

Patagonia Gold PLC : Update: Lomada de Leiva and Cap-Oeste

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Patagonia Gold PLC

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## PATAGONIA GOLD PLC

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

**London, United Kingdom - 30 January 2013 - Patagonia Gold Plc ( AIM: PGD, TSX: PAT) ("the Company")** announces a progress update for its Lomada de Leiva ("Lomada") and Cap-Oeste projects in Santa Cruz Province, Argentina.

**Highlights:**

- **Construction of the first stage of the fully permitted Lomada heap leach project is well advanced and is on target for commencement of leaching in Q2 2013.**
- **To accelerate gold production, the Company has elected to expand the existing trial pad to 315,000 tonnes capacity, preparation for which is also well advanced. Mining and loading of ore onto the pad has already commenced with irrigation set to start next month.**
- **The trial has so far recovered approximately 4,045 ounces of gold, representing over 66% of contained gold and continues to leach. Processing and smelting is on-going.**
- **An expanded geophysical IP study has been completed over the Cap-Oeste/COSE structure and surrounds. Preliminary results have revealed two new large IP anomalies parallel to and similar in intensity to Cap-Oeste/COSE (see attached plan).**
- **Drilling will re-commence next month on the Cap-Oeste/COSE structure to further explore the highly prospective zone identified in drilling last season. On receipt of the full geophysical report an exploratory drilling campaign will be carried out.**

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

**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 Company's La Paloma property block, covering over 44 square kilometres.

Construction of the first stage of the fully permitted Lomada main heap leach project is well advanced and is on target for commencement of operations in Q2 2013. The total pad area has been stripped of topsoil which is being stacked for later rehabilitation purposes. Earthworks for infrastructure, holding and containment dams are under way. The plastic membrane, irrigation pipework and pumps have all been ordered, scheduled for arrival and installation in Q1 2013. The pregnant solution

will be pumped to the existing processing plant constructed for the trial in 2011.

Plant expansion is underway with an additional six carbon columns currently under construction designed to increase the plant throughput to 160m<sup>3</sup>/hr of pregnant solution. In addition, the explosives magazine has also been completed and is awaiting final approval.

The gold room facility, located at the Bajada property, is now fully operational and commissioned.

The Company received its first revenue from gold sales in December, being US\$708,186 for 425.67 ounces of gold produced during the commissioning of the gold room production facility. A further 38 kilos of doré containing approximately 1,120 ounces of gold has since been processed from existing carbon stocks and is now ready for dispatch to the refinery.

The remaining estimated 2,000 ounces of gold from existing carbon stocks together with recent production from the trial of approximately 500 ounces of gold is currently being processed. The trial has so far recovered approximately 4,045 ounces of gold, representing over 66% of contained gold and continues to leach.

To accelerate gold production, the Company has elected to expand the existing trial pad of 135,000 tonnes to 315,000 tonnes. This will allow the main production to be advanced by several months. Preparation of the expansion is well advanced with earthworks completed and the membrane scheduled for installation in early February. In the mean-time mining and loading of ore onto the existing pad has already commenced with irrigation set to start in late February 2013.

Mining has recommenced utilising a contract fleet until the Company receives delivery of its own fleet of equipment now expected during March and April 2013. Ramp up to full production is expected to be achieved by mid Q2 this year once the full fleet is operational and the overburden from the main pit area is removed.

#### **CAP-OESTE 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.

Quantec Geoscience of Santiago, Chile, has recently completed an expanded IP study over the CapOeste/COSE structure and NW El Tranquilo block. Approximately 50% of the work area has been covered with closer spaced lines completed specifically over the Cap-Oeste/COSE area and surrounds. Preliminary results have revealed two completely new large IP anomalies striking in the same direction as the Cap-Oeste/COSE anomaly and offset by approximately 700m. The anomalies are significant in that their intensity and size are very similar to the existing anomalies over Cap-Oeste/COSE and also Don Pancho, both areas with significant areas of known mineralisation.

The IP anomaly at Palmeras was expected as previous mapping and geochemical surveys had picked up the existence of mineralised structure at surface. A further anomaly to the NE of "VALLE" has also been identified with traces of sinter found at surface.

A preliminary exploration programme is being designed to drill test both of the new targets during the 2013 campaign while concentrating on exploration within the highly prospective corridors of Cap-Oeste/COSE and Don Pancho.

#### **COSE PROJECT:**

The construction of the underground access decline for the COSE project is now planned for the second half of 2013 so that all available effort and funds can be focused towards bringing the Lomada heap leach project into full production.

Meanwhile the heavy mining equipment and infrastructure pre purchased for COSE is being utilised on the Lomada construction providing considerable savings in hire costs.

#### **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 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 Company'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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#### **Appendix:**

Mining and Gold production photographs and Geophysical plan  
[http://www.rns-pdf.londonstockexchange.com/rns/6445W\\_-2013-1-29.pdf](http://www.rns-pdf.londonstockexchange.com/rns/6445W_-2013-1-29.pdf)

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