

Patagonia Gold PLC : Subscription to raise ?6.2m

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Patagonia Gold PLC

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27 February 2013

**PATAGONIA GOLD PLC
("Patagonia Gold" or the "Company")**

Subscription to raise £6.2m

Patagonia Gold (AIM: PGD, TSX: PAT) is pleased to announce it has raised gross proceeds of approximately £6.2 million (approximately US\$9.4 million) through a subscription (the "Subscription") of 41,196,687 new ordinary shares of 1p each in the Company (the "Subscription Shares") each at a price of 15 pence per Subscription Share (the "Issue Price"). The Issue Price represents a discount of approximately 3.23 per cent. to the closing middle market price of 15.5 pence per ordinary share on 26 February 2013, being the last trading day prior to this announcement.

The net proceeds of the Subscription will be used to fund exploration and drilling expenditure on the Cap-Oeste and COSE projects in Argentina and to provide general working capital for the Company.

Subscription Shares were subscribed for by Carlos Miguens and William Humphries, each a Director of the Company, and their disclosable interests are as set out below.

<i>Director</i>	<i>Subscription Shares subscribed</i>	<i>Shareholding immediately following Admission</i>	<i>Percentage of enlarged issued share capital</i>
Carlos Miguens	13,117,333	118,072,109	13.83
William Humphries	1,500,000	27,550,541	3.23

The participation of Carlos Miguens and William Humphries in the Subscription is deemed to be a related party transaction under the AIM Rules. The Company's independent Directors consider, having consulted with Strand Hanson Limited, the Company's nominated adviser, that the terms of their participation in the Subscription are fair and reasonable insofar as the Company's shareholders are concerned.

The Subscription Shares will represent 4.82 per cent. of the enlarged issued share capital of the Company and the Subscription is conditional on admission of the Subscription Shares to trading on AIM ("Admission").

The Subscription Shares will rank *pari passu* in all respects with the existing ordinary shares of the Company. Application

has been made to the London Stock Exchange for Admission of the Subscription Shares and application has been made to list the Subscription Shares on the Toronto Stock Exchange. It is expected that Admission will become effective and dealings in the Subscription Shares to trading on AIM will commence at 8:00 a.m. on 5 March 2013. Following the Subscription, the Company will have 853,827,565 ordinary shares in issue. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company, under the Disclosure and Transparency Rules.

Cautionary Statement Regarding Forward-Looking Information

This news release includes certain information that may constitute "forward-looking information" under applicable securities legislation. Forward looking information includes, but is not limited to, statements about the expected closing of the Subscription, the admission of the Subscription Shares to trading and the use of proceeds from the Subscription. Forward-looking information is necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the risks identified in the Company's public disclosure, the risk that regulatory approvals required in connection with the Subscription may not be received and the risk that other conditions of the Subscription may not be met. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

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