PATAGONIA GOLD CORP.

AMENDED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2020

NOTE TO READER

These condensed interim consolidated financial statements for the three months ended March 31, 2020 replace and supersede the previously filed interim financial statements in respect of the same period filed on July 14, 2020. The board of directors, in consultation with management of Patagonia Gold Corp. (the "Company"), determined that the Company's interim consolidated financial statements for the three months ended March 31, 2020 filed on SEDAR at www.sedar.com on July 14, 2020 should be refiled in order for the Company to improve its disclosure to better comply with the requirements of the United States Securities and Exchange Commission (the "SEC") that were applicable at the time. Although there were no changes to any of the numbers in the financial statements themselves, these financial statements reflect updates to the subsequent events note (Note 27) and the MD&A (Item 2) was amended to include discussion of the segmented results of operations and the discussion of the properties was updated to comply with SEC Industry Guide 7.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended: **March 31, 2020**

Commission File Number: **333-182072**

PATAGONIA GOLD

Patagonia Gold Corp.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**1041**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*

Av. Libertador 498 P.26, Argentina, C.A.B.A
(+5411) 52786950
(Address of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Check whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

As of November 17, 2020, the registrant's outstanding common stock consisted of 361,829,267 common shares.

Patagonia Gold Corp.

Table of Contents

Patagonia Gold Corp.
Condensed Interim Consolidated Balance Sheets (Unaudited)
(in thousands of U.S. dollars)

	Note	March 31, 2020 $'000	December 31, 2019 $'000
Current Assets			
Cash	22	$ 699	$ 685
Receivables	12, 22	1,913	1,516
Inventories	6	4,127	3,347
Total Current Assets		6,739	5,548
Non-Current Assets			
Mineral Properties	7, 24	8,610	8,610
Mining Rights	9	15,848	16,997
Property, plant and equipment	11	10,338	10,508
Goodwill	24	4,379	4,379
Other financial assets	10, 22	240	334
Deferred tax assets		3,062	4,599
Other receivable	13, 22	3,126	3,814
Total Non-Current Assets		45,603	49,241
Total Assets		$ 52,342	$ 54,789
Current Liabilities			
Bank indebtedness	14	$ 11,578	$ 14,989
Accounts payable and accrued liabilities	15, 20, 22	5,956	5,992
Accounts payable with related parties	15, 20, 22	6,842	6,717
Loan payable and current portion of long-term debt	16, 20, 22	311	334
Current portion of long-term debt with related parties	16, 20, 22	13,120	-
Total Current Liabilities		37,807	28,032
Non-Current Liabilities			
Long-term debt	17, 22	298	312
Long-term debt with related parties	17, 20, 22	1,470	11,708
Asset retirement obligation	8	2,879	2,812
Deferred tax liabilities		1,833	2,693
Other long-term payables		52	56
Total Non-Current Liabilities		6,532	17,581
Total Liabilities		44,339	45,613
Commitments and Contingencies (note 25)			
Stockholders' Equity			
Capital stock: Authorized - Unlimited No Par Value Issued and outstanding – 317,943,990 common shares (December 31, 2019 - 317,943,990 common shares)	19	2,588	2,588
Additional paid in capital		181,761	181,676
Accumulated Deficit		(173,959)	(174,270)
Accumulated other comprehensive income (loss)		(2,190)	(575)
Total Stockholders' Equity attributable to the parent:		8,200	9,419
Non-controlling interest		(197)	(243)
Total Stockholders' Equity		8,003	9,176
Total Liabilities and Stockholders' Equity		$ 52,342	$ 54,789
Going Concern (note 3)			
Subsequent events (note 27)			

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Patagonia Gold Corp.
Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)
For the Three Months Ended March 31, 2020 and 2019
(in thousands of U.S. dollars)

	Note		March 31, 2020 $'000		March 31, 2019 $'000
Revenue		$	5,215	$	4,871
Cost of Sales	6		(2,448)		(6,823)
Gross Profit (Loss)		$	2,767	$	(1,952)
Operating Income (Expenses):					
Exploration expenses			(694)		(842)
Administrative expense	21		(1,115)		(2,312)
Share-based payments expense	19		(85)		(21)
Interest expense			(717)		(431)
Total operating expense:		$	(2,611)	$	(3,606)
Other Income/(Expenses)					
Interest income	10		55		28
Gain/(Loss) on foreign exchange			(5)		(40)
Accretion expense	8		(162)		(21)
Realized gain (loss) on investment			728		-
Total other income/(expenses)			616		(33)
Income (Loss) – before income taxes		$	772	$	(5,591)
Income tax benefit (expense)			(415)		1,594
Net Income (Loss)		$	357	$	(3,997)
Attributable to non-controlling interest			46		(325)
Attributable to equity share owners of the parent			311		(3,672)
		$	357	$	(3,997)
Other Comprehensive Income (Loss) net of tax					
Change in fair value of investment	10		(94)		(1)
Foreign currency translation adjustment			(1,521)		337
Total Other comprehensive Income (Loss)		$	(1,615)	$	336
Total Comprehensive Income (Loss)		$	(1,258)	$	(3,661)
Weighted average shares outstanding – basic and diluted	18		317,943,990		254,355,192
Net Income (Loss) per share – Basic and Diluted	18	$	0.00	$	(0.02)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Patagonia Gold Corp.
Condensed Interim Consolidated Statement of Shareholders' Equity (Unaudited)
For the Three Months Ended March 31, 2020 and 2019
(in thousands of U.S. dollars)

	Capital Stock	Preferred Shares	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Additional Paid in Capital	Total Attributable to parent	Non-Controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at January 1, 2019	**301**	**-**	**(164,717)**	**(519)**	**181,549**	**16,614**	**(121)**	**16,493**
Share Based Payments	-	-	-	-	21	21	-	21
Net Income (Loss)	-	-	(3,672)	-	-	(3,672)	(325)	(3,997)
Other Comprehensive Income (Loss)	-	-	-	336	-	336	-	336
Balance – March 31, 2019	**301**	**-**	**(168,389)**	**(183)**	**181,570**	**13,299**	**(446)**	**12,853**
Balance at January 1, 2020	**2,588**	**-**	**(174,270)**	**(575)**	**181,676**	**9,419**	**(243)**	**9,176**
Share based payments	-	-	-	-	85	85	-	85
Net Income (Loss)	-	-	311	-	-	311	46	357
Other Comprehensive Income (Loss)	-	-	-	(1,615)	-	(1,615)	-	(1,615)
Balance – March 31, 2020	**2,588**	**-**	**(173,959)**	**(2,190)**	**(181,761)**	**8,200**	**(197)**	**8,003**

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Patagonia Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
For the Three Months Ended March 31, 2020 and 2019
(in thousands of U.S. dollars)

	Note	March 31, 2020 $'000	March 31, 2019 $'000
Cash Flow From Operating Activities			
Net Income/(Loss)		$ 357	$ (3,997)
Items not affecting cash			
Depreciation of property, plant and equipment	21	427	563
Depreciation of mining rights	21	25	25
Share based payment expense	19	85	21
Asset retirement obligation	8	(95)	(27)
Write-down of inventory	6	-	2,368
Accretion expense	8	162	21
Deferred tax benefit/(expense)		415	(1,594)
		1,376	(2,620)
Net change in non-cash working capital items			
(Increase)/decrease in receivables		291	1,102
(Increase)/decrease in deferred tax assets		1,144	492
(Increase)/decrease in inventory		(780)	(279)
(Increase)/decrease in other financial assets		94	1
Increase/(decrease) in accounts payable and accrued liabilities		(9)	(887)
Increase/(decrease) in accounts payable and accrued liabilities with related parties		125	37
Increase/(decrease) in provision		(4)	(9)
Increase/(decrease) in transaction taxes payable		(28)	(108)
Increase/(decrease) in deferred tax liabilities		(881)	-
		(48)	349
Net cash provided by/(used in) operating activities		1,328	(2,271)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	11	(271)	(136)
Purchase of mineral property	7	-	(182)
Proceeds from disposal of property, plant and equipment		14	5
Net cash provided by/(used in) investing activities		(257)	(313)
Cash Flow from Financing Activities			
Bank indebtedness (repayment)		(3,411)	2,168
Proceeds from loans with related parties		2,882	2,006
Repayment of loans		(37)	(1,895)
Net cash provided by/(used in) financing activities		(566)	2,279
Net Increase/(Decrease) in Cash		505	(305)
Effect of Foreign Exchange on Cash		(491)	57
Cash, Beginning of Period		685	660
Cash, End of the Period		$ 699	$ 412
Taxes paid		(28)	(108)
Interest paid		(7)	(107)
Supplemental Non-Cash Information			
Change in value of investments		(94)	(1)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

(in thousands of U.S. dollars unless otherwise stated)

1. Nature of business

On July 24, 2019, Patagonia Gold Corp. (PGDC.TSXV – "the Company" or "Patagonia") [formerly Hunt Mining Corp ("Hunt", or "Hunt Mining")] and Patagonia Gold PLC ("PGP") completed a reverse acquisition (or reverse takeover, the "RTO") resulting in Hunt acquiring all issued shares of common stock of PGP in exchange for common shares of Hunt on the basis of 10.76 Hunt shares for each PGP share. Hunt issued 254,355,192 common shares to the shareholders of PGP representing an ownership interest of approximately 80%. The operating name of Hunt Mining Corp. was changed to Patagonia Gold Corp ("the Company") (Note 24).

Comparative information for the Company is that of PGP (accounting acquirer) prior to the reverse acquisition on July 24, 2019.

Patagonia is a mineral exploration and production company incorporated on January 10, 2006 under the laws of Alberta, Canada and, together with its subsidiaries, is engaged in the exploration of mineral properties and exploitation of reserves in Santa Cruz, Rio Negro and Chubut provinces of Argentina.

The condensed interim consolidated financial statements include the accounts of the following subsidiaries after elimination of intercompany transactions and balances:

Corporation	Incorporation	Percentage ownership	Functional currency	Business purpose
Patagonia Gold S.A. (PGSA)	Argentina	95.3	US$	Production and Exploration Stage
Minera Minamalu S.A.	Argentina	100	US$	Exploration Stage
Huemules S.A.	Argentina	100	US$	Exploration Stage
Leleque Exploración S.A.	Argentina	100	US$	Exploration Stage
Patagonia Gold Limited (formerly Patagonia Gold PLC)	UK	100	GBP$	Holding
Minera Aquiline S.A.U.	Argentina	100	US$	Exploration Stage
Patagonia Gold Canada Inc.	Canada	100	CAD$	Holding
Patagonia Gold Chile S.C.M.	Chile	100	CH$	Exploration Stage
Ganadera Patagonia S.R.L.	Argentina	100	US$	Land Holding
1494716 Alberta Ltd.	Canada	100	CAD$	Nominee Shareholder
Hunt Gold USA LLC	USA	100	US$	Management Company

The Company's activities include the exploration for and production of minerals from properties in Argentina and Chile. On the basis of information to date, properties where it has not yet been determined if economically recoverable ore reserves exist are classified as exploration-stage. Properties where economically recoverable ore reserves exist and are being exploited are classified as production-stage. The underlying value of the mineral properties is entirely dependent upon the existence of reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production or a sale of these properties.

On some properties, ongoing production and sales of gold and silver are being undertaken without established mineral resources or reserves and the Company has not established the economic viability of the operations. As a result, there is increased uncertainty and economic risks of failure associated with these production activities. Despite the sale of gold and silver, these projects remain in the exploration stage because management has not established proven or probable ore reserves required to be classified in either the development or production stage.

The Company has initiated a corporate reorganization (the "Reorganization"), which resulted in Patagonia Gold SA ("PGSA") and Cerro Cazador SA ("CCSA") (former wholly owned subsidiary) merging and continuing as one legal entity. The Reorganization will facilitate the development of the Cap-Oeste gold / silver underground project ("Cap-Oeste"), with Cap-Oeste and the Martha processing plant being held by the same legal entity, PGSA. It is also expected to facilitate the development of an exploration program for the La Josefina and La Valenciana gold / silver projects. The Reorganization is expected to be completed by the end of the second quarter 2020 and be effective as of January 1, 2020.

In connection with this Reorganization, the Company also renegotiated the agreement between PGSA and the Provincial State owned Mining Company, Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz"), pursuant to which Fomicruz held a 10% interest in PGSA, and the farm-in agreement between CCSA and Fomicruz regarding the La Josefina and the La Valenciana properties.

Accordingly, Fomicruz agreed to reduce its interest in PGSA to 4.7% and to hold a 2% royalty on the properties it contributed to PGSA, with the exception of the La Josefina and La Valenciana properties, where Fomicruz will retain a 5% royalty.

2. Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP).

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company's presentation currency is the US Dollar.

The preparation of the condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments made by management in the application of US GAAP that have a significant effect on the condensed interim consolidated financial statements and estimates with significant risk of material adjustment in the current and following periods are discussed in Note 4.

3. Going Concern

The accompanying condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. During the three months ended March 31, 2020, the Company had net income of $357. As at March 31, 2020, the Company has negative working capital of $31,068 and had an accumulated deficit of $173,959. The Company's ability to continue as a going concern is dependent upon the ability to generate cashflows from operations and obtain financing. The Company intends to continue funding operations through operation of Cap-Oeste, Lomada, Martha, La Josefina project and equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the three months ending March 31, 2020. There can be no assurance that the steps management is taking will be successful.

These factors, among others, indicate the existence of a material uncertainty that cast substantial doubt about the Company's ability to continue as a going concern. The accompanying condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. These adjustments could be material.

4. Significant Accounting Policies and Critical Accounting Judgments and Estimates

The accounting polices used in the preparation of these interim financial statements are consistent with those of the Company's audited financial statements for the year ended December 31, 2019. Please see note 4 - Significant Accounting Policies and note 6 - Critical Accounting Judgement and Estimates contained in the 2019 10-K.

5. Recent Accounting Pronouncements

Recently issued and adopted accounting pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326)". The new standard is effective for reporting periods beginning after December 15, 2019. The standard replaces the incurred loss impairment methodology under current GAAP with a methodology that reflects expected credit losses and requires the use of a forward-looking expected credit loss model for accounts receivables, loans, and other financial instruments. The standard requires a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. We adopted the new credit loss standard effective January 1, 2020. The adoption of the new credit loss standard did not have a material effect on our financial position, results of operations or cash flows.

Recently issued but not yet adopted accounting pronouncements

Income Taxes

In December 2019, the FASB issued ASU 2019-12, "Income Taxes - Simplifying the Accounting for Income Taxes (Topic 740)" which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 will be effective for interim and annual periods beginning after December 15, 2020 (January 1, 2021 for the Company). Early adoption is permitted. The Company is currently evaluating the impact the adoption of ASU 2019-12 will have on its consolidated financial statements.

6. Inventories

		March 31, 2020 $'000		December 31, 2019 $'000
Gold held on carbon	$	1,595	$	1,422
Silver and gold concentrate		642		157
Materials and supplies		1,890		1,768
	$	4,127	$	3,347

In 2019, the Company closed the Lomada project and put the Cap-Oeste project into care and maintenance. As a result, the carrying value of inventory for these projects has been reviewed for impairment. The net realizable value of the inventory is less than the costs incurred in establishing the ore stockpile and therefore a write down of $2.37 million was required and is recorded in cost of sales for the three months ended March 31, 2019.

7. Mineral properties

		Mining assets $'000		Surface rights acquired $'000		Total $'000
Cost						
Balance at January 1, 2019	$	1,780	$	745	$	2,525
Reverse acquisition (Note 24)		6,830		1,035		7,865
Additions		216		-		216
Impairment		(1,996)		-		(1,996)
Balance December 31, 2019	$	6,830	$	1,780	$	8,610
Additions		-		-		-
Impairment		-		-		-
Balance March 31, 2020	$	6,830	$	1,780	$	8,610

Trilogy Mining Corporation

In January 2016, Patagonia Gold PLC (PGP) entered into an earn–in agreement with Trilogy Mining Corporation ("Trilogy") in relation to the San José Project in Uruguay. This was recognized within mining assets at a cost of $1,996. In December 2019, the Company announced the termination of its option agreement with Trilogy and in exchange received common shares of Trilogy, that will result in PGP owning 42.5% of the then issued and outstanding shares of Trilogy. In connection with the termination of the option agreement, the Company impaired $1,996 of the mining asset related to San José Project in Uruguay during the year ended December 31, 2019.

Surface rights

The Company owns the surface rights of land encompassing the Estancia La Bajada, Estancia El Tranquilo, Estancia El Rincon, Estancia La Josefina and the Estancia 1° de Abril.

There is a back in right granted to the sellers under Estancia El Rincon's title deed whereby the Company irrevocably committed to resell the estancia to its former owner in the event that two consecutive years elapse without mining activities. Current activity on this property includes the Lomada Project.

Mina Martha project

On May 6, 2016, the Company acquired the assets of the Mina Martha project from Coeur Mining Inc. ("Coeur"). The Mina Martha project consists of land, mineral rights, a mine camp, offices, a warehouse, maintenance shop, mining facilities including a flotation mill and a tailings retention facility.

La Josefina project

In March 2007, the Company acquired the exploration and development rights to the La Josefina project from Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz") the Santa Cruz provincial mining and petroleum company.

In July 2007, the Company entered into an agreement (subsequently amended) with Fomicruz which provides that, in the event that a positive feasibility study is completed on the La Josefina property, a Joint Venture Corporation ("JV Corporation") would be formed by the Company and Fomicruz. The Company would own 81% of the joint venture company and Fomicruz would own the remaining 19%. Fomicruz has the option to earn up to a 49% participating interest in the JV Corporation by reimbursing the Company an equivalent amount, up to 49%, of the exploration investment made by the Company. The Company has the right to buy back any increase in Fomicruz's ownership interest in the JV Corporation at a purchase price of $0.2 million per each percentage interest owned by Fomicruz down to its initial ownership interest of 19%; the Company can also purchase 10% of the Fomicruz's initial 19% JV Corporation ownership interest by negotiating a purchase price with Fomicruz. Under the agreement, the Company has until the end of 2019 to complete cumulative exploration expenditures of $18 million and determine if it will enter into production on the property. As at December 31, 2018, the Company had incurred approximately $20 million and is in current discussions with Fomicruz to develop a plan for production. In October 2019, the agreement was extended until April 30, 2021 which period may be extended for an additional one-year term.

As at March 31, 2020, this project has a carrying amount of $Nil (December 31, 2019 - $Nil) on the condensed interim consolidated balance sheet.

8. Asset retirement obligation

The Company is legally required to perform reclamation on sites where environmental disturbance is caused by the development or on-going mining of a property to restore it to its original condition at the end of its useful life. In accordance with FASB ASC 410-20, Asset Retirement Obligations, the Company recognized the fair value of that liability as an asset retirement obligation. The total amount of undiscounted cash flows required to settle the estimated obligation is $5,533 (December 31, 2019 - $5,533) which has been discounted using a credit-adjusted rate of 24.94% (December 31, 2019 – 24.94%) and an inflation rate of 1.54% (December 31, 2019 – 2.29%).

The following table describes the changes to the Company's asset retirement obligation liability:

	Three months ended March 31, 2020 $'000	Year ended December 31, 2019 $'000
Asset retirement obligation at beginning of period	$ 2,812	$ 552
Reverse acquisition (note 24)	-	739
Change in estimate	(95)	1,342
Accretion expense	162	179
Asset retirement obligation at end of period	$ 2,879	$ 2,812

9. Mining Rights

	Fomicruz Agreement $'000	Minera Aquiline Argentina $'000	Total $'000
Balance at January 1, 2019	$ 3,288	$ 13,187	$ 16,475
Amortization	(100)	-	(100)
Exchange differences	-	622	622
Balance December 31, 2019	$ 3,188	$ 13,809	$ 16,997
Amortization	(25)	-	(25)
Exchange differences	-	(1,124)	(1,124)
Balance March 31, 2020	$ 3,163	$ 12,685	$ 15,848

Fomicruz Agreement

On October 14, 2011, Patagonia Gold, PGSA and Fomicruz entered into a definitive strategic partnership agreement in the form of a shareholders' agreement ("Fomicruz Agreement") to govern the affairs of PGSA and the relationship between the Company, PGSA and Fomicruz. Pursuant to the Fomicruz Agreement, Fomicruz contributed to PGSA the rights to explore and mine Fomicruz's mining properties in Santa Cruz Province in exchange for a 10% equity interest in PGSA. The Fomicruz Agreement establishes the terms and conditions of the strategic partnership for the future development of certain PGSA mining properties in the Santa Cruz. The Company will fund 100% of all exploration expenditures on the PGSA properties to the pre-feasibility stage, with no dilution to Fomicruz. After feasibility stage is reached, Fomicruz is obliged to pay its 10% share of the funding incurred thereafter on the PGSA properties, plus annual interest at LIBOR +1% to the Company. Such debt and interest payments will be guaranteed by an assignment by Fomicruz of 50% of the future dividends otherwise payable to Fomicruz on its shares. The Company will manage the exploration and potential future development of the PGSA properties.

The mining rights acquired have been measured by reference to the estimated fair value of the equity interest given to Fomicruz. Management has estimated the fair value of the 10% interest in PGSA acquired by Fomicruz, on or about October 14, 2011 at $4 million. In determining this fair value estimate, management considered many factors including the net assets of PGSA and the illiquidity of the 10% interest. This amount has been recorded as an increase in the equity of PGSA and as a mining right asset. In these condensed interim consolidated financial statements, the increase in equity in PGSA has been recorded as non-controlling interest. The initial share of net assets of PGSA ascribed to the non-controlling interest amounted to $4 million.

Effective January 1, 2020, the Company's former subsidiary Cerro Cazador S.A merged with PGSA and as a result, Formicruz has a 4.7% interest in the newly merged entity.

Minera Aquiline Argentina Agreement

On January 31, 2018, Patagonia, through a wholly owned subsidiary (Patagonia Gold Canada Inc. "PGCAD"), has acquired the Calcatreu gold asset in Rio Negro, Argentina, by way of acquiring 100% of the shares of Minera Aquiline Argentina S.A. ("MASA"), a subsidiary of Pan American Silver Corporation. Total consideration for the acquisition amounted to $15 million. PGCAD has made the initial payment of $5 million on January 31, 2018 and the final payment of $10 million on legal completion on May 18, 2018.

This transaction was accounted for as an asset acquisition and the purchase consideration was allocated to Mining Rights at $14.6 million and other net assets at $0.4 million. These mining rights will be amortized on a unit-of-production method over the estimated period of economically recoverable resources once the project reaches the commercial production phase.

10. Other Financial Assets

The Company has short-term investments in equity securities which are recorded at fair value through other comprehensive income/(loss). As of the three months ended March 31, 2020, the value of the short-term investments in equity decreased to $6 (December 31, 2019 - $8). The change in the fair value of $2 (December 31, 2019 - $3) for the three months ended March 31, 2020 is recorded as other comprehensive loss in the Company's condensed interim consolidated statement of operations and comprehensive income/(loss).

The Company has a performance bond that was originally required to secure the Company's rights to explore the La Josefina property. It is a step-up US dollar denominated 2.5% coupon bond, paying quarterly, issued by the Government of Argentina with a face value of $600 and a maturity date of 2035. The bond trades in the secondary market in Argentina. The bond was originally purchased for $247. As of the three months ended March 31, 2020, the value of the bond increased to $234 (December 31, 2019 - $326). The change in the face value of the performance bond of $92 (December 31, 2019 - $25) for the three months ended March 31, 2020 ended is recorded as other comprehensive income/(loss) in the Company's condensed interim consolidated statement of operations and comprehensive income/(loss).

Since Cerro Cazador S.A. ("CCSA") fulfilled its exploration expenditure requirement mandated by the agreement with Fomicruz, the performance bond was no longer required to secure the La Josefina project. Therefore, in September 2010 the Company used the bond to secure the La Valenciana project, an additional Fomicruz exploration project. As of March 31, 2020, there are no restrictions on the performance bond.

11. Property, Plant and Equipment

	Plant $'000	Buildings $'000	Vehicles and Equipment $'000	Improvements and advances $'000	Total $'000
Cost					
Balance at December 31, 2018	$ 5,901	$ 230	$ 13,458	$ 566	$ 20,155
Reverse acquisition (Note 24)	1,732	69	409	-	2,210
Additions	203	-	244	330	777
Disposals	-	-	(326)	(51)	(377)
Transfers	-	-	106	(106)	-
Balance at December 31, 2019	$ 7,836	$ 299	$ 13,891	$ 739	$ 22,765
Additions	24	-	59	188	271
Disposals	-	-	(177)	-	(177)
Balance at March 31, 2020	$ 7,860	$ 299	$ 13,773	$ 927	$ 22,859
Accumulated depreciation					
Balance at December 31, 2018	$ 5,761	$ 33	$ 4,883	$ -	$ 10,677
Disposals	-	-	(264)	-	(264)
Depreciation for the year	144	9	1,691	-	1,844
Balance at December 31, 2019	$ 5,905	$ 42	$ 6,310	$ -	$ 12,257
Disposals	-	-	(163)	-	(163)
Depreciation for the period	54	3	370	-	427
Balance at March 31, 2020	$ 5,959	$ 45	$ 6,517	$ -	$ 12,521
Net book value					
At December 31, 2019	$ 1,931	$ 257	$ 7,581	$ 739	$ 10,508
At March 31, 2020	$ 1,901	$ 254	$ 7,256	$ 927	$ 10,338

12. Receivables

	March 31, 2020 $'000	December 31, 2019 $'000
Receivable from sale	$ 152	$ 150
Value added tax ("VAT") recoverable	1,382	880
Other receivables	379	486
Total receivables	$ 1,913	$ 1,516

13. Other Receivables

	March 31, 2020 $'000	December 31, 2019 $'000
Value added tax ("VAT") recoverable	$ 665	$ 1,226
Other receivables	2,461	2,588
Total Other Receivables	$ 3,126	$ 3,814

14. Bank indebtedness

As at March 31, 2020, the Company has bank indebtedness of $11,578 (December 31, 2019 – $14,989) in the form of operating lines of credit which have an interest rate of 1.5% plus refinancing rate and mature on the June 30, 2020. As at March 31, 2020, the interest rate on the lines of credit is 2.75%. The lines of credit have no specific terms of repayment and the Company renews them every year.

Subsequent to March 31, 2020, the Company renewed the operating lines of credit at an interest rate of 1.8% and mature on January 31, 2021.

15. Accounts payable and accrued liabilities

	March 31, 2020 $'000	December 31, 2019 $'000
Trade accounts payable and accrued liabilities	$ 4,763	$ 5,102
Other accruals	1,193	890
Accounts payable to related parties (note 20)	6,842	6,717
Total	$ 12,798	$ 12,709

16. Loan payable and current portion of long-term debt

	March 31, 2020 $'000	December 31, 2019 $'000
Current portion of long-term debt (note 17)	$ 202	$ 200
Current portion of long-term debt with related parties (note 17)	13,120	-
Leases payable	109	134
Total	$ 13,431	$ 334

17. Long-term debt

	March 31, 2020 $'000		December 31, 2019 $'000	
Loan to related party secured by a letter of guarantee from the Company, at 5% interest per annum, due 2021 (note 20)	$	10,458	$	7,908
Loan to related party secured by assets of the Company payable 5.75% interest per annum, due 2022		501		512
Acquired in reverse acquisition. Unsecured loan payable to related party at 8% interest per annum, due 2022 (note 20 and 24)		1,034		990
Acquired in reverse acquisition. Unsecured loan payable to related party at 8% interest per annum, due 2021 (note 20 and 24)		861		826
Acquired in reverse acquisition. Unsecured loan payable to related party at 7% interest per annum, due 2021 (note 20 and 24)		1,084		1,038
Accrued interest on debt		1,152		946
	$	15,090	$	12,220
Less current portion		(13,322)		(200)
	$	1,768	$	12,020

Principal payments on long-term debts are due as followed:

Year ending December 31,	
2020	195
2021	13,327
2022	1,568

18. Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

For the three months ended March 31, 2020, there were 7,650,000 stock options that were not included in the diluted weighted average number of common shares outstanding as the average market price of the Company's common shares during the three month period ended March 31, 2020 was below the exercise price of the stock options.

	March 31, 2020		March 31, 2019	
Net income (loss) ($'000)	$	357	$	(3,997)
Weighted average number of common shares outstanding – basic and diluted		317,943,990		254,355,192
Net income (loss) per share	$	0.00	$	(0.02)

19. Capital stock

Authorized:

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Issued:

Common Shares	Three months ended March 31, 2020		Year ended December 31, 2019	
	Number	Amount $'000	Number	Amount $'000
Balance, beginning of year	317,943,990	$ 2,588	254,355,192	$ 301
Share issued in reverse acquisition (note 24)	-	-	63,588,798	2,287
Balance, at end of period	317,943,990	$ 2,588	317,943,990	$ 2,588

Preferred shares are non-redeemable and non-transferrable with discretionary dividends and hence are classified as equity. Preferred shares shall be issued at a price of $0.30 per share and will not have voting rights. As at March 31, 2020, there were no preferred shares issued by the Company (December 31, 2019 - nil).

Shares issued in reverse acquisition

On July 24, 2019, Hunt concluded an agreement with PGP on the terms of a recommended share for share exchange offer to be made by Hunt for all the issued shares of common stock of PGP in exchange for the common shares of Hunt Mining on the basis of 10.76 Hunt Shares for each PGP Share. Hunt issued 254,355,192 common shares to the shareholders of PGP representing an ownership interest of approximately 80% in Hunt in exchange for all of the issued and outstanding shares of PGP (Note 24).

Normal Course Issuer Bid

On February 19, 2020, the Company announces that it has received approval from the TSX Venture Exchange ("TSXV") of its Notice of Intention to Make a Normal Course Issuer Bid (the "NCIB"). Under the NCIB, the Company may purchase for cancellation up to 15,897,199 common shares (the "Shares") (representing approximately 5% of its 317,943,990 issued and outstanding common shares as of February 17, 2020) over a twelve month period commencing on February 21, 2020. The NCIB will expire no later than February 20, 2021. During the three months ended March 31, 2020, the Company did not repurchase any common shares under the NCIB.

Stock options

Under the Company's share option plan, and in accordance with TSX Venture Exchange requirements, the number of common shares reserved for issuance under the option plan shall not exceed 10% of the issued and outstanding common shares of the Company, have a maximum term of 5 years and vest at the discretion of the Board of Directors. In connection with the foregoing, the number of common shares reserved for issuance to: (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares; and (b) all consultants will not exceed 2% of the issued and outstanding common shares.

All equity-settled share-based payments are ultimately recognized as an expense in the statement of operations and comprehensive income/(loss) with a corresponding credit to "Additional Paid in Capital". If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

	Three months ended March 31, 2020		Year ended December 31, 2019	
	Number of options	Weighted Average Price (CAD)	Number of options	Weighted Average Price (CAD)
Balance, beginning of period	7,650,000	$ 0.065	1,706,830	$ 13,896
Granted	-	$ -	7,650,000	$ 0.065
Expiration of stock options	-	$ -	(1,706,830)	$ (13.896)
Balance, end of period	7,650,000	$ 0.065	7,650,000	$ 0.065

	Range of Exercise prices (CAD)	Number outstanding	Weighted average life (years)	Weighted average exercise price (CAD)	Number exercisable on March 31, 2020
Stock options	$ 0.065	7,650,000	4.74	$ 0.065	7,650,000

On May 29, 2019, all outstanding stock option holders consented to the cancellation of their outstanding stock options.

On September 25, 2019, the Company granted 7,650,000 options to directors, officers, and employees with an exercise price of CAD $0.065 and an expiry date of September 25, 2024. The stock options vest one year after the date of grant. The fair value of the options on grant date was estimated to be $456 and the Company recognized an expense of $85 during the three months ended March 31, 2020. The fair value of the options was calculated using the Black-Scholes option pricing model and using the following assumptions:

Discount rate	1.46%
Expected volatility	253.14%
Expected life (years)	5
Expected dividend yield	0%
Forfeiture rate	0%
Stock price	CAD$ 0.06

Warrants

There are no warrants outstanding as at March 31, 2020 and December 31, 2019 as they expired without being exercised during the previous year at the end of their four-year term.

20. Related party transactions

Key management personnel include the members of the Board of Directors and executive officers of the Company. Related party transactions and balances not disclosed elsewhere in the condensed interim consolidated financial statements are as follows:

Name and Principal Position		**Remuneration, fees or interest expense**	**Loans or Advances**	**Remuneration, fees, or interest payments**	**Loan payments**	**Included in Accounts Payable**	**Included in Loan Payable and Long-term debt**
		Three months ended March 31				**As at March 31, 2020 and December 31, 2019**	
		$'000	$'000	$'000	$'000	$'000	$'000
A company controlled by a director[1]	2020	95	-	-	-	6,469	-
- admin, office, and interest expenses	2019	-	-	-	-	6,374	-
A company controlled by a director	2020	145	2,550	-	-	255	10,830
- salaries and wages	2019	346	7,908	33	-	227	8,163
Directors	2020	65	-	63	-	118	-
- salaries and wages	2019	337	-	317	-	116	-
Director[1]	2020	-	347	-	-	-	3,760
-loans	2019	-	347	-	-	-	3,545

[1] Balances owed to related parties were acquired as part of the reverse acquisition (Note 24)

As at March 31, 2020, the Company has $6,842 (December 31, 2019 - $6,717) in accounts payable owing to related parties which relate primarily to funds advanced from companies controlled by directors in order to cover exploration costs.

21. Administrative expenses

	Three months ended	
	March 31, 2020	March 31, 2019
	$'000	$'000
General and administrative	$ 739	$ 1,869
Argentina statutory taxes	100	102
Professional fees	68	199
Operating leases	21	24
Directors' remuneration	59	71
Gain on sale of property, plant and equipment	(5)	(14)
Depreciation of property, plant and equipment	427	563
Depreciation allocated to inventory	(392)	(541)
Amortization of mining rights	25	25
Consulting fees	98	11
Transaction taxes expenses (income)	(25)	3
Total	**$ 1,115**	**$ 2,312**

22. Financial Instruments

The Company's financial instruments consist of cash, receivables, performance bond, accounts payable and accrued liabilities, loan payable, interest payable, and long-term debt.

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2: inputs, other than quoted prices, that are observable, either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the marketplace.

- Level 3: inputs are less observable, unavoidable or where the observable data does not support the majority of the instruments' fair value.

Fair value

As at March 31, 2020, there were no changes in the levels in comparison to December 31, 2019. The fair values of financial instruments are summarized as follows:

	March 31, 2020		December 31, 2019	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial Assets				
Amortized cost				
Cash (Level 1)	699	699	685	685
Available for sale				
Other financial assets (Level 1)	240	240	334	334
Loans and receivables				
Receivables and other receivable [1]	2,992	2,992	3,224	3,224
Financial Liabilities				
Amortized cost				
Bank indebtedness	11,578	11,578	14,989	14,989
Accounts payable and accrued liabilities	12,798	12,798	12,709	12,709
Loan payable and current portion of long-term debt	13,729	13,431	334	334
Long-term debt	2,051	1,768	13,026	13,026

[1] Amounts exclude value added tax ("VAT") recoverable of $2,047 and $2,106 as at March 31, 2020 and December 31, 2019.
Cash and other financial assets are measured based on Level 1 inputs of the fair value hierarchy on a recurring basis.

The carrying value of receivables, other receivable, accounts payable and accrued liabilities, bank indebtedness, loan payable, interest payable, and long-term debt approximate their fair value because of the short-term nature of these instruments and because long-term debt approximates a market rate of interest. The Company assessed that there were no indicators of impairment for these financial instruments.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with high quality financial institutions and limits the amount of credit exposure with any one institution. Receivables consist of trade receivables and VAT recoverable and are not considered subject to significant risk, because the amounts are due from a government and a customer who is considered credit worthy.

Concentration risk

The Company has concentrations of credit risk with respect to its trade receivables, the majority of which are concentrated internationally amongst a small number of customers. As at March 31, 2020, the Company had two customers whose trade receivables of $150 (December 31, 2019 – $150) accounted for greater than 10% of the total trade receivables. The Company controls credit risk through monitoring procedures, and by performing credit evaluations of its customers, but generally does not require collateral to secure accounts receivable.

The Company has concentrations in the volume of sales it made to customers. For the three months ended March 31, 2020, the Company made sales of $5,215 (2019 - $4,871) to two customers which accounted for greater than 10% of total revenue.

The Company currently maintains a substantial portion of its day-to-day operating cash balances at financial institutions. As at March 31, 2020, the Company had total cash balances of $699 (December 31, 2019 - $685) at financial institutions, where $Nil (December 31, 2019 - $Nil) is in excess of federally insured limits.

23. Segment reporting

All of the Company’s operations are in the mineral properties exploration industry with its principal business activity in mineral exploration. The Company conducts its activities primarily in Argentina. All of the Company’s long-lived assets are located in Argentina.

The Company's net income/(loss) and its geographic allocation of total assets and total liabilities may be summarized as follows:

For the three months ended March 31, 2020

	Lomada Project $'000	Cap-Oeste Project $'000	Calcatreu Project $'000	Martha and La Josefina Projects $'000	Argentina Uruguay and Chile $'000	UK $'000	North America $'000	Total $'000
Revenue	$ 1,337	$ 3,447	$ -	$ 431	$ -	$ -	$ -	$ 5,215
Cost of sales	(500)	(1,599)	-	(349)	-	-	-	(2,448)
Gross profit (loss)	$ 837	$ 1,848	$ -	$ 82	$ -	$ -	$ -	$ 2,767
Operating expense								
Exploration expense	$ -	$ (141)	$ (247)	$ (40)	$ (266)	$ -	$ -	$ (694)
Administrative expense	-	-	(51)	-	(672)	(154)	(178)	(1,055)
Depreciation expense	-	-	(4)	-	(31)	(25)	-	(60)
Impairment of mineral properties	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	(85)	(85)
Interest expense	-	-	-	-	(188)	(199)	(330)	(717)
Total operating expense	$ -	$ (141)	$ (302)	$ (40)	$ (1,157)	$ (378)	$ (593)	$ (2,611)
Other income/(expense)								
Interest income	$ -	$ -	$ 1	$ -	$ 54	$ -	$ -	$ 55
Gain/(loss) on foreign exchange	-	-	237	-	(411)	(660)	829	(5)
Accretion expense	(104)	(8)	-	(50)	-	-	-	(162)
Realized gain (loss) on investment	-	-	-	-	728	-	-	728
Total other income/(expense)	$ (104)	$ (8)	$ 238	$ (50)	$ 371	$ (660)	$ 829	$ 616
Income/(loss) – before income tax	$ 733	$ 1,699	$ (64)	$ (8)	$ (786)	$ (1,038)	$ 236	$ 772
Income tax/(benefit)	-	-	(17)	-	(398)	-	-	(415)
Net income/(loss)	$ 733	$ 1,699	$ (81)	$ (8)	$ (1,184)	$ (1,038)	$ 236	$ 357

For the three months ended March 31, 2019

	Lomada Project $'000	Cap-Oeste Project $'000	Calcatreu Project $'000	Martha and La Josefina Projects $'000	Argentina Uruguay and Chile $'000	UK $'000	North America $'000	Total $'000
Revenue	$ 1,265	$ 3,606	$ -	$ -	$ -	$ -	$ -	$ 4,871
Cost of sales	(1,616)	(5,207)	-	-	-	-	-	(6,823)
Gross profit (loss)	$ (351)	$ (1,601)	$ -	$ -	$ -	$ -	$ -	$ (1,952)
Operating expense								
Exploration expense	$ -	$ -	$ (604)	$ -	$ (238)	$ -	$ -	$ (842)
Administrative expense	-	-	(31)	-	(2,007)	(209)	(18)	(2,265)
Depreciation expense	-	-	(5)	-	(17)	(25)	-	(47)
Share-based payments	-	-	-	-	-	(21)	-	(21)
Interest expense	-	-	-	-	(283)	(148)	-	(431)
Total operating expense	$ -	$ -	$ (640)	$ -	$ (2,545)	$ (403)	$ (18)	$ (3,606)
Other income/(expense)								
Interest income	$ -	$ -	$ -	$ -	$ 28	$ -	$ -	$ 28
Gain/(loss) on foreign exchange	-	-	26	-	(35)	(350)	319	(40)
Accretion expense	(12)	(9)	-	-	-	-	-	(21)
Total other income/(expense)	$ (12)	$ (9)	$ 26	$ -	$ (7)	$ (350)	$ 319	$ (33)
Income/(loss) – before income tax	$ (363)	$ (1,610)	$ (614)	$ -	$ (2,552)	$ (753)	$ 301	$ (5,591)
Income tax/(benefit)	-	-	-	-	1,594	-	-	1,594
Net income/(loss)	$ (363)	$ (1,610)	$ (614)	$ -	$ (958)	$ (753)	$ 301	$ (3,997)

	Total Assets		Total liabilities	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	$'000	$'000	$'000	$'000
Argentina – Cap-Oeste	$ 10,814	$ 9,116	$ 2,735	$ 2,629
Argentina – Lomada	1,894	2,996	2,102	1,979
Argentina – Calcatreu	16,473	14,678	1,519	1,591
Argentina – Martha & La Josefina	10,697	12,106	2,145	5,475
Argentina and Chile	7,632	11,263	3,628	3,875
United Kingdom	21	177	17,439	20,240
North America	4,811	4,453	14,771	9,824
Total	$ 52,342	$ 54,789	$ 44,339	$ 45,613

24. Reverse Acquisition

On July 24, 2019, Hunt completed a reverse acquisition with PGP on the terms that Hunt would acquire all issued shares of common stock of PGP in exchange for common shares of Hunt on the basis of 10.76 Hunt shares for each PGP share. Hunt issued 254,355,192 common shares to the shareholders of PGP representing an ownership interest of approximately 80%.

The purpose of the reverse acquisition was to form an enlarged, junior precious metals explorer and producer focused on the Santa Cruz region of Argentina. In particular, Patagonia Gold's Cap-Oeste underground resource will gain access to Hunt's Mina Martha processing plant, which is able to treat such mineralization which is expected to lead to more stable cash flow generation from any planned future development of the Cap-Oeste underground mine, which could be utilized to reduce the combined group's debt obligations and invest in its exploration and development stage projects, thereby ultimately lowering the risk profile of the combined group.

As a result of the reverse acquisition, former shareholders of PGP acquired control of Hunt, and the substance of the transaction was a reverse acquisition, where the transaction constitutes a business combination for accounting purposes and is accounted for using the acquisition method under ASC 805. PGP is deemed to be the acquiring company and its assets and liabilities, equity and historical operating results are included at their historical carrying values, and the net assets of Hunt are recorded at the fair value as at the date of the transaction. Transaction costs in the amount of $1,511 were incurred in connection with the reverse acquisition and were expensed as incurred.

The fair value of the equity consideration paid as part of the transaction as well as the fair value of identifiable assets and liabilities acquired are presented below. Per ASC 805 because it may take time for the Company to obtain the necessary information to recognize and measure all the items exchanged in a business combination, the acquirer is allowed a measurement period of up to one year from the acquisition date to complete the purchase price allocation. The Company is currently in the process of gathering the facts and circumstances to complete the assessment of the fair value of Hunt's property, plant and equipment and mineral properties, which will be finalized by the end of measurement period.

The following table summarizes the preliminary purchase price allocation.

		Amount $'000
Fair value of the Company's shares (1)	$	2,287
Less net identifiable assets (liabilities) of the Company		
Cash		60
Accounts receivable		1,183
Prepaid expenses		14
Inventory		906
Mineral properties		7,865
Property, plant and equipment		2,210
Goodwill		4,379
Performance bond		351
Accounts payable and accrued liabilities		(8,725)
Bank indebtedness		(400)
Loan payable and current portion of long-term debt		(581)
Long-term debt		(2,062)
Accrued interest on debt		(550)
Asset retirement obligation		(739)
Deferred tax liabilities		(1,624)
	$	2,287

(1) The fair value of 5,908,687 common shares issued to pre-reverse acquisition Hunt shareholders is $2,287 based on the fair value of $0.387 per common share (converted from GBP 0.310 closing stock price of Patagonia Gold PLC prior to the transaction on July 24, 2019).

25. Commitments and Contingencies

On October 31, 2011, the Company signed an agreement with the owners of the Piedra Labrada Ranch for the use and lease of facilities on the same premises as the Company's La Josefina facilities. The initial term was for three years beginning November 1, 2011 and ended on October 31, 2014, including annual commitments of $60. The Company extended this agreement on April 30, 2015 for three years with an option to renew for a second three-year term. On October 22, 2019, an agreement was executed for the renewal of this lease from November 1st, 2019 to December 31, 2020.

Republic Metals Corporation ("Republic") filed for protection under Chapter 11 of the United States Bankruptcy Code on November 2, 2018 (the "Petition Date") in the United States Bankruptcy Court for the Southern District of New York. Republic processed material from the Company's Lomada and Cap-Oeste projects in the Santa Cruz province of Argentina prior to the Petition Date. The Chapter 11 plan of liquidation in the bankruptcy proceedings appointed a Litigation Trustee (the "Trustee") to handle the Bankruptcy Estate of Republic. The Company received a demand letter (the "Demand Letter") from the Trustee dated March 17, 2020, demanding repayment of amounts previously paid by Republic to the Company within 90 days before the Petition Date. The Company reviewed the Demand Letter with its independent US counsel and counsel has responded to the Demand Letter. As of the date hereof, no litigation has been brought by Republic against the Company. The Company believes the claims in the Demand Letter are without merit and intends to vigorously defend against any action by Republic, if and when commenced. However, any adverse decision in resolving this matter could have an adverse effect on the Company. The amount of any loss cannot be reasonably estimated.

26. COVID-19

The recent outbreak of the novel coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

Additionally, while the potential economic impact brought by, and the duration of the COVID-19 pandemic is difficult to assess or predict, the impact of the COVID-19 pandemic on the global financial markets may reduce our ability to access capital, which could negatively impact our short-term and long-term liquidity. The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, financing or mining production activities or the ore and mining industry or the global economy as a whole. However, these effects could have a material impact on our liquidity, capital resources, operations and business and those of the third parties on which we rely. The management and board of the Company is constantly monitoring this situation to minimize potential losses.

With the lockdown measures implemented by the government of Argentina, the Company was forced to pause its activities for approximately 30 days. On April 2, 2020, the government declared mining as an essential service and the Company was able to resume operations at most of the sites.

27. Subsequent Events

Lines of credit renewal

Subsequent to March 31, 2020, the Company renewed the operating lines of credit at an interest rate of 1.8% and mature on January 31, 2021 (Note 14).

Stock Options

On August 14, 2020, the Company issued an aggregate of 9,600,000 stock options to the Company's directors, officers and certain members of senior management under the Company's stock option plan. All of the options are exercisable for a period of five years at a price of CAD $0.16. The options vest in three (3) separate tranches on the first, second and third anniversary on the option grant date.

Debt Conversion

On October 30, 2020, the Company entered into an agreement with director Tim Hunt and his related parties to convert an aggregate of $10,000 of outstanding debt into 44,040,277 common shares of the Company at a price per share that is equal to CAD $0.30. The converted debt includes $4,822 of principal and accrued interest and $5,178 in accounts payable in respect of interest, rent and administration expenses. The balance of $1,458 owing to Tim Hunt is expected to be settled in full by December 10, 2020 by a cash payment of $720 plus 7% accrued interest.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the operating results, corporate activities and financial condition of Patagonia Gold Corp. (hereinafter referred to as the "Company") and its subsidiaries provides an analysis of the operating and financial results for the three months ended March 31, 2020 and a comparison of the material changes in our results of operations and financial condition between the year ended December 31, 2019 and the three months ended March 31, 2020. This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2019.

This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements.

The interim statements have been prepared in accordance with US Generally Accepted Accounting Principles ("US GAAP") as required under U.S. federal securities laws applicable to the Company, and as permitted under applicable Canadian securities laws. The Company is a reporting company under applicable securities laws in Canada and the United States. The reporting currency used in our financial statements is the United States Dollar.

This MD&A includes certain non-GAAP financial performance measures. For a detailed description of these measures, please see "Non-GAAP Financial Performance Measures" at the end of this item.

The amounts presented in this MD&A are in thousand ($'000) of U.S. dollars unless otherwise noted.

Additional information relevant to the Company's activities can be found on their website at http://patagoniagold.com, on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Special Note on Forward-Looking Statements

Certain statements contained in this report (including information incorporated by reference) are "forward-looking statements." The Company's forward-looking statements include current expectations and projections about future production, results, performance, prospects and opportunities, including reserves and other mineralization. The Company has tried to identify these forward-looking statements by using words such as "may," "might," "will," "expect," "anticipate," "believe," "could," "intend," "plan," "estimate" and similar expressions. These forward-looking statements are based on information currently available and are expressed in good faith and believed to have a reasonable basis. However, the forward-looking statements are subject to risks, uncertainties and other factors that could cause actual production, results, performance, prospects or opportunities, including reserves and mineralization, to differ materially from those expressed in, or implied by, these forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements. Projections and other forward-looking statements included in this report have been prepared based on assumptions, which the Company believes to be reasonable, and in accordance with United States generally accepted accounting principles ("GAAP") or any guidelines of the Securities and Exchange Commission ("SEC"). Actual results may vary, perhaps materially. Readers are strongly cautioned not to place undue reliance on such projections and other forward-looking statements. All subsequent written and oral forward-looking statements attributable to Patagonia Gold Corp. or to persons acting on the Company's behalf are expressly qualified in their entirety by these cautionary statements. Except as required by federal securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The Company

On July 24, 2019, Patagonia Gold Corp. (PGDC.TSXV – "the Company" or "Patagonia) [formerly Hunt Mining Corp. ("Hunt" or "Hunt Mining") and Patagonia Gold PLC ("PGP") completed a reverse acquisition (or reverse takeover, the "RTO") resulting in Hunt acquiring all issued shares of common stock of PGP in exchange for common shares of Hunt on the basis of 10.76 Hunt shares for each PGP share. Hunt issued 254,355,192 common shares to the shareholders of PGP representing an ownership interest of approximately 80%. The operating name of Hunt Mining Corp. was changed to Patagonia Gold Corp. See Note 24 in the notes to the condensed interim consolidated financial statements of the Company for the period ended March 31, 2020 for more information regarding the reverse acquisition.

Patagonia is a mineral exploration and production company incorporated on January 10, 2006 under the laws of Alberta, Canada and, together with its subsidiaries, is engaged in the exploration of mineral properties and exploitation of mineral resources and mineral reserves in the Santa Cruz, Rio Negro and Chubut Provinces of Argentina.

Effective November 6, 2013, the Company relocated from the Province of Alberta to the Province of British Columbia. The Company's registered office is located at Suite 2200, 885 West Georgia Street, Street, Vancouver, B.C. V6C 3E8. The Company's head office is located at Av. Del Libertador 498, Piso 26, C1001ABR, Buenos Aires, Argentina.

The Company's activities include the exploration for and production of minerals from properties in Argentina. See Note 7 in the notes to the condensed interim consolidated financial statements of the Company for the period ended March 31, 2020 for more information regarding the mineral properties. On the basis of information to date, properties where it has not yet been determined if economically recoverable ore reserves exist are classified as exploration-stage. Properties where economically recoverable ore reserves exist and are being exploited are classified as production-stage. The underlying value of the mineral properties is entirely dependent upon the existence of reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production or a sale of these properties.

On some properties, ongoing production and sales of gold and silver are being undertaken without established mineral resources or reserves and the Company has not established the economic viability of the operations. As a result, there is increased uncertainty and economic risks of failure associated with these production activities. Despite the sale of gold and silver, these projects remain in the exploration stage because management has not established proven or probable ore reserves required to be classified in either the development or production stage.

Results of Operations

		March 31, 2020 $'000		**March 31, 2019** $'000		**Change** Favorable (Unfavorable) $'000
Revenue	$	5,215	$	4,871	$	344
Net income (loss) for the period	$	357	$	(3,997)	$	4,354
Net income (loss) per share – basic and diluted	$	0.00	$	(0.02)	$	0.02

During the three months ended March 31, 2020, the Company earned total revenue of $5,215 compared to $4,871 during the three months ended March 31, 2019. Gold and silver sold by the Company is attributed to Cap-Oeste, Lomada de Leiva and Martha Projects.

Cost of sales for the three months ended March 31, 2020 were $2,448 compared to $6,823 for the three months ended March 31, 2019. Cost of sales decreased due to lower costs during the current period and inventory write-down of $2,368 recognized during the three months ended March 31, 2019 due to the close of Lomada and putting Cap-Oeste on care and maintenance.

The Company incurred administrative expenses of $1,115 during the three months ended March 31, 2020 compared to $2,312 during the three months ended March 31, 2019. The decrease in administrative expenses was due to the termination payments made during the three months ended March 31, 2019 for the close of Lomada and putting Cap-Oeste on care and maintenance.

The Company incurred exploration expenses of $694 during the three months ended March 31, 2020 compared to $842 during the three months ended March 31, 2019.

The Company incurred interest expense of $717 during the three months ended March 31, 2020 compared to $431 during the three months ended March 31, 2019. The increase in interest expense was a result of the debt assumed as part of the reverse acquisition during 2019.

The net income for the three months ended March 31, 2020 was $357 compared to net loss of $3,997 for the three months ended March 31, 2019. The increase in net income was due to higher gross profit and lower exploration costs and administrative expenses.

Basic and diluted net income per share was $Nil during the three months ended March 31, 2020 compared to net loss per share of $0.02 during the three months ended March 31, 2019.

Cap-Oeste

Cap-Oeste produced a total of 1,492 oz AuEq (1,049 oz Au and 41,377 oz Ag) during the three months ended March 31, 2020, compared to 2,955 oz AuEq (2,323 oz Au and 53,500 oz Ag) during the three months ended March 31, 2019. The cash costs of production for the three months ended March 31, 2019 were US$743/oz[1] and US$820/oz[1] including depreciation and amortization. Cap-Oeste generated revenues of $3,447 during the three months ended March 31, 2020 compared to $3,606 during the three months ended March 31, 2019. The decrease in production and revenues was due to putting Cap-Oeste on care and maintenance in February 2019.

Lomada

Lomada produced a total of 888 ounces of gold during the three months ended March 31, 2020 compared to 825 ounces during the three months ended March 31, 2019. The cash costs of production for the three months ended March 31, 2020 were US$548/oz[1] and US$656/oz[1] including depreciation and amortization. Lomada generated revenues of $1,337 during the three months ended March 31, 2020 compared to $1,265 during the three months ended March 31, 2019. The increase in production and revenues was due to slight improvement in recovery and higher prices.

Martha and La Josefina Projects

Martha produced a total of 356 oz AuEq (49 oz Au and 29,838 oz Ag) during the three months ended March 31, 2020 compared to 298 oz AuEq (37 oz Au and 22,205 oz Ag) during the three months ended March 31, 2019. The cash costs of production during the three months ended March 31, 2020 were US$1,421/oz[1] and US$1,601/oz[1] including depreciation and amortization. Martha generated revenues of $431 during the three months ended March 31, 2020.

The Company incurred exploration expenses of $40 during the three months ended March 31, 2020. The exploration expenses consisted primarily of salaries and fuel.

These assets were acquired during the reverse acquisition in 2019 and hence do not include comparatives for the three months ended March 31, 2019.

Calcatreu Project

Exploration expense during the three months ended March 31, 2020 was $247 compared to $604 during the three months ended March 31, 2019. Exploration expenses decreased as the Company had finished a drilling program during the three months ended March 31, 2019, which was started at the end of 2018.

Argentina, Uruguay and Chile

This segment includes the results of La Manchuria project, La Sarita project, San José Project (Uruguay) and the Lomada Project.

Exploration expense during the three months ended March 31, 2020 was $266 compared to $238 during the three months ended March 31, 2019.

Administrative expense during the three months ended March 31, 2020 was $672 compared to $2,007 during the three months ended March 31, 2019. The decrease in administrative expenses was due to the termination payments made during the three months ended March 31, 2019 for the close of Lomada and putting Cap-Oeste on care and maintenance.

Interest expense during the three months ended March 31, 2020 was of $188 compared to $283 during the three months ended March 31, 2019. The decrease in interest expense was due to the reduction in loans.

United Kingdom

Administrative expense during the three months ended March 31, 2020 was $154 compared to $209 during the three months ended March 31, 2019. Administrative expenses decreased as the Company incurred additional costs related to the reverse acquisition during the three months ended March 31, 2019.

Interest expense during the three months ended March 31, 2020 was of $199 compared to $148 during the three months ended March 31, 2019. The increase in interest expense was due to the additional loan received from Cantomi, a company owned and controlled by the Company's Non-Executive Chairman, Carlos J. Miguens.

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[1] See Non-GAAP Financial Performance Measures

North America

This segment includes the results of Patagonia Gold Corp ("PGC"), Patagonia Gold Canada Inc, 1494716 Alberta Ltd. ("AL") and Hunt Gold USA LLC ("HGU"). These entities are holding companies and do not generate any revenues. PGC, AL and HBU were acquired as part of the reverse acquisition during 2019 and their results of operations prior to the reverse acquisition are not incorporate in the three months ended March 31, 2019.

Administrative expense during the three months ended March 31, 2020 was $178 compared to $18 during the three months ended March 31, 2019. The increase in administrative expenses was a result of the operations of new entities acquired in the reverse acquisition.

Interest expense during the three months ended March 31, 2020 was of $330 compared to $Nil during the three months ended March 31, 2019. The increase in interest expense was a result of debts assumed in the reverse acquisition during the year.

Cash flow discussion for the three month period ended March 31, 2020 and 2019

The Company generated $1,328 of cash from operating activities for the three months ended March 31, 2020 compared to $2,271 of cash used in operating activities for the three months ended March 31, 2019. The increase in cash from operating activities was mainly due to the increase in net income.

Cash used in investing activities for the three months ended March 31, 2020 was $257 compared to $313 for the three months ended March 31, 2019. The cash was used to purchase property, plant and equipment during the three months ended March 31, 2020.

Cash used in financing activities for the three months ended March 31, 2020 was $566 compared to $2,279 of cash generated from financing activities during the three months ended March 31, 2019. The decrease in cash from financing activities was due to repayment of bank indebtedness during the period which was partially offset by additional loans from related parties.

Financial Position

Cash

The Company has cash on hand of $699 as of March 31, 2020 compared to $685 as of December 31, 2019.

Receivables

The Company's current accounts receivable increased to $1,913 as at March 31, 2020 compared to $1,516 as at December 31, 2019. The increase of $397 or 26% is attributed to the increase of Value added tax ("VAT") recoverable.

Inventory

The Company's inventory increased to $4,127 as at March 31, 2020 compared to $3,347 as at December 31, 2019. The increase of $780 or 23% is attributed to timing as part of the inventory was sold at the beginning of April 2020.

Property, plant and equipment

Property, plant and equipment decreased from $10,508 as at December 31, 2019 to $10,338 as at March 31, 2020.

Bank indebtedness

The Company's bank indebtedness decreased to $11,578 as at March 31, 2020 compared to $14,989 as at December 31, 2019. This decrease was a result of paying down the balance owing for the lines of credit.

Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities decreased slightly to $5,956 as at March 31, 2020 compared to December 31, 2019 balance of $5,992.

Accounts payable and accrued liabilities with related parties

The Company's accounts payable and accrued liabilities with related parties increased slightly to $6,842 as at March 31, 2020 compared to December 31, 2019 balance of $6,717.

Long term debt with related parties

The Company's current portion of long-term debt with related parties is $13,120 as of March 31, 2020 and the non-current portion is $1,470. Comparatively as of December 31, 2019, current portion of long-term debt with related parties was $Nil and the non-current portion was 11,708.

The increase in the current portion of long-term debt with related parties is due to a timing difference on the maturities of the loans and the increase in loan payable balances as a result of interest accretion. Also, the increase is attributable to the funds drawn under the existing loan facility with Cantomi.

In February 2019, the Company announced that its largest shareholder, Cantomi, a company owned and controlled by the Company's Non-Executive Chairman, Carlos J. Miguens, had provided a two year $15,000 loan facility that will be utilized to fund the Company's activities going forward, while the review of the Cap-Oeste underground option is ongoing together with the Feasibility Study of its flagship Calcatreu project. As of March 31, 2020, the balance of this loan was $10,458 (December 31, 2019 - $7,908) which is included in the current portion of the debt with related parties.

Mineral Properties

The following is a summary of the Company's operations, together with an update on exploration activities for the year to date. Except as otherwise noted, Donald J. Birak, independent geologist and Registered Member of the Society for Mining, Metallurgy and Exploration ("SME") and Fellow of the Australasian Institute for Mining and Metallurgy ("AusIMM"), has reviewed and approved the scientific and technical information contained herein.

Calcatreu Project

The Company's principal project, Calcatreu, is located in south central Rio Negro Province approximately 80 km south west of the town of Jacobacci. Calcatreu is located in the Jurassic-aged Somuncura Massif along the NW to SE-oriented, regional-scale Gastre Fault System; a highly prospective belt of Mesozoic-aged rocks and structures and base and precious metal mineral deposits occurring in both the provinces of Chubut and Rio Negro. The massif is similar in geologic character to the larger Deseado Massif in the province of Santa Cruz to the south. Patagonia Gold has also recently acquired new concessions, totaling more than 100,000 hectares ("ha) along this belt in Rio Negro province. Calcatreu is a gold and silver project acquired in January 2018 through the acquisition of Minera Aquiline Argentina SA, a subsidiary of Pan American Silver and the Company's immediate aim is to commence a drilling program to increase the existing resources and advance the project to feasibility study stage during 2020. Precious metal mineralization in the Somuncura Massif, like that on the Company's Calcatreu property, is largely epithermal in character within quartz-rich veins, vein clusters, stockworks and as disseminations. Sulfide minerals are ubiquitous in the mineral deposits as well as a suite of temporally- and spatially-related gangue minerals typical of epithermal deposits in the massif and elsewhere. More specifically, the gold and silver deposits on the Company's properties are classified as low- and intermediate-sulfidation styles of epithermal deposits.

The Calcatreu Deposit is a low sulfidation, epithermal gold and silver system with mineralization outcropping at surface. Ore reserves have not yet been established to assess the technical and economic viability of the project's current mineralized material though the Company has plans to do so. As of December 31, 2018, Calcatreu's mineralized material amounts to 9.8 million tonnes (approximately 10.8 short tons) with average gold and silver grades of 2.11 and 19.83 grams per tonne, respectively (0.062 ounces per ton of gold and 0.58 ounces per ton of silver).

A geophysical survey, consisting of 20 lines totaling 46.5km, was commissioned by the Company and covered the area between Castro Sur (to the north) and Veta (vein) 49 (to the south). Its objective was to detect the presence of hidden NNE-trending dilational fault and vein sections, similar to those at Veta 49, or any other structure with exploration potential for the discovery of new mineralization in the immediate vicinity of the Veta 49 / Nelson deposits, which comprise the current mineralized material at Calcatreu. The survey resulted in new target definition and ranking that will help guide the Company's new exploration and definition work.

As result, a drill program consisting of several geophysical-based drill targets was designed. The first, and main, part of the drill program consisted of testing covered conceptual geophysical targets, whereas the last few drill holes were focused on expanding the known mineralization at Veta 49, Belen and Castro Sur, by extrapolating its trend and plunge.

The exploration program during 2019 was mostly focused in surface work, a total of 41.28 linear kilometers of pole-dipole ground induced polarization and resistivity ("IP/Res") geophysical surveying was conducted over the main Nelson targets and Castro Norte, Fiero, Sabrina and Viuda de Castro areas, plus 121.5 linear kilometers of gradient array IP over Nelson, Sabrina and Mariano. Further, 1,687.2 km of ground magnetics, covering 55.44 sq km, were completed on the project covering several, known mineralized zones, including the main Veta 49 and Nelson. The objective was to identify non outcropping areas with potential to host mineralization in dilatational jogs, blind structures and other geologic settings.

Mapping and sampling, of several areas, was conducted, including the Viuda de Castro, Trinidad, La Cruz, Nelson extension, Piche, La Olvidada and Epu-Peni targets. A total of 254 new rock chips samples were taken, plus 81 new channel samples. Approximately 50% of the core of the project has been relogged; including up to 80 holes at Veta 40 and Belen.

A rotary air blast ("RAB") drilling campaign and channel (sawn) sampling was in progress during 2020 where all the activities were paused due to the COVID-19 pandemic.

Cap-Oeste Project

Cap-Oeste is located within a structural corridor extending six kilometers from the La Pampa prospect in the northwest to the Tango prospect in the southeast. The Cap-Oeste deposit has an identified and delineated strike extent of 1.2 kilometers. Cap-Oeste has been on care and maintenance since February 2019.

Production from the existing heap leach pad continued during the three months ended March 31, 2020 and yielded a total of 1,492 gold equivalent ounces ("AuEq ozs") comprised of 1,049 ounces of gold and 41,377 ounces of silver. The cash costs for the three months were $743/oz[2] and $820/oz[2] including depreciation and amortization. A total of 2,141 AuEq ounces (1,559 Au and 51,542 Ag) were sold at an average gross price of $1,610 per ounce[2] AuEq during the three months ended March 31, 2020.

The Company has initiated studies to assess the potential technical and economic viability of extracting a portion of the current mineralized material at Cap-Oeste. The Company is now focused on evaluating the development of this higher-grade part by underground mining. The Company is expecting quotations with respect to potential construction of an underground mine in Cap-Oeste. Material processing options are being considered and may include utilizing the Company's flotation facilities are Martha, about 100 kms to the southeast of Cap-Oeste. The Company has successfully carried out bulk metallurgical tests in the Martha process plant, obtaining favorable results.

The Company has an asset retirement obligation for reclamation costs for Cap-Oeste Project of $0.1 million as of March 31, 2020.

Lomada de Leiva Project ("Lomada")

The Lomada mine was closed in May 2016 while production from the ongoing leaching continued through 2019, though at a reduced output. Given that the ore from the Lomada open pit mine was originally placed on the heap leach pad without crushing, the Company decided to return to Lomada to reprocess this ore. However, in mid-February 2019 the Company took the decision to cease operations and proceed with the closure of Lomada. During the three months ended March 31, 2020, the Company was working on re-handling material of leach pad to regenerate the solution percolation and generate new channels of circulation of solution.

During the three months ended March 31, 2020, Lomada produced 888 ounces of gold. The cash costs for the three months were $548/oz[2] and $656/oz[2] including depreciation and amortization. A total of 857 ounces of Au were sold at an average gross price of $1,560 per ounce[2] Au during the three months ended March 31, 2020.

The Company has prepared an update to the closure plan presented and approved by the provincial authorities in 2017. The Company received the final approval in November 2019 and started with the works of remediation on the end of 2019. The work on the remediation had been halted due to the COVID-19 pandemic. In October 2020, the Company received a preliminary Environmental Permit ("Permit") for a restart of mining and new leaching operations at its Lomada mine in the western part of the Santa Cruz Province of Argentina. Patagonia applied for the Permit in August 2020.

The Company has an asset retirement obligation for reclamation costs for the Lomada de Leiva Project of $1.8 million as of March 31, 2020.

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[2] See Non-GAAP Financial Performance Measures

Exploration Update

Exploration during 2020 year-to-date consisted mainly of regional reconnaissance, geological mapping, sampling, geophysics and drilling carried out at Rio Negro and Santa Cruz. The geophysical surveys were Ground Magnetics and Pole-Dipole Induced Polarization and Resistivity ("IP/Res"). During 2020, exploration drilling in Argentina has been concentrated at Calcatreu, and the properties in Santa Cruz province.

Mina Angela

On August 13, 2019, the Company announced an offer letter agreement with Latin Metals Inc. to acquire its Mina Angela property. The Mina Angela property is situated in the Somuncura Massif of southern Argentina and is comprised of 44 individual claims located approximately 50 km east-southeast of Patagonia's 100% owned Calcatreu gold project. Pan American Silver's Navidad silver and base metal deposit is located 45 km further to the south-southeast of Mina Angela. In March 2020, Patagonia extended the period by which it must enter into the definitive agreement with a $100 thousand payment to Latin Metals; $50 thousand of which was applied to extend the period to enter into the definitive agreement and $50 thousand of which was a partial prepayment of the first earn-in payment to be made under the definitive agreement.

On September 15, 2020, the Company entered into a definitive option agreement with Latin Metals Inc., which granted the Company an irrevocable option to acquire a 100% interest in the Mina Angela property. Upon signing of the definitive agreement, the Company paid $200 thousand representing the balance of the first earn-in payment. It is expected that the Company will pay the second earn-in payment of $250 thousand within the next six months if it exercises the option to acquire the Mina Angela property. A further and final payment of $500 thousand is expected to be paid within 30 days of verification that the legal restrictions preventing development of mining activity in the Chubut Province and at the Mina Angela property have been lifted in such a manner that the Company thereafter has the ability to perform exploration and exploitation mining activities on the Mina Angela property. In addition, Latin Metals will be entitled to receive a 1.25% Net Smelter Royalty from future productions, half of which can be repurchased by the Company for $1 million.

La Manchuria Project

In addition to its current mineral resources, the La Manchuria Project is believed to be prospective for the discovery of new gold and silver mineralization. Exploration work continued with mapping and rock chip sampling over an area of approximately 2,000 hectares ("ha") of the total project's property size. Veinlets and narrow breccia zones, indicative of hydrothermal activity, were found at the Magali zone. Anomalous gold values were reported from the Cecilia zone. As a result of these favorable results, a new drill program for La Manchuria, of 2,000m in 14 holes is planned to test geophysical anomalies and to test gold anomalies generated from surface rock chip sampling.

Sarita Project

The Sarita Project, located in the SW part of the Deseado Massif approximately 10 km NW of the Company's Martha mine and mill, hosts a widespread system of banded, low sulphidation Au-Ag veins, encompassing a small rhyolitic dome complex. Geologically, the area displays very similar structural and stratigraphic characteristics to the Company's Martha project with Ag-rich, polymetallic, vein-hosted, intermediate sulphidation mineralization. The banded, silver- and gold-bearing quartz veins and quartz vein breccias occur within a set of NNW-SSE striking normal faults and constitute an extensive mineralized vein system, with more than 12 km in total outcropping length. Precious and base metal mineralization has been recognized in quartz veins and vein breccias up to 3 meters wide at surface, composed of quartz and sulphides. Rock chips from discrete vein structures or aligned float have returned anomalous gold samples with up to 83.4 g/t Au and up to 15,444 g/t Ag, in separate samples. To date 16 diamond drill holes have been drilled for 1,754 m targeting the vein mineralization. Geochemical results from drilling show gold and silver anomalies. Due to poor ground conditions encountered during drilling, core recovery in some of the veins was poor and Au and Ag mineralization may have not been recovered. Other exploration activities at Sarita included geophysical surveys and drilling. Geophysical anomalies were identified by IP/Res lines [7.1 km] and by detailed ground magnetics [220 hectares] over different targets areas.

A proposal for testing those targets by drilling was defined and shallow geochemical testing, by RAB drilling, comprised 198 drill holes in eight targets (Phase I: May 2019, 81 holes; Phase II: September 2019, 117 holes).

Martha Project

The Martha Project ("Martha" or "Mina Martha") is located in the Province of Santa Cruz, Argentina. The closest community is the town of Gobernador Gregores, situated approximately 50 road kilometers (km) to the west-southwest of Martha. The property is the site of past exploration for, and surface and underground mining and recovery of, silver and gold from epithermal veins and vein breccias, previously operated by Coeur Mining Inc. (formerly, Coeur d'Alene Mine Corp.) and Yamana Inc.

The Company acquired Martha as part of its RTO of Hunt Mining Corp. ("Hunt") in 2019. The land package at Martha consists of approximately 7,850 ha of concessions, various buildings and facilities, surface and underground mining and support equipment, a 480 tonne per day (maximum) crushing, grinding and flotation plant, tailings facility, various stockpiles and waste dumps, employee living and cafeteria quarters, and miscellaneous physical materials. In addition, the Company has access to surface estancia ("ranch") lands surrounding the mine and mill site that are approximately 35,700 ha in size.

Ongoing production at the Martha Project is being undertaken without established ore reserves and the Company has not established the technical and economic viability of the Martha Project. As a result, there is increased uncertainty and economic risk of failure associated with these production activities.

The property was purchased in 2016 by Cerro Cazador SA (CCSA), an Argentine subsidiary of Hunt, from an Argentine subsidiary of Coeur Mining Inc. (Coeur). The intent to purchase was announced February 10, 2016 and closed May 11, 2016 as disclosed by the Company on its website (www.patagoniagold.com). The processing plant at the Martha Project has an estimated useful life of 8 years as it is anticipated that this plant will be used to process mineral from Cap-Oeste underground, Martha Project and from La Josefina Project. Royal Gold Inc. holds a 2% Net Smelter Return (NSR) royalty on all production from the Martha property; the obligation for which transferred from Coeur to the Company (www.royalgold.com). In addition, the provincial government holds a 3% pit-head royalty from future production.

In late 2019, a plan for reviewing near-mine targets (<5 km away from the mill) was defined. Those remaining targets consist of outcropping veins-veinlets. They included Veta del Medio System, Noroeste, Ivana, Martha Oeste, Martha Norte, Futuro and Sugar Hill among the mains. After encouraging results from sawn-channels (up to 1,000 g/t Ag) at Veta del Medio System, a RAB drill program was carried out to test mineralization at shallow depths. A total of 65 drill holes (1,397.4 m; up to 25 m depth) tested several targets. Highly anomalous drill intercepts, up to 1 m wide and grading 7,700 g/t Ag, were returned from the Veta del Medio Norte which is being considered for follow-up core drilling. Exploration continues to focus on remaining targets by combining systematic sawn-channelling, ground magnetics surveying and new drilling. During 2020, a total of 103.2 kilometers of new ground magnetics surveying was completed at Martha.

The Company has an asset retirement obligation for reclamation costs for the Mina Martha Project of $0.9 million as of March 31, 2020.

La Josefina Project

La Josefina is situated about 450 km northwest of the city of Rio Gallegos, in the Santa Cruz province of Argentina within a scarcely populated steppe-like region known as Patagonia. The La Josefina property occupies 52,800 hectares and makes up approximately 90% of all meters drilled by the Company. The La Josefina Project consists of mineral rights composed by an area of 528 square kilometers established in 1994 as a Mineral Reserve held by Fomicruz. The La Josefina Project comprises 16 Manifestations of Discovery totaling 52,767 hectares which are partially covered by 399 tenements.

In March 2007, the Company (via a subsidiary of Hunt) acquired the exploration and development rights to the La Josefina project from Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz"). In July 2007, the Company entered into an agreement (subsequently amended) with Fomicruz which provides that, in the event that a positive feasibility study is completed on the La Josefina property, a Joint Venture Corporation ("JV Corporation") would be formed by the Company and Fomicruz. The Company would own 81% of the joint venture company and Fomicruz would own the remaining 19%. Fomicruz has the option to earn up to a 49% participating interest in the JV Corporation by reimbursing the Company an equivalent amount, up to 49%, of the exploration investment made by the Company. The Company has the right to buy back any increase in Fomicruz's ownership interest in the JV Corporation at a purchase price of USD$200,000 per each percentage interest owned by Fomicruz down to its initial ownership interest of 19%; the Company can also purchase 10% of the Fomicruz's initial 19% JV Corporation ownership interest by negotiating a purchase price with Fomicruz. Under the agreement, the Company had until the end of 2019 to complete cumulative exploration expenditures of $18 million and determine if it will enter into production on the property. At December 31, 2019, the Company had incurred approximately $20 million and is in current discussions with Fomicruz to develop a plan for production. In October 2019, the agreement was extended until April 30, 2021 which period may be extended for an additional one-year term.

During 2020, a total of 521 km of ground magnetics surveying was completed in the main part of the project. The survey was designed to assist with future exploration target generation comprehend the magnetic signature of the project and be able to extend that concept to other areas.

La Valenciana Project

La Valenciana is located on the central-north area of the Santa Cruz Province, Argentina. The project encompasses an area of approximately 29,600 ha and is contiguous to the Company's La Josefina property to the east. The La Valenciana project is comprised of 11 MDs covering segments of Estancia Cañadón Grande, Estancia Flecha Negra, Estancia Las Vallas, Estancia La Florentina, Estancia La Valenciana and Estancia La Modesta (inactive ranches). In La Valenciana, exploration has been limited, with more than half of the surface without systematic exploration. Fomicruz carried out preliminary works defining a main vein system of low sulfidation epithermal style with gold and silver values accompanied by variable amounts of base metals. Exploration and subsequent reconnaissance sampling by CCSA added other, secondary targets and structures combining a total of 5.70 line-km of mapped veins and stockworks. The limited exploration to date, alteration features and associated structures, and partial coverage by probable post-mineral units suggest that there is potential for discovery of new mineralization on the property. A new exploration program to define new sites of mineralization, including geophysical surveys and shallow drilling in new and known target areas and an intensive prospecting and reconnaissance sampling in the whole block of mining properties, is being considered.

Bajo Pobre Property

The Bajo Pobre property covers 3,190 hectares and is mainly on the Estancia Bajo Pobre. The property is located 90 kilometers south of the town of Las Heras. No exploration activity has taken place on the Bajo Pobre Property and no exploration activity is planned for the immediate future.

El Gateado Property

In March 2006, CCSA acquired the right to conduct exploration on the El Gateado property through a claim staking process for a period of at least 1,000 days, commencing after the Government issues a formal claim notice, and retain 100% ownership of any mineral deposit found within. El Gateado is a 10,000-hectare exploration concession filed with the Santa Cruz Provincial mining authority. The El Gateado property is located in the north-central part of Santa Cruz province, contiguous to La Josefina on the east.

The Company has not yet received a formal claim notice pertaining to the El Gateado property. Should a mineral deposit be discovered, the company has the exclusive option to file for mining rights on the property. The surface rights of the El Gateado claim are held by the following Ranches, Estancia Los Ventisqueros, Estancia La Primavera, Estancia La Virginia and Estancia Piedra Labrada. The El Gateado claims are filed with the government under file #406.776/DPS/06.

Mineral resources have not yet been defined on the El Gateado property. No recent exploration activity has taken place on El Gateado Property and no exploration activity is planned for the immediate future.

Qualified Persons

The scientific and technical information contained herein has been reviewed and approved by Donald J. Birak, an independent geologist.

Segment Information

All of the Company's operations are in the mineral properties exploration industry with its principal business activity in mineral exploration. The Company conducts its activities primarily in Argentina. All of the Company's long-lived assets are located in Argentina.

The Company's net income/(loss) and its geographic allocation of total assets and total liabilities may be summarized as follow:

For the three months ended March 31, 2020

	Lomada Project $'000	Cap-Oeste Project $'000	Calcatreu Project $'000	Martha and La Josefina Projects $'000	Argentina Uruguay and Chile $'000	UK $'000	North America $'000	Total $'000
Revenue	$ 1,337	$ 3,447	$ -	$ 431	$ -	$ -	$ -	$ 5,215
Cost of sales	(500)	(1,599)	-	(349)	-	-	-	(2,448)
Gross profit (loss)	$ 837	$ 1,848	$ -	$ 82	$ -	$ -	$ -	$ 2,767
Operating expense								
Exploration expense	$ -	$ (141)	$ (247)	$ (40)	$ (266)	$ -	$ -	$ (694)
Administrative expense	-	-	(51)	-	(672)	(154)	(178)	(1,055)
Depreciation expense	-	-	(4)	-	(31)	(25)	-	(60)
Share-based payments	-	-	-	-	-	-	(85)	(85)
Interest expense	-	-	-	-	(188)	(199)	(330)	(717)
Total operating expense	$ -	$ (141)	$ (302)	$ (40)	$ (1,157)	$ (378)	$ (593)	$ (2,611)
Other income/(expense)								
Interest income	$ -	$ -	$ 1	$ -	$ 54	$ -	$ -	$ 55
Gain/(loss) on foreign exchange	-	-	237	-	(411)	(660)	829	(5)
Accretion expense	(104)	(8)	-	(50)	-	-	-	(162)
Realized gain (loss) on investment	-	-	-	-	728	-	-	728
Total other income/(expense)	$ (104)	$ (8)	$ 238	$ (50)	$ 371	$ (660)	$ 829	$ 616
Income/(loss) – before income tax	$ 733	$ 1,699	$ (64)	$ (8)	$ (786)	$ (1,038)	$ 236	$ 772
Income tax/(benefit)	-	-	(17)	-	(398)	-	-	(415)
Net income/(loss)	$ 733	$ 1,699	$ (91)	$ (8)	$ (1,184)	$ (1,038)	$ 236	$ 357

For the three months ended March 31, 2019

		Lomada Project		Cap-Oeste Project		Calcatreu Project		Martha and La Josefina Projects		Argentina Uruguay and Chile		UK		North America		Total
		$'000		$'000		$'000		$'000		$'000		$'000		$'000		$'000
Revenue	$	1,265	$	3,606	$	-	$	-	$	-	$	-	$	-	$	4,871
Cost of sales		(1,616)		(5,207)		-		-		-		-		-		(6,823)
Gross profit (loss)	$	(351)	$	(1,601)	$	-	$	-	$	-	$	-	$	-	$	(1,952)
Operating expense																
Exploration expense	$	-	$	-	$	(604)	$	-	$	(238)	$	-	$	-	$	(842)
Administrative expense		-		-		(31)		-		(2,007)		(209)		(18)		(2,265)
Depreciation expense		-		-		(5)		-		(17)		(25)		-		(47)
Share-based payments		-		-		-		-				(21)		-		(21)
Interest expense		-		-		-		-		(283)		(148)		-		(431)
Total operating expense	$	-	$	-	$	(640)	$	-	$	(2,545)	$	(403)	$	(18)	$	(3,606)
Other income/(expense)																
Interest income	$	-	$	-	$	-	$	-	$	28	$	-	$	-	$	28
Gain/(loss) on foreign exchange		-		-		26		-		(35)		(350)		319		(40)
Accretion expense		(12)		(9)		-		-		-		-		-		(21)
Total other income/(expense)	$	(12)	$	(9)	$	26	$	-	$	(7)	$	(350)	$	319	$	(33)
Income/(loss) – before income tax	$	(363)	$	(1,610)	$	(614)	$	-	$	(2,552)	$	(753)	$	301	$	(5,591)
Income tax/(benefit)		-		-		-		-		1,594		-		-		1,594
Net income/(loss)	$	(363)	$	(1,610)	$	(614)	$	-	$	(958)	$	(753)	$	301	$	(3,997)

Liquidity and Capital Resources

At March 31, 2020, the Company had a working capital deficiency of $31,068 as compared to a working capital deficiency of $22,484 at December 31, 2019. The working capital change is due to the Company's reclassification of debt with related parties from long-term liability to current liability in the amount of $13,120.

The Company's capital management objectives are:

• to ensure the Company's ability to continue as a going concern;
• to fund projects from raising capital from equity placements rather than long-term borrowings;
• to increase the value of the assets of the business; and
• to provide an adequate return to shareholders in the future when new or existing exploration assets are taken into production.

These objectives will be achieved by maintaining and adding value to existing extraction projects and identifying new exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by the Company's means.

The Company sets the amount of capital in proportion to its overall financing structure (i.e. equity and financial liabilities). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders in the future, return capital to shareholders or issue new shares.

In February 2019, the Company announced that its largest shareholder, Cantomi, a company owned and controlled by the Company's Non-Executive Chairman, Carlos J. Miguens, had provided a two year $15,000 loan facility that will be utilized to fund the Company's activities going forward, while the review of the Cap-Oeste underground option is ongoing together with the Feasibility Study of its flagship Calcatreu project. As of March 31, 2020, there is $10,458 owing under the loan facility

The Company also has access to operating lines of credit. As at March 31, 2020, the Company had drawn $11,578 against the credit facilities. The lines of credit had an original maturity date of June 30, 2020 and were subsequently renewed with a January 31, 2021 maturity date.

On October 30, 2020, the Company entered into an agreement with Tim Hunt to convert an aggregate of $10,000 of outstanding debt into 44,040,277 common shares of the Company at a price per share that is equal to CAD $0.30. The converted debt includes $4,822 of principal and accrued interest and $ 5,178 in accounts payable in respect of interest, rent and administration expenses payable. The balance of $1,458 owing to Tim Hunt is expected to be settled in full by December 10, 2020 by a cash payment of $720 plus 7% accrued interest.

Off-balance sheet arrangements

As at March 31, 2020, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to us.

COVID-19

The recent outbreak of the novel coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

Additionally, while the potential economic impact brought by, and the duration of the COVID-19 pandemic is difficult to assess or predict, the impact of the COVID-19 pandemic on the global financial markets may reduce our ability to access capital, which could negatively impact our short-term and long-term liquidity. The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, financing or mining production activities or the ore and mining industry or the global economy as a whole. However, these effects could have a material impact on our liquidity, capital resources, operations and business and those of the third parties on which we rely. The management and board of the Company is constantly monitoring this situation to minimize potential losses.

With the lockdown measures implemented by the government of Argentina, the Company was forced to pause its activities for approximately 30 days. On April 2, 2020, the government declared mining as an essential service and the Company was able to resume operations at most of the sites.

Proposed Transactions

There are no proposed material transactions. However, as is typical of the mineral exploration and development industry, management continually reviews potential merger, acquisition, investment, and joint venture transactions and opportunities that could enhance shareholder value. There is no guarantee that any contemplated transaction will be concluded.

Contractual Obligations

			Payments due by period		
	Total $'000	< 1 year $'000	1-3 years $'000	3-5 years $'000	> 5 years $'000
Long-term debt	15,090	13,222	1,768	-	-
TOTAL	$ 15,090	$ 13,222	$ 1,768	$ -	$ -

Transactions between related parties

Details of transactions with related parties are disclosed in Note 20 of the financial statements.

Disclosure of Outstanding Share Data

On February 19, 2020, the Company announced that it has received approval from the TSX Venture Exchange ("TSXV") of its Notice of Intention to Make a Normal Course Issuer Bid (the "NCIB"). Under the NCIB, the Company may purchase for cancellation up to 15,897,199 common shares (the "Shares") (representing approximately 5% of its 317,943,990 issued and outstanding common shares as of February 17, 2020) over a twelve month period commencing on February 21, 2020. The NCIB will expire no later than February 20, 2021. During the three months ended March 31, 2020, the Company did not repurchase any common shares under the NCIB. As of November 9, 2020, the Company acquired 155,000 common shares under the NCIB.

As of November 11, 2020, the Company had 361,829,267 common shares outstanding.

On September 26, 2019, the Company issued 7,650,000 stock options with an exercise price of CAD$0.065 and maturity date of September 25, 2024. These stock options vested on first anniversary of the grant date.

On August 14, 2020 the Company issued 9,600,000 stock options with an exercise price of CAD$0.16 and maturity date of August 13, 2025. These stock options vest evenly on each of the first, second and third anniversary of the grant date.

Critical Accounting Policies and Developments

Our discussion and analysis of results of operations and financial condition are based upon our condensed interim consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these condensed interim consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis, including those related to provisions for uncollectible receivables, mineral reserves, inventories, asset retirement obligations, valuation of intangible assets and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. See Note 6 in the notes to the consolidated financial statements of the Company for the years ended December 31, 2019 and 2018 for more information regarding the critical accounting judgements and estimated applied by the Company.

The accounting policies followed by the Company are set in Note 4 in the notes to the consolidated financial statements of the Company for the years ended December 31, 2019 and 2018. These accounting policies conform to accounting principles generally accepted in the United States and have been consistently applied in the preparation of the financial statements.

See Note 5 in the notes to the condensed interim consolidated financial statements of the Company for the period ended March 31, 2020 for more information regarding the impact of recent accounting pronouncements on the Company.

Non-GAAP Financial Performance Measures

Non-GAAP financial measures are intended to provide additional information only and do not have any standard meaning prescribed by generally accepted accounting principles. Unless otherwise noted, we present the Non-GAAP financial measures of our continuing operations in the tables below.

Cash Costs

The Company uses cash costs to evaluate the Company's current operating performance. We believe these measures assist in understanding the costs associated with producing gold and silver, assessing our operating performance and ability to generate free cash flow from operations and sustaining production. These measures may not be indicative of operating profit or cash flow from operations as determined under GAAP. The Company believes that allocating cash costs to gold and silver lead based on gold and silver metal sales relative to total metal sales best allows the Company and other stakeholders to evaluate the operating performance of the Company.

Three months ended March 31, 2020 (in 000's, except per unit amounts)		**Cap-Oeste**		**Lomada de Leiva**		**Martha**
Cost of sales	$	1,599	$	500	$	349
Less: Depreciation		(211)		(107)		(38)
Add/(Less): Other charges and timing differences [1]		(279)		94		195
Cash costs	$	1,109	$	487	$	506
Add: Depreciation [2]		114		96		64
Cash costs and depreciation	$	1,223	$	583	$	570
Ounces produced		1,492		888		356
Cash costs per ounce	$	743	$	548	$	1,421
Cash costs and depreciation per ounce	$	820	$	656	$	1,601

(1) These costs include expenses such as royalties, export and refinery costs, and other charges that the company does not include in cash costs. In addition, these amounts include timing differences related to accrual basis of accounting that the company excludes from the non-GAAP measure in order to measure the cash costs.
(2) Depreciation is related to the plant, machinery, equipment and vehicles.

Average gross price per ounce sold

Average gross price per ounce sold is calculated by dividing the revenue for the relevant period by the ounces sold.

Three months ended March 31, 2020 (in 000's, except per unit amounts)		**Cap-Oeste**		**Lomada de Leiva**
Revenue	$	3,447	$	1,337
Ounces sold		2,141		857
Average gross price per ounce sold	$	1,610	$	1,560

ITEM 3. QUANTITIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company," as defined by Rule 12b-2 of the Exchange Act, the Company is not required to provide the information in this Item.

ITEM 4: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The management of Patagonia Gold Corp. has evaluated, with the participation of the Principal Executive Officer and Principal Financial Officer, the effectiveness of disclosure controls and as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e) as of the end of the period covered by this Quarterly Report on Form 10-Q. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In additions, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are ineffective in that we could not assure that that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms resulting in unmade or late filings. Our controls and procedures were primarily adversely affected by the lack of experience within the Company in complying with the requirements of a SEC domestic publicly reporting entity.

Changes in Internal Control over Financial Reporting

On July 24, 2019, the Company and Patagonia Gold PLC ("PGP") completed a reverse acquisition (or reverse takeover, the "RTO"). As a result of the RTO our finance and accounting staff do not have adequate expertise in GAAP and the securities laws of the United States to ensure proper application thereof. Management has determined that they require additional training and assistance in US GAAP matters and SEC filing requirements to the extent that the Company will continue to be required to report pursuant to US GAAP and U.S. domestic issuer reporting requirements. The Company will, as needed, provide training to our employees to ensure that the Company can comply with US GAAP and SEC filing requirements.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

The Company had no legal proceedings as at March 31, 2020.

Item 1A. Rick Factors

As a "smaller reporting company," as defined by Rule 12b-2 of the Exchange Act, the Company is not required to provide the information in this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

There have been no defaults upon senior securities.

Item 4. Mine Safety Disclosures

The Company has no outstanding mine safety violations or other regulatory safety matters to report, pursuant to Item 104 of Regulation S-K.

Item 5. Other Information

As a "smaller reporting company," as defined by Rule 12b-2 of the Exchange Act, the Company is not required to provide the information in this Item.

Item 6. EXHIBITS

Exhibit Number	Document Description	Incorporated by reference Form	Incorporated by reference Date	Incorporated by reference Number	Filed herewith
2.1	The Scheme of Arrangement between Patagonia Gold Plc and Hunt Mining Corp	10-K	11/17/2020	2.1	
3.1	Articles of Incorporation – British Columbia	F-1/A-4	06/30/14	3.4	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the Chief Executive Officer				X
32.2	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the Chief Financial Officer				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension – Schema				X
101.CAL	XBRL Taxonomy Extension – Calculations				X
101.DEF	XBRL Taxonomy Extension – Definitions				X
101.LAB	XBRL Taxonomy Extension – Labels				X
101.PRE	XBRL Taxonomy Extension – Presentation				X

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities and Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 17th day of November, 2020.

PATAGONIA GOLD CORP.

BY: /s/ "Christopher van Tienhoven"
Christopher Van Tienhoven
Chief Executive Officer

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christopher van Tienhoven, certify that:

1. I have reviewed Quarterly Report on Form 10-Q of Patagonia Gold Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 17, 2020

By: /s/ “Christopher van Tienhoven”
Name: Christopher van Tienhoven
Title: Chief Executive Officer

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Cristian Lopez Saubidet, certify that:

1. I have reviewed Quarterly Report on Form 10-Q of Patagonia Gold Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 17, 2020

By: /s/ “Cristian Lopez Saubidet”
Name: Cristian Lopez Saubidet
Title: Chief Financial Officer

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. §1350

Solely for the purposes of complying with 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Executive Officer of Patagonia Gold Corp. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 17, 2020

By: /s/ "Christopher van Tienhoven"
Name: Christopher van Tienhoven
Title: Chief Executive Officer

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. §1350

Solely for the purposes of complying with 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Financial Officer of Patagonia Gold Corp. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 17, 2020

By: /s/ "Cristian Lopez Saubidet"
Name: Cristian Lopez Saubidet
Title: Chief Financial Officer