



PATAGONIA  
GOLD

# AGM 2017

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APRIL 27, 2017

AIM:PGD



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**April 2017**



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# 01 2016 RESULTS

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# RESULTS FOR YEAR ENDED 31 DECEMBER 2016

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## Operating Highlights

- Total production at Lomada of 22,770 oz Au (2015: 21,521 oz Au)
- Lomada ceased mining operations in May 2016 but leaching continues
- Construction at Cap-Oeste completed on time and on budget with first gold pour in October 2016
- An agglomeration circuit to address higher than anticipated clay in the ore has been ordered and is due to be installed by the end of June 2017. Expected to improve recoveries beyond those originally forecast
- Pit optimisation at Cap-Oeste has increased initial open pit mine life from 24 months to three years, with total LOM production estimated at 186,800 oz AuEq
- Exploration test work at Las Lajas, Bagual and Sarita together with an initial drilling programme of 900 metres at the Company's properties in Uruguay
- Forecast production for Cap Oeste in line with previous guidance of approximately 68,500 oz AuEq for 2017

# 2016 RESULTS CONTINUED

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## Financial Highlights

- Total of 24,572 oz AuEq sold at an average gross price of \$1,232.50/oz
- 15% increase in revenues to US\$30.0 million (2015: US\$26.1 million)
- Achieved first annual profit after tax of US\$1.1 million (2015: \$14.4 million loss)

## Corporate Highlights

- US\$10 million financing successfully concluded in May 2016 to develop Cap-Oeste
- Earn-in agreement, subject to certain conditions, in relation to Trilogy Mining Corporation's Carreta Quemada and Chamizo exploration gold projects in Uruguay
- Cost reduction measures continued with savings achieved by purchasing equipment that was previously leased

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# 02 CAP-OESTE AGGLOMERATION



# AGGLOMERATOR INSTALLATION

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- Production to date from Cap-Oeste well below forecast owing to significant problems in percolation of solution through the leach pad
  - US\$5.5 million invested to install a 500tph agglomeration circuit and increase recoveries to forecast 80% Au and 40% Ag
  - Project on schedule to begin production in late June 2017
  - Westpro USA, Superior Industries and KLEEMAN providers of high quality components for agglomeration circuit
  - All components either on site or being shipped during April

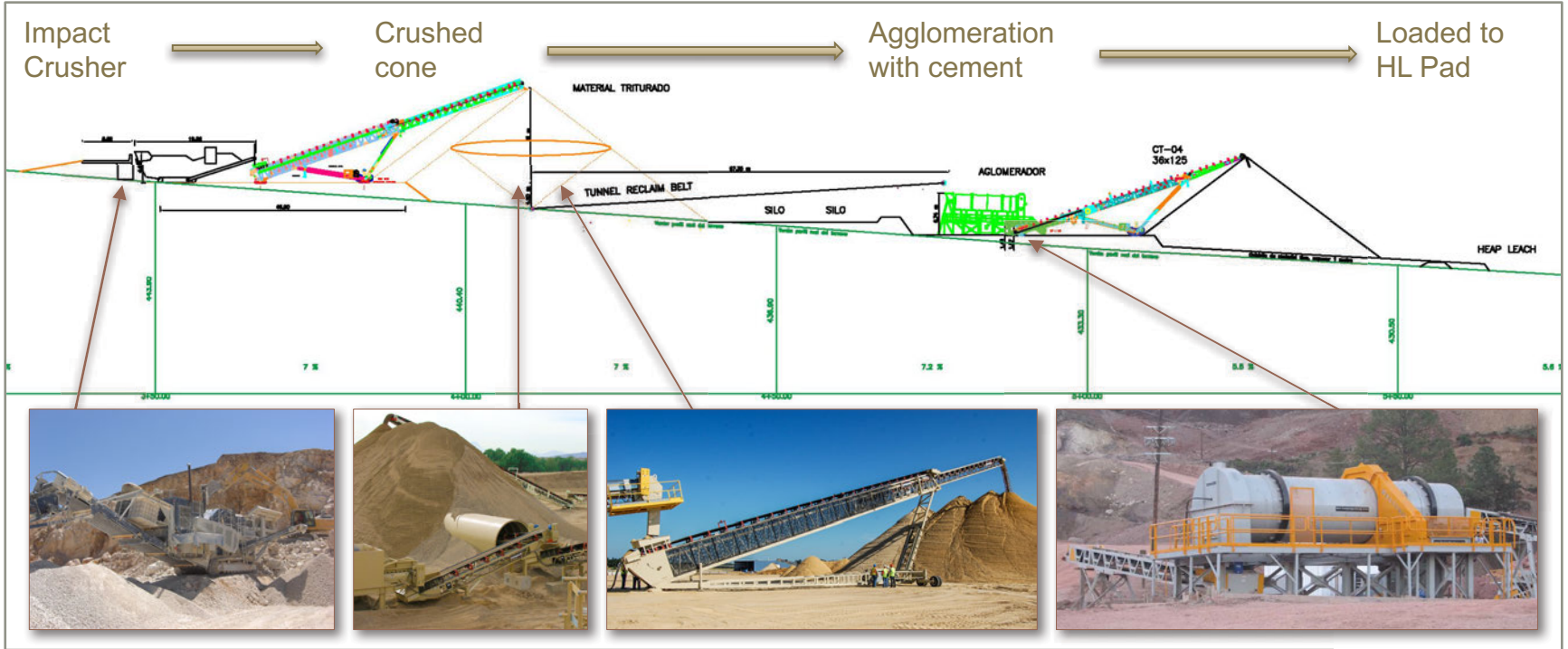


PGSA drum being trialled at Westpro

# AGGLOMERATION CIRCUIT FLOW CHART - 500TPH CAPACITY



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AGM LONDON APRIL 27<sup>th</sup> 2017



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# 03 CORPORATE ACTIVITY



# TRANSACTIONS WITH PAN AMERICAN SILVER



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## COSE

Sold to Minera Triton SA (subsidiary of Pan Am Silver) for total proceeds of US\$15m plus 1.5% net smelter royalty

- US\$7.5 million payable on closing, expected on or around 31 May
- US\$7.5 million payable on 12 month anniversary of closing or start of production, whichever earlier

## CALCATREU

- Purchase option signed with Minera Aquiline (subsidiary of Pan American Silver) over the Calcatreu project in Rio Negro province for US\$15 million
- 6 month exclusivity period and due diligence under way
- Project contains approx. 1 million oz AuEq of low sulphidation style Au mineralisation \*
- Drilling, met test work and cash flow modelling optimisation studies will form backbone of due diligence
- Historic pre-feasibility study/resource models reported up to 780,000 oz AuEq in Indicated category and 255,000 oz AuEq in Inferred category \*

\* Source: Independent Mineral Resource completed by Micon International of Toronto in 2008 in accordance with NI43-101



# TRANSACTIONS WITH PAN AMERICAN SILVER

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## Synergies for both companies

**COSE:** a high grade, low cost underground operation within trucking distance of Minera Triton's processing facility

**CALCATREU:** opportunity for PG to develop an asset with a potential mine life of over five years

- Excellent location, close to infrastructure
- Rio Negro Province pro mining



Calcitreu mineralisation



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# 04 EXPLORATION

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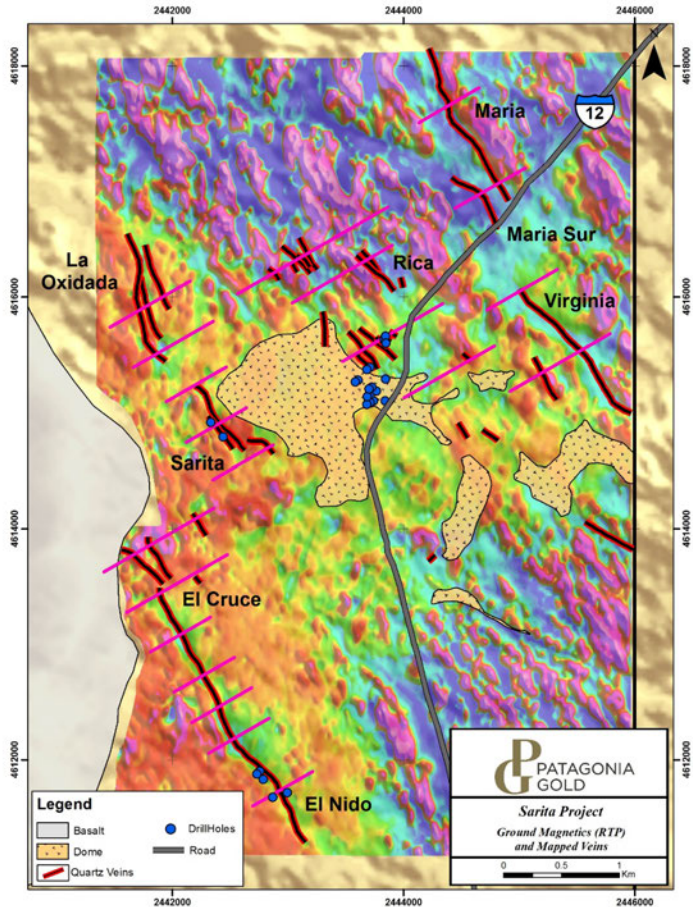
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# SARITA

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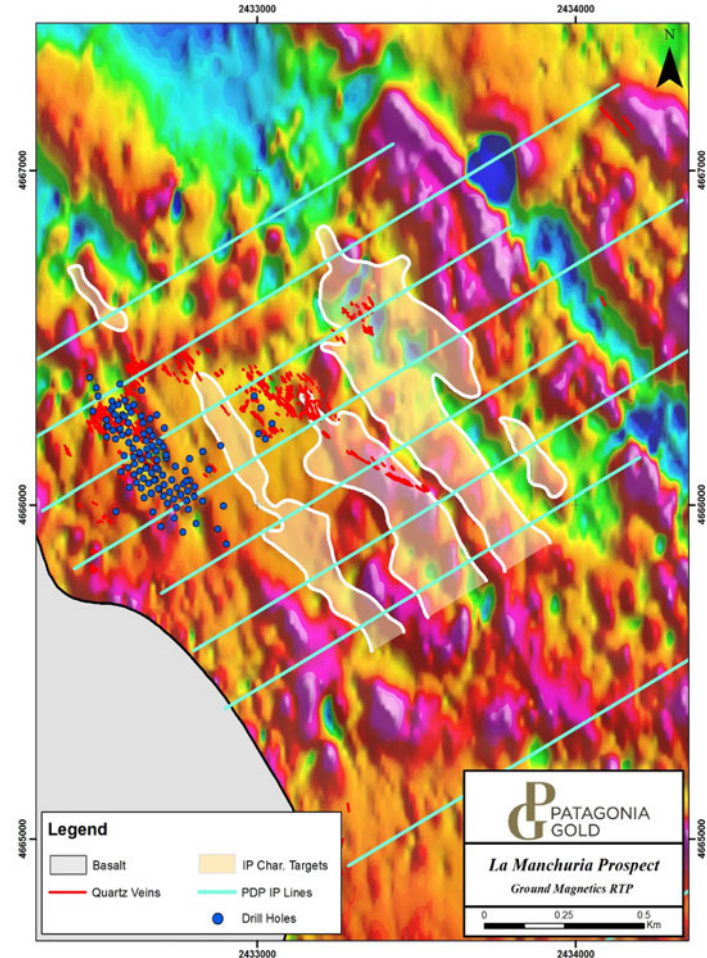
- Located 10 km NW of Hunt Mining's Mina Martha Ag mine
- Four principal low-sulphidation epithermal corridors
- Mineralisation very similar to Mina Martha style. Ag rich
- Combined length of vein corridors - 12 km
- Surface sampling: grades reported 83.0 ppm Au and 15,444 ppm Ag
- Exploration to date mostly targeting the rhyolite dome
- 31 km<sup>2</sup> ground magnetic survey completed during 2016
- 16.4 line-km of Pole-Dipole IP geophysics completed during 2017. IP and trenching ongoing
- Drill testing of priority targets proposed for 2H 2017



# LA MANCHURIA

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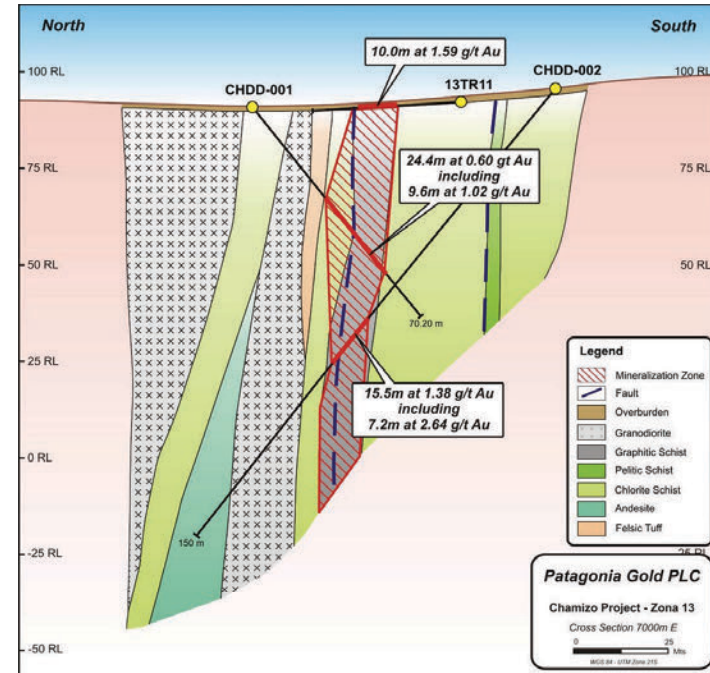
- Located 46 km south east of the Cap-Oeste deposit
- Previous exploration has culminated in Indicated + Inferred resources of 146,000 oz AuEq
- Historical drilling focused entirely on the outcropping Main and Eastern Zones
- 26.5 km<sup>2</sup> ground magnetic survey completed during 2017
- 20.2 line-km Pole-Dipole IP geophysical survey in progress
- Multiple targets becoming apparent as extensions of known structures
- Drill testing proposed for 2H 2017



# SAN JOSE URUGUAY ZONA 13

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- Patagonia Gold earning 51% through expenditure of US\$1.5 million in Trilogy JV
- IP geophysical and geochemical surveys completed
- 9 diamond holes drilled during late 2016 intersected regional shear zone
- Drilling intersected a 10-20m wide brittle-ductile shear zone in graphitic schist
- Drilling along 1 km of structure
- Best intersections of:
  - 16.2 m at 1.72 g/t Au, and
  - 15.5m at 1.38 g/t Au
- Geophysical data indicates shear zone exceeds 3.5 km in strike length
- Drill testing of strike extensions during 2H 2017

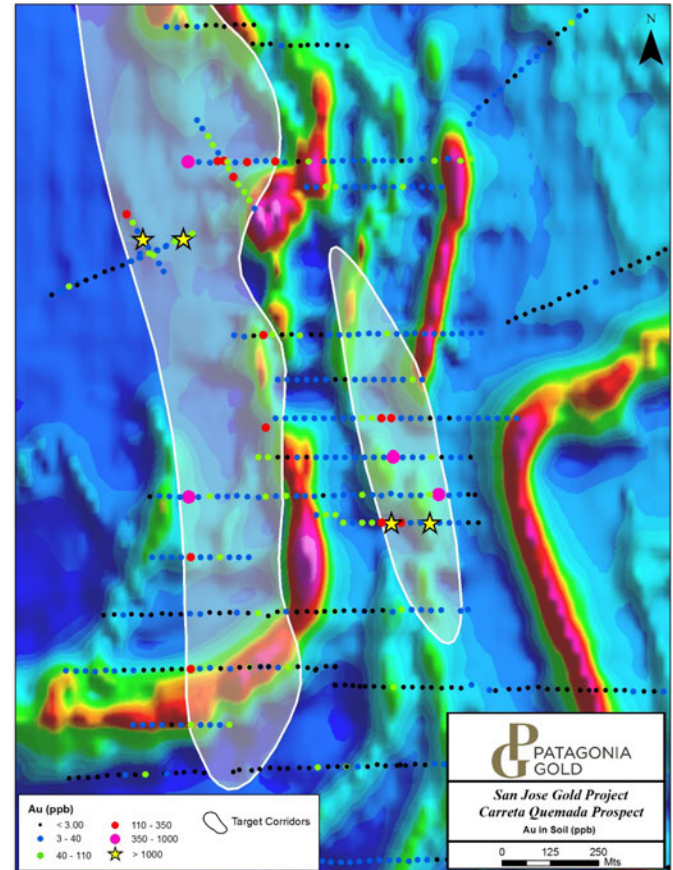




# URUGUAY CARRETA QUEMADA

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- Paleoproterozoic orogenic gold target
- Greenfields project defined by very high gold concentrations in stream sediments samples. No historic exploration
- Ground magnetics, IP geophysical surveys, soil geochemistry and mapping completed.
- Very little outcrop. Abundant graphitic schists
- Two wide corridors of interest up to 1.7 km long defined, based on geological mapping, soil geochemistry and IP surveys
- High grade gold reported in soils - 1700 ppb
- Trenching in progress
- Drilling scheduled for 2H 2017





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END



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