

Uruguay Exploration Update

Released : 07.11.2016

RNS Number : 4357O
Patagonia Gold PLC
07 November 2016

Click on or paste the following link into your web browser to view the associated PDF document:

http://www.rns-pdf.londonstockexchange.com/rns/4357O_-2016-11-5.pdf

7 November 2016

Patagonia Gold Plc
("Patagonia Gold" or the "Company")

Uruguay Exploration Update

Patagonia Gold Plc, the mining company with gold and silver projects in Argentina, Chile and Uruguay, is pleased to provide an update in respect of its exploration activities in Uruguay.

Highlights

- Assay results received for first drilling completed on Zona 13 within the Chamizo exploration area
 - Eight of the nine holes intersected mineralisation
 - Significant intercepts reported in five of the eight mineralised intervals, including CHDD-002 15.5 metres @ 1.38 g/t Au and CHDD-004 16.2 metres @ 1.72 g/t Au
 - Over 3.5 km of mineralised structure identified, only 900 metres of strike drilled to date at Zona 13, open in all directions
 - Geophysical surveys have proven to accurately define the mineralised structure beneath post-mineralisation cover
- Additional areas at Carreta Quemada and Zona 14 and 15 drill ready, with coincident geophysical and geochemical anomalies

Christopher van Tienhoven CEO commented "We are pleased with the results from our first drill programme in Uruguay, both the grade and thickness of the mineralisation intersected on the main shear to date are very encouraging and with a potential strike extent of over 3.5 km, Zona 13 is looking like it has the potential to develop into an important asset in our property portfolio. We look forward to continuing work on Zona 13 and the adjacent properties within the project area."

Further information

Since the Company exercised its option in January 2016 to acquire, subject to achieving certain milestones, up to 100% of Trilogy Mining Corporation's ("Trilogy") gold projects in Uruguay, which includes, *inter alia*, Trilogy's existing Carreta Quemada and Chamizo exploration gold projects as well as any future areas that they may be granted, the Company has escalated its exploration activities in country to seek to define drill targets. The Company has undertaken and continues to undertake geological mapping, soil and stream sediment geochemistry, ground magnetic and induced polarisation surveys and has also completed its first drilling programme at Zona 13 within the Chamizo exploration area. Set out below are further details on the exploration activities to date.

*Figure 1: Location of properties in Uruguay.
(Please see the PDF document)*

Chamizo - Zona 13

Following initial geophysical and geochemical programmes, the Company has completed a 910 metre exploration diamond

drilling programme, consisting of nine holes, on Zona 13 within the Chamizo exploration area, with all assay results having now been received. Zona 13 was the first of a series of extensive Pole-Dipole Induced Polarisation (PDIP) geophysical anomalies drilled on the Chamizo joint venture area, with eight of the nine holes intersecting mineralisation with significant assays reported in five of the eight mineralised intervals, including 7.2 metres @ 2.64 g/t Au from CHDD-002 and 16.2 metres @ 1.72 g/t Au from CHDD-004.

Hole ID	From	To	Length (m)	Au g/t
CHDD-001	31.0	55.4	24.4	0.60
including	45.8	55.4	9.6	1.02
CHDD-002	76.5	92.0	15.5	1.38
including	86.0	92.0	7.2	2.64
CHDD-003	48.0	84.0	36.0	0.72
including	48.0	55.0	7.0	1.68
CHDD-004	64.4	80.5	16.2	1.72
CHDD-004	107.0	110.0	3.0	1.48
CHDD-009	75.0	84.0	9.0	0.32

Table 1: Significant intervals Zona 13 Chamizo Area

*Drillhole intervals are not true widths and the Company estimates that the true widths are approximately 80% of the overall reported widths. All holes were drilled at a dip of -55 degrees from South to North, except for hole CHDD-001, which was drilled as a scissor hole from North to South.

Figure 2: Location of drill holes within Zona 13, with significant intersections annotated, over Dipole-Dipole IP Chargeability grid.
(Please see the PDF document)

Figure 3: Geological Cross Section 7000m E from Zona 13, showing scissored drillholes CHDD-001 and CHDD-002 and mineralised intervals with respective grades
(Please see the PDF document)

Hole ID	East	North	RL	Dip	Azimuth	Depth
CHDD-001	525104.8	6226730.9	90.8	-50	175	70.2
CHDD-002	525108.2	6226648.7	95.7	-50	355	150
CHDD-003	525354.5	6226711.7	103.4	-50	355	124.1
CHDD-004	525259.5	6226684.9	97.7	-50	355	124.7
CHDD-005	524847.1	6226596.5	83.6	-50	355	89.1
CHDD-006	524853.2	6226553.6	83.0	-50	355	92.6
CHDD-007	524703.3	6226480.1	81.4	-50	355	90.4
CHDD-008	525453.1	6226762.2	106.9	-50	355	76.0
CHDD-009	525654.2	6226818.5	107.0	-50	345	92.5

Table 2: Locations of HQ diameter (63.5 mm) diamond drill holes drilled during August-September 2016 at Zona 13, Chamizo. (Projection: WGS84, UTM Zone 21 South)

The first reported assays have confirmed an ENE - WSW striking mineralised shear zone (Tambo Viejo Shear Zone) of over 900 metres in length that remains open at both ends and down dip. Mineralisation is hosted within a steeply dipping to sub-vertical shear zone up to 40 metres wide located at the contact between a granodiorite body to the north and Paleoproterozoic (2.1 Ga, Birimian age) greenschist facies metandesite schist and intercalated metasediments to the south. Mineralisation manifests as quartz-chlorite-sericite-carbonate-pyrite-arsenopyrite altered graphitic schist, with mylonites, cataclasites and breccias reflecting both brittle and ductile deformation. Quartz occurs as stringers, porphyroblasts and breccia clasts.

The mineralised shear zone, interpreted to be associated with the regional Cufré Shear Zone, is very effectively identified through the use of PDIP and provides a rapid and cost effective targeting tool to define the shear zone in the subdued terrain that has almost no outcrop and widespread thin Quaternary cover sequences. Geophysical anomalies extend approximately 1.1 km to the west and 1.2 km to the east along strike from Zona 13 and remain open in both directions. Aeromagnetic data indicates that the Cufré structural corridor may have a strike length exceeding 30 km.

Additional targets under development include extremely prospective PDIP Chargeability and Resistivity highs located immediately adjacent to the principal shear zone that have never been evaluated.

Chamizo - Zona 14

Over 3.5 km of anomalous arsenic in soil and coincident high chargeability induced polarisation anomalies have been identified within the Zona 14 prospect. The 'Clara' structure has been identified as a very strong, steeply southeast dipping PDIP chargeability anomaly coincident with a strong arsenic and low level gold in soil geochemical sampling. The Clara structure is interpreted as a regional scale graphitic shear zone that has never been historically evaluated. As with the majority of the project areas in the Chamizo and Carreta Quemada blocks there is little or no outcrop and the exploration is reliant on geophysical and geochemical surveys to identify the prospective target areas.

Chamizo - Zona 15

Similar in style to Zona 13, Zona 15 prospect is defined by a strong (up to 10,580 ppb Au), multi-sample panned concentrate Au anomaly defined during stream sediment sampling, which is located adjacent to an E-W striking intense IP chargeability high and resistivity low, that is interpreted to reflect another untested graphitic shear zone with a strike length in excess of 3.0 km.

Carreta Quemada

To date an extensive surface Au-As-Sb-W in soil geochemical anomaly coincident with ground magnetic and Gradient Array Induced Polarisation (GRA IP) geophysical anomalies has been identified by soil samples collected by auger from the undisturbed C Horizon. These have returned seven samples greater than 0.5 g/t Au (500 ppb), with a maximum of 1.70 g/t Au (1700 ppb). The geochemical and geophysical surveys have identified an initial NW-SE trending target area with dimensions of approximately 1300 metres x 400 metres, coincident with a regional NW-SE striking structural corridor exceeding 30 km in length, as indicated by aeromagnetic data.

Nueva Helvecia and Colla Prospects

Preliminary geological mapping and rock chip sampling have been undertaken across the prospects located approximately 50 km west of Chamizo. Priority structural corridors have been identified by the company following a geological mapping and geochemical soil and rock chip sampling programme with some sporadic outcrops having returned values up to 1.18 g/t Au. An application for prospecting permits across the prospects has been lodged.

The geophysical and geochemical programmes to date have identified a number of drill targets within the Zona 15, Zona 14 and Carreta Quemada areas which the Company will seek to drill in due course. However, in the near term, efforts will be focused on obtaining a better understanding of the potential of the Zona 13 structure along strike and down dip of the reported intervals.

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. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina, Chile and Uruguay.

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.

For more information, please contact:

Christopher van Tienhoven, Chief Executive Officer
Patagonia Gold Plc
Tel: +54 11 5278 6950

Richard Tulloch / Ritchie Balmer
Strand Hanson Limited (Nominated Adviser and Broker)
Tel: +44 (0)20 7409 3494

This announcement contains inside information.

This information is provided by RNS
The company news service from the London Stock Exchange

END

DRLLLFFILVLEIIR