

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action you should take and if you are in the UK you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 as amended. If you are outside the UK you should immediately consult another appropriate authorised independent professional adviser.

If you have sold or transferred all your Existing Ordinary Shares, please send this document, but not the accompanying Form of Proxy, at once to the purchaser or transferee, or to the bank or other agent through or to whom the sale or transfer was effected for transmission to the purchaser or transferee.

Application will be made for the New Ordinary Shares arising from the Capital Reorganisation to be admitted to trading on AIM. It is expected that admission will become effective and that dealings in the New Ordinary Shares will commence on 10 May 2018.

Patagonia Gold Plc

(Incorporated in England and Wales with registered number 3994744)

Notice of Annual General Meeting

including

Proposed Capital Reorganisation, proposed amendments to the articles of association of the Company and proposed amendments to the Share Option Plan

Your attention is drawn to the letter from the Chairman of the Company that is set out on pages 6 to 13 of this document which recommends you to vote in favour of the Resolutions to be proposed at the Annual General Meeting of the Company referred to below.

Notice of the Annual General Meeting of the Company to be held at 11.00 am on 9 May 2018 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH is set out at the end of this document.

Whether or not you intend to be present at the Annual General Meeting, please complete and return the Form of Proxy enclosed with this document as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services PLC, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, for and on behalf of the Company Secretary, as soon as possible but in any event not later than 11.00 am on 7 May 2018 (or 48 hours prior to any adjourned meeting). Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting.

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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

EQUITY STATISTICS

Conversion ratio of Existing Ordinary Shares to New Ordinary Shares	100 Existing Ordinary Shares to 1 New Ordinary Share
Number of Existing Ordinary Shares immediately prior to the Capital Reorganisation*	2,363,474,900
Total expected number of New Ordinary Shares in issue following the Capital Reorganisation and Buy-Back	23,634,749
Total expected number of Deferred Shares to be cancelled immediately following the Capital Reorganisation and Buy-Back	2,363,474,900
Nominal value per New Ordinary Share following the Capital Reorganisation	1 pence
ISIN code for the New Ordinary Shares	GB00BF5B8R55
SEDOL for the New Ordinary Shares	BF5B8R5

*comprises the 2,363,474,884 Existing Ordinary Shares in issue as at the date hereof and the 16 additional Ordinary Shares to be issued prior to the Capital Reorganisation

DEFINITIONS

In this document and in the accompanying Form of Proxy, the following words and expressions shall, except where the context requires otherwise, have the following meanings:

“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules, expected to be on or around 10 May 2018
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the rules applicable to AIM companies, as published by the London Stock Exchange from time to time
“Annual General Meeting”	the Annual General Meeting of the Company to be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH at 11.00 am on 9 May 2018, notice of which is set out at the end of this document
“Articles”	the articles of association of the Company from time to time
“Board” or “Directors”	the board of directors of the Company
“Buy-Back”	the buy-back by the Company of the Deferred Shares pursuant to the terms of the Buy-Back Agreement
“Business Day”	a day when banks in the City of London are open for business (excluding Saturdays, Sundays and public holidays)
“Buy-Back Agreement”	the agreement to be entered into between the holders of the Deferred Shares (acting by a Director as their attorney) and the Company for the repurchase of the Company’s Deferred Shares
“Cancellation”	the proposed cancellation of all of the Deferred Shares following completion of the Buy-Back
“Capital Reorganisation”	the Sub-Division, the Consolidation, the Buy-Back and the Cancellation, together with the passing of the Reorganisation Resolutions and such other matters necessary to give effect to the same
“certificated”	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
“the Company”	Patagonia Gold Plc
“Consolidation”	the proposed consolidation of the Company’s ordinary share capital pursuant to which every 100 Interim Ordinary Shares will be consolidated into 1 New Ordinary Share pursuant to Resolution 8 as set out in the Notice of Annual General Meeting
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form operated by Euroclear UK & Ireland Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 1/3755), as amended from time to time
“Daily Official List”	the daily official list of the London Stock Exchange
“Deferred Share”	the deferred shares of 0.99 pence each in the capital of the Company arising pursuant to the Sub-Division

“Existing Ordinary Shares”	the existing Ordinary Shares in issue immediately prior to the Capital Reorganisation
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders in connection with the Annual General Meeting
“Fractional Entitlement”	a fractional entitlement to a New Ordinary Share arising on the Consolidation
“Fractional Shareholder”	any Shareholder who would otherwise be entitled to a fraction of a New Ordinary Share in respect of their holding of Existing Ordinary Shares at the Record Date
“Group”	the Company and its subsidiary undertakings
“Interim Ordinary Shares”	the interim ordinary shares of 0.01 pence each in the capital of the Company arising pursuant to the Sub-Division
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the new ordinary shares of 1 pence each in the capital of the Company arising on consolidation of the Interim Ordinary Shares
“Option”	a right to acquire ordinary shares of the Company granted under the Share Option Plan or pursuant to a Share Option Deed
“Optionholders”	holders of Options
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company prior to the Capital Reorganisation
“Record Date”	6.00 pm on 9 May 2018 (or such other time and date as the Directors may determine)
“Reorganisation Resolutions”	Resolutions 6 to 9 (inclusive)
“Resolutions”	the resolutions to be proposed at the Annual General Meeting as set out in the Notice of Annual General Meeting at the end of this document
“Shareholder”	a holder of Existing Ordinary Shares
“Share Option Deed”	a deed or agreement, pursuant to which a right to acquire ordinary shares in the capital of the Company has been granted by the Company to any individual or entity other than under the terms of the Share Option Plan
“Share Option Plan”	the Patagonia Gold Plc Unapproved Executive Share Option Scheme, adopted by the Board on 1 December 2011
“Share Option Plan Resolution”	Resolution 10
“Sub-Division”	the sub-division of each Existing Ordinary Share into one Interim Ordinary Share and one Deferred Share
“UK”	the United Kingdom of Great Britain and Northern Ireland
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

LETTER FROM THE CHAIRMAN

Patagonia Gold Plc

(incorporated in England and Wales with registered number 3994744)

Directors:

Carlos J. Miguens *(Non-Executive Chairman)*
Christopher van Tienhoven *(Chief Executive Officer)*
Gonzalo Tanoira *(Non-Executive Director)*
Manuel de Prado *(Non-Executive Director)*

Registered Office:

11-12 St. James's Square
London
SW1Y 4LB

12 April 2018

To Shareholders and, for information only, to the Optionholders

Dear Shareholder

ANNUAL GENERAL MEETING, PROPOSED CAPITAL REORGANISATION, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY AND PROPOSED AMENDMENTS TO THE SHARE OPTION PLAN

1 INTRODUCTION

I am writing to inform you that an Annual General Meeting of the Company will be held at 11.00 am on 9 May 2018 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH. In addition, the Company also announced today that it is proposing to implement a Capital Reorganisation comprising a sub-division of each Existing Ordinary Share into one Interim Ordinary Share of 0.01 pence and one Deferred Share of 0.99 pence, immediately followed by a consolidation of the Company's ordinary share capital on the basis of 1 New Ordinary Share for every 100 Interim Ordinary Shares.

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. The Sub-Division of the Existing Ordinary Shares, prior to Consolidation of the Interim Ordinary Shares, will ensure that the nominal value of each New Ordinary Share is 1 pence. The Board considers the Capital Reorganisation to be in the best interests of the Company and its Shareholders, as it believes that the effect of the Capital Reorganisation will be to improve the market liquidity of and trading activity in the Company's New Ordinary Shares.

The Company also wishes to propose amendments to the rules of the Share Option Plan to remove certain provisions that were originally included in the Share Option Plan when the ordinary shares in the capital of the Company were listed on the Toronto Stock Exchange and to improve the ease of administering and operating the Share Option Plan.

The purpose of this document is to provide you with information about the Capital Reorganisation and the proposed amendments to the Share Option Plan that have been considered by the Board and to explain why the Board considers the Capital Reorganisation and the proposed amendments to the Share Option Plan to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the Annual General Meeting, notice of which is set out at the end of this document.

Implementation of the Capital Reorganisation is conditional upon the approval of the Reorganisation Resolutions by Shareholders at the Annual General Meeting. The necessary Reorganisation Resolutions to implement the Capital Reorganisation are included as special business as part of the Annual General Meeting. Not all of the amendments that are proposed to be made to the Share Option Plan require Shareholder approval. However, the Board considers that, in the interests of transparency, all amendments that are proposed to be made to the Share Option Plan will be subject to the approval of the Share Option Plan Resolution by Shareholders at the Annual General Meeting.

The Notice of the Annual General Meeting is set out at the end of this document. If the Reorganisation Resolutions are passed at the Annual General Meeting, Admission of the New Ordinary Shares is expected to occur on or around 10 May 2018. If the Share Option Plan Resolution is passed at the Annual General Meeting, the proposed amendments to the Share Option Plan will take effect from the date of the Annual General Meeting.

It is important that you complete, sign and return the Form of Proxy for use at the Annual General Meeting enclosed with this document whether or not you intend to attend the meeting.

2 ANNUAL GENERAL MEETING – ORDINARY BUSINESS

Attached at the end of this document is a formal notice convening the Annual General Meeting to be held at 11.00 am on 9 May 2018 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH, with the following agenda, to consider, and if thought fit, pass the following Resolutions:

- to receive and, if approved, adopt the financial statements of the Company for the year ended 31 December 2017 and the reports of the Directors and auditor thereon (Resolution 1 – Ordinary Resolution);
- to re-elect Christopher van Tienhoven, who retires by rotation, as a Director of the Company (Resolution 2 – Ordinary Resolution);
- to re-appoint Grant Thornton UK LLP as auditor to the Company (Resolution 3 – Ordinary Resolution);
- to authorise the Directors to allot equity securities up to an aggregate nominal amount of, prior to completion of the Capital Reorganisation, £7,878,250 and following completion of the Capital Reorganisation, £78,782.50 (Resolution 4 – Ordinary Resolution); and
- subject to the passing of Resolution 4, to disapply statutory pre-emption rights, provided that such authority shall be limited to, *inter alia*, the allotment of equity securities up to an aggregate nominal amount of, prior to completion of the Capital Reorganisation, £2,363,475 and following completion of the Capital Reorganisation, £23,634.75 (Resolution 5 – Special Resolution).

Resolutions 1 to 4 (inclusive) are ordinary resolutions and require a simple majority of the votes cast on those Resolutions to be in favour of the Resolutions. Resolution 5 is a special resolution and requires approval by not less than 75 per cent. of the votes cast on that Resolution.

3 PROPOSED CAPITAL REORGANISATION

As at 11 April 2018 (being the latest practicable date prior to the publication of this document), the Company had 2,363,474,884 Existing Ordinary Shares in issue, with an Existing Ordinary Share having a mid-market price at the close of business on such date (as derived from the Daily Official List) of 1.70 pence per Existing Ordinary Share. 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.

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;
- 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;
- the consolidation of every 100 Interim Ordinary Shares of 0.01 pence each into one New Ordinary Share of 1 pence;
- 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.

Subscription

To facilitate the Buy-Back, it will be necessary to first issue a single Ordinary Share for the purpose of financing the Buy-Back (as described further below). In addition to the Ordinary Share to be issued to finance the Buy-Back, the Company also intends to issue a further number of Ordinary Shares (anticipated to be 15 additional Ordinary Shares and accordingly, including the single Ordinary Share for the purpose of financing the Buy-Back, 16 Ordinary Shares in aggregate) prior to the Record Date, so as to ensure that the total number of Ordinary Shares in issue immediately prior to completion of the Capital Reorganisation is exactly divisible by 100.

Subject to the passing of the Reorganisation Resolutions, the additional Ordinary Shares will be issued on 9 May 2018 at a subscription price per Ordinary Share of 1.70 pence (being the closing middle market price of an Ordinary Share on 11 April 2018, being the latest practicable date prior to publication of this document).

Amendment of Articles

The Articles will need to be amended to set out the rights and restrictions attaching to the Deferred Shares.

The rights attaching to the Deferred Shares will be minimal and such shares will not carry any voting or dividend rights and will only be entitled to a payment on a return of capital (whether by winding up or otherwise) after an amount of £10,000,000 has been paid in respect of each New Ordinary Share (an extremely remote possibility). The Deferred Shares will not be listed or admitted to trading on AIM (nor any other stock market) and will not be transferable without the prior written consent of the Company.

The holders of the Deferred Shares shall be deemed to have conferred the irrevocable authority on the Company at any time to: (i) appoint any person, for and on behalf of such holder, to, *inter alia*, transfer some or all of the Deferred Shares (without making any payment therefor) to such person(s) as the Company may determine (including without limitation the Company itself); and (ii) repurchase or cancel such Deferred Shares without obtaining the consent of the holders thereof. In addition, the Company may repurchase all of the Deferred Shares, at a price not exceeding one pence in aggregate.

A copy of the Articles, marked up to show the changes being proposed, will be available for inspection free of charge during normal business hours on any Business Day at the Company's registered office, 11-12 St. James's Square, London SW1Y 4LB from the date of this document until the time of the Annual General Meeting and at the place of Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

Resolution 6 in the Notice of Annual General Meeting, a special resolution, proposes the necessary amendments to the Articles.

The Sub-Division

It is proposed to sub-divide each Existing Ordinary Share of 1 pence into 1 Interim Ordinary Share of 0.01 pence in nominal value and 1 Deferred Share of 0.99 pence in nominal value. Assuming an issued share capital immediately prior to the Annual General Meeting of 2,363,474,900 Existing Ordinary Shares of 1 pence each in nominal value, this will result in 2,363,474,900 Interim Ordinary Shares of 0.01 pence each in nominal value and 2,363,474,900 Deferred Shares of 0.99 pence each in nominal value being in issue immediately following the Sub-Division. The Sub-Division of the issued Existing Ordinary Shares will not, of itself, affect the value of any shareholding, as the number of Interim Ordinary Shares held by each Shareholder will be equal to the number of Existing Ordinary Shares held by each Shareholder immediately prior to the Sub-Division.

No certificates will be issued in respect of the Interim Ordinary Shares, which will be consolidated by the Company or the Deferred Shares, which will be bought back by the Company and cancelled.

Resolution 7, an ordinary resolution, proposes the Sub-Division of all of the Company's Existing Ordinary Shares.

The Consolidation and sale of Fractional Entitlements

In order to avoid the Capital Reorganisation having an effect on the nominal value of the Company's Ordinary Shares, the Board is proposing that, immediately following the Sub-Division, the Interim Ordinary Shares of 0.01 pence each in nominal value are consolidated on a 100-for-1 basis such that every 100 Interim Ordinary Shares of 0.01 pence each are consolidated into and redesignated as 1 New Ordinary Share of 1 pence each in nominal value.

If Resolution 8 is approved, unless your holding of Existing Ordinary Shares is exactly divisible by 100, you will be left with a Fractional Entitlement to the redesignated New Ordinary Shares.

Assuming an issued share capital immediately prior to the Annual General Meeting of 2,363,474,900 Existing Ordinary Shares of 1 pence each in nominal value, following completion of the Sub-Division, the effect of the Consolidation will be as follows:

- 23,634,749 New Ordinary Shares of 1 pence each in nominal value (so an aggregate nominal value of New Ordinary Shares of £236,347.49); and
- 2,363,474,900 Deferred Shares of 0.99 pence each in nominal value (so an aggregate nominal value of Deferred Shares of £23,398,401.51).

No Shareholder will be entitled to a fraction of a New Ordinary Share and where, as a result of the Consolidation, any Shareholder would otherwise be entitled to a fraction of a New Ordinary Share in respect of their holding of Existing Ordinary Shares at the Record Date (a "Fractional Shareholder"), such fractions shall be aggregated with the fractions of New Ordinary Shares to which other Fractional Shareholders of the Company may be entitled so as to form full New Ordinary Shares and sold in the market. The costs (including the associated professional fees and expenses) that would be incurred in distributing such proceeds to the Fractional Shareholders are likely to exceed the total net proceeds distributable to such Fractional Shareholders. In the Board's view, any such costs would therefore be disproportionate in the circumstances. In addition, Article 18 of the Articles authorises the Directors to make such arrangements as may be thought fit for the sale of such shares or any fractions thereof and for the distribution among the persons entitled thereto of the net proceeds of such sale. Given that the mid-market price (as derived from the Daily Official List) of the Existing Ordinary Shares at the close of business on 11 April 2018 was 1.70 pence per Existing Ordinary Share, the Board therefore considers it unlikely that any Fractional Shareholders would become entitled to receive any proceeds arising from the sale of New Ordinary Shares formed by the aggregation of fractions of New Ordinary Shares. The Board has consequently decided that proceeds arising from the sale of New Ordinary Shares formed by the aggregation of fractions of New Ordinary Shares will be retained for the benefit of the Company in accordance with the Resolution.

Resolution 8, an ordinary resolution, makes provision for the Consolidation and sale of the Fractional Entitlements.

Buy-Back and Cancellation of Deferred Shares

Subject to completion of the Sub-Division, the Deferred Shares will be bought back by the Company and cancelled. The Buy-Back will be funded out of the proceeds of the new issue of one Ordinary Share which is being issued for the purpose of financing the Buy-Back of the Deferred Shares.

The Deferred Shares will not entitle holders to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution or to participate in any return of capital on a winding up (other than the nominal amount paid on such shares following a very substantial distribution to the holders of New Ordinary Shares). Accordingly, the Deferred Shares will, for all practical purposes, be valueless. No application will be made to the London Stock Exchange for admission of the Deferred Shares to trading on AIM nor will any such application be made to any other exchange.

The Board can see no reason for the Deferred Shares (assuming implementation of the proposed Capital Reorganisation) to remain on the balance sheet and recommends that the Deferred Shares are purchased by the Company following completion of the Sub-Division.

Under the provisions of the Articles (as amended by Resolution 6), the Company has the power to buy back all the Deferred Shares for 1 pence in aggregate. In addition, the Company has the power to appoint anyone to sign the Buy-Back Agreement on behalf of all the holders of the Deferred Shares and the Company proposes that any one of its Directors be authorised to carry out this function.

The Buy-Back Agreement between the holders of the Deferred Shares (acting by a Director as their attorney) and the Company provides for the purchase of the Deferred Shares by the Company and the Deferred Shares will then be cancelled.

Pursuant to the provisions of the Companies Act 2006, a copy of the Buy-Back Agreement will, from the date of this document, be available for inspection free of charge during normal business hours on any Business Day at the Company's registered office until the date of the Annual General Meeting. A copy of the Buy-Back Agreement will also be available for inspection at the Annual General Meeting.

The Buy-Back is conditional upon Shareholder approval. At the Annual General Meeting, Shareholders will be asked to approve, if thought fit, the Buy-Back Agreement pursuant to Resolution 9, an ordinary resolution.

Resulting share capital

The New Ordinary Shares arising on implementation of the Capital Reorganisation will have the same rights as the Existing Ordinary Shares, including in respect of voting rights, entitlement to dividends and other rights. The issued share capital of the Company on Admission immediately following the Consolidation and the Sub-Division and the Buy-Back is expected to comprise 23,634,749 New Ordinary Shares of 1 pence each in nominal value, which will be equal to the number of Existing Ordinary Shares immediately prior to the Consolidation and Sub-Division divided by 100.

Effects of the Proposed Capital Reorganisation on Share Options

The rules of the Share Option Plan and the terms of the Share Option Deeds provide that, in the event of any consolidation of the share capital of the Company, the number of Ordinary Shares subject to an Option and/or the exercise price payable on exercise of an Option may be adjusted by the Board in such manner as the Board may determine to be appropriate. Additionally, in the case of the Share Option Plan, any such proposed adjustment is required to be confirmed in writing by the Company's auditor (acting as experts and not as arbitrators) as being, in their opinion, fair and reasonable. Such confirmation has been obtained from the Company's auditor.

Accordingly, to reflect the Capital Reorganisation, the Board is proposing to reduce the number of shares that are subject to outstanding Options by a multiple of 100 and increase the option exercise price by the same multiple. Any fractional entitlement to shares will be rounded down. The overall amount payable by an Optionholder looking to exercise his Option after the Capital Reorganisation will remain the same and the proportion of the issued share capital over which an Option is subsisting will also remain the same.

By way of example, an Option to acquire 50,000 Existing Ordinary Shares with an exercise price of 2 pence per Existing Ordinary Share will be adjusted in accordance with the Capital Reorganisation to be an Option to acquire 500 New Ordinary Shares with an exercise price of 200 pence per New Ordinary Share.

Notice of any adjustments to outstanding Options will be sent to individual Optionholders as soon as reasonably practicable following the date on which any such adjustment shall take effect.

4 PROPOSED AMENDMENTS TO THE SHARE OPTION PLAN

The rules of the Share Option Plan contain provisions that were relevant to the Company when its ordinary shares were also listed on the Toronto Stock Exchange. In addition, the rules of the Share Option Plan contain provisions which are not relevant to companies listed on AIM and which, if removed, would facilitate better the administration and operation of the Share Option Plan.

The key amendments that are proposed to be made to the rules of the Share Option Plan are summarised as follows:

- A. The definition of "Employee" currently includes non-executive directors, consultants and contractors. It is proposed that the definition of "Employee" be amended so that contractors, non-executive directors and consultants are not eligible to be granted Options pursuant to the Share Option Plan. By limiting the categories of individuals that can be granted Options to *bona fide* employees of the Company or any of its subsidiaries, the Share Option Plan should qualify as an "employees' share scheme" as defined in the Companies Act 2006.
- B. The rules of the Share Option Plan currently include an individual limit on participation which provides that Options cannot be granted to an individual in circumstances where to do so would mean the individual has been granted options during the financial year in which the Option is granted over Shares with a value exceeding his annual remuneration. There is no requirement to include such a limitation in the rules of the Share Option Plan and therefore it is proposed that this rule be deleted in its entirety.
- C. The rules of the Share Option Plan currently provide that in calculating the limit on the number of Shares that may be issued under the Share Option Plan and other share incentive arrangements, Options that have been granted otherwise than under the Share Option Plan and that have lapsed or been surrendered still need to be counted. It is proposed that this rule be amended to clarify that Options that have been granted pursuant to arrangements other than the Share Option Plan (for example, the Share Option Deeds) and that have lapsed or been surrendered no longer count towards the overall dilution limit.
- D. The rules of the Share Option Plan provide that auditors must confirm in writing that any adjustment made to subsisting Options on a reorganisation of the Company's share capital is fair and reasonable. As there is no legal requirement for auditors to give this confirmation, it is proposed that this requirement be removed.
- E. The rules of the Share Option Plan provide that prior shareholder approval is required for particular specified amendments to the rules of the Share Option Plan. It is proposed that this rule be amended so that only amendments to the overall limit on the number of Shares that can be subject to Option and amendments to the rule that deals with amendments to the Share Option Plan require prior Shareholder approval.
- F. Rules that have been included as a result of the Company's shares historically being listed on the Toronto Stock Exchange are no longer necessary and therefore these rules are proposed to be deleted.
- G. References to the Model Code are not relevant to the Company and it is proposed that these references be removed and replaced with references to the Company's share dealing code.
- H. Some minor drafting amendments are proposed to better facilitate the administration of the Share Option Plan.

Whilst not all of the proposed amendments to the Share Option Plan require approval by Shareholders the Board is of the view that it would be preferable for all of the proposed amendments, as summarised above and as set out in the amended rules of the Share Option Plan which are produced in draft to the Annual General Meeting and, for the purposes of identification, initialled by the Chairman, to be the subject of a resolution of the Shareholders.

If approved, these amendments shall apply to all outstanding Options and future Options.

A copy of the rules of the Share Option Plan, marked up to show the changes being proposed, will be available for inspection free of charge during normal business hours on any Business Day at the Company's registered office, 11-12 St. James's Square, London SW1Y 4LB from the date of this document until the time of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

Resolution 10 in the Notice of Annual General Meeting, an ordinary resolution, proposes the necessary amendments to the rules of the Share Option Plan.

5 APPLICATION AND ADMISSION TO AIM

Conditional upon the Reorganisation Resolutions being passed by Shareholders at the Annual General Meeting, application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange. Following the Consolidation, the new ISIN for the New Ordinary Shares will be GB00BF5B8R55 and the new SEDOL will be BF5B8R5.

Subject to the Reorganisation Resolutions being passed, dealings in the Existing Ordinary Shares will cease at the close of business on the date of the Annual General Meeting. Admission and dealings in the New Ordinary Shares are expected to commence on the following Business Day. Shareholders will be able to trade in the New Ordinary Shares during the period between Admission and the date on which Shareholders receive share certificates in respect of the New Ordinary Shares. During this period and pending the issue of certificates, transfers will be certified against the Company's share register.

6 SHARE CERTIFICATES AND CREST

If you hold a share certificate in respect of your Existing Ordinary Shares in the Company, your certificate will no longer be valid from the time that the proposed Capital Reorganisation becomes effective. If you hold more than 99 Existing Ordinary Shares on the Record Date, you will be sent a new share certificate evidencing the New Ordinary Shares to which you are entitled under the Capital Reorganisation. Such certificates are expected to be despatched by not later than 24 May 2018. Upon receipt of the new certificate, you should destroy any old certificates.

If you hold your Existing Ordinary Shares in uncertificated form, you should expect to have your CREST account credited with the New Ordinary Shares to which you are entitled under the Capital Reorganisation on 10 May 2018, or as soon as practicable after the Capital Reorganisation becomes effective. Existing Ordinary Shares credited to any stock account in CREST will be disabled and all Existing Ordinary Shares will be removed from CREST in due course.

7 SHAREHOLDER APPROVAL

Details of the ordinary business to be considered at the AGM is detailed in paragraph 2 above.

Approval of Shareholders at the Annual General Meeting is required in order to approve and give effect to the Capital Reorganisation and the amendments to the rules of the Share Option Plan. You will therefore find set out at the end of this document a notice convening the Annual General Meeting to be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH at 11.00 am on 9 May 2018 which in addition to the usual ordinary business includes, as special business, the following Resolutions:

- to amend the Company's existing Articles to create the class of Deferred Shares with the rights detailed therein (Resolution 6 – Special Resolution);
- to approve the Sub-Division of each Existing Ordinary Share of 1 pence each in the capital of the Company into one Interim Ordinary Share of 0.01 pence and one Deferred Share of 0.99 pence. This resolution is conditional upon the passing of Resolution 6 and will take effect from the Record Date (Resolution 7 – Ordinary Resolution);

- to approve the Consolidation of every 100 Interim Ordinary Shares of 0.01 pence each into 1 New Ordinary Share of 1 pence each. This resolution is conditional upon the passing of Resolutions 6 and 7 and upon Resolution 7 becoming effective and will take effect from the Record Date (Resolution 8 – Ordinary Resolution);
- to approve the repurchase of the Deferred Shares pursuant to the terms of a Buy-Back Agreement laid before the Annual General Meeting and pursuant to which the Company will buy back all of the Deferred Shares. This resolution is conditional upon the passing of Resolutions 6, 7 and 8 and upon Resolutions 7 and 8 becoming effective and will take effect from the Record Date (Resolution 9 - Ordinary Resolution); and
- to approve the amendments to the rules of the Share Option Plan (Resolution 10 – Ordinary Resolution).

Resolution 6 is a special resolution and requires approval by not less than 75 per cent. of the votes cast on that Resolution. Resolutions 7 to 10 (inclusive) are ordinary resolutions and require a simple majority of the votes cast on those Resolutions to be in favour of the Resolutions.

8 ACTION TO BE TAKEN

Whether or not you intend to be present at the Annual General Meeting, please complete and return the Form of Proxy enclosed with this document as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services PLC, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, for and on behalf of the Company Secretary, as soon as possible but in any event not later than 11.00 am on 7 May 2018 (or 48 hours prior to any adjourned meeting). Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting, if they so wish.

9 RECOMMENDATION

The Directors consider that the Capital Reorganisation and the amendments to the rules of the Share Option Plan are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings of 1,297,888,619 Existing Ordinary Shares, representing approximately 54.91 per cent. of the Company's existing issued ordinary share capital.

Yours faithfully

Carlos J. Miguens
Non-Executive Chairman

Patagonia Gold Plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Patagonia Gold Plc (the “**Company**”) will be held at 11.00 am on 9 May 2018 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH for the purposes of considering the ordinary and special business set out below and, if thought fit, passing, the Resolutions set out below, which in the case of Resolutions 1 to 4 (inclusive), and 7 to 10 (inclusive) will be proposed as ordinary resolutions and Resolutions 5 and 6 will be proposed as special resolutions.

In this Notice of Annual General Meeting words and defined terms shall have the same meanings as words and defined terms in the document to which this Notice of Annual General Meeting is attached.

ORDINARY BUSINESS

Ordinary Resolutions

- 1 **THAT** the financial statements of the Company for the year ended 31 December 2017 and the reports of the Directors and auditor thereon be received and adopted.
- 2 **THAT** Christopher van Tienhoven, who retires by rotation, be re-elected as a Director of the Company.
- 3 **THAT** Grant Thornton UK LLP be re-appointed as auditor to the Company to hold office from the conclusion of the Meeting until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the auditor’s remuneration.
- 4 **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 subject to the following conditions:
 - 4.1 that the maximum aggregate nominal amount of shares to be allotted in pursuance of such authority shall, prior to completion of the Capital Reorganisation, be £7,878,250 and following completion of the Capital Reorganisation, be £78,782.50; and
 - 4.2 that this authority shall expire on the earlier of 30 June 2019 or the conclusion of the Company’s next Annual General Meeting unless revoked, varied or renewed before that date save that the Company may, before such expiry, make an offer or agreement which would or might require 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

- 5 **THAT**, conditional upon the passing of Resolution 4, the Directors be and they are hereby generally and unconditionally empowered pursuant to Section 570 of the Act to exercise all powers of the Company to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the general authority conferred by resolution 4 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:

- 5.1 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
- 5.2 otherwise than pursuant to paragraph 5.1 above, the allotment of equity securities for cash up to an aggregate nominal amount of, prior to completion of the Capital Reorganisation, £2,363,475 and following completion of the Capital Reorganisation, £23,634.75.

Provided that this authority shall expire on the earlier of 30 June 2019 or the conclusion of the Company's next Annual General Meeting unless revoked, varied 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 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 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 BUSINESS

Special Resolution

- 6 **THAT**, with effect from the conclusion of the Meeting, the Company's existing Articles are hereby amended by:
 - 6.1 The insertion of a definition of "Deferred Shares" as follows: *"deferred shares of 0.99 pence each in the capital of the Company having the rights and being subject to the restrictions set out in these Articles"*;
 - 6.2 The addition of the following wording in article 4 to appear after the words "nominal value of the issued share of the class": *"(save that the quorum for a class meeting of the holders of Deferred Shares shall be any two persons together holding (or representing by proxy) any issued Deferred Shares)"*;
 - 6.3 The addition to the beginning of article 19 as follows: *"Subject to the rights of the Deferred Shares,"*;
 - 6.4 The addition to the end of article 94 as follows: *"Deferred Shares do not have voting rights, save in respect of any resolution of the class of the holders of Deferred Shares in which event each Deferred Share shall carry one vote for the purpose of such class resolution only."*
 - 6.5 The insertion after article 230 of a new article 231 as follows:

"231. Deferred Shares

231.1 Notwithstanding any other provision of these Articles to the contrary, Deferred Shares:

231.1.1 carry no right to payment of any dividend or to receive notice of or to attend, speak or vote at any general meeting of the Company or on a return of capital (whether on a winding up or otherwise) to the repayment of the amount paid up on such Deferred Shares until after the repayment in full of the amount paid up on the Ordinary Shares together with the payment of £10,000,000 on each such Ordinary Share whereupon the Deferred Shares shall carry the right to repayment of the nominal capital paid up thereon and no more; and

231.1.2 shall not be transferable without the consent of the Company.

- 231.2 *Each holder of Deferred Shares shall be deemed to have conferred irrevocable authority on the Company at any time to appoint any person, for and on behalf of such holder, to:*
- 231.2.1 *receive notice of, attend, vote and sign any written resolution of any meeting of the class of Deferred Shares;*
- 231.2.2 *agree and execute any transfer of some or all of the Deferred Shares (without making any payment therefor) and/or agree and execute any agreement to re-purchase or otherwise dispose of some or all of the Deferred Shares, in each case to such person(s) as the Company may determine (including, without limitation, the Company itself);*
- 231.2.3 *purchase or cancel all or any of the Deferred Shares then in issue without obtaining the consent of the holders thereof for not more than one penny for all such Deferred Shares; and/or*
- 231.2.4 *receive any consideration payable upon a transfer or re-purchase made pursuant to Article 231.2.3 above, in each case without obtaining the sanction of the holder, or holders, of such Deferred Shares, and in respect of any transfer and/or purchase to retain the certificate(s) for such Deferred Shares.*
- 231.3 *The Company may at its option re-purchase all of the Deferred Shares then in issue, at a price not exceeding one penny (in aggregate) for all such Deferred Shares redeemed at any one time.*
- 231.4 *The entering into a contract to purchase, and the purchase of, Deferred Shares shall not require the sanction of an extraordinary resolution passed at a meeting of the holders of the Deferred Shares.*
- 231.5 *In the event of any conflict or inconsistency between this Article 231 and any other provision of these Articles, this Article 231 shall prevail in respect of any matter relating to the Deferred Shares."*

Ordinary Resolutions

- 7 **THAT**, with effect from 6.00 pm London time on 9 May 2018 (the "**Record Date**") and conditional upon the passing of Resolution 6, each issued ordinary share of 1 pence each in the capital of the Company (the "**Existing Ordinary Shares**") be sub-divided into one interim ordinary share of 0.01 pence each in the capital of the Company (the "**Interim Ordinary Share**") and one deferred share of 0.99 pence each in the capital of the Company (the "**Deferred Shares**") with such rights attaching to the Interim Ordinary Shares and the Deferred Shares as set out in the Articles.
- 8 **THAT**, with effect from the Record Date and conditional upon the passing of Resolutions 6 and 7 and upon Resolution 7 becoming effective, every 100 Interim Ordinary Shares be consolidated into one ordinary share of 1 pence each in the capital of the Company (the "**New Ordinary Shares**"), each New Ordinary Share having the same rights as an Existing Ordinary Share, as set out in the Articles, provided that where such consolidation results in any member of the Company otherwise being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share which other members of the Company would otherwise be entitled and the Directors be and are hereby authorised to sell (or appoint any other person to sell) to any person, for the benefit of the Company, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable with the proceeds (net of expenses) of such sales of such New Ordinary Shares to be retained by the Company and not to be distributed to members of the Company. For these purposes, any Director (or any person(s) appointed by the Directors) shall be and is hereby authorised to execute an instrument of transfer in respect of all New Ordinary Shares representing such fractions on behalf of the relevant members of the Company and to do all acts and things as the Directors consider necessary or expedient to effect the transfer of such New Ordinary Shares to, or in accordance with the directions of, any buyer of such New Ordinary Shares.

- 9 **THAT**, with effect from the Record Date and conditional upon the passing of Resolutions 6, 7 and 8 and upon Resolutions 7 and 8 becoming effective, the Company be and is hereby generally and unconditionally authorised in accordance with the Articles and generally to make offmarket purchases (within the meaning of Section 693 of the Act) of all of the Deferred Shares in the capital of the Company on the terms of the draft agreement produced to the meeting and initialled by the Chairman for the purposes of identification (the "**Buy-Back Agreement**") the terms of which are hereby approved for the purposes of Section 694 of the Act and generally. The authority conferred hereby shall expire 12 months after the passing of this Resolution.
- 10 **THAT** the rules of the Share Option Plan be and they are hereby amended, as summarised in paragraph 4 of the Chairman's Letter attached to this Notice and the amended rules of which are produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman and the Directors be authorised to do all acts and things which they may consider necessary or desirable to bring such amendments into effect.

Registered Office:
11-12 St. James's Square
London
SW1Y 4LB

By Order of the Board
Vistra Nominees (UK) Limited
Company Secretary

Dated: 12 April 2018

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. Shareholders entitled to attend and vote at the 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 the 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" such resolution.
4. A Form of Proxy is enclosed with this Circular, 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 meeting (or any adjournment thereof) weekends and bank holidays excluded. Completing and posting of the Form of Proxy will not preclude the appointing shareholder from attending and voting in person at the Annual General Meeting should they wish to do so.
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 11.00 am on 7 May 2018 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 11.00 am on 7 May 2018 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.

7. Copies of the Executive Directors' service contracts and non-executive Directors' letters of appointment are available for inspection at the registered office of the Company during usual business hours and will be available on the day of the Annual General Meeting from 10.45 am until the conclusion of the Annual General Meeting.
8. As at 6.00 pm on the date immediately prior to this notice, the Company's issued share capital comprised 2,363,474,884 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 pm on the date immediately prior to this notice is 2,363,474,884.

