



Cap Oeste and Calcatreu Update

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Patagonia Gold Plc
("Patagonia Gold" or the "Company")

Cap Oeste Production Update and Start of Drilling at Calcatreu

Patagonia Gold Plc, the mining company with gold and silver projects in the Patagonia region of Argentina, Chile and Uruguay, is pleased to provide an update on production at Cap Oeste for Q3 2018 and start of drilling at Calcatreu.

Cap Oeste

Production at Cap Oeste for Q3 2018 totalled 12,160 oz AuEq at an average cash cost of US\$360/oz (Q2 2018: US\$551/oz Au Eq) and US\$396/oz (Q2 2018: US\$597/oz AuEq) including depreciation and amortisation. Accumulated production for the six months to 30 September 2018 was 35,229 oz AuEq, at an average cost of US\$502/oz AuEq and US\$547/oz AuEq including depreciation and amortisation. The continued devaluation of the Argentine Peso during the third quarter had a positive impact on the cash costs, which resulted in cash costs for September 2018 of US\$469/oz AuEq and US\$511/oz AuEq including depreciation and amortisation. The Company remains on track to meet its production guidance for the year of 45,000 oz AuEq.

The mine at Cap Oeste ceased operations on 15 July 2018 and has been put on care and maintenance. Production is being sourced from rehandling of the material previously placed on the leach pad which did not recover as planned due to high clay content that impacted overall recoveries. The new crushing circuit was commissioned successfully during the month of July 2018 and production is ramping up as planned.

The proceeds from Cap Oeste have been applied towards the capital expenditure of the new crushing circuit at Cap Oeste, capital expenditure required for the rehandling and processing of the material at Lomada, overheads and repaying debt. During 2018 the Company reduced debt by US\$6 million.

Alternatives continue to be evaluated to extract value from the COSE-style hypogene mineralization, which lies below the completed open pit and which holds approximately 300,000 oz AuEq at 20 g/t AuEq.

Calcatreu

In relation to Calcatreu, the necessary permits to commence drilling were granted at the end of September 2018. The drilling contractor is in the process of building the camp and mobilising the drill rig. The 7,000 metre drilling programme has started on 9 October 2018.

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 Patagonia region of Argentina. The Company is primarily focused on its flagship Cap Oeste project in Santa Cruz and the recently acquired Calcatreu project in Rio Negro. In addition, it is carrying out exploration in Manchuria and Sarita in Argentina and San Jose in Uruguay. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina, Chile and Uruguay and is one of the largest landholders in the province of Santa Cruz, Argentina.

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