

Patagonia Gold PLC : Company Update

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Patagonia Gold PLC

22 December 2014

22nd December 2014PATAGONIA GOLD PLC
("Patagonia Gold" or the "Company")

Company Update

Patagonia Gold Plc (AIM: PGD), an advanced mining exploration company with gold and silver projects in the southern Patagonia region of Argentina, provides the following Company Update.

The Directors of Patagonia Gold wish to advise its shareholders of the probable cause of the sharp selloff of Patagonia Gold shares over the past weeks.

The Directors understand that during the first half of December the Company's market capitalisation fell marginally below the cut-off threshold for a certain junior gold producers ETF index (the "Index"). Consequently, Patagonia Gold is no longer in the Index and the Directors believe the result of this has been selling by certain funds invested in the Index.

Commenting on this announcement, Bill Humphries, Managing Director of Patagonia Gold said:

"The Company is in a sound financial position having recently completed a \$US12.9 fund raise well supported by many of our existing shareholders and a number of new subscribers. Our Lomada Mine is producing gold above our stated target for 2014, at a cost in the lower quartile of world production. The free cash flow from Lomada, together with the newly raised funds, will enable us to advance our development projects and commence our exciting exploration program starting with drilling, scheduled to commence in mid-January 2015. Our Chairman, Carlos Miguens, together with fellow Directors of Patagonia Gold, wish to reiterate their strong ongoing commitment to and support for Patagonia Gold".

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