PATAGONIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

April 28, 2023

The following management's discussion and analysis ("MD&A") of Patagonia Gold Corp. (hereinafter referred to as the "Company" or "Patagonia"), formerly Hunt Mining Corp. ("Hunt") and its subsidiaries provides an analysis of the operating and financial results for the year ended December 31, 2022 and a comparison of the material changes in our results of operations and financial condition between the year ended December 31, 2021. This MD&A should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 31, 2022.

These statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A includes certain non-IFRS financial performance measures. For a detailed description of these measures, please see "Non-IFRS Financial Performance Measures" section. The amounts presented in this MD&A are in thousands ($'000) of U.S. dollars, except share, per share, per unit amounts and unless otherwise noted.

The Company's head office and principal business address is Av. Libertador 498 Piso 26, Buenos Aires, Argentina, C1001ABR and the registered office address is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company's common shares trade on the TSX Venture Exchange (the "Exchange"), under the symbol PGDC. Additional information relevant to the Company's activities can be found on their website at http://patagoniagold.com, on SEDAR at www.sedar.com.

Management's Responsibility for Financial Reporting

The financial statements have been prepared by management in accordance with IFRS and have been approved by the Company's board of directors (the "Board"). The integrity and objectivity of the financial statements are the responsibility of management. In addition, management is responsible for ensuring that the information contained in the MD&A is consistent where appropriate, with the information contained in the financial statements.

The financial statements may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the financial statements are presented fairly in all material respects.

As the Company is a Venture Issuer (as defined under under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or Internal Controls over Financial Reporting ("ICFR"), as defined in NI 52-109, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note on Forward-Looking Information

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws of Canada (collectively referred to as "forward-looking information") which relate to future events or the Company's future performance and may include, but are not limited to, statements about strategic plans, spending commitments, future operations, results of exploration, anticipated financial results, future work programs, capital expenditures and expected working capital requirements. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Readers are cautioned not to place undue reliance on forward looking information and there can be no assurance that forward looking information will prove to be accurate as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking information, include, but are not limited to:

fluctuations in the currency markets (such as the Canadian Dollar, Chilean Peso, Great Britain Pound and the United States Dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada and Argentina or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with exploration and development activities; risks and hazards associated with the business of mineral exploration and development (including environmental hazards or industrial accidents); risks relating to the credit worthiness or financial condition of suppliers and other parties with whom the Company does business; the presence of laws and regulations that may impose restrictions on mining, including those currently enacted in Argentina; employee relations; relationships with and claims by local communities; availability and increasing costs associated with operational inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses, permits and approvals from government authorities; business opportunities that may be presented to, or pursued by, the Company; challenges to, or difficulty in maintaining, the Company's title to properties; risks relating to the Company's ability to raise funds; and the factors identified under "Risk Factors" in this MD&A.

The forward looking information contained in this MD&A are based upon assumptions management believes to be reasonable including, without limitation: financing will be available for future exploration, development and operating activities; the actual results of the Company's development and exploration activities will be favourable or at least consistent with management's expectations; operating, development and exploration costs will not exceed management's expectations; all requisite regulatory and governmental approvals for development projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favourable to the Company such as the continuing support for mining by local governments in Argentina; the price of gold and/or other applicable metals and applicable interest and exchange rates will be favourable to the Company or at least consistent with management's expectations; no title disputes will exist with respect to the Company's properties; debt and equity markets and other applicable economic conditions will be favourable to the Company; the availability of equipment and qualified personnel to advance exploration projects and; the execution of the Company's existing plans and further exploration and development programs for its projects, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.

All forward-looking-information contained in this MD&A is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

The Company

On July 24, 2019, the Company and Patagonia Gold Limited ("PGL") [formerly 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.

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.

The financial statements are presented on a consolidated basis and include the accounts of the Company, its wholly owned and majority owned subsidiary:

Corporation	Incorporation	Percentage ownership	Functional currency	Business purpose
Patagonia Gold S.A. ("PGSA")	Argentina	95	US$	Production and Exploration Stage
Minera Minamalu S.A.	Argentina	100	US$	Exploration Stage
Huemules S.A.	Argentina	100	US$	Exploration Stage
Leleque Exploración S.A.	Argentina	100	US$	Exploration Stage
Patagonia Gold Limited (formerly Patagonia Gold PLC)	UK	100	GBP$	Holding
Minera Calcatreu S.A.U. (formerly Minera Aquiline S.A.U.)	Argentina	100	US$	Exploration Stage
Patagonia Gold Canada Inc.	Canada	100	CAD$	Holding
Patagonia Gold Chile S.C.M.	Chile	100	CH$	Exploration Stage
Ganadera Patagonia S.R.L.	Argentina	100	US$	Land Holding
1272680 B.C. Ltd (formerly 1494716 Alberta Ltd.)	Canada	100	CAD$	Nominee Shareholder

The Company's activities include the exploration for 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 reserves exist are classified as exploration-stage. Properties where economically recoverable 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 reserves required to be classified in either the development or production stage.

Summary of Consolidated Results of Operations ($'000's)

(in $000's, except ounces and per share amounts)	Three months ended December 31, 2022	2021	Change	%Change	Year ended December 31, 2022	2021	Change	%Change
Operational results								
Total gold equivalent ounces – produced (1)	1,402	2,471	(1,069)	(43%)	6,490	9,336	(2,846)	(30%)
Total gold equivalent ounces – sold (1)	1,149	2,129	(980)	(46%)	6,782	10,007	(3,225)	(32%)
Financial results								
Revenue	$ 1,992	$ 3,871	$ (1,879)	(49%)	$ 12,340	$ 18,104	$ (5,764)	(32%)
Cost of sales	$ 3,090	$ 3,498	$ (408)	(12%)	$ 14,635	$ 13,559	$ 1,076	8%
Exploration expenses	$ 997	$ 1,400	$ (403)	(29%)	$ 5,374	$ 4,604	$ 770	17%
Repair and maintenance	$ 161	$ 144	$ 17	12%	$ 513	$ 658	$ (145)	(22%)
Depreciation, depletion and amortization	$ 161	$ 743	$ (582)	(78%)	$ 1,899	$ 1,810	$ 89	5%
Administrative expenses	$ 1,757	$ 1,496	$ 261	17%	$ 5,491	$ 4,617	$ 874	19%
Impairment	$ -	$ 1,489	$ (1,489)	(100%)	$ -	$ 1,489	$ (1,489)	(100%)
Write-down of other receivables	$ -	$ 2,323	$ (2,323)	(100%)	$ -	$ 2,323	$ (2,323)	(100%)
Interest expense	$ 970	$ 477	$ 493	103%	$ 3,395	$ 1,436	$ 1,959	136%
Net income (loss)	$ 1,274	$ (6,691)	$ 7,965	119%	$ (4,328)	$ (11,266)	$ 6,938	62%
Net income (loss) per share – basic and diluted	$ 0.003	$ (0.014)	$ 0.017	121%	$ (0.009)	$ (0.025)	$ 0.016	64%

(1) Gold equivalent ounces include silver ounces produced and sold converted to a gold equivalent based on a ratio of the average spot market price for the commodities each period. The ratio for three months ended December 31, 2022 was 81.13:1 (2021 – 74.97:1). The ratio for year ended December 31, 2022 was 82.41:1 (2021 – 73.03:1).

Three months ended December 31, 2022 and 2021

Total production decreased during the three months ended December 31, 2022 as the Company had residual heap leach operations at Lomada de Leiva ("Lomada") and Cap-Oeste since February 2019, which has been declining due to the depletion in the pads from ongoing leaching. Additional material being placed on the pads has not offset the overall declining production quarter over quarter. Sources for new fresh material to increase the production are being sought.

The Company earned total revenue of $1,992 during the three months ended December 31, 2022 compared to $3,871 during the same period in 2021. Revenue decreased due to the lower gold equivalent ounces produced and sold during the period compared to the same period in 2021.

Cost of sales were $3,090 during the three months ended December 31, 2022 compared to $3,498 during the same period in 2021. Cost of sales decreased due to overall decrease in gold equivalent ounces produced and sold. Also, during the year ended December 31, 2022, the net realizable value of the inventory was less than the costs incurred in establishing the gold held on carbon and the Company recorded an inventory write down of $287 (2021 - $443) under cost of sales.

The Company incurred exploration expenses of $997 during the three months ended December 31, 2022 compared to $1,400 during the same period in 2021. The decrease in exploration expenses is related to overall less exploration activities for period compared to prior period.

The Company incurred repair and maintenance expense of $161 during the three months ended December 31, 2022 compared to $144 during the same period in 2021. The repair and maintenance expense during the period related to routine maintenance work at the Mina Martha Plant.

The Company incurred administrative expenses of $1,757 during the three months ended December 31, 2022 compared to $1,496 during the same period in 2021. The increase in administrative expenses was due to higher inflation in Argentina which was partially offset by the devaluation of the Argentinian peso.

The Company incurred depreciation, depletion and amortization expenses of $161 during the three months ended December 31, 2022 compared to $743 during the same period in 2021. The decrease in depreciation, depletion and amortization expenses was due to the decrease in production and as a result of the Lomada mineral property being fully depleted in 2021.

The Company recorded an impairment charge of $Nil during the three months ended December 31, 2022 compared to $1,489 during the same period in 2021. The impairment charge for the year ended December 31, 2021 was $989 for the Lomada property as the total estimated discounted future pre-tax cash flows are less than the carrying amount of the asset and $500 for Mina Angela property due to the legal restrictions preventing development of mining activity in the Chubut Province.

The Company recorded a write-down of $Nil during the three months ended December 31, 2022 compared to $2,323 during the same period in 2021. The write-down in 2021 was related to the recoverable costs from Fomicruz included in other receivables on the statement of financial position.

The Company incurred interest expense of $970 during the three months ended December 31, 2022 compared to $477 during the same period in 2021. The increase in interest expense was due to the increase in Cantomi loan included in long-term debt and the increase in the interest rate on the loan from 5% to 7.5%.

As part of the Company´s treasury management, the Company trades certain securities denominated in US dollar and Argentine Peso. The Company recognized a gain on disposition of these securities of $5,557 during the three months ended December 31, 2022 compared to $624 during the same period in 2021.

Net profit for the three months ended December 31, 2022 was $1,274 compared to net loss of $6,691 during the same period in 2021. Net loss decreased due to the gain on disposition of certain securities and due to the Company incurring large expenses in 2021 such as the write-down of other receivables, the impairment of mineral properties, the increase in cost of sales, exploration and administrative expenses compared to the current period. The decrease in net loss was partially offset by loss on foreign exchange in 2022.

Year ended December 31, 2022 and 2021

Total production decreased during the year ended December 31, 2022 as the Company had residual heap leach operations at Lomada de Leiva ("Lomada") and Cap-Oeste since February 2019, which has been declining due to the depletion in the pads from ongoing leaching.

Additional material being placed on the pads has not offset the overall declining production quarter over quarter. Sources for new fresh material to increase the production are being sought.

The Company earned total revenue of $12,340 during the year ended December 31, 2022 compared to $18,104 during the same period in 2021. Revenue decreased due to the lower gold equivalent ounces produced and sold during the period compared to the same period in 2021.

Cost of sales were $14,635 during the year ended December 31, 2022 compared to $13,559 during the same period in 2021. Cost of sales increased due to increase in production costs owing to higher inflation in Argentina which was partially offset by the devaluation of the Argentinian peso. Also, during the year ended December 31, 2022, the net realizable value of the inventory was less than the costs incurred in establishing the gold held on carbon and the Company recorded an inventory write down of $1,475 (2021 - $1,103) under cost of sales.

The Company incurred exploration expenses of $5,374 during the year ended December 31, 2022 compared to $4,604 during the same period in 2021. The increase in exploration expenses was due to the last drilling program which started in the second quarter 2021 and finished during the year ended December 31, 2022.

The Company incurred repair and maintenance expense of $513 during the year ended December 31, 2022 compared to $658 during the same period in 2021. The repair and maintenance expense during the period related to routine maintenance work at the Mina Martha Plant.

The Company incurred administrative expenses of $5,491 during the year ended December 31, 2022 compared to $4,617 during the same period in 2021. The increase in administrative expenses was due to the increase in salaries owing to higher inflation in Argentina which was partially offset by the devaluation of the Argentinian peso.

The Company incurred depreciation, depletion and amortization expenses of $1,899 during the year ended December 31, 2022 compared to $1,810 during the same period in 2021.

The Company recorded an impairment charge of $Nil during the year ended December 31, 2022 compared to $1,489 during the same period in 2021. The impairment charge for the year ended December 31, 2021 was $989 for the Lomada property as the total estimated discounted future pre-tax cash flows are less than the carrying amount of the asset and $500 for Mina Angela property due to the legal restrictions preventing development of mining activity in the Chubut Province.

The Company recorded a write-down of $Nil during the year ended December 31, 2022 compared to $2,323 during the same period in 2021. The write-down for the year ended December 31, 2021 was related to the recoverable costs from Fomicruz included in other receivables on the statement of financial position.

The Company incurred interest expense of $3,395 during the year ended December 31, 2022 compared to $1,436 during the same period in 2021. The increase in interest expense was due to the increase in bank indebtedness with Argentinian banks, increase in the Cantomi loan included in long-term debt and the increase in the interest rate on the loan from 5% to 7.5%.

As part of the Company´s treasury management, the Company trades certain securities denominated in US dollar and Argentine Peso. The Company recognized a gain on disposition of these securities of $10,709 during the year ended December 31, 2022 compared to $1,380 during the same period in 2021.

The Company recognized a foreign exchange gain of $2,428 during the year ended December 31, 2022 compared to loss of $224 during the same period in 2021.

Net loss for the year ended December 31, 2022 was $4,328 compared to $11,266 during the same period in 2021. Net loss decreased primarily due to gain on disposition of certain securities and foreign exchange gain which was offset by lower revenues and higher operating expenses.

Cash flows for the year ended December 31, 2022 and 2021 ($'000's)

The Company used $5,329 of cash in operating activities for the year ended December 31, 2022 compared to $591 during the same period in 2021. The increase in cash used in operating activities during 2022 was primarily due to lower revenues and higher exploration and administrative expenses.

Cash used in investing activities for the year ended December 31, 2022 was $286 compared to $3,888 for the same period in 2021. The decrease in cash used in investing activities was a result of lower additions to the mineral properties and purchases of property and equipment.

Cash generated from financing activities for the year ended December 31, 2022 was $5,584 compared to $3,867 during the same period in 2021. The increase in cash generated from financing activities was primarily due to funds received from bank lines of credit and Cantomi Loan.

Financial Position ($'000's)

Cash

The Company has cash on hand of $231 as of December 31, 2022 compared to $291 as of December 31, 2021.

Receivables

Current receivables are $2,021 as of December 31, 2022 compared to $2,512 as of December 31, 2021. The decrease in current receivables is a result of a collection of VAT recoverable during the year ended December 31, 2022.

Non-current receivables are $1,671 as of December 31, 2022 compared to $1,421 as of December 31, 2021. The increase in non-current receivables is a result of the increase in VAT recoverable during the year ended December 31, 2022.

Inventories

The Company has inventories of $4,653 as of December 31, 2022 compared to $3,759 as of December 31, 2021. The increase in inventories was mainly due to higher materials and supplies as at December 31, 2022. During the year ended December 31, 2022, the net realizable value of the inventory was less than the costs incurred in establishing the gold held on carbon and the Company recorded an inventory write down of $1,475 (2021 - $1,103).

Property, plant and equipment ("PPE")

The Company has PPE of $10,644 as of December 31, 2022 compared to $12,475 as of December 31, 2021. The decrease in PPE was a result of the depreciation charge which was partially offset by capital additions.

Bank indebtedness

The Company has bank indebtedness of $8,945 as of December 31, 2022 compared to $6,706 as of December 31, 2021. The increase in bank indebtedness was a result the Company receiving additional funds from lines of credit.

Accounts payable and accrued liabilities

The Company has accounts payable and accrued liabilities of $5,953 as of December 31, 2022 compared to $6,859 as of December 31, 2021. The decrease in accounts payable and accrued liabilities was a result of paying down accounts payables and normal fluctuations in operations.

Accounts payable with related parties

The Company has accounts payable with related parties of $285 as of December 31, 2022 compared to $208 as of December 31, 2021. The increase in accounts payable with related parties is a result of remuneration, fees and interest expenses incurred during the year.

Loan payable and current portion of long-term debt

The Company has loan payable and current portion of long-term debt of $386 as of December 31, 2022 compared to $517 as of December 31, 2021. The decrease in loan payable and current portion of long-term debt is due to repayment of loan payable during the year ended December 31, 2022.

Long term debt

The Company has non-current portion of total long-term debt of $20,019 as of December 31, 2022 compared to $15,762 as of December 31, 2021. The increase in long-term debt is due to increase in loans to fund operations and an increase in accrued interest.

Summary of Segmented Results of Operations ($'000's)

Cap-Oeste

Cap-Oeste produced a total of 3,272 gold equivalent ounces (1,862 ounces of gold and 116,286 ounces of silver) during the year ended December 31, 2022 compared to 6,979 gold equivalent ounces (4,205 ounces of gold and 198,989 ounces of silver) during the same period in 2021.

The cash costs of production for the year ended December 31, 2022 was $2,511 per ounce[1] and $2,559 per ounce[1] including depreciation and amortization compared to $698 per ounce[1] and $732 per ounce[1] during the same period in 2021. The increase in cash cost of production per ounce was due to decrease in production and the higher inflation in Argentina which was partially offset by the devaluation of the Argentinian peso.

A total of 3,504 gold equivalent ounces (2,043 ounces of gold and 120,293 ounces of silver) were sold during the year ended December 31, 2022 at an average gross price of $1,815 per ounce[1]. During the same period in 2021, a total of 7,687 gold equivalent ounces (4,749 ounces of gold and 215,020 ounces of silver) were sold at an average gross price of $1,812 per ounce[1].

Cap-Oeste generated revenues of $6,359 during the year ended December 31, 2022 compared to $13,927 during the same period in 2021. The decrease in revenues was due to lower gold and gold equivalent ounces produced and sold during the year ended December 31, 2022 compared to the same period in 2021.

Cost of sales were $7,272 during the year ended December 31, 2022 compared to $7,137 during the same period in 2021. The increase in cost of sales was due to an increase in production costs owing to higher inflation in Argentina which was partially offset by the devaluation of the Argentinian peso. During the year ended December 31, 2022, the net realizable value of the inventory was less than the costs incurred in establishing the gold held on carbon and the Company recorded an inventory write down of $1,326 (2021 - $Nil) under cost of sales.

Depreciation, depletion and amortization expenses of $242 were incurred during the year ended December 31, 2022 compared to $464 during the same period in 2021.

Lomada de Leiva Project ("Lomada")

Lomada produced a total of 3,218 ounces of gold during the year ended December 31, 2022 compared to 2,357 ounces of gold during the same period in 2021. Following receipt of a preliminary permit on October 7, 2020, in November 2020, the Company restarted the mining operation at Lomada which had been previously closed since in February 2019 and started placing new material on the leach pad. Production increased due to the higher grade of the mineral placed on the leach pad during the year ended December 31, 2022.

The mining operations were put on care and maintenance during 2022 again while leaching of the material previously placed on the leach pad continued. Production will start declining as a result of no fresh material being added to the pad.

The cash costs of production for the year ended December 31, 2022 was $1,913 per ounce[1] and $1,953 per ounce[1] including depreciation and amortization compared to $2,669 per ounce[1] and $2,797 per ounce[1] during the same period in 2021. The decrease in cash costs is due to higher amounts of gold equivalent ounces produced.

A total of 3,278 gold equivalent ounces were sold during the year ended December 31, 2022 at an average gross price of $1,825 per ounce[1]. During the same period in 2021, 2,320 gold equivalent ounces were sold at an average gross price of $1,800 per ounce[1].

Lomada generated revenues of $5,981 during the year ended December 31, 2022 compared to $4,177 during the same period in 2021. The increase in revenue was due to higher amounts of gold equivalent ounces produced and sold during the period.

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[1] See Non-IFRS Financial Performance Measures

Cost of sales were $7,363 during the year ended December 31, 2022 compared to $6,422 during the same period in 2021. The increase in cost of sales was due to greater number of gold equivalent ounces sold during the year ended December 31, 2022 compared to the same period in 2021. During the year ended December 31, 2022, the net realizable value of the inventory was less than the costs incurred in establishing the gold held on carbon and the Company recorded an inventory write down of $149 (2021 - $1,103) under cost of sales.

Depreciation, depletion and amortization expenses of $1,080 were incurred during the year ended December 31, 2022 compared to $808 during the same period in 2021.

The Company recorded an impairment charge of $989 during the year ended December 31, 2021 as the total estimated discounted future pre-tax cash flows are less than the carrying amount of the asset.

Martha and La Josefina Projects

There was no production at Martha during the year ended December 31, 2022 as the Company did not produce concentrate from Martha after April 2020. Operations at Martha remain on care and maintenance while the Company continues to explore the property.

Exploration expenses of $1,178 were incurred during the year ended December 31, 2022 compared to $91 during the same period in 2021.

The Company incurred repair and maintenance expense of $513 during the year ended December 31, 2022 compared to $658 during the same period in 2021. The repair and maintenance during the period related to maintenance work at the Mina Martha plant.

Calcatreu Project

Exploration expenses of $1,006 were incurred during the year ended December 31, 2022 compared to $1,576 during the same period in 2021. The decrease in exploration expenses was due to work on the Baseline Study and continued field work, which included drilling, surface exploration, geophysics and hydrologic studies performed during 2021.

Administration expenses of $609 were incurred during the year ended December 31, 2022 compared to $359 during the same period in 2021. The increase in administrative expenses was due to the increase in salaries and owing to higher inflation in Argentina which was partially offset by the devaluation of the Argentinian peso.

Argentina, Uruguay and Chile

This segment includes the results from the Company’s work on the Monte Leon and Tornado and Huracán projects in Argentina, the San José Project in Uruguay and general corporate activities. This segment does not generate revenues and includes costs that are not directly related to other mining properties that are reported as separate segments.

Exploration expenses of $3,190 were incurred during the year ended December 31, 2022 compared to $2,937 during the same period in 2021. Exploration expenses increased due to the drilling program in Monte Leon and Tornado y Huracán projects, geological mapping and sampling related to projects included in this segment.

Administration expenses of $3,899 were incurred during the year ended December 31, 2022 compared to $3,143 during the same period in 2021. The increase in administrative expenses was due to the increase in salaries and owing to higher inflation in Argentina which was partially offset by the devaluation of the Argentinian peso.

Interest expense of $2,337 was incurred during the year ended December 31, 2022 compared to $652 during the same period in 2021. The increase in interest expense was due to the increase in bank indebtedness with Argentinian banks, increase in the Cantomi loan included in long-term debt and the increase in the interest rate on the loan from 5% to 7.5%.

A write-down of other receivables of $2,323 was incurred during the year ended December 31, 2021 related to the recoverable costs from Fomicruz included in other receivables on the statement of financial position. There were no recoverable costs as of December 31, 2022.

United Kingdom

This segment includes the results of Patagonia Gold Limited (“PGL”) (formerly Patagonia Gold PLC) which is a holding company and does not generate any revenues.

Administration expenses of $52 were incurred during the year ended December 31, 2022 compared to $185 during the same period in 2021. The administrative expenses in prior period related to professional fees.

Interest expense of $560 was incurred during the year ended December 31, 2022 compared to $461 during the same period in 2021.

North America

This segment includes the results of Patagonia Gold Corp ("PGC"), Patagonia Gold Canada Inc and 1272680 B.C. Ltd ("BC"). These entities are holding companies and do not generate any revenues.

Administration expenses of $931 was incurred during the year ended December 31, 2022 compared to $930 during the same period in 2021. Administration expenses consists of accounting and legal fees.

Interest expense of $456 was incurred during the year ended December 31, 2022 compared to $311 during the same period in 2021.

Mineral Properties

The following is a summary of Patagonia Gold Corporation's ("Patagonia" or the "Company") operations, together with an update on exploration activities for the full year 2022. 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 who has reviewed and approved the scientific and technical information contained herein.

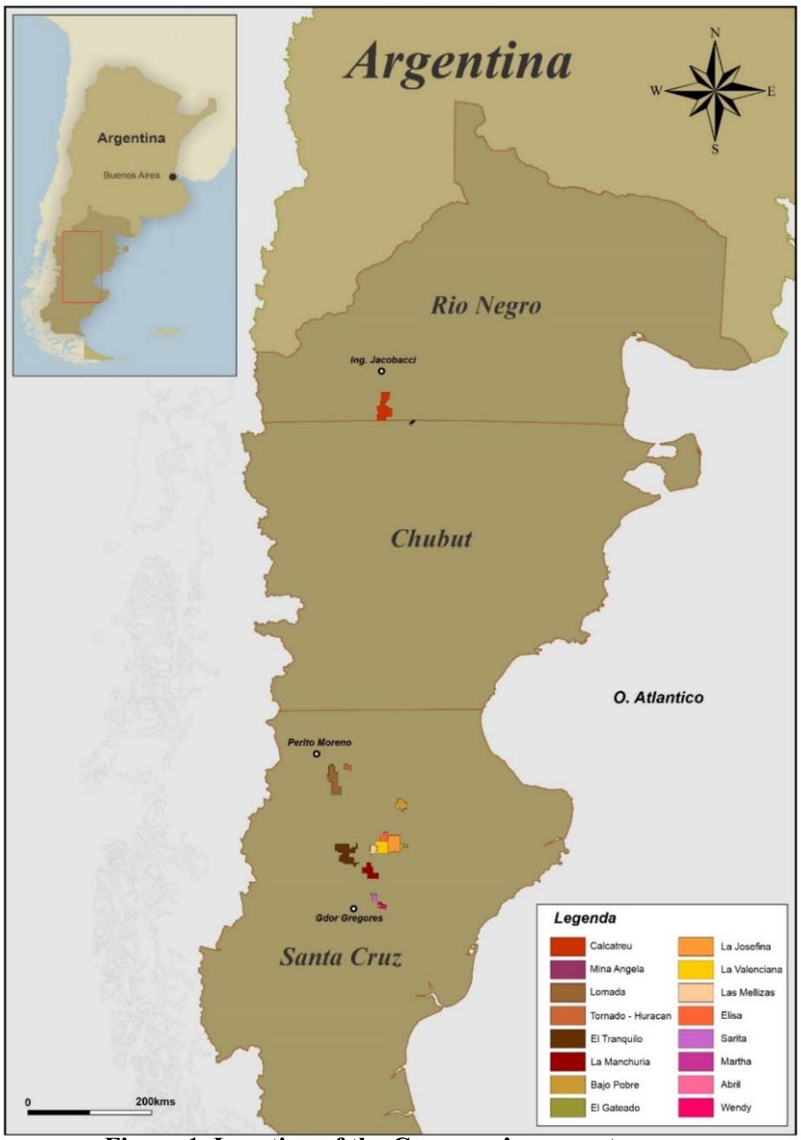

Figure 1. Location of the Company's property groups.

Calcatreu Property

The Company's Calcatreu property is located in south-central Rio Negro province approximately 80 kilometers ("km") southwest of the town of Jacobacci (Figure 1). 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, 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 has also recently acquired new concessions, bringing its holdings to more than 100,000 hectares ("ha") along this belt in Rio Negro Province, bordering Chubut on the north. Calcatreu is a gold and silver property 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 increase the existing mineral resources and advance Calcatreu to a feasibility study stage. 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.

The Calcatreu deposit is a low sulfidation, epithermal gold and silver system with outcropping mineralization. An independent mineral resource estimate ("MRE") was completed by Micon International Limited of Toronto in 2004 for the Calcatreu Deposit and disclosed in an NI 43-101 technical report for Aquiline Resources Inc. Mineral resources were estimated for two vein systems on the property: Veta 49 and Nelson. In 2018, Cube Consulting Ltd. ("CUBE") of Australia prepared an updated MRE mineral resource estimate for Calcatreu, effective December 31, 2018, which consists of an indicated resource of 9.8 M tonnes grading 2.11 g/t Au and 19.83 g/t Ag (2.36 g/t gold equivalent – "AuEq") and 8.1 M tonnes of inferred grading 1.34 g/t Au and 13.09 g/t Ag (1.5 g/t AuEq); all contained within Veta 49, Nelson, Belen and Castro Sur veins. Gold equivalent values were calculated by CUBE using a metal price at a ratio of 81:25:1 Ag/Au. The changes from the previous estimate were due to a revised interpretation of prior and new data collected by the Company. The 2018 exploration work at Calcatreu consisted of property-scale geological mapping along with a pole-dipole, induced polarization and resistivity (IP/Res) geophysical survey, followed by a diamond drill program of 6,495 meters (please see the table of the Company's mineral resources herein and the respective, supporting NI 43-101 technical reports on file at www.sedar.com). The updated mineral resource estimate, completed by CUBE, is tabulated below.

In 2019, an exploration program was conducted consisting of surface work, a total of 41.28 line kilometers of pole-dipole induced polarization and resistivity ("IP/Res") geophysical survey conducted over the main Nelson targets and Castro Norte, Fiero, Sabrina and Viuda de Castro areas, and 121.5 line-kilometers of gradient array IP/Res geophysics over Nelson, Sabrina and Mariano. Subsequently, 1,687.2 line kilometers of ground magnetics surveying, covering 55.44 square kilometers, was completed covering several targets including the main V49 and Nelson. The objective of the surveys was to identify hidden, non-outcropping mineralization in dilatational jogs, blind structures and other geologic settings. Geologic mapping and sampling were completed over several targets of interest, notably Viuda de Castro, Trinidad, La Cruz, subcrops of the Nelson extension, Piche, La Olvidada and Epu Peñi. The sampling yielded 254 rock chips and 81 new, sawed channels. Overall, approximately 50% of the core from the property was relogged, though totalling up to 80% in some areas such as Veta 49 and Belen.

A rotary air blast ("RAB") drilling campaign and channel (sawed) sampling was in progress in early 2020 when all the activities were paused due to the COVID-19 pandemic. The activities restarted in September 2020. A total of 36 RAB holes were drilled over the main V49 vein and 6 over Piche totaling 740 and 116 meters of drilling respectively and a total of 856 samples. Trenches and saw channel: a total of 1,308.7 m and 447 samples were taken over the Epu Peñi, Fiero, La Olvidada, Nelson Sur, Piche and Viuda de Castro targets. Geophysics: A total of 1,111.57 line kilometers of ground magnetic geophysical surveying was completed over the extension of the main targets and the new Amancay area, and 18.4 line kilometers of pole-diploe IP/Res over Trinidad and Nelson Targets. In December 2020, a baseline environmental study (the "Baseline Study") began by choosing the contractors and reviewing the information generated in the past. The Baseline Study aims to contextualize the environmental state before the construction and production of the project begins.

In 2021, work on the Baseline Study continued with field work, along with drilling, surface exploration and geophysics. RAB drilling was also conducted to obtain information from near surface on the up-dip extension of mineralization in the main structures (Veta 49 and Nelson). A total of 156 holes have been drilled for a total of 1,708 meters ("m") and 1,708 samples (one per meter) collected which included 15 holes in the Belen prospect (156 m), 51 holes at Nelson (528 m), 21 holes in Nelson Oeste (241 m) and 69 holes in the Vein 49 target (783 m). 146.75 m and 196 sawed channel samples have been cut in Nelson Central, Nelson W and Puesto targets. In addition, a total of 3,730.35 m of trenches and 2,223 samples have been excavated and sampled with 50% of them in Nelson and its brunches aimed to understand the behavior of the veins in the southern extreme.

During 2021, a total of 901.5 line kilometers of ground magnetics have been surveyed which included 200 line kilometers over the new Amancay vein and other parts of the property to extend the known mineralized corridors to the south. A total of 31.8 line kilometers of Pole-Dipole IP/Res surveying were completed including 0.8 km over the Amancay vein, 13.5 km in Nelson, 9,0 km in Castro Sur, 4 km at Lonco and 4.5 km over V49 and Epu Peñi.

During the first quarter of 2022, a total 336.7 line kilometers of ground magnetic surveying was completed to prospect for new areas or discover new anomalies that may lead to new exploration targets. In addition, 17.7 line kilometers of pole-dipole IP/Res surveying, mostly over the Lonco and Amancay veins, was completed. Eleven trenches were cut for a total of 292.5 meters and 226 samples were taken from Lonco, Nelson, Piche and Viuda de Castro prospects.

During the second quarter of 2022, a total of 400 line kilometers of ground magnetic surveying was completed aimed to prospect for new areas, discover or new anomalies that may lead to new exploration targets, for a total of 767 line km along the year. In addition, 23 line kilometers of Pole-Dipole IP/Res surveying, mostly over the Lonco and Amancay prospects. No samples were taken during this period.

During the third quarter of 2022, a total of 492.6 km of ground mag were surveyed in the Viuda de Castro prospect and in new areas to the north of V49 and a total of 14.23 km of IP in 14 lines over the targets Coyu, Mariano and Lonco.

During the fourth quarter, a total of 490.95 line km of ground magnetic data was collected at Calcatreu, covering the Chucai and Centinela targets, and with 7.98 line km of pole-dipole IP/Res over the Coyu, Mariano and Viuda de Castro areas.

Early in November 2022, several meetings were held with different stakeholders of Ingeniero Jacobacci community and open to the general public, including the Peñi Mapu local indigenous community. Late in November, a presentation to the Mining Chamber of Rio Negro province was made in the city on General Roca.

During the first and second quarter of 2023, geophysical surveying will continue while the Company awaits the final permits from the provincial authorities.

Cap-Oeste Property

The Company's Cap-Oeste ('Capo") property is located in the El Tranquilo concession block (Figure 2), in the province of Santa Cruz, within a six kilometer long, northwest-trending, structural corridor extending from the La Pampa prospect in the northwest to the Tango prospect in the southeast. Within this trend, the Capo deposit has an identified and delineated strike extent of 1.2 kilometers. Capo has been on care and maintenance since February 2019 though residual leaching continues.

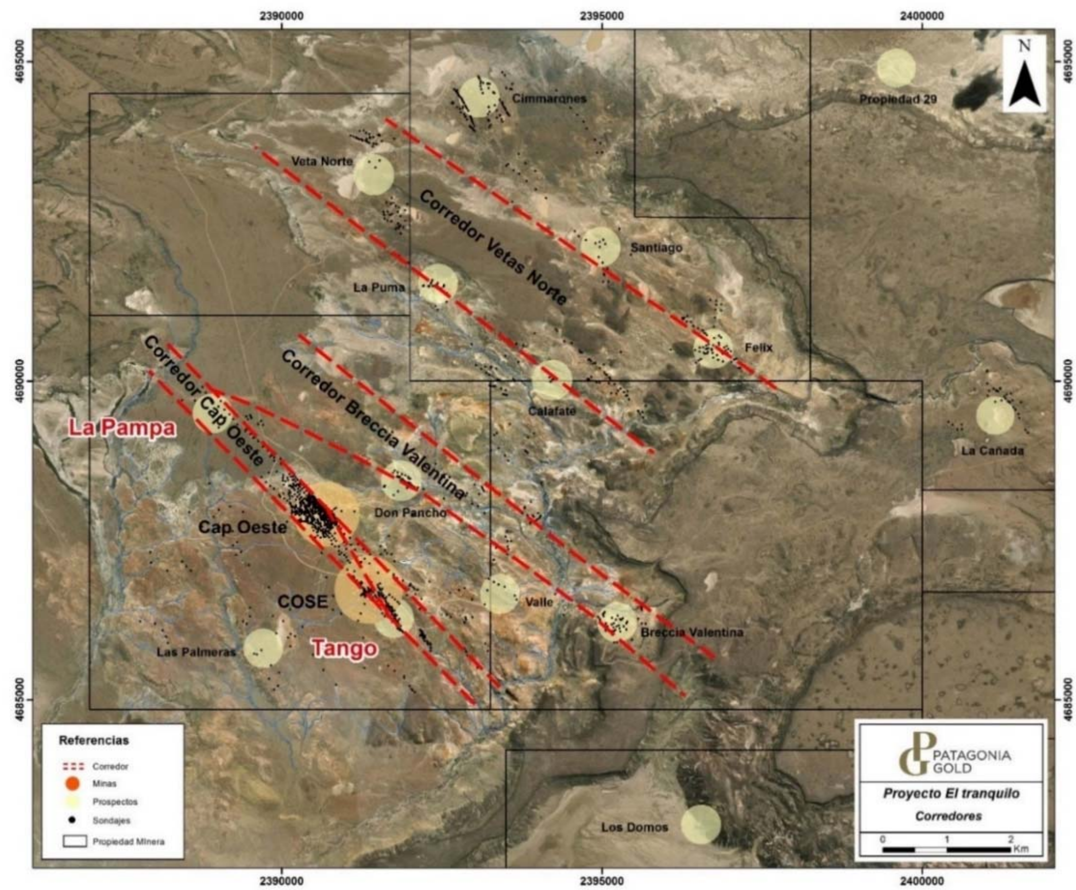

Figure 2. El Tranquilo Concession Block

The Company has initiated studies to assess the potential technical and economic extraction of a higher-grade portion of the current mineral resources as defined in the December 2019 CUBE NI 43-101 technical report on file on www.sedar.com. The Company is now focused on evaluating the development of this portion, termed "COSE-Style" mineralization, of the total mineral resources 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 at Martha, about 100 kilometers to the southeast of Cap-Oeste.

On November 23, 2020, the Company announced that it had received a provisional permit to proceed with development of the Cap-Oeste gold/silver mineralization. Development will focus on a higher-grade portion of the current mineral resources, which lies under and peripheral to the depleted surface mine. The intention is to mine the Cap-Oeste underground resource and transport the mineralized material approximately 100 kilometers to the Martha plant to be processed to produce a concentrate.

On March 9, 2021, the Company announced that it had received a definitive, environmental permit for underground development of Cap-Oeste. Cap-Oeste has been put on hold pending evaluation of results from the planned exploration program at Monte Leon; favorable results from which the Company believes may be synergistic with the main Cap-Oeste processing infrastructure.

During 2021, the Company focused mainly on exploring the near surface – oxide – mineral potential at Monte Leon about 12 kilometers to the south of the Cap-Oeste pit. A total of 675 RAB holes have been drilled for a total of 15,286.5 m and 15,245 samples. These holes were distributed across 4 targets: Calafate (10 holes), Don Pancho (29 holes), Felix (25 holes) and Monte Leon (611 holes).

In addition, a total of 263 line kilometers of ground magnetics have been surveyed at La Marciana, Monte Leon prospects and the Homenaje area, the later under option from Mirasol Resources, and 27 line kilometers of pole-dipole IP/Res, in lines of approximately 2 kilometers length at Monte Leon. The purpose of this work was to further define the size potential and, thus, new core drilling targets, of the epithermal mineralization identified with prior Company work. Geological mapping and sampling over other targets are also in progress.

During the first quarter of 2022, activities have been focused in mostly in the Monte Leon target, located about 12 km to the SE of Capo, with a total of 78 RAB holes (1,867 metres drilled and 1,862 samples taken), aimed to delineate near surface, oxidized precious metal mineralization.

In the fourth quarter of 2022, the Company entered into a farm-in agreement (the "Agreement") with a private, arm's length company operating in the mining sector (the "Partner") for a drilling program of up to 20,000 meters on the Monte Leon target ("Monte Leon") in the Company's El Tranquilo block of concessions to earn up to a 50% interest in Monte Leon. The Partner will fund a core drilling program, to be conducted by the Company, divided into two phases, to define the lateral and depth extent of epithermal-style mineralization at Monte Leon. Phase 1 will consist of 8,500 meters for the Partner to earn a 20% stake in Monte Leon and will have the option to advance to Phase 2 to drill a further 11,500 meters for a total of 20,000 meters to earn an additional 30% interest in Monte Leon, for a maximum participation of 50%.

During the fourth quarter of 2022, a total of 2,033 meters of RC drilling in 84 holes were undertaken aimed to extend the limits of the known oxide mineralization at Monte Leon. In addition, a total of 728.2 meters of diamond drilling were completed in the Cap-Oeste target for mineral resource model confirmation and metallurgical purposes. In early December 2022, a core drill rig arrived at site to start drilling the 8,500 meters of the phase 1 previously mentioned at Monte Leon, of which 18.4 meters of the first hole were drilled before the year end holidays.

The diamond drilling campaign will continue during 2023.

The Company has reclamation and remediation obligations for the Cap-Oeste Property of $0.80 million as of December 31, 2022.

Lomada de Leiva Property ("Lomada")

The Lomada mine, located in the western part of the province of Santa Cruz, was closed in May 2016 while production from the ongoing leaching continues, though at a reduced output. Given that the mineralized material 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 mineralized material. However, in mid-February 2019 the Company took the decision to cease operations and proceed with the closure of Lomada. During the year ended December 31, 2020, the Company was working on re-handling material of leach pad to enhance leach solution percolation.

The Company has prepared an update to the closure plan presented to and approved by the provincial authorities in 2017. The Company received the final approval in November 2019 and started with the work of remediation at the end of 2019. The work on the remediation had been halted due to the COVID-19 pandemic. On October 8, 2020, the Company announced that it had received a preliminary Environmental Permit ("Permit") for a restart of mining and new leaching operations at Lomada. Patagonia applied for the Permit in August 2020.

The mining operations were put on care and maintenance during 2022 while leaching of the material previously placed on the leach pad continued. Production will start declining as a result of no fresh material being added to the pad. No exploration activities were undertaken at Lomada during the year ended December 31, 2022.

The Company has reclamation and remediation obligations for Lomada of $1.73 million as of December 31, 2022.

Mineral Resources

Cap-Oeste (Santa Cruz, AR) – Cube Consulting Dec 2018; Notes 1 and 2							
Classification	Tonnes (K)	Average Grades (g/t)			Contained Ounces (K)		
		Gold	Silver	Gold Equivalent	Gold	Silver	Gold Equivalent
Measured	3.4	2.92	46.7	3.59	0.3	5.3	0.4
Indicated	10,554.0	2.07	63.2	2.99	704.0	21,448.0	1,013.0
Meas+Ind	10,557.4	2.07	63.2	2.99	704.3	21,453.3	1,013.4
Inferred	4,895.0	1.37	34.7	1.87	215.0	5,467.0	294.0

Calcatreu (Rio Negro, AR) – Cube Consulting Dec 2018; Notes 3 and 4							
Classification	Tonnes (K)	Average Grades (g/t)			Contained Ounces (K)		
		Gold	Silver	Gold Equivalent	Gold	Silver	Gold Equivalent
Measured							
Indicated	9,841.0	2.11	19.8	2.36	669.0	6,275.0	746.0
Meas+Ind	9,841.0	2.11	19.8	2.36	669.0	6,275.0	746.0
Inferred	8,078.0	1.34	13.1	1.50	348.0	3,399.0	390.0

La Manchuria (Santa Cruz, AR) – Micon 2019; Notes 5 and 6							
Classification	Tonnes (K)	Average Grades (g/t)			Contained Ounces (K)		
		Gold	Silver	Gold Equivalent	Gold	Silver	Gold Equivalent
Measured							
Indicated	474.0	2.59	129.0	3.53	39.5	1,969.0	53.9
Meas+Ind	474.0	2.59	129.0	3.53	39.5	1,969.0	53.9
Inferred	1,836.0	1.30	40.0	1.56	76.5	2,375.0	92.4

Notes

"K" = Thousands, "g/t" = grams per tonne
Rounding may affect sums and weighted averages
Mineral resources that are not mineral reserves have not demonstrated economic viability
100% basis; Fomicruz has a 5% interest in all Santa Cruz mineral interests.

1. Cap-Oeste 0.5 g/t AuEq cutoff
2. Cap-Oeste AuEq = Au + (Ag*69.4)
3. Calcatreu 0.5 g/t AuEq cutoff
4. Calcatreu AuEq = Au + (Ag*81.25)
5. La Manchuria 0.55 AuEq cutoff
6. La Manchuria AuEq = (Au + Ag)/(Au price*0.32151)

Exploration Update

During the first half of 2022, activities were focused on environmental permit revisions and meetings with the provincial and local authorities, geophysics and trench sampling over Lonco, Nelson, Piche and Castro Sur. During the second half of 2022, several feed back meetings were held between the Company and different technical areas of the province, aimed to explain technical, operative and environmental affairs of the future project.

On August 23, 2022, the Environmental Impact report for development of the Calcatreu project was formally presented to the authorities.

At Calcatreu, during the fourth quarter of 2022, a total of 490.95 km of ground magnetics were surveyed at the project, covering the Chucai and Centinela targets and a total 7.85 km of pole-dipole over the Coyu, Mariano and Viuda de Castro areas.

At Capo, a total of 2,033 meters of RC drilling in 84 holes were undertaken in 2022 to expand the size of the known mineralization in the Monte Leon Prospect. In addition, a total of 728.2 meters of diamond drilling were completed in the Capo area for mineral resource model confirmation and metallurgical purposes. In early December the diamond rig arrived at site to start drilling the 8,500 meters of the phase 1 previously mentioned at Monte Leon, of which only 18.4 meters of the first hole were drilled before the end of the 2022.

Homenaje and Nico

During the year ended December 31, 2021, the Company entered into definitive agreements to acquire two properties in Argentina. A definitive option agreement, dated April 15, 2021 (the "Option Agreement"), was executed with Mirasol Resources Ltd. ("Mirasol") and Mirasol's wholly owned subsidiary Australis S.A. ("Australis" and together with Mirasol, the "Vendors"), which grants Patagonia an option to acquire a 75% undivided, managing interest in Australis' rights and interest in Homenaje (the "Homenaje Project") located in Santa Cruz Province, Argentina. The Company also entered into a definitive transfer agreement dated April 15, 2021 (the "Transfer Agreement") with the Vendors, which grants Patagonia a 100% undivided interest in and to Australis' rights and interest in the Nico property (the "Nico Project") located in Santa Cruz Province, Argentina. Nico was previously explored by Mirasol, while Homenaje, which is adjacent to the Company's operations, holds targets that have yet to be drilled.

Pursuant to the Option Agreement, Patagonia has an option to earn a 75% interest in the Homenaje Project over six years upon achievement of the following (collectively, the "Earn-In Obligations"):

- an initial work program over six years of $2.55 million in exploration expenditures, including 2,500 meters of drilling, on the Homenaje Project;
- expenditures on exploration activities with respect to the Homenaje Project (the "Exploration Expenditures") of a minimum of $0.4 million over the first 18-months;
- following completion of the initial Exploration Expenditures and drilling obligations due within the first 30 months, Patagonia must complete a minimum of $0.4 million of Exploration Expenditures in any 12-month period, and a minimum of $0.2 million of Exploration Expenditures in any six-month period; and
- a pre-feasibility study, prepared in accordance with NI 43-101 and CIM standards, for a mineral resource of not less than 300,000 ounces of gold equivalent.

Upon Patagonia completing the Earn-In Obligations, Patagonia and the Vendors will hold 75% and 25%, respectively, in a joint venture company holding the Homenaje Project. If either party's equity interest is diluted below 10%, it will convert to a 2% NSR royalty.

Pursuant to the terms of the Transfer Agreement, Patagonia has acquired the Vendors' interest in the Nico Project in exchange for a 1.5% NSR royalty. If, by the end of third-year, the Nico Project has not been operated as a producing mine, or Patagonia has not produced and shipped minerals in commercial quantities (excluding bulk sampling or pilot plant operations, if any) from the Nico Project for a period of 30 consecutive days, Mirasol will have the right to regain full ownership of the Nico Project at no cost.

During the year ended December 31, 2022, a new geological mapping covering all the tenements have been undertaken and a total of 771.4 line kilometers of ground magnetics have been surveyed over the most prospective areas.

Mina Angela

On August 13, 2019, the Company announced an offer letter agreement with Latin Metals Inc. to acquire its Mina Angela property. Mina Angela is situated in the Somuncura Massif of southern Argentina and is comprised of 44 individual claims located approximately 50 kilometers east-southeast of Patagonia's 100% owned Calcatreu gold project. Pan American Silver's Navidad silver and base metal deposit is located 45 kilometers 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 payment to Latin Metals; $50 of which was applied to extend the period to enter into the definitive agreement and $50 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 the definitive option agreement with Latin Metals Inc., which grants the Company an irrevocable option to acquire a 100% interest in the Mina Angela property. Upon signing of the definitive agreement, the Company paid $250 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 activities on the Mina Angela property. In addition, Latin Metals will be entitled to receive a 1.25% Net Smelter Return royalty from future productions, half of which can be repurchased by the Company for $1 million.

On March 12, 2021, the Company exercised the option to acquire 100% interest in the Mina Angela property and paid the second earn-in payment of $250.

On December 15, 2021, the legislature of the Province of Chubut passed a bill to amend the provincial mining law to enable open pit mining within a given area that comprises the Gastre and Telsen Departments. This new law regarding mining zoning was subsequently promulgated on December 16, 2021 by the Chubut Governor. This newly approved law regarding mining zoning would have enabled the Company to advance the development of 101,151 ha of its mining concessions, including Mina Angela. However, on December 20, 2021, the Chubut Governor, sent a bill to the legislature of the Province of Chubut to retract the recent amendments as a result of the violent demonstrations that occurred soon after such law was enacted. This bill, which revoked the amendments regarding mining zoning, was passed by the legislature of the Province of Chubut on December 21, 2021.

No exploration activities were undertaken at Mina Angela during the year ended of December 31, 2022.

La Manchuria

In addition to its current mineral resources, the Company's 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"). Veinlets and narrow breccia zones, indicative of hydrothermal activity, were found at the Magali zone in <year>. Anomalous gold values were reported from the Cecilia zone. As a result of these favorable results, a new drill program for La Manchuria, of 2,000 m in 14 holes is planned to test geophysical anomalies and to test gold anomalies generated from surface rock chip sampling. An updated NI 43-101 report for this project was completed on September 27, 2019 by Micon International and is on file at www.sedar.com.

No exploration activities were undertaken at La Manchuria during the year ended of December 31, 2022.

Sarita

The Sarita Project, located in the SW part of the Deseado Massif approximately 10 kilometers northwest of the Company's Martha mine and mill, hosts a widespread system of banded, low sulfidation, gold- and silver-bearing veins, within a rhyolitic dome complex. Geologically, the area displays very similar structural and stratigraphic characteristics to Martha with Ag-rich, polymetallic, vein-hosted, intermediate sulfidation 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 kilometers in total 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 contained anomalous gold values ranging from 0.1 to 83.4 g/t Au and from 100 to 15,444 g/t Ag, in separate samples. To date, 16 diamond drill holes have been drilled for a total of 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 7.1 line kilometers of IP/Res geophysical surveys and ground magnetics (220 hectares of grids) over different target areas.

During May 2019, a total of 82 RAB holes completing 1,818.4 m, were drilled in the area yielding a total of 1,257 samples for geochemical analysis. In September and October 2019, a second phase of drilling was undertaken, for a total of 2,409 m in 116 holes and 1,361 samples assayed. The RAB drilling defined several shallow, NW-oriented zones of vein-hosted mineralization; notably Veta Maria and Virginia. The Company has plans to follow-up the RAB results with core drilling.

No exploration activities were undertaken at Sarita during the year ended of December 31, 2022.

Martha

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 to the west-southwest. 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 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 ranch ("estancia") lands surrounding the mine and mill site that are approximately 35,700 ha in size.

The property was purchased in 2016 by Cerro Cazador SA (CCSA), an Argentine subsidiary of Hunt, from an Argentine subsidiary of Coeur Mining Inc. 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 is anticipated to be used to process material from the future Cap-Oeste underground project, from new mining at the greater Martha Project and from the La Josefina Project. Royal Gold Inc. holds a 2% Net Smelter Return (NSR) royalty on all minerals mined 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.

During the first quarter of 2020, a plan for reviewing near-mine targets (less than 5 kilometers away from the mill) was defined. Those remaining targets consist of outcropping veins-veinlets and included Veta del Medio System, Noroeste, Ivana, Martha Oeste, Martha Norte, Futuro and Sugar Hill, among others. A total 77 sawed channels were cut, and after encouraging results at Veta del Medio System, a RAB drill program was carried out to test mineralization at shallow depths. A total of 80 RAB drill holes (1,622.4 m of drilling, ranging from 6 to 25 m in depth) tested several targets.

Highly anomalous drill intercepts, ranging from 1 m grading 180 g/t Ag up to 3 m grading 2,566 g/t Ag (and 3.5 g/t Au), were returned from the Veta del Medio Norte.

During the second quarter of 2022, a total of 84.35 line kilometers of ground magnetics were surveyed on the Martha property, and to characterize and compare the main lineaments/structures of Martha with the similar-style structures on new Abril project, acquired by the Company through the private initiative with Fomicruz, and located immediately to the south of Martha.

During the third quarter 2022, a total 93.1 square km of ground was surveyed over the NW extension of the Martha main veins.

The operations at the Martha plant continue to be on care and maintenance pending the discovery of new material to put through the plant.

The Company has reclamation and remediation obligations for the Mina Martha Project of $1.59 million as of December 31, 2022.

No other exploration activities were undertaken at Martha during the year ended of December 31, 2022.

La Josefina

La Josefina is situated about 450 kilometers northwest of the city of Rio Gallegos, in the Santa Cruz province of Argentina within a scarcely populated steppe-like region. The La Josefina property is large, covered by 52,800 hectares of concessions. 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 Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz"), the Santa Cruz Provincial mining company.

In March 2007, the Company (via a subsidiary of Hunt) acquired the exploration and development rights to the La Josefina project from Fomicruz. In July 2007, the Company entered into an agreement (subsequently amended) with Fomicruz (the "Initial Agreement") 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 $200 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. In October 2019, the agreement was extended until April 30, 2021 which period may be extended for an additional one-year term. At December 31, 2019, the Company had incurred approximately $20 million and is currently in discussions with Fomicruz to develop a plan for production.

An NI 43-101 compliant technical report on La Josefina, dated September 29, 2010 and prepared by UAKO Geological Consulting, is on file on www.sedar.com.

During 2020, a total of 1,098 line kilometers of ground geophysics and sampling were surveyed covering the Flaca, Cecilia, Amanda, Pequeña and Cruzada veins. And a total of 124 rock chip samples were taken.

The Initial Agreement was terminated by mutual consent of the Company and Fomicruz in July 2020 and the Company has renegotiated with Fomicruz new terms and conditions for the exploration and exploitation of the La Josefina and La Valenciana properties and in December 2021, both parties entered into a new exploration agreement with an exploitation option for the following three projects: the La Josefina project, the La Valenciana project and a new and unexplored property, the Abril Project (the "Projects").

The Company also entered into a net smelter returns royalty agreement, pursuant to which Fomicruz is granted a 2% royalty on the mining properties that it has already contributed to PGSA and on the Abril Project, with the exception of the La Josefina project and the La Valenciana project, where Fomicruz is granted a 5% royalty. Furthermore, the Company committed to a $5 million investment to developing an exploration program for the Projects during a 2-year period beginning once the environmental permits for the exploration development of the Projects are obtained. As of the date of the date of this MD&A, the environmental permits are pending approval.

During the year ended December 31, 2022, a review of all the information is in progress and a new GIS database is being configured and geological models and internal mineral inventories are in progress as well. A total of 1,715.47 line kilometers of ground magnetics have been surveyed in 2022 (557.3km during the 2nd quarter) undertaken over the main targets - Amanda Cecilia, Ailin, Sinter, Mogote - and other areas of interest. Also, during the second quarter, 516 soil samples have been collected over the core area of the project in a 100x50 m grid, aimed to test the sample method and identify blind, extensions or new structures. Landowner agreements are in progress and during the third quarter, geological and mineralization block models of the main prospects were updated. During the fourth quarter a total of 3 shallow RC drill holes were completed in the Sinter prospect, completing a total of 90 meters, designed to extend the extent of the known mineralization and help assess the potential of developing the oxide portion. The drill program still in progress and is expected to be completed during April 2023.

La Valenciana

La Valenciana is located in the central-north portion of the Santa Cruz Province, Argentina. The project encompasses an area of approximately 29,600 ha and is contiguous with 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 and base metals. Exploration and subsequent reconnaissance sampling by CCSA added other secondary targets and structures combining a total of 5.70 kilometers mapped veins and stockworks. The limited exploration to date, alteration features and associated structures, and partial coverage by probable post-mineral units suggests 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 over the Company's entire land position, is being considered. Mineral resources have not yet been defined on the La Valenciana property.

The Initial Agreement was terminated by mutual consent of the Company and Fomicruz in July 2020 and the Company has renegotiated with Fomicruz new terms and conditions for the exploration and exploitation of the La Josefina and La Valenciana properties through a private initiative filed by Patagonia Gold SA, and in December 2021 both parties entered into a new exploration agreement with an exploitation option for the following three projects: La Josefina project, La Valenciana project and a new and unexplored property, Abril (the "Projects").

The Company also entered into a net smelter returns royalty agreement, pursuant to which Fomicruz is granted a 2% royalty on the mining properties that it has already contributed to PGSA and on Abril, with the exception of La Josefina and La Valenciana, where Fomicruz is granted a 5% royalty. Furthermore, the Company committed to a $5 million investment to developing an exploration program for the Projects during a 2-year period beginning once the environmental permits for the exploration development of the Projects are obtained. As of the date of the date of this MD&A, the environmental permits are approved.

A database review was in progress, but no field activities were undertaken during the year ended December 31, 2022. Landowner agreements have been arranged and to be signed during the first half of 2023.

Abril

The Abril area covers approximately 2,000 ha that borders the Company's Martha property on the south. Abril is a part of the private initiative proposed by Patagonia Gold to Santa Cruz government and Abril is now included in the new exploration agreement with an exploitation option entered into by Patagonia Gold and Fomicruz, the Santa Cruz provincial mining company, in December 6, 2021. Approximately 386.3 line kilometers of ground magnetics have been surveyed in the area covering it completely with 50 m-spaced, N-S lines, several kilometers of veins have been mapped with epithermal textures. Sawed channel samples are planned to be cut as soon as the environmental permits are approved.

During the second quarter of 2022, a total of 302.42 line kilometers of new ground magnetic surveying was conducted (completing a total of 1041 line kilometers in the area and neighbours projects). This new data will be used to help define new drill targets. Also during the second quarter an outcrop sampling campaign was completed yielding a total of 540 sawed channel samples (460.43 m) were collected over the main targets such as Cauquenes, Condor, Abril N, Del Medio, Abril Sur and Zorzal. This sampling campaign was in progress at the end of the quarter along with new mapping and reconnaissance sampling over several kilometers of new veins, breccias and other structures.

Approximately 8 line kilometers of mostly breccias and narrow veins, sheeted veins and silicified structures have been identified, with coarse-crystalline, saccharoidal and drusy quartz cavity fillings. Some of the breccias host clasts (fragments) with fresh sulfides od pyrite, arsenopyrite, stibnite and silver sulphosalt minerals. The new structures trend northwesterly and vary from near vertical to 60-65° north dip. Width of the new structures varies from 20-30 cm up to 6 m. A plan for up to 70 new drill holes plan has been defined to test the new structures near surface.

During the third quarter of 2022, a total of 146 sawn channels and 48 rock chips samples in Charito, Veta Norte, Veta del Medio and Veta Sur were collected, trenches and sawn channel were executed during October and RC drill program is planned to be executed during November.

During the fourth quarter of 2022, a total of 53 shallow RC holes were drilled in the prospects Veta Cauquenes (1), Veta Condor (3), Veta del Medio (29 holes), Veta Norte (10), Veta Oriental (7) and Veta Sur (3), for a total of 1,384 meters and 1,368 samples. Silver values obtained range from nil to 880 g/t Ag support a second phase of drilling at Abril. Phase 2 is expected to start during Q2 of 2023.

Bajo Pobre

Bajo Pobre property is covered by 3,190 ha concessions - 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. Mineral resources have not yet been defined on the Bajo Pobre property.

Short visits have been carried out to the area during 2020 and a total of 16 samples have been taken. No recent exploration activity has taken place on this property and no exploration activity is planned for the immediate future.

El Gateado

El Gateado is a 4,000 hectares exploration concession and 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 ("estancias"): 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.

Las Mellizas – La Esperanza Block

The Company acquired Newmont's interest in the Las Mellizas and La Esperanza Block in early 2019 in exchange for a 1.5% net smelter return royalty, which grants the Company a 100% undivided right and interest in these properties. This 30,000 ha area is located north and west of La Valenciana in the central part of the Deseado Massif, in Santa Cruz Province, Argentina. These early-stage exploration properties have been granted environmental exploration permits and landowners access agreements have been negotiated, allowing the development of the exploration plan which consist in conducting a new interpretation of the data provided by the former owner of these projects. Trenches and drill holes have been carried out in this epithermal vein field. Results from surface sampling are very encouraging and several structures have never been tested or mapped.

Environmental permits have been received and landowner agreements are in progress for Las Mellizas.

Tornado – Huracán

The Tornado and Huracán ("Tornado") properties are located approximately 85 kilometers southeast of the town of Perito Moreno and 250 kilometers west of the city of Pico Truncado, which is the main population center that serves the oil industry in the region. Tornado is located in a prospective area in the northwestern portion of the Deseado Massif. The area lies within cluster of epithermal, low sulfidation, volcanic-hosted gold and silver deposits, including the San Jose (Hochschild-McEwen) and the Cerro Negro (Newmont) mines to the northwest and southeast of Tornado, respectively.

A total of 3,600 m of RC drilling was planned for mid-2021 at the Tornado and Huracán ("Tornado") properties. The RC drill program commenced at Tornado but due to adverse winter condition and poor rock conditions encountered during drilling, the campaign was put on hold until later in the year. Only one hole was drilled in the Guanaco target (276 m, NSR) in early December 2021 and a diamond rig was available to start drilling the rest of the plan. The first core hole, of 392 m. was completed in the El Camino Target in late December. An oxidized, hydrothermal breccia was intersected in the first core hole. Drilling continued into early 2022 and intersected precious metal mineralization up to 8.8 m grading 0.59 g/t Au (see May 2022 new release on www.patagonigold.com). Work is planned to follow-up on the new drill results and other targets on the +7,890 ha Tornado-Huracan property.

Wendy

Wendy project is a 5,213 ha block of tenements located to the west of the Mina Martha mill and the Abril project, this block lies in a NW-trending, mineralized corridor. The geology of the area is dominated by porphyritic andesite of the Bajo Pobre formation and minor pyroclastic rock - both hosting NW-trending quartz and calcite veins.

As extension of the work undertaken in Abril was conducted into the Wendy´s tenement during third quarter 2022. A total of 38 sawn channel samples and 49 rock chips have been collected, plus a total of 625 line kilometers of ground mag.

Elisa

The Elisa Au-Ag exploration project is located in the Deseado Massif in the Santa Cruz Province, less than 20 km from the La Josefina Au-Ag project, La Esperanza, Las Mellizas and La Valenciana projects also held by Patagonia Gold.

Within favorable rhyodacite ignimbrites, more than 12,000 meters of mineralized structures have been identified so far. The main Elisa structure, most notable for the continuity of its outcrops, extends for more than 5,000 meters with widths of up to 3 meters. In surface sampling, grades up to 13.74 ppm Au and 3,128 ppm Ag have been reported. The structures are typically low-sulfidation epithermal veins, composed mostly of hydrothermal and tectonic breccias and at least 3 mineralization and breccia pulses.

During the fourth quarter of 2022, a total of 510 line km of ground magnetics were surveyed over the area, covering the main prospects. In addition, 654.5 meters of sawn channel samples have been taken from trenches and outcrops in Elisa Main, Elisa North, Elisa South and Gemela prospects a total of 530 samples. Finally, 23 shallow RC holes were drilled, completing a total of 923 meters. Assays were as of the end of 2022.

The RC drill program is expected to continue in 2023.

Selected Annual Information

The following selected financial data for the Company's most recently completed financial periods are derived from the audited financial statements of the Company.

	As at and for the Year Ended December 31, 2022 ($'000)	As at and for the Year Ended December 31, 2021 ($'000)	As at and for the Year Ended December 31, 2020 ($'000)
Revenue	12,340	18,104	19,849
Net loss for the year	(4,328)	(11,266)	(4,381)
Comprehensive loss for the year	(5,245)	(11,133)	(3,023)
Current Assets	6,905	6,562	6,149
Non-current assets	47,389	51,177	53,919
Current Liabilities	15,569	14,290	14,527
Non-current liabilities	25,925	25,753	24,136
Working Capital (Deficit)	(8,664)	(7,728)	(8,378)
Share Capital	11,244	11,244	7,320
Shareholders' Equity	12,800	17,696	21,405

Selected Quarterly Information

The following table shows selected financial information related to the results of the Company´s most recent periods.

Fiscal Year	**2022**				**2021**			
For the quarters ended	**Dec**	**Sep**	**Jun**	**Mar**	**Dec**	**Sep**	**Jun**	**Mar**
	$'000							
Revenues	1,992	2,461	3,702	4,185	3,871	5,758	2,728	5,747
Net loss for the period	1,274	(2,061)	(398)	(3,143)	(6,691)	(1,712)	(2,738)	(125)
Comprehensive Income (Loss) for the period	2,218	(2,984)	(1,234)	(3,245)	(6,689)	(2,372)	(2,556)	484
Income (Loss) per share, basic and diluted	0.003	(0.004)	(0.001)	(0.007)	(0.014)	(0.004)	(0.006)	(0.000)

The Company's results over the past several quarters have been driven primarily by fluctuations in the gold price, input costs and changes in gold equivalent ounces produced. In addition, the Company is also affected by fluctuations in the price of silver and foreign exchange rates.

Liquidity and Capital Resources

As of December 31, 2022, the Company had a working capital deficiency of $8,664 (2021 - $7,728). The improvement in the working capital deficiency is a result of the repayment of bank indebtedness and the settlement of debts with related parties. For more information, see "Transactions Between Related Parties" section of the MD&A.

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.

The Company has access to a $20,000 loan facility with an interest rate of 7.5% 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. The loan matures on December 31, 2024. As of December 31, 2022, there is $19,988 (2021 - $15,507) of principal and interest owing under the loan facility. Subsequent to the year ended December 31, 2022, the loan facility was amended to increase the maximum amount of the loan to $33,000. Other than this change, all other terms of the loan facility remain unchanged.

The Company also has access to the following operating lines of credit:

- A credit facility with a limit of $9,000, maturity date of December 31, 2023 and interest rate of 5% plus base rate. As at December 31, 2022, the interest rate was 5% and the Company owed $8,945 (2021 - $3,915) under the credit facility.
- A credit facility with an Argentinian bank with a limit of $2,036 (300,000,000 Argentinian Peso) and interest rate of 89%. As at December 31, 2022, the Company owed $Nil (2021 - $1,941) under the credit facility.
- A credit facility with an Argentinian bank with a limit of $1,765 (260,000,000 Argentinian Peso) and interest rate of 68%. As at December 31, 2022, the Company owed $Nil (2021 - $850) under the credit facility.

On March 10, 2021, the Company completed a private placement offering and raised gross proceeds of $7,408 (CAD $9,368) through the issuance of 104,086,063 units of the Company at a price of CAD $0.09 per unit. For more information, see "Disclosure of Outstanding Share Data" section of the MD&A.

COVID-19

On March 11, 2020, the World Health Organization (WHO) stated the "public health emergency of international concern" and declared the state of pandemic worldwide due to the COVID-19's outbreak in Wuhan, China and its subsequent global spread.

Following this statement, on March 19, 2020, the Argentine Government ordered the "Social, Preventive and Compulsory Isolation" (A.S.P.O. for its acronym in Spanish), by Necessity and Urgency Decree No. 297/2020, imposing the borders' closure and stringent restrictions on domestic circulation of individuals. Such measures comprised several exceptions, including activities that were considered "essential" and, therefore, were excluded from such restrictions. Successive Necessity and Urgency Decrees extended the term of the mentioned measures until November 8, 2020. As of November 9, 2020, by Necessity and Urgency Decree No. 875/2020 and its amendments, it was established the Preventive and Compulsory Social Distancing (Di.S.P.O. for its acronym in Spanish) that is in full force and effect through February 28, 2021 and can be extended for as long as it may be considered necessary in view of the epidemiological situation.

Subsequently, on December 30, 2020, the Ministry of Health's Resolution No. 2883/2020, approving the "Strategic COVID-19 Vaccination Plan" in the Republic of Argentina, was issued. It aimed to reduce morbidity, mortality, and socio-economic impacts of the pandemic, based on the stepped and progressive vaccination of certain population groups.

Because of the various measures adopted by the Argentine government, and within the scenario of the economic activity's generalised recession, the Company has implemented a protocol establishing the working conditions to operate in strict compliance with the public health standards issued by national and provincial authorities, in order to minimize the risk of contagion of co-workers, clients and providers, and to enable the business continuity.

Although the continuity of the Company’s operation has not been significantly affected, the extent of COVID-19's impact on the operational and financial performance will depend on the evolution of events (including the spread rate and duration, as well as the national and international governmental measures taken in such regard) and on the impact this situation may cause on our main clients, employees, and providers; all of which is uncertain and, at present, not possible to foresee. However, the Company’s Management does not anticipate that such impacts will affect the business continuity or the ability to meet financial commitments in the next twelve (12) months.

Off-balance sheet arrangements

As of December 31, 2022, 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.

Proposed Transactions

There are no proposed material transactions as of the date of this MD&A. 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.

Transactions Between Related Parties

Carlos J. Miguens

The Company’s Non-Executive Chairman, Carlos J. Miguens, participated in the March 2021 private placement and subscribed for 57,777,777 units for gross proceeds of $4,112.

The complete transactions with and amounts owed to related parties are disclosed in note 20 of the Company’s financial statements.

Financial Instruments

The Company does not currently utilize complex financial instruments in hedging commodity prices, foreign exchange or interest rate exposure. The Company does not hold derivative instruments for speculation or trading purposes. For details of the Company’s financial instruments, refer to note 23 of the Company’s financial statements.

Disclosure of Outstanding Share Data

Normal Course Issuer Bid (“NCIB”)

On October 26, 2021, the Company announced that it has received approval from the TSXV of its Notice of Intention to Make a NCIB. Under the NCIB, the Company may purchase for cancellation up to 10,000,000 common shares (the “Shares”) (representing approximately 2% of its 467,116,441 issued and outstanding common shares as of October 26, 2021 over a twelve (12) month period commencing on October 26, 2021.

During the year ended December 31, 2021, the Company repurchased 550,000 common shares under the NCIB for $20.

On November 28, 2022, the Company announced that it has received approval from the TSXV of its Notice of Intention to Make a NCIB. Under the NCIB, the Company may purchase for cancellation up to 10,000,000 common shares (the “Shares”) (representing approximately 2% of its 466,566,441 issued and outstanding common shares as of November 25, 2022 over a twelve (12) month period commencing on December 2, 2022.

During the year ended December 31, 2022, the Company did not repurchase any shares under the NCIB.

Private Placement

On March 10, 2021, the Company completed a private placement offering and raised gross proceeds of $7.4 million (CAD $9.3 million) through the issuance of 104,086,063 units of the Company at a price of CAD $0.09 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of CAD $0.13 until March 10, 2024.

In connection with the private placement, the Company paid $326 in cash commission and advisory fees to the Agents and issued 2,509,586 compensation options. Each compensation option is exercisable for one unit of the Company at a price of $0.09 per compensation option. Each unit consists of one common share of the Company and one Warrant. Each Warrant entitles the holder thereof to purchase one common share at an exercise price of CAD $0.13 until March 10, 2024.

As of the date of this MD&A, the Company had 466,566,441 common shares, 104,086,063 warrants and 2,509,586 Agent compensation options outstanding.

Stock options

As of the date of this MD&A, the following stock options were outstanding:

Exercise price (CAD)	Options vested	Options unvested	Total outstanding	Expiry date
$0.065	7,650,000	-	7,650,000	September 25, 2024
$0.160	6,400,000	3,200,000	9,600,000	August 13, 2025
	14,050,000	3,200,000	17,250,000	

Warrants

As of the date of this MD&A, the following warrants were outstanding:

Exercise price (CAD)	Number outstanding	Expiry date
$0.13	104,086,063	March 10, 2024

Agent compensation options

As of the date of this MD&A, the following Agent compensation options were outstanding:

Exercise price (CAD)	Number outstanding	Expiry date
$0.09	2,509,586	March 10, 2024

Critical Accounting Policies, Judgments and Estimates

The accounting policies that we follow are set in note 4 of the accompanying financial statements. These accounting policies conform to accounting principles of IFRS and have been consistently applied in the preparation of the financial statements.

New accounting standards issued effective January 1, 2022

The IASB issued an amendment to IAS 16, Property, Plant and Equipment, to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment requires companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The Company adopted the amendment effective January 1, 2022, which did not have any impact on the consolidated financial statements.

New accounting standards issued but not yet effective

Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 *Presentation of Financial Statements* which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies. The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of this amendment will not have a material impact on the Company's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of these amendments has not yet been determined.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

The IASB has issued amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 12 *Income Taxes* which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period".
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Significant judgments

Preparation of the consolidated financial statements requires management to make judgments in applying the Company's accounting policies. Judgments that have the most significant effect on the amounts recognized in these consolidated financial statements relate to functional currency, income taxes, title to mineral property interests, impairment of mineral properties and provisions and reclamation and closure cost obligations. These judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Functional currency

Management determines the functional currency for each entity. This requires that management assess the primary economic environment in which each of these entities operates. Management's determination of functional currencies affects how the Company translates foreign currency balances and transactions. Determination includes an assessment of various indicators. In determining the functional currency of the Company's operations in Canada (Canadian dollar), UK (British Pound) and Argentina (U.S. dollar), management considered the indicators of IAS 21 The Effects of Changes in Foreign Exchange.

Income taxes and taxes receivable

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain and subject to judgment. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the various jurisdictions in which it operates. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

The Company has receivables due from the Argentinean government for value-added taxes. Significant estimates and judgments are involved in the assessment of recoverability of these receivables. Changes in management's impairment assumptions may result in an additional impairment provision, or a reduction to any previously recorded impairment provision, with the impact recorded in profit or loss.

The Company has accrued deferred income tax assets but may not be able to utilize part or all of these assets in the future. The Company only recognizes the expected future tax benefit from these assets if it is considered more likely than not that the tax benefit will be realized. Otherwise, a valuation allowance is applied against deferred tax assets that are not more likely than not to be utilized. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income, including application of existing tax laws in each jurisdiction, assumptions about future metals prices, the macroeconomic environment and results of the Company's operations. To the extent that future cash flows and taxable income differ significantly from estimates, the Company's ability to realize deferred tax assets could be impacted. Additionally, future changes in tax laws could limit the ability to obtain the future benefits represented by the deferred tax assets.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Impairment of mineral properties

The Company is required to make certain judgments in assessing indicators of impairment of mineral properties. Judgment is required to determine if the right to explore will expire in the near future or is not expected to be renewed. Judgment is required to determine whether substantive expenditures on further exploration for and evaluation of mineral resources in specific areas will not be planned or budgeted. Judgment is required to determine if the exploration for and evaluation of mineral resources in specific areas have not led to the commercially viable quantities of mineral resources and the Company will discontinue such activities. Judgment is required to determine whether there are indications that the carrying amount of a mineral property is unlikely to be recovered in full from successful development of the project or by sale.

<u>Use of estimates</u>

Our discussion and analysis of results of operations and financial condition are based upon the annual audited financial statements, which have been prepared in accordance with IFRS. The preparation of the 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, reclamation and remediation 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.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves, share-based payments, provisions, inventories and the allocation of fair value to assets and liabilities assumed in connection with business combinations. These estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company is also exposed to legal risk. The outcome of currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, under insurance policies and that could significantly influence the business and results of operations.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Mineral reserves

The Company uses estimates and assumptions related to mineral reserves that are the basis for future cash flow estimates utilized in impairment calculations and units-of production amortization calculations, environmental, reclamation and closure obligations and estimates of recoverable silver and gold in inventories. The Company relies on their technical personnel and independent mining consultants to determine the estimates of mineral reserves. Mineral reserve estimates are based upon engineering evaluations of samplings of drill holes and other openings.

Share-based payments

The Company determines fair value of stock options issued using the Black-Scholes option-pricing model which requires the input of highly subjective assumptions. These assumptions include estimating the future volatility of the stock price, risk-free rate and future employee turnover rates. While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

Provisions

The Company assesses its provision for reclamation and remediation obligations on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

Inventories

The measurement of inventories including the determination of its net realizable value involves the use of estimates. Net realizable value is determined with reference to relevant market prices less applicable selling expenses. Estimation is also required in determining the tonnage, recoverable gold and sliver, and in determining the remaining costs of completion to bring inventory into its saleable form. Judgment also exists in determining whether to recognize a provision for obsolescence on materials and supplies included in inventories, and estimates are required to determine salvage value. Estimates of recoverable gold or silver on the leach pads are calculated from the quantities of ore placed on the leach pads, the grade of ore placed on the leach pads and a recovery percentage.

Warrants

The Company determines fair value of warrants issued using the Black-Scholes option-pricing model which requires the input of highly subjective assumptions. These assumptions include estimating the future volatility of the stock price. While management believes that the estimates and assumptions are reasonable, actual results could differ from those estimates.

Non-IFRS Financial Performance Measures

Non-IFRS 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-IFRS 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 IFRS. The Company believes that allocating cash costs to gold and silver 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.

Year ended December 31, 2022 (in $'000, except ounces and per unit amounts)

	Cap-Oeste		Lomada de Leiva	
Cost of sales	$	7,272	$	7,363
Less: Inventory write down		(1,325)		(149)
Less: Depreciation		(612)		(579)
Add/(Less): Other charges and timing differences (1)		2,881		(479)
Cash costs	$	8,216	$	6,156
Add: Depreciation (2)		157		129
Cash costs and depreciation	$	8,373	$	6,285
Ounces produced		3,272		3,218
Cash costs per ounce	$	2,511	$	1,913
Cash costs and depreciation per ounce	$	2,559	$	1,953

(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-IFRS measure in order to measure the cash costs.
(2) Depreciation is related to the plant, machinery, equipment and vehicles.

Year ended December 31, 2021 (in $'000, except ounces and per unit amounts)

	Cap-Oeste		Lomada de Leiva	
Cost of sales	$	7,137	$	6,422
Less: Inventory write down		-		(1,103)
Less: Depreciation		(917)		(978)
Add/(Less): Other charges and timing differences (1)		(1,349)		1,950
Cash costs	$	4,871	$	6,291
Add: Depreciation (2)		237		302
Cash costs and depreciation	$	5,108	$	6,593
Ounces produced		6,979		2,357
Cash costs per ounce	$	698	$	2,669
Cash costs and depreciation per ounce	$	732	$	2,797

(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-IFRS 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 year by the ounces sold.

Year ended December 31, 2022 (in $'000, except ounces and per unit amounts)

	Cap-Oeste		Lomada de Leiva	
Revenue	$	6,359	$	5,981
Ounces sold		3,504		3,278
Average gross price per ounce sold	$	1,815	$	1,825

Year ended December 31, 2021 (in $'000, except ounces and per unit amounts)

	Cap-Oeste		Lomada de Leiva	
Revenue	$	13,927	$	4,177
Ounces sold		7,687		2,320
Average gross price per ounce sold	$	1,812	$	1,800

Subsequent Events

Subsequent to the year ended December 31, 2022, the following events occurred:

a) The Company has agreed to settle a total of $50 of debt owed to certain former directors of the Company for director fees for the period from September 2020 to October 2022. The Company will settle the outstanding fees by issuing a total of 4,495,049 common shares of the Company at a deemed price of $0.0150.

b) The Company announced that its gold room at its Cap-Oeste Project, located in the Santa Cruz province of Argentina, was the target of a robbery in the early morning of April 17, 2023. The thieves gained access to the site and escaped with doré containing approximately 500 ounces of gold equivalent, which represents approximately one month of production from Lomada and Cap-Oeste Projects. No employees were fatally injured during the robbery, although three suffered minor injuries. The robbery has been reported to the appropriate Argentine officials and the Company is working with the authorities to investigate the incident. The Company has suspended production while it investigates the incident and determines how to implement additional security measures to reduce the likelihood of such an incident reoccurring in the future.

c) The Company reached an agreement to increase the maximum amount under an existing loan facility from $20,000 to $33,000. See page 21 for more information regarding the loan facility.

Risk Factors

The Company is engaged in exploring and developing mining projects and as such, it is exposed to a number of risks and uncertainties that affect similar companies that carry out activities in the same industry. Some of these possible risks include:

Exploration risks

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral reserves but from finding mineral reserves which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into production. The majority of exploration companies fail to ever locate an economic deposit. Substantial expenditures are required to establish mineral reserves. No assurance can be given that minerals will be discovered in sufficient grade or quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether an exploration property will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or not obtaining the required capital to develop any project. The Company will evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that significant restrictions will not be placed on the exploration areas and any other properties the Company may acquire or its operations. Such restrictions may have a material adverse effect on the Company's business and results of operation.

Ability to exploit current and future discoveries

It may not always be possible for the Company to participate in the exploitation of successful discoveries. Such exploitation may involve the need to obtain licences or clearances from the relevant authorities, which may not be available on a timely basis or may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied, and such conditions may prove uneconomic or not practical. Furthermore, the decision to proceed to further exploration may require the participation of other companies whose interests and objectives may not be consistent with those of the Company. Such further exploitation may also require the Company to meet or commit to financial obligations which it may not have anticipated or may not be able to commit to due to a lack of funds or an inability to raise funds.

Political instability, sovereign and regulatory risk

The Company's mineral exploration activities and future project development could be affected in varying degrees by political instability and changes in government regulation relating to foreign investment and the mining business, including expropriation. Operations may also be affected in varying degrees by possible terrorism, military conflict, crime, fluctuations in currency rates and high inflation. In addition, from time to time, governments may nationalize private businesses, including mining companies. There can be no assurance that the governments of countries where the Company or its affiliates operate or the governments with whom the Company works will not nationalize mining companies and their assets in the future or impose burdensome obligations or restrictions. There can also be no assurance that foreign governments will not impose burdensome obligations or restrictions on the Company, the Company's affiliates or their projects, or will not put in place exploitation regulations in a timely manner or on commercial terms sufficiently attractive to the Company to enable development of its projects.

Environmental risk and hazards

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Governmental approvals and permits are currently and may in future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws and regulations.

Commodities Price Risk

The profitability of mining operations is significantly affected by changes in the market price of metals and the cost of power, petroleum fuels and oil. The level of interest rates, the rate of inflation, world supply of metals and stability of exchange rates can all cause significant fluctuations in base metal, precious metal, chemical reagent and oil prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of gold, silver and other minerals, and oil has fluctuated widely in recent years. Depending on the price of gold, silver, and the cost of power, chemical reagents, petroleum fuels and oil, cash flow from mining operations may not be sufficient to cover the Company's operating costs or costs of servicing debt.

Permits and licences

Operations of the Company require or will require licences and permits from various governmental authorities. The Company anticipates that it will be able to obtain in the future all necessary licences and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licences and permits. However, there can be no guarantee that the Company will be able to obtain at all or on reasonable terms, and maintain, at all times, all necessary licences and permits required to undertake its proposed exploration and development or to place its properties into commercial production and to operate mining facilities thereon. In addition, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of any producing operations or preclude the economic development of any property.

Mining Properties

Acquiring the title to the mining property is a very detailed and prolonged process. Title may be challenged or be subject to legal disputes. Although the Company has researched in the most diligent and fullest possible manner the title to its mining properties, there is no certainty that its title will not be disputed or challenged in the future.

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

As at December 31, 2022, the Company had financial assets and liabilities denominated in the following foreign currencies:

	CAD	**AR$**	**USD**	**Euro**	**GBP**
Cash	$ 7	$ 64	160	$ -	-
Other working capital (deficit) items - net	(139)	(4,494)	(10,466)	-	(9)
Non-current financial assets	-	438	-	-	9
Non-current financial liabilities	-	-	(20,019)	-	-

Liquidity risk

The Company might incur further debt in order to fund its exploration and operational programs, which would reduce its financial flexibility and could have a material adverse effect on the Company's business, financial condition or results of operations. The

Company’s ability to meet its debt obligations and reduce its level of indebtedness depends on future performance. General economic conditions, mineral prices and financial, business and other factors affect the Company’s operations and future performance. Many of these factors are beyond the Company’s control. The Company cannot assure investors that it will be able to generate sufficient cash flow to pay the interest on its debt or that future working capital, borrowings or equity financing will be available to pay or refinance such debt. Factors that will affect its ability to raise cash through an offering of securities or a refinancing of any debt include financial market conditions and the value of its assets and performance at the time the Company needs capital. The Company cannot assure investors that it will have sufficient funds to make such payments. If the Company does not have sufficient funds and is otherwise unable to negotiate renewals of its borrowings or arrange new financing, it might have to sell significant assets. Any such sale could have a material adverse effect on the Company’s business, operations and financial results.

Failure to obtain additional financing, if required, on a timely basis, could cause the Company to reduce or delay its proposed operations.

The majority of sources of funds expected to be available to the Company for potential acquisitions and its exploration and development projects are in large portion expected to be derived from the issuance of equity. While the Company have been able in the past to obtain equity financing and has secured shareholder loans to undertake planned exploration and development programs, there is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Although the Company intends to generate operating income and cash flow from mining operations, there can be no assurances that the Company will have sustainable economic operations or be able to generate positive operating income or cash flow from such operations.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, as well as political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company.

Tax

The Company runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The tax systems in certain of these countries are complicated and subject to changes. For this reason, future negative effects on the result of the Company due to changes in tax regulations cannot be excluded. Repatriation of earnings to Canada from other countries may be subject to withholding taxes.

Additional risk factors relevant to the Company are included in the Filing Statement dated May 30, 2019 which is available under the Company’s profile on www.sedar.com.

Qualified Persons

The scientific and technical information contained in this MD&A has been reviewed and approved by Donald J. Birak, an independent geologist, Registered Member of the Society for Mining, Metallurgy and Exploration (“SME”), Fellow of the Australasian Institute for Mining and Metallurgy and qualified person as defined under NI 43-101.