

## Proposed Capital Reorganisation and Notice of AGM

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Patagonia Gold PLC

12 April 2018

### **Patagonia Gold Plc**

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

**Proposed Capital Reorganisation and**

**Notice of Annual General Meeting**

Patagonia Gold Plc (AIM: PGD.L), the mining company with gold and silver projects in the southern Patagonia region of Argentina, Chile and Uruguay, announces a proposed capital reorganisation of the Company's existing ordinary share capital ("Capital Reorganisation").

The effect of the proposed Capital Reorganisation will be to reduce the number of Ordinary Shares in issue by a factor of 100, whilst increasing the trading price of the Company's New Ordinary Shares. A Sub-Division (as defined below) of the Existing Ordinary Shares will be undertaken as part of the Capital Reorganisation to ensure that following completion of the Consolidation the nominal value of each New Ordinary Share is 1 pence.

The Capital Reorganisation will consist of the following steps:

- the issue of 16 new Ordinary Shares, such shares to be issued to ensure the Company's issued share capital is exactly divisible by 100 and to finance the buy-back of the Deferred Shares created as part of the Sub-Division (defined below);
- the amendment of the Articles to set out the rights and restrictions attaching to the Deferred Shares;
- the sub-division of each Existing Ordinary Share of 1 pence each into one Interim Ordinary Share of 0.01 pence and one Deferred Share of 0.99 pence ("Sub-Division");
- the consolidation of every 100 Interim Ordinary Shares of 0.01 pence each into one New Ordinary Share of 1 pence ("Consolidation");
- the sale of all Fractional Entitlements arising on the Consolidation; and
- the buy-back of all of the Company's Deferred Shares of 0.99 pence each, which will then be cancelled.

As at 11 April 2018 (being the latest practicable date prior to this announcement), the Company had 2,363,474,884 Existing Ordinary Shares in issue, having a mid-market price per Existing Ordinary Share at the close of business on such date of 1.70 pence. The Directors believe the Capital Reorganisation is necessary to improve the marketability of the Company's ordinary shares by creating a higher trading price per ordinary share. With shares of a low market price, small absolute movements in the share price can represent large percentage movements, resulting in volatility.

Further, a public quoted company is unable to issue shares for less than the nominal value of its ordinary shares. As the Company's share price has been trading at or around its nominal value, the Directors are also mindful that, without the Capital Reorganisation, the Company may not be able to raise funds as opportunities present themselves. The purpose of the Sub-Division is to retain a low nominal value of the shares, similar to the Existing Ordinary Shares.

The Board is therefore of the view that the Capital Reorganisation would benefit the Company and its Shareholders to reduce the number of Existing Ordinary Shares in issue, whilst increasing the trading price of the Company's New Ordinary Shares.

Further details of the Capital Reorganisation will be set out in a circular to Shareholders containing the notice of annual general meeting ("AGM") of the Company and Form of Proxy ("Circular"), which is expected to be posted shortly. The Circular will also contain details about proposed amendments to the Company's Share Option Plan. Capitalised terms not otherwise defined herein shall have the same meaning given to such terms in the Circular.

The Capital Reorganisation will be subject to the approval of Shareholders at the AGM which is being held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH at 11.00 a.m. on 9 May 2018. If the resolutions are approved, trading in the New Ordinary Shares is expected to begin at 8.00 a.m. on 10 May 2018.

Following completion of the Capital Reorganisation it is expected that the Company will have in issue 23,634,749 New Ordinary Shares of 1 pence each in nominal value. The New Ordinary Shares will have the same rights and benefits as the Existing Ordinary Shares. Each Shareholder who holds 100 or more Existing Ordinary Shares will be issued with New Ordinary Shares. Such Shareholder's proportionate interest in the Company's issued Ordinary Share capital will remain unchanged as a result of the proposed Capital Reorganisation, other than for small changes that may arise from the rounding for Fractional Entitlements.

#### **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Circular posted to Shareholders	12 April 2018
Latest time and date for receipt of Forms of Proxy	11.00 am on 7 May 2018
Annual General Meeting	11.00 am on 9 May 2018
Additional 16 Ordinary Shares issued	9 May 2018
Record Date	6.00 pm on 9 May 2018
Expected date on which New Ordinary Shares will be admitted to trading on AIM	8.00 am on 10 May 2018
Expected date on which CREST accounts will be credited with New Ordinary Shares	10 May 2018
Expected date by which definitive new share certificates are to be despatched	by 24 May 2018

#### **For more information, please contact:**

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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