

Patagonia Gold PLC : Lomada Production Update

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Patagonia Gold PLC

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Patagonia Gold Plc

Patagonia Gold reports update on Lomada de Leiva production

London, United Kingdom 24 November 2015 - Patagonia Gold Plc (AIM: PGD) ("Patagonia Gold" or the "Company") today provides an update on the current production at the Company's Lomada de Leiva mine ("Lomada Mine").

Summary:

Lomada Mine:

- **Lomada Mine 2015 annual production revised to 21,542**
- **Cash cost per ounce significantly increased during Q2 and Q3**
- **Q4 of 2015 and Q1 of 2016 forecast significant cost savings and normalising of Au production levels**
- **Exploration efforts near mine continue with a view to identifying additional resources to extend the mine life**

Lomada Mine: The Lomada Mine is located approximately 40 kilometres south-east of the town of Perito Moreno in the Province of Santa Cruz, and is within the Group's La Paloma property block, covering over 44 square kilometres.

Production: Production for the Lomada Mine up to the end of October 2015 has totalled 16,526 ounces with the total forecast production for 2016 now estimated at 21,542 ounces compared with the plan for the year of 31,000 ounces. Cash costs per ounce have increased mainly due to lower than expected production and lower than expected exchange rate. Year to date costs as of the end of October 2015 reported at \$1,291/oz. The forecast cash cost for 2015 is approximately US\$1,180.

Poor machine availability is the single most important factor which has impacted the performance of the mining operation with spare parts availability and importation restrictions and delays making it extremely difficult to keep a sufficiently high fleet available. This combined with the need to complete a major cut back has led to a significant shortfall in ore production. The heap leach pad and metallurgical performance have achieved forecast recoveries and no major or unforeseen operational difficulties have been experienced in this sector of the operation in the year to date.

In addition to lower than forecast production for the year, the cash costs were impacted by a higher than anticipated inflation and a lower than forecast actual exchange rate.

The outlook for November and December 2015 and Q1 2016 is positive and the Company expects the Lomada Mine to achieve forecast production of 5000 ounces in November and December and 9000 ounces for Q1 2016. Stripping ratios in

the main pit have decreased to approximately 2.5:1 and machine availability is improving along with additional hire equipment being mobilised. A pit extension is due to commence in April 2016 in order to extend mine life as exploration efforts continue near mine and on the Lomada block with the objective of replenishing existing resources

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About Patagonia Gold

Patagonia Gold Plc is a mining company that seeks to grow shareholder value through exploration, development and production of gold and silver projects in the southern Patagonia region of Argentina. The Company is primarily focused on three projects: the flagship Cap-Oeste/COSE project, the La Manchuria project and the Lomada heap leach project, which is generating free cash flow. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina and Chile, and is one of the largest landholders in the province of Santa Cruz.

Matthew Boyes, (BSC. Geology, Fellow AusIMM) Chief Operating Officer for Patagonia Gold PGSA and a qualified person as defined in Canadian National Instrument 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this press release.

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