

PATAGONIA GOLD CORP.

AMENDED MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2019

NOTE TO READER

This management's discussion and analysis ("MD&A") amends and restates the MD&A previously filed on SEDAR at www.sedar.com on November 28, 2019 for the three and nine month interim period ended September 30, 2019. The Audit Committee, in consultation with management of Patagonia Gold Corp. (the "Company"), determined that the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 filed on SEDAR at www.sedar.com on November 28, 2019 should be refiled to correct errors related to the accounting for the reverse acquisition of Hunt Mining Corp. completed on July 24, 2019, as well as the conversion of several balances denominated in foreign currencies. As a result, balances reported in the Company's condensed interim consolidated statements of financial position and comprehensive income (loss) have been restated from amounts previously reported. The Company also made additional presentation changes and note disclosure improvements. Details of the changes are fully described in Note 2 of the restated financial statements. As a result, this MD&A has been revised to give effect to the restatement of the condensed interim consolidated financial statements for the period ended September 30, 2019. This MD&A should be read in conjunction with such restated financial statements. This amended and restated MD&A replaces and supersedes the previously filed interim financial statements in respect of the same period filed on November 28, 2019.

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

The following management's discussion and analysis ("MD&A") of the operating results, corporate activities and financial condition of Patagonia Gold Corp. (hereinafter referred to as "we", "us", "Patagonia Gold", "PGDC", or the "Company") and its subsidiaries provides an analysis of the operating and financial results between December 31, 2018 and September 30, 2019 and a comparison of the material changes in our results of operations and financial condition between the year ended December 31, 2018 and the nine months ended September 30, 2019. 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, 2018.

Subsequent to the issuance of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 on November 28, 2019 on SEDAR (www.sedar.com), the Company determined that there were errors related to the accounting for the reverse acquisition of Hunt completed on July 24, 2019, as well as the conversion of several balances denominated in foreign currencies. The Company also made additional presentation changes and note disclosure improvements in these restated condensed interim consolidated financial statements. For more information, see note 2 of the accompanying condensed interim consolidated financial statements.

As a result, this MD&A has been revised to give effect to the restatement of the condensed interim consolidated financial statements for the period ended September 30, 2019.

This discussion and analysis contain forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under the heading "Risk Factors and Uncertainties" in our Annual Report on Form 10-K for the period ended December 31, 2018, and elsewhere in this Quarterly Report on Form 10-Q.

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 thousands (\$'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.

Cautionary Note Regarding Forward-Looking Statements

Certain statements made in this Quarterly Report on Form 10-Q may constitute "forward-looking statements about the Company and its business. Forward looking statements are statements that are not historical facts and include, but are not limited to, reserve and resource estimates, estimated value of the project, projected investment returns, anticipated mining and processing methods for the project, the estimated economics of the project, anticipated Patagonia Gold recoveries, production rates, grades, estimated capital costs, operating cash costs and total production costs, planned additional processing work and environmental permitting. The forward-looking statements in this report are subject to various risks, uncertainties and other factors that could cause the Company's actual results or achievements to differ materially from those expressed in or implied by forward looking statements.

These risks, uncertainties and other factors include, without limitation:

- risks related to uncertainty of Patagonia Gold property valuation assumptions;
- uncertainties related to raising sufficient financing to fund the project in a timely manner and on acceptable terms;
- changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfill expectations and realize the perceived potential of the Company's properties;
- uncertainties involved in the estimation of Patagonia Gold reserves;
- the possibility that required permits may not be obtained on a timely manner or at all;
- the possibility that capital and operating costs may be higher than currently estimated and may preclude commercial development or render operations uneconomic;
- the possibility that the estimated recovery rates may not be achieved;
- risk of accidents, equipment breakdowns and labor disputes or other unanticipated difficulties or interruptions;

- the possibility of cost overruns or unanticipated expenses in the work program;
- risks related to projected project economics, recovery rates, estimated NPV and anticipated IRR; and
- other factors identified in the Company’s SEC filings and its filings with Canadian securities regulatory authorities.

Forward-looking statements are based on the beliefs, opinions and expectations of the Company’s management at the time they are made, and other than as required by applicable securities laws, the Company does not assume any obligation to update its forward-looking statements if those beliefs, opinions or expectations, or other circumstances, should change.

Patagonia Gold Corp – Corporate Overview

On July 24, 2019, Hunt Mining Corp. (“Hunt”, or “Hunt Mining”), completed a reverse acquisition with Patagonia Gold PLC (“Patagonia”) on the terms that Hunt would acquire all issued shares of common stock of Patagonia in exchange for common shares of Hunt Mining on the basis of 10.76 Hunt shares for each Patagonia share. Hunt issued 254,355,192 common shares to the shareholders of Patagonia representing an ownership interest of approximately 80%. The operating name of Hunt Mining Corp. has been changed to Patagonia Gold Corp.

Patagonia Gold Corp. 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.

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 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	90	US\$	Production and Exploration Stage
Mínera 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
Mínera 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
Cerro Cazador S.A.	Argentina	100	US\$	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 and production of minerals from properties in Argentina. 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 concentrate are being undertaken without established mineral 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. As such, sales are classified as silver and gold recovery, net of expenses in profit and loss.

Principal Properties Review

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"), is the Qualified Person whom has reviewed and approved the scientific and technical information contained herein.

Calcatreu Project

The Company acquired the Calcatreu project from Pan American Silver in January 2018 and is now the Company's flagship project.

The Company is working on obtaining the necessary permits from the Provincial authorities to start a drilling campaign. The metallurgical drill plan consists of 11 diamond holes and approximately 1,000 meters.

The Company has continued worked on a community relations program, to introduce Patagonia Gold to the local community and surrounding areas, in order to establish a relationship with the various institutions and stakeholders of Ingeniero Jacobacci (the town closest to the project and where the Company's local office is located) ("Jacobacci"). The Company presented its plans for the Calcatreu project, detailing each step that will take place in the development of the project.

The Company holds periodic meetings with all stakeholders where the main objective is to keep them informed of the progress at Calcatreu. It is hoped this will establish a relationship that is based on trust and confidence and will lead to the sustainable and safe development of the project with respect to the environment and in faithful compliance with applicable regulations. In addition, one of the main initiatives is to work with the local stakeholders in promoting the socio-economic development of Jacobacci, for the benefit of all of its inhabitants.

The Company's relationship with the community is progressing positively and includes various stakeholders, such as the local and provincial authorities and the nearby indigenous communities that surround the Calcatreu Project.

Cap-Oeste Project

As a result of the lower than anticipated production levels in December 2018 and January 2019, a review was undertaken of the production forecast for the following months and given that the expected revenue would not cover costs the Company took the decision in February 2019 to put Cap-Oeste on care and maintenance.

Production from the existing heap leach pad continued and during the first nine months of the 2019, Cap Oeste produced a total of 8,638 oz AuEq (6,373 oz Au and 193,315 oz Ag). The cash costs for the nine months were US\$605/oz¹ and US\$690/oz¹ including depreciation and amortization. A total of 9,435 oz AuEq (7,150 oz Au and 194,343 oz Ag) were sold at an average gross price² of \$1,336 per ounce AuEq during the nine months ended September 30, 2019.

The Company has initiated a pre-feasibility study to assess the potential technical and economic aspects of the project.

Currently the Company is working on final design on the Cap Oeste underground mine.

The ore will be treated nearby in the process plant Located at Mina Martha. The Company has successfully carried out bulk metallurgical tests in the Martha process plant obtaining good recovery results (Gold and Silver over 80%). Options to improve the recovery further with gravity separation prior to flotation are currently under review.

Lomada de Leiva Project

The Lomada mine was closed in May 2016 while production from the ongoing leaching continued until November 2017. Given that the ore from the Lomada mine was originally placed on the heap leach pad without crushing, the Company decided to return to Lomada to reprocess this ore. For this purpose, the Kleeman impact crusher that was originally acquired for Cap- Oeste was mobilized to Lomada, with the intention of crushing the ore and placing it on an extension of the leach pad. The Company expected to recover approximately 10,000 to 12,000 oz Au over a 15-month period. However, following just over two months of operation, the expected levels of production ounces were not achieved and in mid-February 2019 the Company took the decision to cease operations and proceed with the closure of Lomada.

¹ See Non-GAAP Financial Performance Measures

² See Non-GAAP Financial Performance Measures

Currently the Company is working on re handling material of leach pad to regenerate the solution percolation and generate new channels of circulation of solution.

During the first nine months of the 2019, Lomada produced a total of approximately 3,060 oz Au. Cash costs for the nine months were US\$462/oz¹ and US\$621/oz¹ including depreciation and amortization. A total of 2,682 ounces of Au were sold at an average gross price² of \$1,338 per ounce Au during the nine months ended September 30, 2019.

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 at the end of 2019. Currently, the work on the remediation has been halted due to the COVID-19 pandemic.

Exploration Update

Exploration during 2019 consisted mainly of regional reconnaissance, geological mapping, sampling, geophysics and drilling carried out at Rio Negro, Santa Cruz. The geophysical surveys were Ground Magnetics and Pole-Dipole Induced Polarization and Resistivity. During 2019, exploration drilling in Argentina has been concentrated at Calcatreu, and the properties in Santa Cruz province.

Calcatreu Project

The Calcatreu project is located in south central Rio Negro province approximately 80km south west of the town of Jacobacci. It lies on the NW - SE-oriented, regional-scale Gastre Fault System, a highly prospective belt, known to host several epithermal Au-Ag deposits. Patagonia Gold has also recently acquired new concessions, totaling more than 100,000 hectares (ha) along this belt in Rio Negro. The 2018 exploration work at Calcatreu mainly consisted of project-scale geological mapping along with detailed pole-dipole, Induced Polarization and Resistivity (IP/RES) geophysical survey, followed by a diamond drill program. The geophysical survey, consisting of 20 lines totaling 46.5km, covered the area between Castro Sur (to the north) and Veta 49 (to the south). Its objective was to detect the presence of hidden NNE trending, dilational gashes, similar to that of V49, or any other structure with exploration potential for the development of additional mineral resources in the immediate vicinity of the Vein 49 / Nelson deposits, hosting the current mineral resource at Calcatreu. The survey allowed a subsequent target definition and ranking.

Accordingly, a drill program comprising several geophysical-based drill targets has been designed. The first and main part of the program consisted of drilling for 'blind' conceptual geophysical targets, whereas the last few drill holes were focused on expanding the known resource from Vein 49, Belen and Castro Sur, following ore shoots that remain open in down plunge directions.

Mina Angela

On August 13, 2019, the Company announced an offer letter agreement with Latin Metals Inc. to acquire the Mina Angela project. 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. The Navidad silver and base metal deposit is located 45 km further to the south-southeast of Mina Angela. 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 representing the balance of the first earn-in payment. It is expected that the Company will pay the second earn-in payment of \$250 within the next six months if it exercises the option to acquire the Mina Angela property. A further and final payment of \$500 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 \$1,000.

La Manchuria Project

In addition to its known mineralization, the La Manchuria Project is believed to be prospective for the discovery of new gold and silver mineralization. Brownfield exploration continued through mapping and rock chip sampling of a surface of ca. 2,000ha. Veinlets and narrow breccia zones indicative of hydrothermal activity were found at the Magali zone. Anomalous gold values were reported from Cecilia zone. A new drill program for La Manchuria contemplates 2,000m in 14 holes. They are designed to test geophysical anomalies (induced polarization/resistivity/ and magnetic low anomalies), as well as to test underneath gold anomalies defined from rock chip sampling at surface.

Sarita Project

The Sarita Project, located in the SW of the Deseado Massif approximately 10km NW of Patagonia Gold's Mina Martha Ag- Au mine, hosts a widespread system of banded low sulfidation Au-Ag veins, encompassing a small rhyolitic dome complex. Geologically, the area displays very similar structural and stratigraphic characteristics to Mina Martha with Ag-rich, polymetallic vein-hosted intermediate sulfidation mineralization.

The banded Ag-Au bearing quartz veins have developed within a set of NNW-SSE striking normal faults and constitute an extensive mineralized vein system, with more than 12km in total outcropping length.

Precious and base metal mineralization has been recognized in quartz vein-breccias up to 3m wide at surface, composed of quartz and sulphides. Rock chips from discrete vein structures or aligned float have returned anomalous gold samples, 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.

Mina Martha Project

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

Martha is located in the province of Santa Cruz, Argentina, at 48° 41', 33.94" south latitude and 69° 42', 00.79" west longitude (degrees, minutes, seconds) at approximately 350 meters elevation. The closest community is the town of Gobernador Gregores, situated approximately 50 road kilometers (km) to the west-southwest of Martha.

The property was purchased in 2016 by Cerro Cazador SA (CCSA), an Argentine subsidiary of the Company, 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). See note 8 of the 2017 financial statements for details on the purchase of the Mina Martha property. 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 the Martha and the La Josefina projects.

The Martha property consists of approximately 7,850 hectares of concessions, various buildings and facilities, surface and underground mining and support equipment, a 480 tonne per day (tpd - maximum) crushing, grinding and flotation plant, tailings facility, various stockpiles and waste dumps, employee living and cafeteria quarters, and miscellaneous physical materials. The Company restored and repaired the physical assets acquired in the purchase during the latter part of 2016 and the first quarter of 2017. In addition, the Company has access to surface ranch ("estancia") lands surrounding the mine and mill site that are approximately 35,700 hectares in size.

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.

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").

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 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. At December 31, 2018, the Company had incurred approximately \$20 million and is in current discussions with Fomicruz to develop a plan for production.

The La Josefina Project 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, as defined under Argentina regulations, held by Fomicruz. The La Josefina Project comprises 16 Manifestations of Discovery (MDs) totaling 52,767 hectares which are partially covered by 399 pertenencias.

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 hectares and is contiguous to the Company's La Josefina property to the east. The La Valenciana project is comprised of 11 Manifestations of Discovery (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 with base metals. Exploration and subsequent reconnaissance sampling by CCSA added other secondary targets and structures combining a total of 5.70 km 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 still a high degree of discovery potential in the mining block. A new exploration program to define mineralization includes 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, CCSA 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.

The El Gateado project is without known reserves as defined by SEC industry Guide No. 7. No exploration activity has taken place on El Gateado Property and no exploration activity is planned for the immediate future.

Results of Operations For the nine months ended September 30, 2019

	For the nine months ended		Change Favourable (Unfavourable) \$'000
	September 30, 2019 \$'000	September 30, 2018 \$'000	
Revenue	16,922	37,790	(20,868)
Net income (loss) for the period	(3,975)	1,089	(5,064)
Net income (loss) per share – basic and diluted	(0.02)	0.00	(0.02)

	For the period ended		Change
	September 30, 2019	December 31, 2018	Favourable (Unfavourable)
	\$'000	\$'000	\$'000
Working Capital	(22,204)	(17,541)	(4,663)
Total Assets	57,760	47,208	10,552
Total non-current liabilities	15,900	1,305	(14,595)
Total shareholders' equity	13,626	16,493	(2,867)

The working capital change is owing to the net realizable value of the inventory is less than the costs incurred in establishing the ore stockpile and therefore a write down was required. The \$2.37 million write down for Cap-Oeste has been recognized within cost of sales.

The net loss for Q3 2019 was \$3.975 million compared with a net income of \$1.1 million in Q3 2018. Unfavorable changes were due to decrease of revenue and the write down of inventories recognized owing to the close of Lomada and putting Cap- Oeste on care and maintenance.

The change in equity was related to the reverse acquisition between Hunt Mining Corp. and Patagonia Gold PLC.

The increase in total assets was primarily due to the reverse acquisition and the normal fluctuations in operations, reduction in inventory levels and depreciation of property, plant and equipment.

Non-current liabilities increased as a result of reclassification of current debt to long-term.

Presented below is an excerpt from the Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss) for the period:

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Revenue		\$ 6,273	\$ 9,479	\$ 16,922	\$ 37,790
Cost of Sales	7	(3,521)	(3,011)	(13,870)	(18,956)
Gross Profit		\$ 2,752	\$ 6,468	\$ 3,052	\$ 18,834
Operating Income (Expenses):					
Exploration expenses		(1,283)	323	(2,094)	(763)
Administrative expense	22	(1,295)	(1,441)	(5,005)	(4,585)
Share-based payments expense	20	(5)	(3)	(46)	(103)
Interest expense		(652)	(183)	(1,470)	(1,262)
Total operating expense:		\$ (3,235)	\$ (1,304)	\$ (8,615)	\$ (6,713)
Other Income/(Expenses)					
Interest income	11	105	15	131	106
Gain/(Loss) on foreign exchange		634	(397)	1,552	(12,384)
Accretion expense	9	(72)	(145)	(115)	(434)
Total other income/(expenses)		667	(527)	1,568	(12,712)
Income (Loss) – before income taxes		\$ 184	\$ 4,637	\$ (3,995)	\$ (591)
Income tax benefit (expense)	28	(1,214)	(30)	20	1,680
Net Income (Loss)		\$ (1,030)	\$ 4,607	\$ (3,975)	\$ 1,089

Variance Analysis for Net Income (Loss)

The net loss for the nine months ended September 30, 2019 was \$3.975 million compared with a net income of \$1.1 million during the same period in 2018. Unfavorable changes were due to decrease of revenue and the write down of inventories recognized owing to the close of Lomada and putting Cap- Oeste on care and maintenance.

Cash flow discussion for the nine-month period ended September 30, 2019 compared to September 30, 2018

The cash inflows from operating activities were \$4,639 compared with inflows of \$6,947 for the same period in 2018. Decrease in cashflow from operations was mostly due to lower net income offset by non-cash charges such as depreciation and inventory write-down, increase in accounts receivable and decrease in accounts payable and accrued liabilities.

The cash outflows from investing activities were \$599 compared to cash outflows of \$10,574 for the same period in 2018. The decrease in cash outflows from investing activities was primarily due to purchase of mining rights in 2018 for the Calcatreu gold asset in Rio Negro, Argentina, by way of acquiring 100% of the shares of Minera Aquiline Argentina S.A. ("MASA"), the difference between the fair value of the net asset and the price paid for the 100% of the shares of MASA, \$14.6 million, is related to the rights to explore and mine the Calcatreu Deposit.

The cash inflows from financing activities were \$187 compared to cash outflows of \$1,712 for the same period in 2018.

Financial Position

Cash

As at September 30, 2019, the Company has \$1,490 in cash compared to \$660 as at December 31, 2018.

Accounts receivables

As at September 30, 2019, the Company had accounts receivable of \$1,280 compared to \$4,923 as at December 31, 2018. The decrease in accounts receivable is due to \$2.9 million of value added taxes received during the year.

Inventory

As at September 30, 2019, the Company had inventory of \$3,260 compared to \$6,286 as at December 31, 2018. The decrease in inventory is due to the normal sale of gold and silver inventory of \$2,199 and a write down of \$ 2,367 recognized due to the close of Lomada and putting Cap-Oeste on care and maintenance.

Property, Plant and equipment

As at September 30, 2019, the Company had property, plant and equipment of \$12,901 compared to \$9,478 as at December 31, 2018. The increase in property, plant and equipment is due to the reverse acquisition and offset by depreciation expense.

Goodwill

As part of the reverse acquisition, the Company issued 254,355,192 Common Shares in exchange for all of the issued and outstanding shares of Patagonia Gold PLC and recognized goodwill of \$2,673.

Mineral Properties

As at September 30, 2019, the Company had mineral properties of \$10,975 compared to \$2,525 as at December 31, 2018. The increase in mineral properties was due to those acquired as part of the reverse acquisition.

Accounts payable and accrued liabilities, bank indebtedness and taxes payable

As at September 30, 2019, the Company had bank indebtedness of \$14,887 compared to \$12,381 as at December 31, 2018.

In February 2019, the Company announced that its largest shareholder, Cantomi, a company owned and controlled by the Company's Non-Executive Chairman, Carlos Miguens, had provided a two year US\$15 million 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 at September 30, 2019, the balance of the loan was \$7,908.

Accounts payable and accrued liabilities and taxes payable increased due to normal fluctuations in operations and due to the liabilities acquired as part of the reverse acquisition. Details of the reverse acquisition are disclosed in note 26 of the financial statements.

Capital Stock

Capital stock changed as a result of the reverse acquisition. Details of these changes are reflected in the condensed interim consolidated statement of changes in stockholders' equity and notes 20 and 26 of these condensed interim consolidated financial statements.

Liquidity and Capital Resources

At September 30, 2019, the Company had a negative working capital of \$22,204 as compared to a negative working capital of \$17,541 at December 31, 2018. The decrease in working capital is due to cash used in normal operations and inventory write down as the net realizable value of the inventory is less than the costs incurred in establishing the ore stockpile and therefore. The \$2.37 million write down for Cap-Oeste has been recognized within cost of sales.

Off-balance sheet arrangements

At September 30, 2019, 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 the Company.

COVID-19

Subsequent to September 30, 2019, the 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.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the nine months ended September 30, 2019 have not been adjusted to reflect their impact. The duration and impact of COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time but it could have a material impact on the Company's future operations and performance. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

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.

Disclosure of Outstanding Share Data

As of the date of the MD&A, the Company had 317,788,990 common shares outstanding.

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.

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

Transactions with related parties

Details of transactions with related parties are disclosed in Note 21 of the condensed interim consolidated financial statements.

Recently issued Accounting Pronouncements

Details of recently issued accounting pronouncements are disclosed in Note 5 of the condensed interim consolidated financial statements.

Critical Accounting Estimates

Details of critical accounting estimates are disclosed in Note 6 of the condensed interim consolidated financial statements.

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.

Nine months ended September 30, 2019 (in 000's, except per unit amounts)

	Cap-Oeste		Lomada de Leiva	
Cost of sales	\$	10,226	\$	2,839
Less: Inventory Impairment		(2,368)		-
Less: Depreciation		(838)		(922)
Add/(Less): Other charges and timing differences ⁽¹⁾		(1,794)		(503)
Cash costs	\$	5,226	\$	1,414
Add: Depreciation ⁽²⁾		734		486
Cash costs and depreciation	\$	5,960	\$	1,900
Ounces produced		8,638		3,060
Cash costs per ounce	\$	605	\$	462
Cash costs and depreciation per ounce	\$	690	\$	621

(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.

Nine months ended September 30, 2019 (in 000's, except per unit amounts)

	Cap-Oeste		Lomada de Leiva	
Revenue (per Note 25 of the financial statements)	\$	12,605	\$	3,589
Ounces sold		9,435		2,682
Average gross price per ounce sold	\$	1,336	\$	1,338

ITEM 3. QUANTITATIVE 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 September 30, 2019.

Item 1A. Risk 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.