

# PATAGONIA GOLD PLC

Trading Symbol PGD.L

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22<sup>nd</sup> October 2008

## PLACING TO RAISE £1.845 MILLION

### Patagonia Gold Plc (“Patagonia Gold” or the “Company”)

Patagonia Gold, the South American mining explorer, today announces that it has agreed to place 41,000,000 new ordinary shares of 1p each in the Company (“Placing Shares”) at a placing price of 4.50p per share (the “Placing”) to raise £1.845 million before expenses. The proceeds from the Placing will be used to finance working capital and exploration expenditure.

The Placing Shares will be subscribed for by Directors and the Argentinean family. Directors’ discloseable interests are as set out below. The Placing is conditional on admission of the Placing Shares to trading on AIM.

The Directors will subscribe for Placing Shares as follows:

<i>Director</i>	<i>Placing Shares Subscribed</i>	<i>Shareholding immediately following Admission</i>	<i>Percentage of enlarged issued share capital</i>
Carlos Miguens	15,489,800	92,515,376	19.54
William Humphries	1,166,668	11,880,521	2.51
Gonzalo Tanoira	233,700	6,672,147	1.41

The Placing Shares will represent 8.658% of the then enlarged issued share capital of the Company. The number of Ordinary shares in issue following the Placing, and the total number of voting rights, will be 473,552,783. The Placing Shares will rank *pari passu* with existing ordinary shares of 1p each in the Company. Application will be made for admission of the Placing Shares to trading on AIM, and is expected to take place on 30 October 2008.

The participation of the Directors in the Placing is deemed to be a related party transaction under the AIM Rules. The independent Directors consider, having consulted with Strand Partners Limited, the Company’s nominated adviser, that their participation in the Placing is fair and reasonable insofar as the Company’s shareholders are concerned.

As a result of this Placing, the aggregate holding of the Argentinean Directors and their family associates in the Company has been increased to 52.30%.

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

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