

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains an ordinary resolution to be voted on at a General Meeting of Patagonia Gold plc (the "Company") to be held on 29 July 2013. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your ordinary shares of 1p each in the Company ("**Ordinary Shares**"), please forward this document (but not any personalised Form of Proxy) at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

PATAGONIA GOLD PLC

(incorporated in England and Wales with registered number 3994744)

NOTICE OF GENERAL MEETING RELATING TO THE RE-PRICING OF CERTAIN OUTSTANDING SHARE OPTIONS

Your attention is drawn to the letter from the Chairman of the Company which is set out on page 2 of this document.

Notice of a general meeting of the Company to be held at 11 a.m. on Monday, 29 July 2013 at the offices of Stephenson Harwood LLP at 1 Finsbury Circus, London EC2M 7SH (the "**General Meeting**"), is set out on page 5 of this document. A form of proxy ("**Form of Proxy**") is also enclosed with this document for use by the holders of Ordinary Shares ("**Shareholders**") at the General Meeting. Forms of Proxy should be completed and returned to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and in any event so as to be received not later than 11 a.m. on 25 July 2013. Completion and return of a Form of Proxy will not preclude Shareholders from attending in person and voting at the General Meeting.

PATAGONIA GOLD PLC

(incorporated in England and Wales with registered number 3994744)

Directors

Carlos J Miguens (*Chairman*)
William H Humphries (*Managing Director/Chief Executive Officer*)
Gonzalo Tanoira (*Finance Director*)
Marc J Sale (*Non-Executive Director*)
Edward J Badida (*Non-Executive Director*)
Manuel de Prado (*Non-Executive Director*)
Glenn Featherby (*Non-Executive Director*)

Registered Office

15 Upper Grosvenor Street
London, W1K 7PJ
United Kingdom

12 July 2013

Dear Shareholder

General Meeting to approve re-pricing of certain share options

This document is being sent to you in connection with a proposed re-pricing of various outstanding share options and contains details of the proposed re-pricing and other information to enable you to exercise your vote at the forthcoming General Meeting to approve the proposals to be held on Monday, 29 July 2013 at 11 a.m. at the offices of Stephenson Harwood LLP at 1 Finsbury Circus, London EC2M 7SH, notice of which is set out at the end of this document ("**Notice of General Meeting**").

Background information

As announced on 12 July 2013, following a recommendation from the Company's remuneration committee, the board of directors (the "**Directors**") has resolved that, subject to approval by shareholders at the General Meeting, the exercise price (the "**Original Exercise Price**") of 17.7 million outstanding options granted during the period from February 2011 to January 2012 (all of which have an exercise price equal to or greater than 40 pence per Ordinary Share) (the "**Options**") be amended.

The Options granted before December 2011 were granted pursuant to individual standalone deeds and subject to the terms therein. The Options granted after 1 December 2011 were granted pursuant to the terms of the Patagonia Gold Plc Unapproved Executive Share Option Scheme (the "**Plan**") the terms of which state that the re-pricing of certain options granted thereunder requires shareholder approval. All the Options are exercisable in full from the date of their respective grant.

The Options are currently significantly 'underwater' compared to the current market price of an Ordinary Share (being 7.95p as at close of business on 10 July 2013, the latest practicable date prior to publication of this document) and the Directors believe that they are not therefore acting as an effective incentive to the holders of the Options. The Options were granted during a period when the Patagonia Gold share price experienced a sharp increase, which the Directors believe was largely in response to significant takeover activity in the gold sector during 2010, most significantly the successful bid for Andean Resources by Goldcorp in September 2010 in a competitive bid process, and prevailing record gold prices as uncertainty

about the global economic outlook continued. Whilst the Company has successfully made significant progress in achieving its development objectives throughout the intervening period, including most significantly the commencement of gold production from Lomada de Leiva, external factors, such as the recent decline in the gold price and a drop off in takeover activity, have led to the current share price being significantly below the level at which the Options were granted. Further, in accordance with applicable corporate governance guidelines, the Plan has a cap on the overall number of options that may be outstanding at any time. As such, to simply issue further additional options would limit the ability of the Company to issue other options going forward to prospective and existing employees given the level of remaining headroom available under the Plan.

Accordingly, in recognition of the importance of options as part of the Company's compensation strategy, the Directors have recommended that the Options be re-priced to bring them in line with current market price of the Ordinary Shares and thus align the interests of current holders of the Options with those of shareholders.

The re-pricing of the Options issued pursuant to standalone deeds does not formally require shareholder approval nor is any such approval required pursuant to the terms of the AIM Rules of the London Stock Exchange. Notwithstanding this, as a matter of good governance, the Company has resolved in any event to obtain the approval of shareholders of the Company for the re-pricing of all the Options.

It is proposed that the Original Exercise Price in respect of the Options be amended to 11 pence per Ordinary Share (the "**New Exercise Price**"), being equal to a 10 per cent. premium to the 30 day volume weighted average share price of the Company for the period ended 10 July 2013 (being the latest practicable date prior to publication of this document). The New Exercise Price represents a 38 per cent. premium to the mid-market price of 7.95p as at close of business on 10 July 2013 (being the latest practicable date prior to publication of this document). All other terms applicable to the Options, including the number of Ordinary Shares subject to the Options and their respective expiry dates, will remain unchanged.

Details of the Options held by the current directors are as follows:

Director	Number of Shares subject to Option	Grant Date	New Exercise Price (p)	Original Exercise Price (p)	Expiry Date
Carlos Miguens	2,000,000	10/02/11	11	50.00	09/02/21
William Humphries	2,000,000	10/02/11	11	50.00	09/02/21
Carlos Miguens	900,000	13/05/11	11	42.25	12/05/21
William Humphries	900,000	13/05/11	11	42.25	12/05/21
Marc Sale	550,000	13/05/11	11	42.25	12/05/21
Gonzalo Tanoira	500,000	13/05/11	11	42.25	12/05/21
Edward Badida	750,000	01/11/11	11	50.25	31/10/21
Carlos Miguens	2,000,000	31/01/12	11	42.50	30/01/22
William Humphries	2,000,000	31/01/12	11	42.50	30/01/22
TOTAL	11,600,000				

Details of the remaining Options held by other option holders are as follows:

	Number of Shares subject to Option	Grant Date	New Exercise Price (p)	Original Exercise Price (p)	Expiry Date
Other Option holders	1,500,000	10/02/11	11	50.00	09/02/21
Other Option holders	800,000	21/02/11	11	50.00	20/02/21
Other Option holders	1,550,000	13/05/11	11	42.25	12/05/21
Other Option holders	1,250,000	10/06/11	11	40.00	09/06/21
Other Option holders	500,000	01/09/11	11	63.00	31/08/21
Other Option holders	500,000	31/01/12	11	42.50	30/01/22
TOTAL	6,100,000				

In aggregate, the Options comprise options over 17.7 million Ordinary Shares representing approximately 2.1 per cent. of the current issued share capital of the Company and comprise approximately 23.5 per cent. of the total outstanding options in the Company as at the date of this document.

Ordinary Resolution

The ordinary resolution to be proposed at the General Meeting to re-price the exercise price to 11 pence per Ordinary Share in respect of the Options is set out in the Notice of General Meeting.

Action to be taken in respect of the General Meeting

Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy so as to reach the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event not later than 11 a.m. on 25 July 2013.

Recommendation

Your Directors are unanimously in favour of the resolution to be proposed at the General Meeting, which they consider to be in the best interests of the shareholders of the Company as a whole. Accordingly, your Directors unanimously recommend Shareholders to vote in favour of the resolution at the General Meeting.

Yours faithfully

Carlos Miguens

Chairman

PATAGONIA GOLD PLC NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Patagonia Gold Plc (the "**Company**") will be held at 11 a.m. on Monday, 29 July 2013 at the offices of Stephenson Harwood LLP at 1 Finsbury Circus, London EC2M 7SH for the purpose of considering and, if thought fit, passing the following ordinary resolution:

ORDINARY RESOLUTION

That the re-pricing of the exercise price of certain outstanding options with an exercise price equal to or exceeding 40 pence over a total of 17,700,000 ordinary shares of 1 pence each in the capital of the Company to 11 pence per ordinary share, being a 10 per cent. premium to the 30 day volume weighted average share price of the Company for the period ended 10 July 2013 (being the date immediately prior to the date of the document to which this Notice of General Meeting is attached), be and is hereby approved.

Dated: 12 July 2013

Registered Office:

15 Upper Grosvenor Street
London
W1K 7PJ

By Order of the Board

Nigel Everest
Secretary

Notes:

- 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 document, 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 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 6.00 p.m. on 25 July 2013 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 6.00 p.m. on 25 July 2013 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 As at 6.00 p.m. on the date immediately prior to this notice, the Company's issued share capital comprised 855,477,565 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 p.m. on the date immediately prior to this notice is 855,477,565.