b>9.70</b>	<b>17.00</b>	<b>7.30</b>	<b>1.89</b>	<b>6.6</b>
CH-010-COM	Chip channel	0.00	2.25	2.25	1.95	13.0
CH-011-COM	Chip channel	6.30	11.35	5.05	5.05	10.1
<b>TR-002-COM</b>	<b>Trench</b>	<b>36.90</b>	<b>53.20</b>	<b>16.3</b>	<b>3.80</b>	<b>4.7</b>

Table 2: Sawn-channel samples results from the Comino prospect

Exploration is ongoing at Comino with a surface geochemical survey and further trenching underway. A drill programme planned to be carried out in the first semester of 2014 will be designed once the extents of the mineralisation are known.

#### Los Toldos prospect:

The El Amanecer mineralised structure is situated within the Los Toldos prospect and was recently discovered through satellite interpretation and ground reconnaissance. Geochemical sampling has returned some very positive first pass assay results including:

Sample ID	Sample Type	X	Y	Au (g/t)	Ag (g/t)
56267	Rock chip	2512965	4759043	0.72	0.8
56269	Rock chip	2512967	4759052	0.85	1.5
56270	Rock chip	2512967	4759052	1.05	1.7
56272	Rock chip	2512976	4759087	0.52	3.7
56277	Rock chip	2512982	4759239	1.06	9.6
56279	Rock chip	2512986	4759197	0.56	2.0
56280	Rock chip	2512981	4759154	0.70	3.3

Table 3: Rock chip samples from the El Amanecer prospect

Los Toldos prospect is located in the North-West of the Deseado Massif, approximately 85km SW of the town Pico Truncado. Mineralisation is associated with low sulphidation style epithermal banded quartz veins within andesitic volcanics of the Bajo Pobre Formation and felsic volcanics of the Chon Aike Formation. The prospect is proximal to the 40km long, NNE striking Corrimiento Los Manantiales regional fault zone.

Reconnaissance mapping has identified variably quartz-sericite-pyrite altered breccia bodies along a strike length of 5.3km up to 120m wide associated with the fault. Detailed mapping and geochemical sampling is continuing at the prospect to better define the extent of the mineralization.

#### Lomada de Leiva Mine:

Gold production for Lomada has now surpassed 10,000 ounces since commencement of production with sales exceeding

US\$13M in revenue.

The mine achieved scheduled production in October 2013 with 62,000 tonnes of ore at 2.40 g/t gold loaded onto the pad and 1,671 ounces of gold poured. Ramp up to full processing capacity in the plant has commenced utilising additional tankage from the expansion.

Patagonia Gold is confident of continuing to achieve production goals at Lomada and a full cash cost analysis will be completed at the end of Q4 this year once scheduled production for a period of 3 months has been sustained.

**First semester 2014 drill program:**

In anticipation of the Lomada Mine generating free cash flow by year end, Patagonia Gold's management are preparing a detailed drill program for the first half of 2014 commencing early Q1, consisting of approximately 20,000 metres of both Diamond core HQ and Reverse Circulation (RC). The proposed drilling will be split between existing projects, La Manchuria and Monte Leon, and exploration prospects including the newly discovered La Manchuria South and other targets identified by the geological teams over the past year.

At La Manchuria, ongoing studies for the reassessment of the existing deposit (see RNS 050913) have identified areas requiring infill and extension drilling to increase the size and confidence level of the existing resource.

At Monte Leon: Follow up drilling has been designed to test the continuation of the high grade structures encountered in the drilling program completed in 2011 (see RNS 060611).

**EXPLORATION MANAGER:**

Mr Doug Cook has been appointed Exploration manager for Patagonia Gold in Argentina, Doug has in excess of 20 years of International mining and exploration experience in both precious and base metal deposits, his recent positions included Exploration Manager at EXCO Australia before its takeover and Exploration manager at Mirabela Nickel in Brazil.

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**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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