

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolutions to be voted on at a General Meeting of Patagonia Gold plc (the "Company") to be held on 8 January 2013. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your ordinary shares of 1p each in the Company ("**Ordinary Shares**"), please forward this document (but not any personalised Form of Proxy) at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

PATAGONIA GOLD PLC

(incorporated in England and Wales with registered number 3994744)

NOTICE OF GENERAL MEETING RELATING TO RENEWAL OF AUTHORITIES TO ISSUE SECURITIES

Your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which recommends you vote in favour of the resolutions to be proposed at the General Meeting referred to below.

Notice of a general meeting of the Company to be held at 11.30 a.m. on Tuesday, 8 January 2013 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU (the "**General Meeting**"), is set out on pages 5 to 6 of this document. A form of proxy ("**Form of Proxy**") is also enclosed with this document for use by the holders of Ordinary Shares ("**Shareholders**") at the General Meeting. Forms of Proxy should be completed and returned to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and in any event so as to be received not later than 11.30 a.m. on 4 January 2013. Completion and return of a Form of Proxy will not preclude Shareholders from attending in person and voting at the General Meeting.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

(all times stated in London time)

Posting of this document	14 December 2012
Latest date for receipt of Forms of Proxy for the General Meeting	11.30 a.m. on Friday, 4 January 2013
General Meeting	11.30 a.m. on Tuesday, 8 January 2013

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
"CREST Manual"	the rules governing the operation of CREST
"CREST Regulations"	The Uncertificated Securities Regulations 2001 (<i>SI 2001/3755</i>), as amended
"Directors"	the directors of the Company whose names are listed on page 3

PATAGONIA GOLD PLC

(incorporated in England and Wales with registered number 3994744)

Directors:

Sir John Craven (Non-Executive Chairman)
 Carlos J Miguens (Non-Executive Deputy Chairman)
 William H Humphries (Managing Director)
 Gonzalo Tanoira (Finance Director)
 Marc J Sale (Non-Executive Director)
 Gary Sugar (Non-Executive Director)
 Edward Badida (Non-Executive Director)

Registered Office:

15 Upper Grosvenor Street
 London
 W1K 7PJ

14 December 2012

Dear Shareholder

General Meeting

This document is being sent to you in connection with a proposed renewal of the Directors' authorities to allot and issue shares in the Company and grant rights to subscribe for or to convert any securities into shares in the Company, together with a renewed disapplication of pre-emption rights under the Companies Act 2006 (the "**Act**"). This document explains why the Company is seeking to grant those authorities and provides you with information to enable you to exercise your vote at the forthcoming General Meeting to be held on Tuesday, 8 January 2013 at 11.30 a.m. at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU, notice of which is set out at the end of this document ("**Notice of General Meeting**").

Background information

On 25 October 2012, the Company announced that it had issued an aggregate 29,020,000 new Ordinary Shares (the "**Fundraising Shares**") pursuant to a placing of 16,630,000 Ordinary Shares and a subscription for 12,390,000 Ordinary Shares at a price of 22.5 pence per Fundraising Share to raise approximately £6.5 million (before expenses) (the "**Fundraising**"). In addition, subscribers for Fundraising Shares were issued with an aggregate 21,765,000 warrants (on the basis that subscribers received three quarters of a warrant for each Fundraising Share so subscribed, with fractional entitlements rounded down to the nearest whole number) (the "**Initial Warrants**"). The key terms of the Initial Warrants are summarised in the Company's announcement of 25 October 2012.

On 27 November 2012, the Company announced that it had issued a further 3,920,000 new Ordinary Shares pursuant to a placing at a price of 25.5 pence per share to raise approximately £1 million (before expenses) (such fundraising together with the Fundraising being the "**Fundraisings**") and 2,940,000 warrants (issued on the same basis as above) the key terms of which are summarised in the Company's announcement of 27 November 2012 (such warrants together with the Initial Warrants being the "**Warrants**").

As a result of the Fundraisings and the issue of the Warrants, the Directors have used a large proportion of the share capital authorities which were approved by Shareholders at the Company's Annual General Meeting held on 6 June 2012. The Directors are therefore seeking new share capital authorities to ensure that they have the ability prior to the Company's next Annual General Meeting (which is expected to be held in June 2013 and at which renewed share capital authorities would ordinarily be sought) to issue new Ordinary Shares in the Company and grant rights to subscribe for or to convert any securities into shares in the Company. This will allow the Directors to allot shares for cash from time to time as they deem appropriate without further recourse to the Shareholders. In particular, the Directors are of the opinion that having such authority in place would place the Company in a strong position to address any short-term funding requirements in a cost effective and efficient manner as well as to pursue other opportunities as they arise prior to the next Annual General Meeting.

Other than any issues of Ordinary Shares or options made pursuant to the Company's share incentive plans or the Warrants, the Directors have no present intention of issuing any new Ordinary Shares in the

Company or granting rights to subscribe for or to convert any securities into shares in the Company pursuant to the new share capital authorities being sought.

The Directors are therefore seeking authorities under section 551 and section 570 of the Act to allot and issue new Ordinary Shares in the Company and grant rights to subscribe for or to convert any securities into shares in the Company. These authorities will replace any existing authorities to allot and issue shares in the Company and grant rights to subscribe for or to convert any securities into shares in the Company. The Directors are seeking authority to allot and issue up to 270,841,539 shares in the Company or grant rights to subscribe for or to convert any securities into such number of shares in the Company (representing approximately 33.33% of the current issued share capital of the Company) and a disapplication of pre-emption rights in respect of up to 81,260,587 equity securities (as defined in the Act) (representing approximately 10% of the current issued share capital of the Company).

Resolutions

The resolutions to be proposed at the General Meeting are set out in the Notice of General Meeting at the end of this document (the "**Resolutions**"). The Resolutions will be proposed as follows:

Resolution 1 will be proposed as an ordinary resolution to authorise the Directors pursuant to section 551 of the Act generally to allot Ordinary Shares or grant rights to subscribe for or convert any securities into Ordinary Shares up to an aggregate nominal amount of £2,708,415.39.

This authority will expire on the earlier of 30 June 2013 or the conclusion of the Company's next Annual General Meeting.

Conditional upon the passing of Resolution 1, Resolution 2 will be proposed as a special resolution to empower the Directors pursuant to section 570 of the Act to allot equity securities (as defined within the Act) for cash otherwise than to existing shareholders pro rata to their existing shareholdings up to an aggregate nominal amount of £812,605.87.

This authority will expire on the earlier of 30 June 2013 or the conclusion of the Company's next Annual General Meeting.

The Notice of General Meeting is contained at the end of this document and sets out the Resolutions in full. The General Meeting is to be held at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU at 11.30 a.m. on 8 January 2013.

Action to be taken in respect of the General Meeting

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy so as to reach the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event not later than 11.30 a.m. on 4 January 2013.

Completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person if you should wish to do so.

Recommendation

Your Directors are unanimously in favour of the resolutions to be proposed at the General Meeting, which they consider to be in the best interests of the shareholders of the Company as a whole. Accordingly, your Directors unanimously recommend Shareholders to vote in favour of the resolutions at the General Meeting, as they intend to do in respect of their own beneficial shareholdings of Ordinary Shares (comprising 149,037,867 Ordinary Shares in aggregate, representing 18.34% of the Company's existing issued share capital).

Yours faithfully

Sir John Craven
Non-Executive Chairman

PATAGONIA GOLD PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 11.30 a.m. on 8 January 2013 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU for the purpose of considering and, if thought fit, passing the following resolutions, which in the case of Resolution no. 1 will be proposed as an ordinary resolution and in the case of Resolution no. 2 will be proposed as a special resolution:

ORDINARY RESOLUTION

1. **THAT** the Directors be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £2,708,415.39 provided that this authority shall expire on the earlier of 30 June 2013 or the conclusion of the Company's next Annual General Meeting unless revoked or renewed before that date, save that the Company may, before such expiry, make an offer or agreement which would or might require ordinary shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares and grant rights to subscribe for or convert any securities into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

2. **THAT** (conditional upon the passing of the Ordinary Resolution numbered 1 above) the Directors be and they are hereby generally and unconditionally empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the general authority conferred by Ordinary Resolution numbered 1 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with an offer of such securities by way of a rights issue, open offer or any other pre-emptive offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - (b) otherwise than pursuant to sub-paragraph (a) above, up to an aggregate nominal amount of £812,605.87

provided that this power shall expire on the earlier of 30 June 2013 or the conclusion of the Company's next Annual General Meeting unless revoked or renewed before such date, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted pursuant to this resolution after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired. This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot shares and grant rights to subscribe for or convert any

securities into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such powers.

Dated: 14 December 2012

Registered Office:
15 Upper Grosvenor Street
London
W1K 7PJ

By Order of the Board
Nigel Everest
Secretary

Notes:

1. Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote in their place. A proxy need not be a shareholder of the Company.
2. Shareholders may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. Shareholders may not appoint more than one proxy to exercise rights attached to any one share. Shareholders should contact the Company's Registrars, Computershare Investor Services PLC, if they wish to appoint more than one proxy or they should photocopy the Form of Proxy.
3. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes "For" and "Against" a resolution.
4. A Form of Proxy is enclosed with this document, and members who wish to use it should see that it is deposited, duly completed, with the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 48 hours before the time fixed for the General Meeting (or any adjournment thereof) weekends and bank holidays excluded.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 6.00 pm on 4 January 2013 shall be entitled to attend or vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 pm on 4 January 2013 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.

To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted and received by Computershare Investor Services PLC (Participant ID 3RA50) by no later than 48 hours before the time fixed for the meeting (or any adjournment thereof) weekends and bank holidays excluded. The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare Investor Services PLC is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Completion and return of a Form of Proxy will not preclude members from attending or voting in person at the General Meeting if they so wish.

7. As at 6.00 p.m. on the date immediately prior to this notice, the Company's issued share capital comprised 812,605,878 Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at 6.00 p.m. on the date immediately prior to this notice is 812,605,878.