

Patagonia Gold PLC : Strategic and Operational Update

Released : 22.07.2013

RNS Number : 7662J

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22 July 2013

NEWS

22nd July 2013

Patagonia Gold PLC Provides a Strategic and Operational Update

London, United Kingdom - 22 July 2013 - Patagonia Gold Plc (AIM: PGD) ("Patagonia Gold" or the "Company") provides a strategic and operational update.

Ten years ago, when the Company first joined AIM on the London Stock Exchange, the board of directors and management had a clear vision to create an exceptional mining company which would, through their expertise and experience, identify and develop significant gold deposits within the highly prospective Patagonian region of Argentina. Huge progress has been made since then.

By 2007, the Company had amassed through staking and acquisition a significant portfolio of properties in the province of Santa Cruz, now recognised as one of the most exciting areas of the world for the discovery of high grade, low cost, gold and silver deposits. At that stage these properties had no reportable mineral resources. However since then the Company's exploration teams have been highly successful in identifying numerous gold and silver occurrences advancing several to the resource stage.

In September 2012 the Company had reached a resource base of 1.88 million ounces of gold equivalent on its flagship Cap-Oeste/COSE, La Manchuria and Lomada projects. Shareholders have been kept informed over this period with frequent drilling reports and resource updates that have shown this continuous improvement.

In response to the global financial slump of 2008 and the consequential lack of funding for mineral exploration, the Company elected to advance its low capital, low cash cost, Lomada Heap Leach project through to production as this offered the fastest path to self-sufficiency for the Company's exploration plans.

By mid-2012 the Company had completed extensive trials and later that year the project was permitted and construction of the main heap leach commenced. Production of gold at Lomada reached planned production level as of the end of June 2013.

The Lomada project is now cash flow positive with the company expecting to report profitability for the first time by the end of this year. Lomada is producing cash in excess of \$2 million per month, with operating costs set to be at less than half the projected average gold price for 2013. Importantly, the free cash flow will enable the Company to continue the geological and drilling exploration programme on its flagship properties. The Company is therefore in the enviable position of being a self-sufficient gold producer able to continue with its plans to establish a world class gold mining operation.

A major factor in securing the Company's current strong position is the faithful support of its shareholders and particularly

those who have held shares for the long term. It is noteworthy that our Chairman, Carlos Miguens, together with the larger Argentine family group he represents, have consistently provided funding and valuable in Country support since inception of the company.

Since May 2012 they, together with Bill Humphries, Managing Director, have provided £13m (60%) of the total of £21m raised at a time when most companies have been unable to raise capital.

This funding has allowed Patagonia Gold to complete the Lomada project to production and importantly has allowed the Company to retain our outstanding and dedicated management and geological teams who have worked tirelessly to advance Patagonia Gold to where it is today.

Commenting on the Company's progress, Managing Director, Bill Humphries, said:

"We have maintained our resolve to create an exceptional mining company. Importantly, we have kept a very tight control of costs aiming at putting every possible 'dollar into the ground'.

The company has concentrated on the discovery and development of low cost, high return properties with built in large margins to cushion movement in the world gold price.

With Lomada now generating cash flow we are in the satisfactory position of being able to continue with the exploration, growth and development of our highly prospective projects".

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About Patagonia Gold

Patagonia Gold Plc is a mining company that seeks to grow shareholder value through the exploration, development and production of gold and silver projects in the southern Patagonian 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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