

## Patagonia Gold PLC : Update on Cap-Oeste

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Patagonia Gold PLC

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### Patagonia Gold Plc

#### **Patagonia Gold reports update on the Cap-Oeste heap leach project pre-feasibility studies**

**London, United Kingdom 19th March 2015 - Patagonia Gold Plc (AIM: PGD)**("Patagonia Gold" or the "Company") provides an update on the Cap-Oeste heap leach project Pre-Feasibility studies.

#### **Cap-Oeste heap leach project:**

**Initial results from the pre-feasibility studies being carried out on the Cap-Oeste project using the heap leach process route indicate that additional oxide resources are required to make the project economically robust at current gold and silver prices.**

**We continue to work to establish those additional resources through our exploration programmes.**

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

*"The Company continues to see a promising long term future for the Cap-Oeste project once conditions in mining markets have normalised. Meanwhile, we will continue to maximise free cash flow from our Lomada operations. We will also concentrate our exploration efforts on replacing reserves at Lomada and continue to grow our global resource."*

#### **El Tranquilo property block:**

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.

#### **Cap-Oeste Project:**

The Cap-Oeste resource, published in September 2012, contained 269,000 ounces of gold equivalent (oz AuEq) of oxide material and 1,118,300 oz AuEq of sulphide material, predominantly in the indicated category.

Preliminary studies commenced in Q4 2013 indicated that Cap-Oeste should be developed in two stages with stage 1 concentrating on the oxide component amenable to cyanide leaching while design and test work was completed on the more complex sulphide material.

The quantity of oxide material at Cap-Oeste was deemed too small to support a CIL plant thus management decided to first investigate the possibility of adopting a heap leach processing route with low capital and operations costs similar to the Company's successful Lomada project to the north. At the same time, exploration would be aimed at proving up additional oxide resources on the El Tranquillo property to add to the Cap-Oeste resource.

**Pre-feasibility study:**

The first draft of the pre-feasibility study has been received and is currently being evaluated by management. Optimisation studies are continuing.

The study to date indicates a material that is easy to crush to a size suitable for heap leaching. Metallurgical testing has shown that the Cap-Oeste ore is very amenable to processing with conventional cyanide heap leaching after crushing and agglomeration with a high cyanide cure resulting in gold and silver recoveries of 80% and 40% respectively utilising a 2 stage leach over a period of 90 days.

Although the studies indicate that the process route and design are well suited to the Cap-Oeste ore the current oxide ore reserves are considered to be insufficient to advance the project at this stage.

Further test work will be undertaken on the neighbouring high grade COSE deposit to evaluate the possibility of extracting the gold and silver through agglomeration of a gravity tails product for inclusion with the Cap-Oeste oxide ore to increase the available ounces of cyanide leachable gold and silver.

Exploration efforts are currently aimed at increasing the oxide or cyanide extractable oxide resource base.

**Ends**

**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.**

**Contact Information**

Bill Humphries, CEO  
Patagonia Gold Plc  
Tel: +44 (0)20 7409 7444

David Bick / Mark Longson  
Square 1 Consulting  
+44 (0)20 7929 5599

Angela Hallett/James Spinney  
Strand Hanson Limited  
Tel: +44 (0)20 7409 3494

Jeremy Stephenson/Stewart Dickson  
Cantor Fitzgerald Europe  
Tel: +44 (0)20 7894 7000

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