

PATAGONIA GOLD PLC

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RESOURCE STATEMENT CAP-OESTE GOLD AND SILVER PROJECT ARGENTINA

Patagonia Gold (PGD) has received the maiden Resource Estimate for the Cap-Oeste Gold and Silver Project, Santa Cruz Province, Argentina. The resource at 0.30 grams per tonne gold cut-off is:

Indicated Resource of 149,842 ounces gold and 3,647,751 ounces silver
Inferred Resource of 154,257 ounces gold and 3,282,074 ounces silver

Highlights:

- At 5 grams per tonne (g/t) cut-off, the high grade 'Main shoot' contains 135,408 ounces of gold @ 13.17 g/t and 2,297,652 ounces of silver at 227.56 g/t.
- The Cap-Oeste Resource has been delineated with just 11,329 metres of drilling at a low discovery cost of US\$8 per ounce of gold equivalent.
- The Cap-Oeste structure remains open at depth and along strike in both directions.

El Tranquilo Property.

The El Tranquilo property block, covering over 40 square kilometres, contains the **Cap-Oeste Gold and Silver Project** and the Breccia Valentina Prospect and is located approximately 120km to the south east of La Paloma where a Resource has already been delineated by PGD on the Lomada de Leiva Project.

Cap-Oeste Gold and Silver Project.

To June 2008, 95 drill holes totalling 11,329 metres had been drilled on the Cap-Oeste structure, over 1.2 kilometres of strike and down dip to ~200m. The Resource statement, produced by Chlumsky, Armbrust and Meyer, LLC. (CAM) of Lakewood, Colorado, is based on the above drilling.

The drilling results confirmed the presence of a wide gold mineralized structure with a core (the 'Main shoot') containing bonanza grade gold and silver. The high grade gold values are associated with bonanza grade silver values.

Commenting on this report, Managing Director Bill Humphries, said:

Patagonia Gold has now delineated over 640,000 ounces of gold equivalent, on the Lomada and Cap-Oeste Projects in just 18 months since we acquired the Santa Cruz properties from Barrick Gold. Drilling has recommenced at Cap-Oeste and I look forward to the rapid growth of this exciting project.

Resource: CAM. was retained by Patagonia Gold PLC (PGD) to independently define and describe a gold-silver Resource at Cap-Oeste, Santa Cruz Province, Argentina, which complies with Canada National Instrument 43-101 (NI 43-101).

The following comments are extracts from CAM's report.

Exploration has defined a zone of significant epithermal gold-silver mineralization at Cap-Oeste, hosted within and adjacent to a moderate to high angle normal fault over widths of 5 to 40 meters and a minimum strike length of one kilometre.

Work on the property has been successful in identifying mineralization of potential economic interest and further work is warranted.

Drill intercepts identified as significant to delineation of a precious metals resource have been verified and substantiated sufficiently to pursue a Resource calculation.

Results from bottle roll leach tests show good average recoveries after 6, 12, and 24 hrs of 96.3, 97 and 97.3 percent respectively. The three highest grade composite samples between 17.5 to 26.75 ppm Au (average 22.67 ppm Au), returned an average recovery of 98.7, 98.5 and 99 percent after 6, 12 and 24 hrs respectively.

Technical work has been conducted in a professional manner and carried out to NI 43-101 standards including analysis, quality assurance and quality control protocols.

End of Extract.

(See Appendix A for a table containing the resource.)

Exploration.

In the first half of 2008, exploration drilling, consisting of 25 holes totalling 2,200 metres, further extended the Cap-Oeste structure to over 2.2 kilometres of strike.

The Cap-Oeste mineralized trend has now been defined by mapping and trenching for over 6 kilometres. This has also been confirmed by results from a recently completed geophysical survey consisting of 98.5 kilometres of ground magnetics and 71 kilometres of Induced Polarity (IP) gradient array. The IP results defined the Cap-Oeste structure as a strong linear resistive contrast over 1,800m but which continues as a robust anomaly outside the area of current drilling.

An important aspect of the geophysical survey results is the identification of similar signatures to Cap-Oeste in the sub parallel structures of the Breccia Valentina structure (2.5km to the NW and also trending 320°) and the Vetaz Norte structure a further 1,500m to the NE on a similar trend. Both of these structures contain gold and silver in grab samples and the southern identified extent of the Valentina trend was also drilled with positive results.

PGD is very encouraged with the above results. The project team has successfully advanced the Cap-Oeste Project from acquisition in February 2007, through a substantial exploration programme to NI 43-101 compliant Resource status in one drill programme.

Exploration Programme for the Second half of 2008

A second drill programme has commenced at Cap-Oeste targeting the down dip extension of the Resource area as well as along strike. To date 6 holes have been completed in the vicinity of the 'Main shoot' in the Bonanza fault. Results are pending.

An exploration drill programme has been designed to test the extension of the Cap-Oeste structure to the north and south.

Currently exploration including mapping and sampling is being conducted on the sub parallel trends in the Cap-Oeste area within the El Tranquilo Property focusing on the results of a geophysical survey which identified targets with a similar signature to the Cap-Oeste structure.

Shareholders will be kept regularly informed by press releases over the ensuing months with respect to the progress on the drilling and exploration programmes.

Lomada de Leiva Project:

The National Instrument (NI) 43-101 compliant Scoping Study on the Lomada de Leiva Project located on the La Paloma Property has been received. Results will be released as soon as the report has been verified and analysed.

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.

Dr Craig Bow, Ph. D Geology and Mr. Robert L Sandefur, P.E. Engineer, both consultants with Chlumsky, Armbrust and Meyer, LLC and the authors of the report entitled “ NI 43-101 Compliant Technical Report Cap Oeste Project Santa Cruz Province, Argentina” prepared for Patagonia Gold Plc, are the Qualified Persons in accordance with the requirements of the Canadian National Instrument 43-101.

ENDS

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Appendix A

The following table is an extract from CAM's Report.

Table 17-2 Indicated Resources						
Oxide/Non-Oxide	Cutoff Au (ppm)	Tonnes	Au Grade (ppm)	Contained Au (ounces)	Ag Grade (ppm)	Contained Ag (ounces)
Oxide	0	15,424,042	0.21	105,011	6.04	2,993,391
	0.3	1,911,998	1.27	78,028	30.74	1,889,762
	0.5	1,044,233	2.01	67,368	44.89	1,507,060
	1	441,750	3.82	54,198	73.92	1,049,927
	3	130,822	8.91	37,458	145.13	610,400
	5	70,460	13.24	30,001	207.06	469,062
Non Oxide	0	8,617,305	0.29	81,865	7.90	2,189,411
	0.3	1,316,224	1.70	71,814	41.54	1,757,989
	0.5	822,130	2.49	65,701	57.34	1,515,663
	1	394,940	4.41	55,979	96.57	1,226,223
	3	110,864	11.72	41,768	243.99	869,685
	5	70,179	16.35	36,898	326.68	737,083
Total Indicated	0	24,041,347	0.24	186,876	6.71	5,182,802
	0.3	3,228,222	1.44	149,842	35.15	3,647,751
	0.5	1,866,363	2.22	133,069	50.37	3,022,723
	1	836,690	4.10	110,177	84.61	2,276,151
	3	241,686	10.20	79,225	190.48	1,480,085
	5	140,639	14.80	66,899	266.75	1,206,145

Table 17-3 Inferred Resources						
Oxide/Non-Oxide	Cutoff Au (ppm)	Tonnes	Au Grade (ppm)	Contained Au (ounces)	Ag Grade (ppm)	Contained Ag (ounces)
Oxide	0	17,443,930	0.11	64,310	3.42	1,917,075
	0.3	1,154,369	1.01	37,562	23.53	873,387
	0.5	603,533	1.59	30,872	35.55	689,765
	1	247,988	2.89	23,063	57.65	459,615
	3	43,826	8.90	12,547	171.00	240,947
	5	16,806	17.06	9,221	346.20	187,064
Non Oxide	0	23,903,984	0.18	141,655	4.28	3,290,320
	0.3	2,229,978	1.63	116,695	33.60	2,408,687
	0.5	1,400,547	2.37	106,542	46.20	2,080,371
	1	664,924	4.19	89,484	76.22	1,629,341
	3	235,446	8.98	67,955	147.12	1,113,629
	5	167,430	11.01	59,288	168.02	904,443
Total Inferred	0	41,347,914	0.15	205,965	3.92	5,207,395
	0.3	3,384,347	1.42	154,257	30.16	3,282,074
	0.5	2,004,080	2.13	137,414	42.99	2,770,136
	1	912,912	3.83	112,547	71.17	2,088,956
	3	279,271	8.97	80,501	150.86	1,354,576
	5	184,236	11.57	68,509	184.27	1,091,507