

Patagonia Gold PLC : Placing and Subscription

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Patagonia Gold PLC

06 June 2012

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6 June 2012

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

Placing and Subscription to raise £8.0m

Patagonia Gold (AIM: PGD, TSX: PAT) is pleased to announce it has raised, through Mirabaud Securities LLP, gross proceeds of £8.0 million (approximately \$12.29 million) through a placing (the "Placing") of 5,769,000 new ordinary shares of 1p each in the Company (the "Placing Shares") and a subscription (the "Subscription") of 26,231,000 new ordinary shares of 1p each in the Company (together with the Placing Shares, the "New Ordinary Shares") each at a price of 25 pence per New Ordinary Share (the "Issue Price"). The Issue Price represents a discount of approximately 10.7 per cent. to the closing middle market price of 28 pence per ordinary share on 1 June 2012, being the last trading day prior to this announcement and the new shares represent approximately 4.3% of the enlarged issued share capital. The Placing Shares will be subscribed for in accordance with, and subject to, the terms and conditions set out in appendix I to this Announcement.

The net proceeds of the Placing and Subscription will be used to fund the development expenditure for the Lomada de Leiva gold production project, continuing exploration expenditure on the Cap-Oeste project in Argentina and to provide general working capital for the Company.

Pursuant to the Subscription, New Ordinary Shares were subscribed for by certain directors of the Company and persons connected with them, whose discloseable interests are as set out below.

Director	New Ordinary Shares subscribed	Shareholding immediately following admission	Percentage of enlarged issued share capital
Carlos Miguens	1,301,660	104,954,776	13.46
William Humphries	4,103,000	22,996,857	2.95

Commenting on today's announcement, Bill Humphries, CEO of Patagonia Gold, said:

"We are very pleased to have received the continuing strong support from existing shareholders and in particular from the Miguens-Bemberg family of Argentina who show unstinting commitment to our company. We continue to make excellent progress on each of our principal properties and we look forward to achieving our first gold production at Lomada in the second half of this year."

The accompanying investor presentation used for the Placing and Subscription is available on the Company's website: www.patagoniagold.com

Further details on the Placing

The Placing and Subscription are conditional on admission of the New Ordinary Shares to trading on AIM ("Admission"). The New Ordinary Shares will be fully paid and will rank *pari passu* in all respects with the Company's existing ordinary shares 1p each ("Ordinary Shares"). Application has been made to the London Stock Exchange for Admission and application has been made to list the New Ordinary Shares on the Toronto Stock Exchange. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on Monday, 11 June 2012. Following Admission the Company's issued share capital will consist of 779,665,878 Ordinary Shares with voting rights. Patagonia Gold does not hold any Ordinary Shares in treasury.

The aforementioned figure of 779,665,878 Ordinary Shares may be used by shareholders in the Company 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, Patagonia Gold under the Financial Service Authority's Disclosure and Transparency Rules.

The participation of Carlos Miguens (and connected persons) 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 their participation in the Subscription is fair and reasonable insofar as the Company's shareholders are concerned.

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 Placing and Subscription, the admission of the New Ordinary Shares to trading and the use of proceeds from the Placing and 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 Placing and Subscription may not be received and the risk that other conditions of the Placing and 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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Appendix I
TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR PLACEEES ONLY REGARDING THE PLACING.

THIS ANNOUNCEMENT, INCLUDING THE APPENDICES AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL. PERSONS INTO WHOSE POSSESSION THIS ANNOUNCEMENT (INCLUDING THE APPENDICES) COMES ARE REQUIRED BY THE COMPANY AND MIRABAUD SECURITIES TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A SUBSCRIPTION FOR THE PLACING SHARES.

Details of the Placing

Mirabaud Securities has today entered into an agreement with Patagonia Gold (the "Placing Agreement") under which, subject to the conditions set out in that agreement, Mirabaud Securities has agreed to use its reasonable endeavours to procure subscribers for Placing Shares at the Placing Price with certain institutional and other investors.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid following Admission.

Application for admission to trading

Application has been made to the London Stock Exchange for admission of the Placing Shares to trading on AIM and application has been made to list the New Ordinary Shares on the Toronto Stock Exchange. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 11 June 2012.

Participation in, and principal terms of, the Placing

Mirabaud Securities is arranging the Placing as agent for and on behalf of the Company. Mirabaud Securities will determine in its absolute discretion the extent of each Placeree's participation in the Placing, which will not necessarily be the same for each Placeree. The Placing is not underwritten.

Each Placeree will be required to pay to Mirabaud Securities, on the Company's behalf, the Placing Price for each Placing Share agreed to be acquired by it under the Placing in accordance with the terms set out herein. Each Placeree's obligation to acquire and pay for Placing Shares under the Placing will be owed to Mirabaud Securities and the Company. Each Placeree has an immediate, separate, irrevocable and binding obligation, owed to Mirabaud Securities, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placeree has agreed to subscribe for. Each Placeree will be deemed to have read and understood the Appendices in their entirety, to be participating in the Placing upon the terms and conditions contained in the Appendices, and to be providing the representations, warranties, agreements, acknowledgements and undertakings, in each case as contained in the Appendices. To the fullest extent permitted by law and applicable Financial Services Authority ("FSA") rules (the "FSA Rules"), neither (i) Mirabaud Securities, (ii) any of its directors, officers, employees or consultants, or (iii) to the extent not contained within (i) or (ii), any person connected with Mirabaud Securities as defined in the FSA Rules ((i), (ii) and (iii) being together "affiliates" and individually an "affiliate"), shall have any liability to Placerees or to any person other than the Company in respect of the Placing.

Conditions of the Placing

The obligations of Mirabaud Securities under the Placing Agreement in respect of the Placing Shares are conditional on, amongst other things:

- (a) the Company having complied with its obligations under the Placing Agreement (to the extent that such obligations fall to be performed prior to Admission); and
- (b) Admission of the Placing Shares having occurred not later than 8.00 a.m. on 11 June 2012 or such later date as the Company and Mirabaud Securities may agree, but in any event not later than 8.00 a.m. on 25 June 2012.

If any of the conditions contained in the Placing Agreement in relation to the relevant Placing Shares are not fulfilled or waived by Mirabaud Securities, by the respective time or date where specified, the Placing will not proceed (save to the extent already performed) and the Placeree's rights and obligations hereunder in relation to the Placing Shares (save to the extent already performed) shall cease and terminate at such time and each Placeree agrees that no claim can be made by the Placeree in respect thereof.

Mirabaud Securities may, at its discretion and upon such terms as it thinks fit, waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placerees' commitments as set out in this Announcement.

None of Mirabaud Securities, the Company or any other person shall have any liability to any Placeree (or to any other person whether acting on behalf of a Placeree or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placeree agrees that any such decision is within the absolute discretion of Mirabaud Securities.

Termination of the Placing Agreement

Mirabaud Securities is entitled, at any time before relevant Admission, to terminate the Placing Agreement in relation to its obligations in respect of the Placing Shares (save to the extent already performed) by giving notice to the Company if, amongst other things:

- (a) the Company has failed or will be unable to comply with any of its obligations under the Placing Agreement or otherwise relating to the Placing and which is material in the context of the Company, the

Placing Agreement or the Placing; or

- (b) any statement contained in any document or announcement issued or published by or on behalf of the Company in connection with the Placing has become or been discovered to be untrue, incorrect or misleading in any material respect or there arises any material new factor, mistake or inaccuracy relating to information in the investor presentation; or
- (c) any of the warranties was untrue, inaccurate or misleading when made in any material respect by reference to the facts and circumstances subsisting at that time or a matter has arisen which gives rise to a claim under the indemnities in any material respect; or
- (d) there has occurred any material adverse change in the financial position or prospects of the Company on a consolidated basis; or
- (e) there has occurred any international crisis, any act of terrorism, outbreak of hostilities, change in a national or international financial, monetary, economic, political or market conditions including fluctuations in exchange rates which Mirabaud Securities in its discretion (acting reasonably) believes is, will or may be materially prejudicial to the financial position, the business or the prospects of the Group or renders the Placing temporarily or permanently impracticable.

Upon such termination, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination and save to the extent already performed) from their respective obligations under or pursuant to the Placing Agreement subject to certain exceptions.

By participating in the Placing, Placees agree that the exercise by Mirabaud Securities of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Mirabaud Securities and that they need not make any reference to Placees and that they shall have no liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

No prospectus

No offering document, prospectus or admission document has been or will be submitted to be approved by the FSA or submitted to the London Stock Exchange in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this Announcement (including the Appendices) released by the Company today, and subject to the further terms set forth in the contract note to be provided to individual prospective Placees.

Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement (including the Appendices) is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or Mirabaud Securities or any other person and none of Mirabaud Securities nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("CREST"), subject to certain exceptions. The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to Placees in certificated form if, in Mirabaud Securities' opinion, delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Participation in the Placing is only available to persons who are invited to participate in it by Mirabaud Securities.

A Placee's commitment to acquire a fixed number of Placing Shares under the Placing will be agreed orally with Mirabaud Securities. Such agreement will constitute a legally binding commitment on such Placee's part to acquire that number of Placing Shares at the Placing Price on the terms and conditions set out or referred to in the Appendices and subject to the Company's Memorandum and Articles of Association.

After such agreement is entered into, each Placee allocated Placing Shares in the Placing will be sent contract notes stating the number of First Placing Shares and Second Placing Shares allocated to it at the Placing Price and settlement instructions.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions that it has in place with Mirabaud Securities. Settlement should be through Mirabaud Securities against CREST ID: 834, account designation: CLEARING. For the avoidance of doubt, Placing allocations will be booked with a trade date of 6 June 2012 and settlement date of 11 June 2012, on a delivery versus payment basis.

The Company will deliver the Placing Shares to the CREST accounts operated by Mirabaud Securities as agent for the Company and Mirabaud Securities will enter its delivery (DEL) instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by Mirabaud Securities.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Company may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Representations and warranties

By participating in the Placing each Placee (and any person acting on such Placee's behalf) acknowledges, undertakes, represents, warrants and agrees (as the case may be) the following:

That it:

1. has read this Announcement, including the Appendices, in its entirety and acknowledges that its participation in the Placing will be governed by the terms of these Appendices;
2. acknowledges and agrees that no offering document, prospectus or admission document has been or will be prepared in connection with the Placing and represents and warrants that it has not received a prospectus, admission document or other offering document in connection with the Placing or the Placing Shares;
3. acknowledges that the ordinary shares in the capital of the Company are admitted to trading on AIM, and the Company is therefore required to publish certain business and financial information in accordance with the rules

and practices of AIM (collectively, the "Exchange Information"), which includes a description of the nature of the

Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such Exchange Information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;

4. acknowledges that none Mirabaud Securities nor the Company nor any of their respective affiliates or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of Mirabaud Securities, the Company, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
5. acknowledges that (i) it and, if different, the beneficial owner of the Placing Shares is not, and at the time the Placing Shares are acquired will not be located in or residents of a Restricted Jurisdiction and (ii) the Placing Shares have not been and will not be registered under the securities legislation of the United States, Canada, Australia or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, in or into those jurisdictions;
6. acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that neither Mirabaud Securities nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by Mirabaud Securities or the Company and neither Mirabaud Securities nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;
7. acknowledges that neither Mirabaud Securities nor any person acting on behalf of it nor any of its affiliates has or shall have any liability for any publicly available or filed information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
8. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 (the "Regulations") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
9. if a financial intermediary, as that term is used in Article 3(2) of EU Directive 2003/71/EC (the "Prospectus Directive") (including any relevant implementing measure in any member state), represents and warrants that the Placing Shares subscribed for by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than to qualified investors, or in circumstances in which the prior consent of Mirabaud Securities has been given to the proposed offer or resale;
10. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the Financial Services and Markets Act 2000 ("FSMA");
11. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (Directive 2003/71/EC) (including any relevant implementing measure in any member state);
12. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
13. represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
14. represents and warrants that it is a person falling within Article 19(5) and/or Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or is a person to whom this Announcement may otherwise be lawfully communicated;
15. acknowledges that any offer of Placing Shares may only be directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive and represents and agrees that it is such a qualified investor;
16. represents and warrants that it is entitled to subscribe for Placing Shares under the laws of all relevant jurisdictions which apply to it, and that its subscription of the Placing Shares will be in compliance with applicable laws and regulations in the jurisdiction of its residence, the residence of the Company, or otherwise;
17. acknowledges and agrees that its purchase of Placing Shares does not trigger, in the jurisdiction in which it is resident or located: (i) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; (ii) any disclosure or reporting obligation or other obligation on the part of the Company; or (iii) any registration or other obligation on the part of the Company;
18. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as Mirabaud Securities may in its discretion determine and without liability to such Placee;

19. acknowledges that neither Mirabaud Securities, nor any of its affiliates, nor any person acting on behalf of any of

them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of Mirabaud Securities for the purposes of the Placing and that Mirabaud Securities has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

20. undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither Mirabaud Securities nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and Mirabaud Securities in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock accounts of Mirabaud Securities who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
21. acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreements shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Mirabaud Securities in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
22. acknowledges that Mirabaud Securities and its affiliates will rely upon the truth and accuracy of the representations, warranties and acknowledgements set forth herein and which are irrevocable and it irrevocably authorises Mirabaud Securities to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
23. agrees to indemnify and hold the Company, Mirabaud Securities and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in the Appendices and further agrees that the provisions of the Appendices shall survive after completion of the Placing;
24. represents and warrants that it will acquire any Placing Shares subscribed for by it for its account or for one or more accounts as to each of which it exercises sole investment discretion and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account;
25. acknowledges that its commitment to subscribe for Placing Shares on the terms set out herein and in the relevant contract notes will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing. The foregoing representations, warranties and confirmations are given for the benefit of the Company and Mirabaud Securities. The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to the subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes, and is based on a warranty from each Placee, that neither it, nor the person specified by it for registration as holder, of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services). If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax, and neither the Company nor Mirabaud Securities shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Mirabaud Securities accordingly;
26. understands that no action has been or will be taken by any of the Company, Mirabaud Securities or any person acting on behalf of the Company or Mirabaud Securities that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
27. in making any decision to subscribe for the Placing Shares, confirms that it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further confirms that it is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with the Placing. It further confirms that it relied on its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
28. represents and warrants that it has (a) made its own assessment and satisfied itself concerning legal, regulatory, tax, business and financial considerations in connection herewith to the extent it deems necessary; (b) had access to review publicly available information concerning the Group that it considers necessary or appropriate and sufficient in making an investment decision; (c) reviewed such information as it believes is necessary or appropriate in connection with its subscription of the Placing Shares; and (d) made its investment decision based upon its own judgment, due diligence and analysis and not upon any view expressed or information provided by or on behalf of Mirabaud Securities;
29. understands and agrees that it may not rely on any investigation that Mirabaud Securities or any person acting on its behalf may or may not have conducted with respect to the Company, its Group, or the Placing and Mirabaud Securities have not made any representation to it, express or implied, with respect to the merits of the Placing, the subscription for the Placing Shares, or as to the condition, financial or otherwise, of the Company, its Group, or as to any other matter relating thereto, and nothing herein shall be construed as a recommendation to it to subscribe for the Placing Shares. It acknowledges and agrees that no information has been prepared by Mirabaud Securities or the Company for the purposes of this Placing; and
30. accordingly it acknowledges and agrees that it will not hold Mirabaud Securities or any of its affiliates or any person acting on its behalf responsible or liable for any misstatements in or omission from any publicly available information relating to the Group or information made available (whether in written or oral form) in presentations or as part of roadshow discussions with investors relating to the Group (the "Information") and that neither Mirabaud Securities nor any person acting on behalf of Mirabaud Securities, makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such Information or accepts any responsibility for any of

such information.

By participating in the Placing, each Placee (and any person acting on a Placee's behalf) subscribing for Placing Shares acknowledges that: (i) the Placing Shares are being offered and sold only pursuant to Regulation S under the Securities Act in a transaction not involving a public offering of securities in the United States and the Placing Shares have not been and will not be registered under the Securities Act; and (ii) the offer and sale of the Placing Shares to it has been made outside of the United States in an "offshore transaction" (as such term is defined in Regulation S under the Securities Act) and it is outside of the United States during any offer or sale of Placing Shares to it.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Each Placee and any person acting on behalf of each Placee acknowledges and agrees that Mirabaud Securities or any of its affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with Mirabaud Securities, any money held in an account with Mirabaud Securities on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FSA made under FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Mirabaud Securities' money in accordance with the client money rules and will be used by Mirabaud Securities in the course of its own business; and the Placee will rank only as a general creditor of Mirabaud Securities.

All times and dates in this Announcement may be subject to amendment. Mirabaud Securities shall notify the Placees and any person acting on behalf of the Placees of any changes.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Appendix II

DEFINITIONS

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

"Act"	the Companies Act 2006 (as amended)
"Admission"	admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies as published by the London Stock Exchange from time to time
"Announcement"	means this announcement (including the appendices to this announcement)
"Company"	Patagonia Gold PLC
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited
"Directors" or "Board"	the directors of the Company, or any duly authorised committee thereof
"FSA"	the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of FSMA
"FSMA"	the Financial Services and Markets Act of 2000 (as amended).
"Group"	the Company, its subsidiaries and its subsidiary undertakings
"London Stock Exchange"	London Stock Exchange plc
"Mirabaud Securities"	Mirabaud Securities LLP, the Company's Broker
"Ordinary Shares"	Ordinary shares of one penny each in the capital of the Company
"Placing"	the placing of the Placing Shares at the Placing Price by Mirabaud Securities as agent for and on behalf of the Company pursuant to the terms of the Placing Agreement
"Placing Agreement"	the agreement dated 6 June 2012 between (i) the Company and (ii) Mirabaud Securities relating to the Placing, further details of which are set out in this Announcement
"Placing Price"	25 pence per Placing Share
"Placing Shares"	the 5,769,000 new Ordinary Shares to be issued by the Company pursuant to the Placing
"Shareholders"	holders of Ordinary Shares
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland

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