PATAGONIA GOLD CORP.

AMENDED MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED MARCH 31, 2020

NOTE TO READER

This management's discussion and analysis ("MD&A") replaces and supersedes the MD&A previously filed on SEDAR at www.sedar.com on July 14, 2020 for the three months ended March 31, 2020. The board of directors, in consultation with management of Patagonia Gold Corp. (the "Company"), determined that the Company's condensed 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, the subsequent events note to the financial statements (Note 27) was updated and the MD&A (Item 2) was updated to include discussion of the segmented results of operations and the discussion of the properties was updated to comply with SEC Industry Guide 7.

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.

[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.

[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 $'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)

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