

Cap-Oeste and Exploration Update

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Patagonia Gold PLC

31 August 2017

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

Cap Oeste and Exploration Update

Patagonia Gold Plc (AIM:PGD), the mining and development company with gold and silver projects in Argentina, Chile and Uruguay, is pleased to provide an update on Cap Oeste and exploration programme.

Cap Oeste

Further to the update on 10 July 2017, the agglomeration circuit has successfully been commissioned and to date a total of 20,000 tonnes of agglomerated material has been placed under irrigation on the pad.

The Kleeman crusher arrived on site on 12 August and has been commissioned and added to the agglomeration circuit. The average daily production of agglomerated material has increased from approximately 1,200 tonnes per day to the projected capacity of 4,000 tonnes per day. The agglomeration circuit is currently being fed with ROM (Rune of Mine) ore and once stabilized, material from the existing pad will start to be processed.

On Monday 21 August, strong winds with peaks of 128km/h affected the operation causing serious damage to installations, mining equipment and the liner of the pad extension. Repair work commenced immediately and is expected to be finished by early September. The interruptions caused by the wind damage will have an effect on the expected commencement of increased production.

The production guidance for the year is still being estimated but it is expected that it will be below the previous estimate of 60,000 ounces for the calendar year.

Exploration

Exploration works are continuing in both Argentina and Uruguay and drilling at several prospects is proposed before the end of the year.

Exploration in Argentina during 2017 has focussed on detailed induced polarisation (IP) and/or ground magnetic surveys at the Sarita, La Manchuria and Cerro Vasco projects in Santa Cruz province. The data has been processed by the Company's geophysical consultant, indicating extensions to low-sulphidation Au-Ag veins beneath covered areas at Sarita and Cerro Vasco, and 3D modelling of La Manchuria indicates areas of untested strike extensions of known mineralised structures. Drilling is proposed at all three properties before the end of 2017.

At the San José project in southern Uruguay, exploration of the very poorly exposed and underexplored Paleoproterozoic, San Jose Greenstone Belt has continued during 2017 with geochemical and geophysical surveys defining drill targets at several prospects.

An IP survey at the Zona 13 prospect has extended the interpreted strike extension of the Tambo Viejo Shear Zone, drilled during 2016, by at least 2.2km to the west where the structure remains open and will be drill tested before the end of the year.

Also in Uruguay, the stream sediment sampling at the Colla Este prospect has defined a strong Au anomaly down drainage from an isolated outcrop of gold-bearing sericite-muscovite schist that is coincident with a coherent 1.6km long IP chargeability anomaly. Drilling is scheduled to test the target before the end of the year.

Trenches excavated at the Carreta Quemada prospect have reported wide zones of strongly anomalous gold mineralisation up to ore-grade within graphitic schist. Diamond drilling is proposed to test targets at depth beneath the best trenches. In addition, a volcanogenic hosted massive sulphide (VHMS) target has been identified nearby, where strong base metal anomalism has been reported from surface sampling of metabasalt.

The Company continues to evaluate new opportunities Rio Negro province and other regions of Argentina.

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 production at Cap-Oeste and exploration at Sarita, La Manchuria and the earn-in agreement in Uruguay. 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.

Shareholders are encouraged to register with our mailing list on our webpage: <http://www.patagoniagold.com/investors/subscribe-to-news/> to receive the Company's announcements.

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.

The information contained within this announcement is deemed by Patagonia Gold to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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