

## Patagonia Gold PLC : Lomada Production Results

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Patagonia Gold PLC

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### Patagonia Gold Plc

#### **Patagonia Gold reports excellent production results for its Lomada de Leiva heap leach mine**

London, United Kingdom - 3<sup>rd</sup> February 2015 - Patagonia Gold Plc (AIM: PGD) ("Patagonia Gold" or the "Company") is pleased today to provide production results for the Company's Lomada de Leiva ("Lomada") mine.

#### **Highlights:**

##### **Lomada Mine:**

- **Lomada mine produced 29,347 ounces of gold in 2014 vs target of 26,900 ounces.**
- **Annual gross sales for 2014 of US\$ 34.87 million at an average gold price of US\$ 1,251 per ounce.**
- **Average cash costs for July-December 2014 were US\$ 655 per ounce. All in cost US\$775 per ounce including depreciation and amortisation of plant and machinery. Guidance production for 2015 is 31,000 ounces of gold.**

##### **Cap Oeste Heap Leach Project**

- **Pre-feasibility studies, including pit optimisation and cash flow model, nearing completion with environmental impact assessment (EIA) scheduled for presenting to the Santa Cruz Mining division in Q2 2015.**
- **Metallurgical column tests completed with 80% recovery of gold and 40% of silver from the agglomerated product.**

##### **Lomada Mine:**

The Lomada mine 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 44,000 hectares.

Production for the Lomada mine for 2014 was 29,347 ounces of gold exceeding the forecast target of 26,900 ounces. A total of 27,868 ounces of gold were sold during 2014 at an average gross price of US\$ 1,251 per ounce. The net price received by Patagonia Gold after refining, royalties and sales tax was US\$ 1,123 per ounce.

Lomada cash costs for the second half of 2014 were US\$ 655 per ounce (US\$ 775 per ounce including plant depreciation and amortisation), down from US\$ 807 per ounce for the first half of 2014 (US\$ 925 including plant depreciation and amortisation).

The reduction in costs reflects the increase in production from the nameplate 1,750 ounces/month to the planned 3,000 ounces/month which was achieved in late July 2014. A further improvement since August has seen average monthly production reach 3,131 ounces of gold up to December 2014.

Total ore mined from the pit for the year was 538,000 tonnes (T) at 2.38 grams per tonne gold (g/t Au) for a total contained gold content of 40,822 ounces with waste movement totalling 1,861,000T for an overall waste to ore ratio of 3.50 to 1.

A cut back has commenced on the final design pit shell with total material movements for 2015 scheduled to be 2,100,000T of waste and 962,000T of ore @ 1.50 g/t Au for 46,000 ounces contained Au metal. Forecast all in cash costs for Lomada are expected to remain in the range of US\$ 750-US\$ 800 per ounce during Q1 and Q2 2015 with a decrease in operating costs expected in Q3 and Q4 2015 as the strip ratio decreases and the hire fleet size is reduced. Regular updates will be provided throughout the year as the pit advances.

The original trial pad of approximately 400,000T of ore was operated intermittently throughout 2014 and continues to produce gold. The pad has now exceeded design recovery of 70% having so far produced 19,401 ounces from a total estimated contained metal content of 26,958 ounces for a recovery of 72%. Patagonia Gold now anticipates that 75% plus recovery is achievable from both pads.

#### **Cap Oeste Heap Leach Project:**

Pre-feasibility works are well advanced at Cap-Oeste with preliminary heap leach pad and plant designs, resource updates and first pass pit optimisations and designs scheduled for completion by early March 2015. All metallurgical column tests have now been completed with extractions estimated at 80% for gold and 40% for silver from an agglomerated product after 70 days of leaching. Patagonia Gold expects to be in a position to lodge an EIA and permit applications early Q2 2015. Regular updates on progress will be provided.

#### **Exploration:**

A drilling campaign has commenced on the El Tranquilo block with priority targets including: El Calafate, Monte Leon, Valle and metallurgical drilling in the Cap-Oeste core area to identify COSE style mineralisation. An update on the exploration program details will be released over the next month.

**Ends**

#### **About Patagonia Gold**

Patagonia Gold 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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