



MANAGEMENT INFORMATION CIRCULAR

AND

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

OF

PATAGONIA GOLD CORP.

TO BE HELD ON FEBRUARY 18, 2020

Dated: January 6, 2020



**PATAGONIA GOLD CORP.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of holders of common shares (“**Shareholders**”) of Patagonia Gold Corp. (“**Patagonia**” or the “**Company**”) will be held at the offices of Cassels Brock & Blackwell LLP, Suite 2200, HSBC Building, 885 West Georgia St., Vancouver, British Columbia, V6C 3E8 on February 18, 2020 at 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Company, together with the auditor’s report thereon, for the financial year ended December 31, 2018;
2. to elect directors for the ensuing year;
4. to appoint Grant Thornton LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year and to authorize the directors to fix its remuneration;
5. to consider and, if thought fit, to approve an ordinary resolution to re-approve the Company’s stock option plan; and
6. to transact such further and other business as may properly be brought before the Meeting or any postponement or adjournment thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the management information circular dated January 6, 2020 (the “**Information Circular**”). Shareholders are reminded to review the Information Circular before voting.

The Company is using the notice-and-access system (“**Notice-and-Access**”) under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* to distribute the Notice of Meeting and Information Circular to Shareholders. Notice-and-Access allows the Company to post electronic versions of its proxy-related materials on SEDAR and on the Company’s website, rather than mailing paper copies to Shareholders. This alternative means of distribution of the Company’s proxy-related materials is more environmentally friendly by reducing paper use, and also reduces printing and mailing costs of the Company. Note that Shareholders still have the right to request paper copies of the proxy-related materials posted online by the Company under Notice-and-Access if they so choose.

The proxy-related materials are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at <http://patagoniagold.com/investors/shareholder-meetings/>. As noted above, the Company will provide to any Shareholder, free of charge, a paper copy of the Information Circular upon request to the Company at +1(866) 223-5297 or by email at [margarate@patagoniagold.com](mailto:margarate@patagoniagold.com) up to one year from the date the Information Circular is filed on SEDAR. Shareholders who wish to receive a paper copy of the Information Circular in advance of the Meeting should make such request to the Company by no later than February 7, 2020, in order to allow reasonable time to receive and

review the information Circular prior to the proxy deadline of 10:00 a.m. (Vancouver time) on February 13, 2020. The Information Circular will be sent to Shareholders within three (3) business days of their request if such request is made prior to the date of the Meeting. Following the Meeting, the Circular will be sent to such shareholders within 10 days of their request.

Shareholders will receive a paper copy of a notice package (the “**Notice Package**”) under Notice-and-Access via pre-paid mail containing: (i) a notification regarding the Company’s use of Notice-and-Access and how the proxy-related materials may be obtained, (ii) a form of proxy (if you are a registered Shareholder) or a voting instruction form (if you are a beneficial Shareholder), and (iii) a supplemental mailing list return card to elect to receive paper copies of the Company’s financial statements and management’s discussion and analysis.

The consolidated annual financial statements (the “**Annual Financial Statements**”) and related management’s discussion and analysis (“**MD&A**”) of the Company for the financial year ended December 31, 2018 will be mailed to those Shareholders who have requested to receive them by indicating (where marked) on the form of proxy or voting instruction form, as applicable, or through completing the supplemental mailing list return card distributed to Shareholders in connection with the Company’s 2018 Annual and Special Meeting of Shareholders. The Annual Financial Statements and MD&A are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also request paper copies of the Annual Financial Statements and MD&A, free of charge, by calling +1(866) 223-5297 or via email at [margarate@patagoniagold.com](mailto:margarate@patagoniagold.com).

The record date for determining the Shareholders entitled to receive notice of and vote at the Meeting is the close of business on January 2, 2020 (the “**Record Date**”). Only Shareholders whose names have been entered in the register of Shareholders as of the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting.

Shareholders are invited to attend the Meeting in person. Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the form of proxy contained in the Notice Package (in the return envelope provided for that purpose), or, alternatively, to vote by telephone, or over the internet, in each case in accordance with the instructions set out in the notice Package. The completed proxy form must be deposited at the office of Computershare Trust Company of Canada, 100 University Avenue 8th Floor, Toronto, Ontario, M5J 2Y1, by mail, or the proxy vote must otherwise be registered in accordance with the instructions set forth in the Notice Package. Non-registered Shareholders who receive the proxy-related materials through their broker or other intermediary should complete and send the form of proxy or voting instruction form delivered in the Notice Package in accordance with the instructions provided by their broker or intermediary.

To be effective, a proxy must be received by Computershare not later than 10:00 a.m. (Vancouver time) on February 13, 2020, or in the case of any postponement or adjournment of the Meeting, not less than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the postponed or adjourned meeting. **Late proxies may be accepted or rejected by the**

**Chairperson of the Meeting in his or her discretion. The Chairperson is under no obligation to accept or reject any particular late proxy.**

DATED this 6<sup>th</sup> day of January, 2020.

**BY ORDER OF THE BOARD OF  
DIRECTORS OF PATAGONIA GOLD  
CORP.**

*(Signed) "Carlos Miguens"*

Carlos Miguens  
Chairman

**PATAGONIA GOLD CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**GENERAL PROXY INFORMATION**

**Time, Date and Place**

The Meeting will be held at the offices of Cassels Brock & Blackwell LLP, Suite 2200, HSBC Building, 885 West Georgia St., Vancouver, British Columbia, V6C 3E8 on February 18, 2020 at 10:00 a.m. (Vancouver time).

**Notice-and-Access**

The Company is using the Notice-and-Access system under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* to distribute its proxy-related materials to Shareholders.

Under Notice-and-Access, rather than the Company mailing paper copies of the proxy-related materials to Shareholders, the materials can be accessed online under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at <http://patagoniagold.com/investors/shareholder-meetings/>. The Company has adopted this alternative means of delivery for its proxy-related materials in order to reduce paper use and printing and mailing costs.

Shareholders will receive a Notice Package by prepaid mail, which will contain, among other things, information on Notice-and-Access and how Shareholders may access an electronic copy of the proxy-related materials, and how they may request a paper copy of the Information Circular, if they so choose, in advance of the Meeting and for a full year following the Meeting.

Shareholders will not receive a paper copy of the Information Circular unless they contact the Company, toll free, at +1(866) 223-5297 or by email at [margarate@patagoniagold.com](mailto:margarate@patagoniagold.com). For Shareholders who wish to receive a paper copy of the Information Circular in advance of the voting deadline for the Meeting, requests must be received no later than February 7, 2020.

Shareholders with questions about Notice-and-Access may contact Computershare at 1-800-564-6253.

**Record Date**

The record date for determining the Shareholders entitled to receive notice of and to vote at the Meeting is January 2, 2020. Only Shareholders of record as of the close of business (Vancouver time) on the Record Date are entitled to receive notice of and to vote at the Meeting.

**Solicitation of Proxies**

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Patagonia for use at the Meeting and any postponement or adjournment thereof for the purposes set forth in the Notice of Meeting.** It is expected that the solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone by directors, officers or employees of Patagonia to whom no additional compensation will be paid.

## Appointment of Proxyholder

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder's behalf in accordance with the instructions given by the Shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of Patagonia (the "Management Proxyholders").

**A Shareholder has the right to appoint a person other than a Management Proxyholder, to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the proxy form provided. A proxyholder need not be a Shareholder.**

## Voting By Proxy

**Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted in favour of or be withheld from voting on or be vote against each matter referred to in the Notice of Meeting, as applicable, in accordance with the instructions of the Shareholder, on any ballot that may be called for, and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote FOR the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## Completion and Return of Proxy

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Trust Company of Canada, 100 University Avenue 8th Floor, Toronto, Ontario, M5J 2Y1, not later than 10:00 a.m. (Vancouver time) on February 13, 2020 or, in the case of any postponement or adjournment of the Meeting, forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the postponed or adjourned Meeting. Late proxies may be accepted or rejected by the Chairperson of the Meeting, in his or her discretion. The Chairperson is under no obligation to accept or reject any late proxies.

## Non-Registered Holders

**Only Shareholders whose names appear on the records of Patagonia as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of Patagonia are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your shares through a broker, you are likely an unregistered holder.

The Company has distributed copies of the Notice Package to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Notice Package to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to Patagonia are referred to as “non-objecting beneficial owners (“**NOBOs**”). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to Patagonia are referred to as “objecting beneficial owners” (“**OBOs**”).

Patagonia is not sending the proxy-related materials directly to NOBOs in connection with the Meeting, but rather has distributed copies of the Notice Package using Notice-and-Access to the Nominees for distribution to NOBOs.

Patagonia does not intend to pay for Nominees to deliver the Notice Package and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive such materials unless the OBO’s intermediary assumes the cost of delivery.

### **Revocability of Proxy**

Any registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered Shareholder, his or her attorney authorized in writing or, if the registered Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of Patagonia at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Chairperson of the Meeting on the day of the Meeting.

### **Quorum**

A quorum at meetings of Shareholders consists of one person who is, or who represents by proxy, one or more Shareholders who, in the aggregate, hold at least 15% of the issued shares entitled to be voted at the Meeting.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of common shares without par value (the “**shares**”), of which 317,943,990 are issued and outstanding as of January 2, 2020. Holders of shares are entitled to cast one vote per share.

Any holder of shares of record at the close of business on January 2, 2020 who either personally attends the Meeting or who has completed and delivered a proxy in the manner specified, subject to the provisions described above, will be entitled to vote or to have such Shareholder’s shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, the only persons or companies who beneficially own, control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company is as follows:

Name	No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Percentage of Outstanding Shares
Carlos J. Miguens	137, 095, 441	43.12%
Tim Hunt	53, 306, 925	16.77%

Notes:

(1) These numbers are derived from the respective shareholders, or public filings made by this shareholder on the System for Electronic Disclosure by Insiders (SEDI). This number does not include convertible securities held by any Shareholder.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Elements of Executive Compensation*

The Company's compensation program is based on a "pay-for-performance" philosophy which supports its objective of developing its business. The Company's compensation policies are founded on the principle that compensation should be aligned with the interests of the Shareholders, while also recognizing that the Company's corporate performance is dependent upon the recruitment and retainment of highly trained, experienced and dedicated directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required in the Company's business.

The Company's current executive compensation program consists of the following principal components: (a) base salary; (b) short term incentive compensation comprised of cash bonuses and/or share options granted under the stock option plan of the Company (the "**Stock Option Plan**"); and (c) long term incentive compensation comprised of share options. Together, these components support the Company's long-term development strategy and will be designed to address the following key objectives of its compensation program:

- align executive compensation with the interests of the Shareholders;
- attract and retain highly qualified management; and
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results.

Compensation is reviewed annually by the compensation committee of the Board (the "**Compensation Committee**"). The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competitiveness of the Company's executive compensation package.

#### Summary Compensation Table

The following table sets forth all annual and long-term compensation of the Named Executive Officers of the Company for each of the three most recently completed financial years of the Company. "**Named Executive Officer**" or "**NEO**" refers to (a) each individual who, during any part of the most recently completed financial year, served as chief executive officer ("**CEO**"), including an individual performing functions similar to a chief executive officer; (b) each individual who, during any part of the most recently completed financial year, served as chief financial officer ("**CFO**"), including an individual performing functions similar to a chief financial officer; (c) the most highly compensated executive officer, other than the individuals identified in (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, for that financial year; and (d) each individual who would be a named executive officer under (c) but for the fact that the individual was not an executive officer of the Company, and was



not acting in a similar capacity, at the end of that financial year. During the year ended December 31, 2018, the Company had five Named Executive Officers, namely Tim Hunt, former Executive Chairman of the board of directors of the Company (the “**Board**”), President and Chief Executive Officer, Ken Atwood, former Chief Financial Officer (who replaced the former Chief Financial Officer James Meek on May 11, 2018), Robert Little, former Chief Administration Officer, and Leon Hardy, former Chief Operating Officer.

Named Executive Officer and Principal Position	Year	Salary (US\$) <sup>(1)</sup>	Share-based awards (US\$)	Option-based awards (US\$)	Non-Equity Incentive Plan Compensation		Pension Value (US\$)	All Other Compensation (US\$)	Total Compensation (US\$) <sup>(1)</sup>
					Annual Incentive Plan (\$US) <sup>(1)</sup>	Long-term Incentive Plan (US\$)			
Tim Hunt <sup>(2)</sup> <i>Former Executive Chairman, President, Chief Executive Officer and a Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ken Atwood <sup>(3)</sup> <i>Former Chief Financial Officer</i>	2018	135,000	Nil	Nil	Nil	Nil	Nil	Nil	135,000
	2017	125,000	Nil	34,528	Nil	Nil	Nil	Nil	159,528
James Meek <sup>(4)</sup> <i>Former Chief Financial Officer</i>	2018	1,064	Nil	Nil	Nil	Nil	Nil	Nil	1,064
	2017	114,222	Nil	Nil	Nil	Nil	Nil	Nil	114,222
Robert Little <sup>(5)</sup> <i>Former Chief Administration Officer; Former Chief Financial Officer and Secretary</i>	2018	135,000	Nil	Nil	Nil	Nil	Nil	Nil	135,000
	2017	124,977	Nil	Nil	Nil	Nil	Nil	Nil	124,977
Leon Hardy <sup>(6)</sup> <i>Former Chief Operating Officer</i>	2018	52,407	Nil	Nil	Nil	Nil	Nil	Nil	52,407
	2017	81,020	Nil	Nil	Nil	Nil	Nil	Nil	81,020

Notes:

- (1) Compensation for each of the NEOs was paid or payable in U.S. dollars.
- (2) Mr. Hunt was appointed Executive Chairman of the Board on April 26, 2010. Mr. Hunt was appointed to the Board on December 23, 2009. Mr. Hunt was appointed Chief Executive Officer and served as the President of the Company from January 1, 2014 until July 22, 2019.
- (3) Mr. Atwood served as the Chief Financial Officer of the Company from May 11, 2018 until July 22, 2019.
- (4) Mr. Meek served as the Chief Financial Officer of the Company from June 14, 2016 to May 10, 2018.
- (5) Mr. Little served as the Chief Administration Officer of the Company from June 2016 and served as the Chief Financial Officer and Secretary of the Company from January 2014 to June 2016.
- (6) Mr. Hardy resigned as the Chief Operating Officer effective January 1, 2020.

## Directors Compensation

The following table sets forth the total compensation earned by each director of the during the year ended December 31, 2018:

Directors <sup>(1)(2)</sup>	Fees earned (US\$) <sup>(2)</sup>	Share-based awards (\$)	Option-based awards (\$)	Non-Equity Incentive Plan Compensation	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (US\$)
Alan Chan <sup>(3)</sup>	3,121	Nil	Nil	Nil	Nil	Nil	3,121
Darrick Hunt <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Alastair Summers <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Compensation information for Tim Hunt is reported in the Summary Compensation Table for Named Executive Officers above.
- (2) Compensation for each of the directors was paid or payable in US dollars.
- (3) Resigned from the Board July 22, 2019.

Directors are reimbursed for all out-of-pocket costs that are incurred.

## Outstanding Share-Based Awards and Option-Based Awards

The following table shows all option-based awards and share-based awards outstanding to each Named Executive Officer as of December 31, 2018:

Named Executive Officer	Option-based Awards <sup>(1)</sup>				Share-based Awards <sup>(3)</sup>		
	Number of securities underlying unexercised options (#)	Option exercise price (CDN\$)	Option expiration date	Value of unexercised in-the-money options (CDN\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value vested share-based awards not paid out or distributed (\$)
Ken Atwood	200,000	\$ 0.20	06/14/2022	Nil	Nil	Nil	Nil
Alan Chan	50,000 250,000	\$ 1.00 \$ 0.15	04/04/2019 05/20/2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Darrick Hunt	75,000 350,000	\$ 1.00 \$ 0.15	04/04/2019 05/20/2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Tim Hunt	100,000 1,000,000	\$ 1.00 \$ 0.15	04/04/2019 05/20/2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Robert Little	35,000 300,000	\$ 1.00 \$ 0.15	04/04/2019 05/20/2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Leon Hardy	500,000	\$ 0.15	05/20/2021	Nil	Nil	Nil	Nil
Alastair Summers	25,000 250,000	\$ 1.00 \$ 0.15	04/04/2019 05/20/2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
<b>Total</b>	<b>3,135,000</b>						

Notes:

- (1) The Company completed a share consolidation on the basis of one post-consolidation share for every ten pre-consolidation shares on June 24, 2015. All figures reflect the post-share consolidation amounts.
- (2) Value is calculated based on the difference between the closing market price of the shares on the TSX Venture Exchange (the "Exchange") on December 31, 2018 (the last date in December 2018 on which the shares traded), which was CDN\$0.14, and the exercise price of the options, multiplied by the number of options.
- (3) The Company has not granted any share-based awards.

## Incentive Plan Awards – Value Vested or Earned

No incentive plan awards vested or were issued to any of the Named Executive Officers during the year ended December 31, 2018.

## Termination of Employment and Change of Control Benefits

During the year ended December 31, 2018, the Company did not have any contracts, agreements, plans or arrangements in place with any NEO that provides for payment following or in connection with any termination, resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

## Outstanding Option-based Awards and Share-based Awards

The following table shows all option-based awards and share-based awards outstanding to each director as of December 31, 2018:

Directors <sup>(1)</sup>	Option-based Awards <sup>(2)</sup>				Share-based Awards <sup>(4)</sup>		
	Number of securities underlying unexercised options (#)	Option exercise price (CDN\$)	Option expiration date	Value of unexercised in-the-money options (CDN\$) <sup>(3)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (CDN\$)	Market or payout value vested share-based awards not paid out or distributed (CDN\$)
Alan Chan	50,000 250,000	\$ 1.00  \$ 0.15	04/04/2019 20/05/2021	Nil 25,000	Nil	Nil	Nil
Darrick Hunt	75,000 350,000	\$ 1.00  \$ 0.15	04/04/2019 20/05/2021	Nil 35,000	Nil	Nil	Nil
Alastair Summers	25,000 250,000	\$ 1.00  \$ 0.15	04/04/2019 20/05/2021	Nil 25,000	Nil	Nil	Nil

### Notes:

- (1) Outstanding option-based and share-based awards information for Tim Hunt is reported in the corresponding table for Named Executive Officers above.
- (2) The Company completed a share consolidation on the basis of one post-consolidation share for every ten pre-consolidation shares on June 24, 2015. All figures reflect the post-share consolidation amounts.
- (3) Value is calculated based on the difference between the closing market price of the shares on the Exchange on December 31, 2018 (the last date in December 2018 on which the shares traded), which was CDN\$0.14, and the exercise price of the options, multiplied by the number of options.
- (4) The Company has not granted any share based awards.

## Incentive Plan Awards – Value Vested or Earned

No incentive plan awards vested or were issued to any of the directors during the year ended December 31, 2018.

## Exercise of Compensation Securities

During the financial year ended December 31, 2018, none of the directors or NEOs of the Company exercised any compensation securities of the Company.

## Pension Plan Benefits

No pension, retirement, defined benefit plans or defined contribution plans have been instituted by the Company and none are proposed at this time.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Company's compensation plans, currently consisting of the Stock Option Plan, under which equity securities are authorized for issuance as at the financial year ending December 31, 2018.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average exercise price of outstanding options, warrants and rights <sup>(2)</sup> (CDN\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders <sup>(1)</sup>	4,160,000	0.21	2,198,880
Equity compensation plans not approved by security holders	Nil	N/A	Nil

Note:

(1) Represents the Stock Option Plan.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Information Circular, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company which is owing to the Company or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

in relation to a securities purchase program or other program.

## **CORPORATE GOVERNANCE DISCLOSURE**

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and, therefore, these guidelines have not been adopted. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below.

### **Independence of Members of Board**

The Company's Board currently consists of five directors, two of whom are independent based upon the tests for independence set forth in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). Alexander (Sandy) Harper and David Jarvis are independent. Carlos Miguens is not independent as the Board does not consider him to be free from any direct or indirect “material relationship” with the Company since he is a significant Shareholder. Tim Hunt is not independent as he was formerly the Executive Chairman, President and Chief Executive Officer of the Company. Cristian Lopez Saubidet is not independent as he is the Chief Financial Officer of the Company.

A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgement.

### **Board Committees**

The Board has no other committees other than the Audit Committee and the Compensation Committee.

### **Management Supervision by Board**

The Board has determined that the current constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent directors are, however, able to meet at any time without any members of management including the non-independent directors being present. Further supervision is performed through the Audit Committee which is composed of independent directors who meet with the Company's auditors without management being in attendance. The independent directors also have access to the Company's legal counsel as required, and its officers.

### **Risk Management**

The Board is responsible for adoption of a strategic planning process, identification of principal risks and implementing risk management systems, succession planning and the continuous disclosure requirements of the Company under applicable securities laws and regulations.

The Audit Committee is responsible for the financial risk management items set out in the Audit Committee charter.

### **Participation of Directors in Other Reporting Issuers**

None of the directors of the Company hold directorships in other reporting issuers.

## **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
3. access to management and technical experts and consultants; and
4. a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

## **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Board has adopted a Code of Business Conduct and has instructed its management and employees to abide by the Code.

## **Nomination of Directors**

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mineral exploration industry are consulted for possible candidates.

## **Compensation of Directors and the CEO**

The chair of the Board, the Compensation Committee and the CEO have the responsibility for determining compensation for the CEO.

To determine compensation payable to directors, the chair of the Board, the Compensation Committee, the CEO and the CFO review compensation paid for directors of companies of similar size and stage of development in the mineral exploration industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors while taking into account the financial and other resources of the Company. While in its startup phase, the Company anticipates paying each director a nominal flat fee of USD\$12,000 per year.

In setting the compensation of senior management, the Compensation Committee and the CEO review performance in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

## **Compensation Governance**

The Compensation Committee is currently comprised of Carlos Miguens (not independent as the Board does not consider him to be free from any direct or indirect "material relationship" with the Company since he is a significant Shareholder), David Jarvis (independent) and Alexander (Sandy) Harper (independent). The role of the Compensation Committee is, in part, to assist the Board in approving and monitoring the Company's practices with respect to

compensation. The Compensation Committee members have extensive experience in the mining sector. Each member draws on his respective management experience to provide relevant compensation-related expertise. The Board is confident that the collective experience of the Compensation Committee members ensures that the Compensation Committee has the knowledge and experience to execute its mandate effectively and to make executive compensation decisions in the best interests of the Company.

### **Assessments**

The Board does not view formal assessments as being useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, including the performance and effectiveness of the individual directors and each of its committees.

### **Nomination and Assessment**

The Board determines new nominees to the Board although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members and the CEO, including formal and informal discussions among Board members and the CEO.

### **Expectations of Management**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

## **AUDIT COMMITTEE DISCLOSURE**

### **Audit Committee Charter**

The Audit Committee Charter is attached hereto as Appendix A.

### **Composition of the Audit Committee**

The following are the members of the Committee:

Tim Hunt	Not independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
David Jarvis	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Alexander (Sandy) Harper	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

Note:

(1) As defined in NI 52-110.

### **Audit Committee Member Education and Experience**

**Tim Hunt** – Tim Hunt is the founder and president of Huntwood Industries, one of the largest building products manufacturers in the Western United States. Mr. Hunt has led the development of Huntwood Industries for the past 29 years, taking the business from a start-up venture to a significant middle-market enterprise; responsible for over 2 billion dollars in sales. He has significant investment experience raising capital and negotiating private equity placements for numerous companies. During a period as a licensed securities broker, Mr. Hunt also cultivated and developed lasting alliances in the mining and investment communities. He has been recognized for his leadership in the financial services sector and served on the board of directors

for a regional bank. He has been involved in the mining sector for over 30 years, including the period as an investment broker. Mr. Hunt has a degree from North Idaho College.

**David Jarvis** – David Jarvis is a mining operations executive with broad experience in the Americas and East and Central Asia. He has a Bachelor of Science degree in Mining Engineering, and has worked as Superintendent, Mine Water Management for Newmont Gold, Mine Manager for Kumtor Operating Co., Centerra Gold, Kyrgyzstan, Production Manager, Nome Alaska for NovaGold Resources Inc., and Vice-President and General Manager for Coeur Mexicana, SA de C.V.

**Alexander (Sandy) Harper** – Alexander (Sandy) Harper started out at Merrill Lynch in London in the 1970s. He has since successfully been an independent international commodity trader, investor and consultant with long experience of doing business in the UK, Europe, USA, Latin America and West Africa. Mr. Harper is currently based in Argentina. Mr. Harper was educated at Winchester College, Hampshire, UK.

### Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Exemption in Section 6.1 of NI 52-110

In respect of the most recently completed financial year, the Company is relying on the exemption set out in Section 6.1 of the NI 52-110 with respect to compliance with the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### Pre-Approval Policies and Procedures

The Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

### External Auditors Service Fees (By Category)

The aggregate fees billed by the Company’s external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2018	\$87,803	Nil	\$26,850	\$25,704
December 31, 2017	\$157,700	Nil	\$18,750	\$22,500

Notes:

- (1) The aggregate fees billed by the Company’s auditors for audit fees in connection with the audit of the Company’s annual consolidated financial statements.
- (2) The aggregate fees billed for assurance and related services by the Company’s auditors that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not disclosed in the “Audit Fees” column.
- (3) The aggregate fees billed for professional services rendered by the Company’s auditors for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.



## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### *Election of Directors*

The Board presently consists of five directors and the Board has, by directors' resolution dated January 6, 2020, fixed the number of directors at seven (7). The directors of the Company are elected at each annual general meeting and hold office until the next annual meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning each nominee, as furnished by the individual nominees, is as follows:

Name, Jurisdiction of Residence and Position	Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years	Service as a Director	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(3)(4)</sup>
Carlos J. Miguens <sup>(2)</sup> Buenos Aires, Argentina	Businessman (President of President of Patagonia Gold S.A. since 2003)	22-Jul-2019	137,119,857 43.11%
Cristian Lopez Saubidet Buenos Aires, Argentina	CFO of the Company.	22-Jul-2019	Nil 0%
Christopher van Tienhoven Montevideo, Uruguay	Independent Consultant from August 2013 until March 2015. CEO of the Company from April 2015 to present.	N/A	309,778 0.08%
Tim Hunt <sup>(1)</sup> Washington, USA	Director of the Company since December 23, 2009; Former Executive Chairman of the Company from April 26, 2010 to July 22, 2019; Former Chief Executive Officer and President of the Company from January 15, 2014 to July 22, 2019.	23-Dec-2009	53,305,554 16.77%
David Jarvis <sup>(1)(2)</sup> Idaho, USA	Principal of Jarvis Mineral Services	22-Jul-2019	Nil 0%
Alexander (Sandy) Harper <sup>(1)(2)</sup> Mar del Plata, Buenos Aires, Argentina	Independent international commodity trader, investor and consultant	22-Jul-2019	1,278,395 0.4%
Leon Hardy Idaho, USA	Employed by CdA Mines from January 2013 until September 2015; contractor of the Company since September 2015 and former Chief Operating Officer since May 2016.	N/A	135,000 0.04%

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) The information as to the number of common shares beneficially owned or over which control or direction is exercised has been furnished by the respective nominee.

(4) Percentages shown are based on 317,943,990 Patagonia shares issued and outstanding as at January 2, 2020.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

To the knowledge of the Company, no proposed director:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, CEO or CFO of any company (including the Company) that:

- (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### ***Appointment of Auditor***

Grant Thornton LLP, Chartered Professional Accountants is the Company's auditor and was first appointed by the Board as the Company's auditor as of December 26, 2019. Management is recommending the appointment of Grant Thornton LLP, Chartered Professional Accountants as auditor for the Company, to hold office until the next annual general meeting of the Shareholders at a remuneration to be fixed by the Board. A notice of change of auditor, and confirmation letters from each of the former and successor auditors of the Company are enclosed with this Circular as Appendix "B", pursuant to the requirements of National Instrument 51-102.

**The Board recommends that Shareholders vote FOR the appointment of Grant Thornton LLP. To be effective, the resolution must be approved by a majority of votes (as least 50% plus one) cast by Shareholders who vote in person or by proxy at the Meeting. The management representatives named in the enclosed form of proxy intend to vote FOR a resolution to appoint Grant Thornton LLP as auditor of the Company for the ensuing year, at a remuneration to be fixed by the Board, unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's shares are to be withheld from voting on the re-appointment of auditors.**

### ***Re-Approval of the Stock Option Plan***

The following is a summary of the key provisions of the Stock Option Plan implemented by the Board, which Stock Option Plan is re-approved annually by Shareholders in accordance with the rules of the Exchange.

Pursuant to the Stock Option Plan, the Board may, from time to time, in its discretion (subject to any determination by the Compensation Committee, if applicable), and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of stock options to purchase shares at an exercise price determined by the discretion of the Board, provided that the number of shares reserved for issuance, together with those to be issued pursuant to options previously granted, does not exceed 10% of the issued and outstanding shares at the time of the grant, subject to further qualifications set out below. Subject to the conditions disclosed herein, the Board determines the manner in which an option shall vest and become exercisable (subject to any determination by the Compensation Committee, if applicable). Stock options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such stock options vesting in any three-month period. The Stock Option Plan provides that the number of shares reserved for issuance:

- (i) to any one person, within any 12-month period, will not exceed 5% of the issued and outstanding shares at the time of the grant;
- (ii) to any one consultant, within any 12-month period, will not exceed 2% of the issued and outstanding shares at the time of the grant;
- (iii) in aggregate to persons conducting investor relations activities, within any 12-month period, will not exceed 2% of the issued and outstanding shares at the time of the grant; and
- (iv) in aggregate to insiders will not exceed 10% of the issued and outstanding shares at the time of the grant and in aggregate will not exceed, within any 12-month period, 10% of the issued and outstanding shares at the time of the grant.

The number of stock options allocated to directors, officers, employees and consultants of Patagonia will be determined by the Board on a case by case basis. Patagonia has not adopted formal formula or formal procedures to determine stock option allocation. Previous grants of stock options are taken into consideration when new option grants are contemplated. The grant of Stock options is used to, among other things, attract, motivate, and retain qualified directors, officers, employees and consultants by providing them with long-term incentives that will encourage them to add value to Patagonia. Stock options also serve to align directors, officers, employees and consultants' long-term interests with those of Shareholders.

Options are exercisable only by the participant to whom they are granted and may not be assigned or transferred. Notwithstanding this restriction, upon the death of a participant, the participant's legal representatives, heirs, executors and administrators may exercise the participant's options for a period ending no later than the earlier of the option expiry date and 12 months after the participant's death.

Subject to the discretion of the Board, where a person ceases to be an eligible participant under the Stock Option Plan, other than by reason of death or in the event of termination for cause, options granted to such participants shall cease to be exercisable on the earlier of the expiry date and 90 days after the date of termination or, if the participant was involved in investor relations activities, the options shall cease to be exercisable on the earlier of the expiry date or 30 days after the date of termination. Subject to the discretion of the Board, if a participant is

terminated for cause, all options granted to such participant shall terminate and cease to be exercisable upon such termination. Subject to obtaining any required approval from the Exchange, shareholders or participants, as the case may be, Patagonia may amend the Stock Option Plan or the terms of any option granted thereunder in accordance with the terms of the Stock Option Plan. Disinterested shareholder approval is required for certain amendments, including any reduction in the exercise price of an option held by an Insider of Patagonia.

At the Meeting, shareholders will be asked to pass a resolution (the “**Stock Option Plan Resolution**”) in the following form:

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the Stock Option Plan, as described in the Information Circular dated January 6, 2020, which provides for the rolling grant of options to acquire up to 10% of the number of issued and outstanding common shares of the Company from time to time, is hereby authorized and approved; and
2. any officer or director of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**The Board recommends that Shareholders vote FOR the Stock Option Plan Resolution. To be effective, the Stock Option Plan Resolution must be approved by a majority of the votes (at least 50% plus one) cast by shareholders who vote in person or by proxy at the Meeting. The management representatives named in the enclosed form of proxy intend to vote FOR the Stock Option Plan Resolution, unless a Shareholder specifies in its proxy that its shares are to be voted against such resolution.**

**INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as otherwise disclosed herein, none of:

- (a) the directors or senior officers of the Company at any time since January 1, 2018;
- (b) the proposed nominees for election as a Director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors.

Directors and executive officers may, however, be interested in the re-approval of the Stock Option Plan (as defined below) as detailed in “*Particulars of Matters to be Acted Upon – Re-Approval of the Stock Option Plan*,” as such persons are entitled to participate in the Stock Option Plan.

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, “**Informed Person**” means (a) a Director or Executive Officer of the Company; (b) a Director or Executive Officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company’s financial statements for the financial year ended June 30, 2019, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a Director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since January 1, 2018 or in a proposed transaction which has materially affected or would materially affect the Company. On July 22, 2019, the Company completed a business combination transaction with Patagonia Gold Plc, the details of which are disclosed in the Company’s news release dated July 12, 2019 and the Company’s filing statement dated May 30, 2019. Carlos Miguens held more than 10% of the issued and outstanding shares of Patagonia Gold Plc. Tim Hunt held more than 10% of the issued and outstanding shares of the Company. On closing of the business combination, Cristopher van Tienhoven and Cristian Lopez Saubidet were appointed as executive officers of the Company. Directors Carlos Miguens and Alexander (Sandy) Harper were shareholders of Patagonia Gold Plc.

## ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Company’s comparative annual financial statements and management’s discussion and analysis for the financial year ended December 31, 2018, which can be found under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also request these documents from the Company by calling +1(866) 223-5297 or by e-mail at [margarate@patagoniagold.com](mailto:margarate@patagoniagold.com).

**PATAGONIA DIRECTORS' APPROVAL**

The contents and the sending of this Information Circular have been approved by Board of Patagonia.

DATED this 6<sup>th</sup> day of January, 2020.

**BY ORDER OF THE BOARD OF  
DIRECTORS OF PATAGONIA GOLD  
CORP.**

*(Signed) "Carlos Miguens"*

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Carlos Miguens  
Chairman

**APPENDIX A**  
**AUDIT COMMITTEE CHARTER**  
**AUDIT COMMITTEE TERMS OF REFERENCE**

**PATAGONGIA GOLD CORP.**  
**(formerly HUNT MINING CORP.)**  
**(the "Corporation")**

**Charter of the Audit Committee of the Board of Directors**

**I. PURPOSE**

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

**II. AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the external auditors.

**III. RESPONSIBILITIES**

**A. Independent Auditors**

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.

3. The Committee shall review the external auditors' audit plan, including scope, procedures and timing of the audit.
4. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
5. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within generally accepted accounting principles that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
6. The Committee shall pre-approve all non-audit services not prohibited by law to be provided by the external auditors.
7. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
8. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
9. The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.

**B. FINANCIAL ACCOUNTING AND REPORTING PROCESS**

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review management's discussion and analysis relating to annual and interim financial statements, earnings press releases, and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities.
3. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.



4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements other than earnings press releases, and periodically assess the adequacy of these procedures.
5. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
9. The Committee shall provide oversight to related party transactions entered into by the Corporation.

**C. Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

**IV. COMPOSITION AND MEETINGS**

1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, securities laws, the listing requirements of any stock exchange or stock exchanges or other trading facilities, if any, on which the common shares in the capital of the Corporation are then listed and/or posted for trading, the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.
2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time, one of whom shall be designated by the Board to serve as Chair.
3. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
4. If within one-half of an hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same time on the next business day following the date of such meeting at the same place. If at the adjourned

meeting a quorum as hereinbefore specified is not present within one-half of an hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same time on the next business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.

5. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
6. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
7. Any member of the Committee may participate in a meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
8. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
9. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend meetings of the Committee.
10. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

**APPENDIX B**  
**AUDITOR CHANGE MATERIALS**



Alberta Securities Commission  
British Columbia Securities Commission (Principal Regulator)  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Ontario Securities Commission  
Financial and Consumer Services Commission, New Brunswick  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Prince Edward Island  
Office of the Superintendent of Securities Service Newfoundland and Labrador

#### **NOTICE OF CHANGE OF AUDITOR**

Patagonia Gold Corp. (formerly Hunt Mining Corp.) (the "**Company**") hereby gives notice, pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") as follows:

1. At the request of the Company, Davidson & Company LLP resigned as auditors of the Company effective December 26, 2019, and Grant Thornton LLP has been appointed as auditors of the Company effective December 26, 2019.
2. Both the resignation of Davidson & Company LLP and the appointment of Grant Thornton LLP were considered and approved by the Board of Directors of the Company.
3. There have been no reservations in the reports of Davidson & Company LLP on the financial statements of the Company for the two most recently completed fiscal years.
4. There have been no reportable events (as such term is defined in NI 51-102) between the Company and Davidson & Company LLP.

DATED as of the 26<sup>th</sup> day of December, 2019.

#### **PATAGONIA GOLD CORP.**

*(Signed) "Christopher van Tienhoven"*

By: \_\_\_\_\_

Christopher van Tienhoven  
Chief Executive Officer

December 26, 2019

**Alberta Securities Commission  
British Columbia Securities Commission (Principal Regulator)  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Ontario Securities Commission  
Financial and Consumer Services Commission, New Brunswick  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Prince Edward Island  
Office of the Superintendent of Securities Service Newfoundland and Labrador**

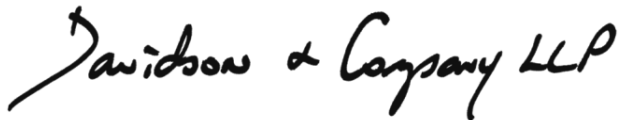
Dear Sirs / Mesdames

**Re: Patagonia Gold Corp. (formerly Hunt Mining Corp.) (the "Company")  
Notice Pursuant to NI 51 – 102 of Change of Auditor**

In accordance with National Instrument 51-102, we have read the Company's Change of Auditor Notice dated December 26, 2019 and agree with the information contained therein, based upon our knowledge of the information at this date.

Should you require clarification or further information, please do not hesitate to contact the writer.

Yours very truly,



**DAVIDSON & COMPANY LLP**  
Chartered Professional Accountants

**cc: TSX Venture Exchange**





**Grant Thornton**

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Alberta Securities Commission  
British Columbia Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Ontario Securities Commission  
Financial and Consumer Services Commission (New Brunswick)  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Prince Edward Island  
Office of the Superintendent of Securities Service Newfoundland  
and Labrador

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Toronto, ON  
T +1 416 366 0100  
F +1 416 360 4949

December 26, 2019

Dear Sirs / Mesdames:

**Re: Patagonia Gold Corporation (the “Company”)**

**Notice of Change of Auditor**

This is to advise that in connection with National Instrument 51-102 – *Continuous Disclosure Obligations*, we have read the Company’s notice of change of auditors dated December 26, 2019 and based on our knowledge at the time, we are in agreement with the statements contained in the notice.

Yours sincerely,

Grant Thornton LLP

Chartered Professional Accountants

cc: Patagonia Gold Corporation

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