

PATAGONIA GOLD PLC

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DRILLING UPDATE CAP-OESTE GOLD-SILVER PROJECT SANTA CRUZ PROVINCE, ARGENTINA

Highlights:

- Drilling on the main shoot of the Bonanza fault deposit continues to intersect high grade gold and silver, including 17.80 metres @ 15.18 grams per tonne (g/t) gold and 157 g/t silver in drill-hole CO-105.
- Drilling has confirmed the down dip continuation of the mineralization to >300 metres with drill hole CO-116 reporting 13.15 metres @ 4.45g/t gold and 98g/t silver. The Bonanza fault deposit remains open at depth and along strike in both directions.
- Patagonia Gold (PGD) has entered into a purchase agreement for the Estancia La Bajada property thus acquiring the land surface rights of the majority of the Cap-Oeste Deposit, the Breccia Valentina prospect and other highly prospective areas.

Results not previously reported include:

Hole No.	From metres	Interval metres	Grade Au g/t	Grade Ag g/t
CO-105-DR	186.95	17.80	15.18	157
including	193.10	1.90	97.06	111
CO-107-DR	181.00	19.60	5.82	247
including	189.70	8.55	10.89	486
CO-108-DR	70.10	9.65	14.88	592
including	70.10	3.90	26.58	595
including	75.50	1.25	26.70	2,478
CO-109-DR	127.60	11.70	2.30	49
including	136.00	2.30	6.49	176
CO-110-DR	152.30	4.20	10.32	1,490
including	152.30	2.08	19.05	2,818
CO-111-DR	53.20	5.30	3.63	800
including	57.00	1.50	5.21	2,737
CO-116-DR	258.50	13.15	4.45	98
including	264.00	5.10	7.76	204

El Tranquilo Property:

The El Tranquilo property block, 100% owned by PGD, covering over 40 square kilometres, contains the **Cap-Oeste Gold and Silver Project** as well as the Breccia Valentina and Vetas Norte Prospects.

Cap-Oeste Gold and Silver Project:

The initial drill programme on Cap-Oeste, completed in May 2008, established a Canadian National Instrument 43-101 compliant resource of 304,099 ounces of gold and 6,929,825 ounces of silver with just 11,328 metres of drilling.

PGD re-commenced a second drilling campaign in October 2008 with the aim of substantially increasing the resource, concentrating on the high grade shoot 'A' (averaging 13 .17g/t gold and 228g/t silver). To date 26 holes for a total of 4,372 metres have been completed. Results are pending for 5 drill holes

The latest drill-hole results confirm the down dip continuation of the mineralization to >300 metres and the gold and silver assay results confirm the robust nature of the shoots. The intersection in drill-hole CO-116 is >100 metres down dip from CO-104 which reported 15.2 metres @ 6.10 g/t gold (Au) and 1,777 g/t silver (Ag).

Geological interpretation of the holes drilled this campaign(CO-096 to CO-121) indicates that the Main shoot 'A' and the other peripheral shoots, so far defined, are converging at depth.

Results from a Reverse Circulation (RC) drill programme, at the La Pampa zone over 1.5 kilometres to the north-west of the Resource area and along the Bonanza structure are pending, however geologically the drill holes intersected similar oxidised material to the Main shoot. Further exploration drilling along the Bonanza structure is planned for April May 2009.

Estancia Bajada Acquisition.

On December 15th 2008, Patagonia Gold (PGD) entered into a purchase agreement for the Estancia La Bajada property comprising 36,544 hectares of land, dwellings, sheds, outbuildings and infrastructure, for the sum of US\$950,000 payable over 4 six monthly instalments.

With the above acquisition PGD now has the land surface rights as well as the mineral rights over the majority of the Cap-Oeste Deposit, the Breccia Valentina prospect and other highly prospective areas.

Marc Sale, (BSC. Geology, Fellow AusIMM, member AIG) a Director and consultant to Patagonia Gold Plc and a qualified person as defined in National Instrument 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this press release.

ENDS

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