

Patagonia Gold PLC : Placing

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Patagonia Gold PLC

27 November 2012

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27 November 2012

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

Placing to raise approximately £1 million

Patagonia Gold (AIM: PGD, TSX: PAT) is pleased to announce that further to the announcement on 25 October 2012, it has raised, through Mirabaud Securities LLP, additional gross proceeds of approximately £1 million (approximately \$1.6 million) through a placing (the "Placing") of 3,920,000 new ordinary shares of 1p each in the Company (the "Placing Shares") at a price of 25.5 pence per Placing Share (the "Issue Price"). The Issue Price represents a discount of approximately 0.97 per cent. to the closing middle market price of 25.75 pence per ordinary share on 26 November 2012, being the last trading day prior to this announcement and the new shares represent approximately 0.48 per cent. of the enlarged issued share capital.

In addition, the subscriber for the Placing Shares has been issued with three quarters of a warrant for every such Placing Share so subscribed (with fractional entitlements rounded down to the nearest whole warrant) (the "Warrants") comprising a total of 2,940,000 Warrants. The Warrants are exercisable into Ordinary Shares on a one for one basis at a price of 28.05 pence each (being equal to a 10 per cent. premium to the Placing Price) at any time prior to 30 November 2016. The Warrants are non-transferable save in limited circumstances. No application will be made for admission of the Warrants to trading on AIM or to be listed on the Toronto Stock Exchange.

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

The Placing is conditional on admission of the Placing Shares to trading on AIM ("Admission"). The Placing 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 Placing Shares on the Toronto Stock Exchange. It is expected that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on Friday, 30 November 2012. Following Admission, the Company's issued share capital will consist of 812,605,878 Ordinary Shares with voting rights. Patagonia Gold does not hold any Ordinary Shares in treasury.

The aforementioned figure of 812,605,878 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.

About Patagonia Gold

Patagonia Gold Plc is an advanced mining exploration company that seeks to grow shareholder value through the acquisition, exploration and development of gold and silver projects in the southern Patagonia region of Argentina. The Company is primarily focused on the development of three projects: the flagship Cap-Oeste project, the nearby COSE project and the Lomada heap leach which is expected to begin generating free cash flow by 2013. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina and Chile, and is one of the largest landholders in the province of Santa Cruz.

Patagonia Gold is listed on the Toronto Stock Exchange (TSX) under the symbol PAT and has been listed on the AIM market of the London Stock Exchange under the symbol PGD since 2003.

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, the admission of the Placing Shares to trading and the use of proceeds from the Placing. 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 may not be received and the risk that other conditions of the Placing 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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