

Patagonia Gold PLC : Placing and Subscription

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Patagonia Gold PLC

04 May 2010

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

Placing and Subscription to raise £13m

Patagonia Gold plc, the South American mining exploration company focussed on the Santa Cruz province of Argentina, is pleased to announce the completion of a placing ("the Placing") of 80,000,000 new ordinary shares of 1 pence each in the Company ("Placing Shares") and a subscription ("the Subscription") of 1,250,000 new ordinary shares of 1 pence each in the Company (together the "New Ordinary Shares") each at a price of 16 pence per ordinary share to raise £13 million before expenses. The Placing Shares were placed by the Company's broker, Matrix Corporate Capital LLP ("Matrix"), with new and existing shareholders of the Company at a discount of approximately 6% to the closing midmarket share price of 17 pence on Friday 30 April, the last business day prior to this announcement.

The net proceeds of the Placing and Subscription will be used to advance the Company's exploration and development projects in Patagonia, to commence work on a trial heap leach operation at the Lomada de Leiva gold project and for general working capital purposes. On 16 April 2010 the Company announced that the State Secretariat of Mining of the Province of Santa Cruz, Argentina, issued the necessary permit for the proposed trial heap leach operation.

New Ordinary Shares were subscribed for by William Humphries, Carlos Miguens and Gonzalo Tanoira, each a Director of the Company, and their discloseable interests are as set out below.

<i>Director</i>	<i>New Ordinary Shares subscribed</i>	<i>Shareholding immediately following admission</i>	<i>Percentage of enlarged issued share capital</i>
William Humphries	1,250,000	14,417,667	2.14
Carlos Miguens	4,140,625	96,656,001	14.32
Gonzalo Tanoira	82,813	6,754,960	1.00

The New Ordinary Shares will represent 12.04 per cent. of the enlarged issued share capital of the Company and the Placing and Subscription are conditional on admission of the New Ordinary Shares to trading on AIM ("Admission").

The New Ordinary Shares will rank *pari passu* in all respects with the existing ordinary shares of the Company. Application will be made for Admission and it is expected that Admission will become effective and dealings in the New Ordinary Shares will commence at 8:00 a.m. on Monday 10 May 2010. Following the Placing and Subscription, the Company will have 675,102,783 ordinary shares in issue.

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