PATAGONIA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2023

November 29, 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 three and nine months ended September 30, 2023 and a comparison of the material changes in our results of operations between the three and nine months ended September 30, 2022 and the financial condition between the year ended December 31, 2022. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements ("interim financial statements") for the three and nine months ended September 30, 2023, annual audited consolidated financial statements for the year ended December 31, 2022 and the related MD&A.

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 and on SEDAR+ at www.sedarplus.ca.

Management's Responsibility for Financial Reporting

The interim 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 interim 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 interim financial statements.

The interim financial statements may contain certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the interim 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 interim 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 September 30,				Nine months ended September 30,			
	2023	2022	Change	%Change	2023	2022	Change	%Change
Operational results								
Total gold equivalent ounces – produced (1)	1,079	1,461	(382)	(26%)	3,552	5,088	(1,536)	(30%)
Total gold equivalent ounces – sold (1)	1,722	1,434	288	20%	3,515	5,633	(2,118)	(38%)
Financial results								
Revenue	$ 3,321	$ 2,461	$ 860	35%	$ 6,747	$ 10,348	$ (3,601)	(35%)
Cost of sales	$ 3,265	$ 3,790	$ (525)	(14%)	$ 8,610	$ 11,545	$ (2,935)	(25%)
Exploration expenses	$ 790	$ 921	$ (131)	(14%)	$ 3,278	$ 4,377	$ (1,099)	(25%)
Repair and maintenance	$ 181	$ 117	$ 64	55%	$ 529	$ 352	$ 177	50%
Depreciation, depletion and amortization	$ 74	$ 447	$ (373)	(83%)	$ 369	$ 1,738	$ (1,369)	(79%)
Administrative expenses	$ 1,155	$ 1,279	$ (124)	(10%)	$ 3,779	$ 3,734	$ 45	1%
Interest expense	$ 697	$ 983	$ (286)	(29%)	$ 2,018	$ 2,425	$ (407)	(17%)
Other income	$ 578	$ 2,579	$ (2,001)	(78%)	$ 4,709	$ 5,152	$ (443)	(9%)
Net income (loss)	$ (2,204)	$ (2,061)	$ (143)	(7%)	$ (7,883)	$ (5,602)	$ (2,281)	(41%)
Net income (loss) per share – basic and diluted	$ (0.005)	$ (0.004)	$ (0.001)	(25%)	$ (0.017)	$ (0.012)	$ (0.005)	(42%)

(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 September 30, 2023 was 80.89:1 (2022 – 88.12:1). The ratio for the nine months ended September 30, 2023 was 81.74:1 (2022 – 82.56:1).

Three months ended September 30, 2023 and 2022

Total production decreased during the three months ended September 30, 2023 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 $3,321 during the three months ended September 30, 2023 compared to $2,461 during the same period in 2022. Revenue increased due to the decrease of gold held on carbon compared to the same period in 2022.

Cost of sales were $3,265 during the three months ended September 30, 2023 compared to $3,790 during the same period in 2022. Cost of sales decreased due to a lower inventory write down recorded under cost of sales. During the three months ended September 30, 2023, 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 $60 (2022 - $774) under cost of sales.

The Company incurred exploration expenses of $790 during the three months ended September 30, 2023 compared to $921 during the same period in 2022. The decrease in exploration expenses is related to the overall decrease in exploration activities for period compared to prior period.

The Company incurred repair and maintenance expense of $181 during the three months ended September 30, 2023 compared to $117 during the same period in 2022. The repair and maintenance expense during the period related to routine maintenance work at the Mina Martha Plant.

The Company incurred depreciation, depletion and amortization expenses of $74 during the three months ended September 30, 2023 compared to $447 during the same period in 2022. 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 2022.

The Company incurred administrative expenses of $1,155 during the three months ended September 30, 2023 compared to $1,279 during the same period in 2022. The decrease in administrative expenses was due to lower professional fees and transaction taxes expense.

The Company incurred interest expense of $697 during the three months ended September 30, 2023 compared to $983 during the same period in 2022. The decrease in interest expense was due to repayment of bank indebtedness.

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 $518 in other income during the three months ended September 30, 2023 compared to $2,579 during the same period in 2022. Other income for the three months ended September 30, 2023 also includes gain on disposal of assets of $60.

Net loss for the three months ended September 30, 2023 was $2,204 compared to net loss of $2,061 during the same period in 2022. Net loss increased for the three months ended September 30, 2023 as a result of the decrease in gain on foreign exchange and gain on disposition of certain securities compared to the same period in 2022. This was partially offset by higher revenues and lower operating expenses during the period compared to the same period in 2022.

Nine months ended September 30, 2023 and 2022

Total production decreased during the nine months ended September 30, 2023 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 $6,747 during the nine months ended September 30, 2023 compared to $10,348 during the same period in 2022. Revenue decreased because the Company suspended production in its gold room during the second quarter due to a robbery. On April 17, 2023, the Company's gold room at its Cap-Oeste Project, located in the Santa Cruz province of Argentina, was the target of a robbery. The thieves gained access to the site and escaped with doré containing approximately 520 ounces of gold equivalent, which represents approximately one month of production from Lomada and Cap-Oeste Projects. The robbery was reported to the appropriate Argentine officials and the Company is working with the authorities to investigate the incident. Production of doré was suspended while the Company investigated the incident and determined how to implement additional security measures to reduce the likelihood of such an incident reoccurring in the future. Production was restarted at the beginning of July 2023.

Cost of sales were $8,610 during the nine months ended September 30, 2023 compared to $11,545 during the same period in 2022. Cost of sales decreased due to overall decrease in gold equivalent ounces produced and sold. During the nine months ended September 30, 2023, the Company recorded a loss of $820 under cost of sales as a result of the robbery in the Company's gold room on April 17, 2023. Also, during the nine months ended September 30, 2023, 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 $1,028 (2022 - $1,188) under cost of sales.

The Company incurred exploration expenses of $3,278 during the nine months ended September 30, 2023 compared to $4,377 during the same period in 2022. The decrease in exploration expenses is related to the overall decrease in exploration activities for period compared to prior period.

The Company incurred repair and maintenance expense of $529 during the nine months ended September 30, 2023 compared to $352 during the same period in 2022. The repair and maintenance expense during the period related to routine maintenance work at the Mina Martha Plant.

The Company incurred depreciation, depletion and amortization expenses of $369 during the nine months ended September 30, 2023 compared to $1,738 during the same period in 2022. 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 2022.

The Company incurred administrative expenses of $3,779 during the nine months ended September 30, 2023 compared to $3,734 during the same period in 2022. The administrative expenses remained consistent during the nine months ended September 30, 2023 compared to the same period in 2022.

The Company incurred interest expense of $2,018 during the nine months ended September 30, 2023 compared to $2,425 during the same period in 2022. The decrease in interest expense was due to repayment of bank indebtedness.

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 $4,649 in other income during the nine months ended September 30, 2023 compared to $5,152 during the same period in 2022. Other income for the nine months ended September 30, 2023 also includes gain on disposal of assets of $60.

Net loss for the nine months ended September 30, 2023 was $7,883 compared to $5,602 during the same period in 2022. Net loss increased primarily due to the decrease in revenues. Also, the net loss for the nine months ended September 30, 2022, was offset by gain on foreign exchange and income tax benefit which was not the case during the nine months ended September 30, 2023.

Cash flows for the nine months ended September 30, 2023 and 2022 ($'000's)

The Company used $4,625 of cash in operating activities for the nine months ended September 30, 2023 compared to $4,653 during the same period in 2022. The cash used in operating activities during 2023 remained consistent during the nine months ended September 30, 2023 compared to the same period in 2022.

Cash used in investing activities for the nine months ended September 30, 2023 was $248 compared to $290 for the same period in 2022. The decrease in cash used in investing activities was a result of additions to the mineral properties during the nine months ended September 30, 2022 whereas there were no additions during the current period.

Cash generated from financing activities for the nine months ended September 30, 2023 was $4,759 compared to $5,876 during the same period in 2022. The decrease in cash generated from financing activities was primarily due to repayment of bank indebtedness partially offset by funds received from the loan facility.

Financial Position ($'000's)

Cash

The Company has cash on hand of $358 as of September 30, 2023 compared to $231 as of December 31, 2022.

Receivables

Current receivables are $826 as of September 30, 2022 compared to $2,021 as of December 31, 2022. The decrease in current receivables is a result of the collection of VAT recoverable during the nine months ended September 30, 2023.

Non-current receivables are $824 as of September 30, 2023 compared to $1,671 as of December 31, 2022. The decrease in non-current receivables is a result of the decrease in VAT recoverable during the nine months ended September 30, 2023.

Inventories

The Company has inventory of $3,918 as of September 30, 2023 compared to $4,653 as of December 31, 2022. The decrease in inventory was mainly due to lower gold held on carbon as a result of the overall declining production quarter over quarter.

During the nine months ended September 30, 2023, 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 $1,028 (2022 - $1,188).

Property, plant and equipment ("PPE")

The Company has PPE of $9,644 as of September 30, 2023 compared to $10,644 as of December 31, 2022. 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 $Nil as of September 30, 2023 compared to $8,945 as of December 31, 2022. The decrease in bank indebtedness was a result paying down the existing lines of credit using the funds received from the loan facility.

Accounts payable and accrued liabilities

The Company has accounts payable and accrued liabilities of $2,823 as of September 30, 2023 compared to $5,953 as of December 31, 2022. 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 $283 as of September 30, 2023 compared to $285 as of December 31, 2022. Accounts payable with related parties remained consistent during the period.

Current portion of long-term debt

The Company has loan payable and current portion of long-term debt of $211 as of September 30, 2023 compared to $386 as of December 31, 2022. The decrease in loan payable and current portion of long-term debt is due to repayment of loan payable during the nine months ended September 30, 2023.

Long-term debt

The Company has non-current portion of total long-term debt of $35,360 as of September 30, 2023 compared to $20,019 as of December 31, 2022. The increase in long-term debt is due to increase in the loan facility which was used to pay down the existing line of credit and to fund operations.

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

Cap-Oeste

Cap-Oeste produced a total of 2,224 gold equivalent ounces (1,417 ounces of gold and 67,370 ounces of silver) during the nine months ended September 30, 2023 compared to 2,541 gold equivalent ounces (1,457 ounces of gold and 90,154 ounces of silver) during the same period in 2022.

The cash costs of production for the nine months ended September 30, 2023 was $2,294 per ounce[1] and $2,329 per ounce[1] including depreciation and amortization compared to $2,215 per ounce[1] and $2,260 per ounce[1] during the same period in 2022. 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.

[1] See Non-IFRS Financial Performance Measures

A total of 2,390 gold equivalent ounces (1,548 ounces of gold and 69,266 ounces of silver) were sold during the nine months ended September 30, 2023 at an average gross price of $1,930 per ounce[1]. During the same period in 2022, a total of 2,862 gold equivalent ounces (1,680 ounces of gold and 97,444 ounces of silver) were sold at an average gross price of $1,833 per ounce[1].

Cap-Oeste generated revenues of $4,613 during the nine months ended September 30, 2023 compared to $5,247 during the same period in 2022. The decrease in revenues was due to lower gold and gold equivalent ounces produced and sold during the nine months ended September 30, 2023 compared to the same period in 2022 and as a result of the robbery in the Company's gold room on April 17, 2023.

Cost of sales were $6,796 during the nine months ended September 30, 2023 compared to $6,289 during the same period in 2022. The increase in cost of sales was due to increase in production costs owing to higher inflation in Argentina which was partially offset by the devaluation of the Argentinian peso. Cost of sales includes a loss of $575 due to the robbery in the Company's gold room on April 17, 2023. During the nine months ended September 30, 2023, 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 $1,028 (2022 - $1,038) under cost of sales.

Depreciation, depletion and amortization expenses of $107 were incurred during the nine months ended September 30, 2022 compared to $160 during the same period in 2022.

<u>Lomada de Leiva Project ("Lomada")</u>

Lomada produced a total of 1,328 ounces of gold during the nine months ended September 30, 2023 compared to 2,547 ounces of gold during the same period in 2022. 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.

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 continue declining as a result of no fresh material being added to the pad.

The cash costs of production for the nine months ended September 30, 2023 were $1,316 per ounce[1] and $1,350 per ounce[1] including depreciation and amortization compared to $2,138 per ounce[1] and $2,180 per ounce[1] during the same period in 2022. The decrease in cash costs is due to the decrease in mining costs as a result of putting mining operation on care and maintenance.

A total of 1,125 gold equivalent ounces (1,121 ounces of gold and 325 ounces of silver) were sold during the nine months ended September 30, 2023 at an average gross price of $1,897 per ounce[1]. During the same period in 2022, 2,771 gold equivalent ounces (2,763 ounces of gold and 713 ounces of silver) were sold at an average gross price of $1,841 per ounce[1].

Lomada generated revenues of $2,134 during the nine months ended September 30, 2023 compared to $5,101 during the same period in 2022. The decrease in revenues was due to lower gold and gold equivalent ounces produced and sold during the nine months ended September 30, 2023 compared to the same period in 2022 and as a result of the robbery in the Company's gold room on April 17, 2023.

Cost of sales were $1,814 during the nine months ended September 30, 2023 compared to $5,256 during the same period in 2022. The decrease in cost of sales was due to the decrease in mining costs as a result of putting mining operation on care and maintenance during 2022. Cost of sales includes a loss of $245 due to the robbery in the Company's gold room on April 17, 2023.

Depreciation, depletion and amortization expenses of $Nil were incurred during the nine months ended September 30, 2023 compared to $1,080 during the same period in 2022. The decrease was as a result of the Lomada mineral property being fully depleted in 2022.

<u>Martha and La Josefina Projects</u>

There was no production at Martha during the nine months ended September 30, 2023 and 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 $739 were incurred during the nine months ended September 30, 2023 compared to $926 during the same period in 2022.

---

[1] See Non-IFRS Financial Performance Measures

The Company incurred repair and maintenance expense of $529 during the nine months ended September 30, 2023 compared to $352 during the same period in 2022. The repair and maintenance during the period related to maintenance work at the Mina Martha plant.

Calcatreu Project

Exploration expenses of $547 were incurred during the nine months ended September 30, 2023 compared to $935 during the same period in 2022. The decrease in exploration expenses was due to less exploration activities performed during the nine months ended September 2023 compared to the same period in 2022.

Administration expenses of $452 were incurred during the nine months ended September 30, 2023 compared to $203 during the same period in 2022. The increase in administrative expenses was due to the increase in salaries and as a result of 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 $1,992 were incurred during the nine months ended September 30, 2023 compared to $2,516 during the same period in 2022. Exploration expenses decreased as the drilling program in Monte Leon and Tornado y Huracán projects was finished in 2022.

Administration expenses of $2,683 were incurred during the nine months ended September 30, 2023 compared to $2,825 during the same period in 2022. The administrative expenses remained consistent during the nine months ended September 30, 2023 compared to the same period in 2022.

Interest expense of $356 was incurred during the nine months ended September 30, 2023 compared to $1,743 during the same period in 2022. The decrease in interest expense was due to the repayment of bank indebtedness with Argentinian banks.

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 $65 were incurred during the nine months ended September 30, 2023 compared to $36 during the same period in 2022. The administrative expenses are related to professional fees.

Interest expense of $537 was incurred during the nine months ended September 30, 2023 compared to $373 during the same period in 2022. The increase in interest expense was due to the increase in the interest rate on the loan facility from 5% to 7.5%.

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 $579 were incurred during the nine months ended September 30, 2023 compared to $670 during the same period in 2022. Administration expenses consists of accounting and legal fees.

Interest expense of $1,805 was incurred during the nine months ended September 30, 2023 compared to $278 during the same period in 2022. The increase in interest expense was due to an increase in long-term debt balance and the increase in the interest rate on the loan facility from 5% to 7.5%.

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 period to date.

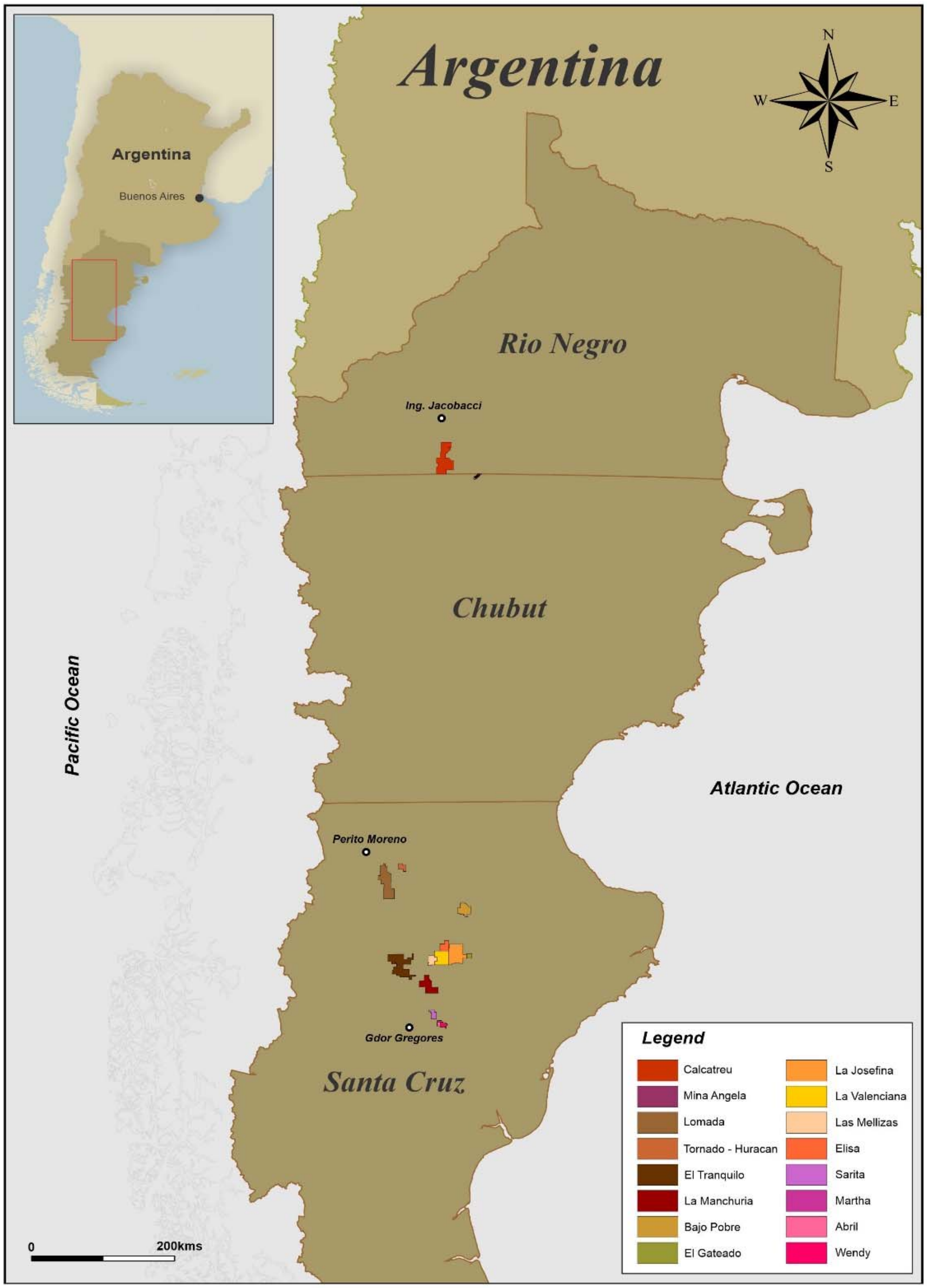

Figure 1. Location of the Company's property groups.

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.sedarplus.ca). The updated mineral resource estimate, completed by CUBE, is tabulated herein.

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 totaling 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 2022 a total of 1759.4 line kilometers of ground magnetic surveying was completed to prospect for new exploration targets. Some of the surveying are over known structures such as Viuda de Castro, V49, Chucai, Centinela. A total of 66.25 line kilometers of Pole dipole IP/Res over Lonco, Amancay, Coyu, Mariano, Lonco and Viuda de Castro. In addition, a total of 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.

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

During the first quarter of 2023, geophysical surveying continued while the Company awaits the final permits from the provincial authorities. A total of 494 line kilometers of ground magnetics was surveyed trying to help identify new exploration targets, and 11 line kilometers of pole dipole IP/Res over the Mojon Grande, Mojon and Guzman targets was also completed.

During second quarter of 2023, a total of 362.7 line kilometers of ground magnetics were surveyed, mainly over the Coyu target.

During third quarter of 2023, no exploration activities were undertaken at Calcatreu.

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.

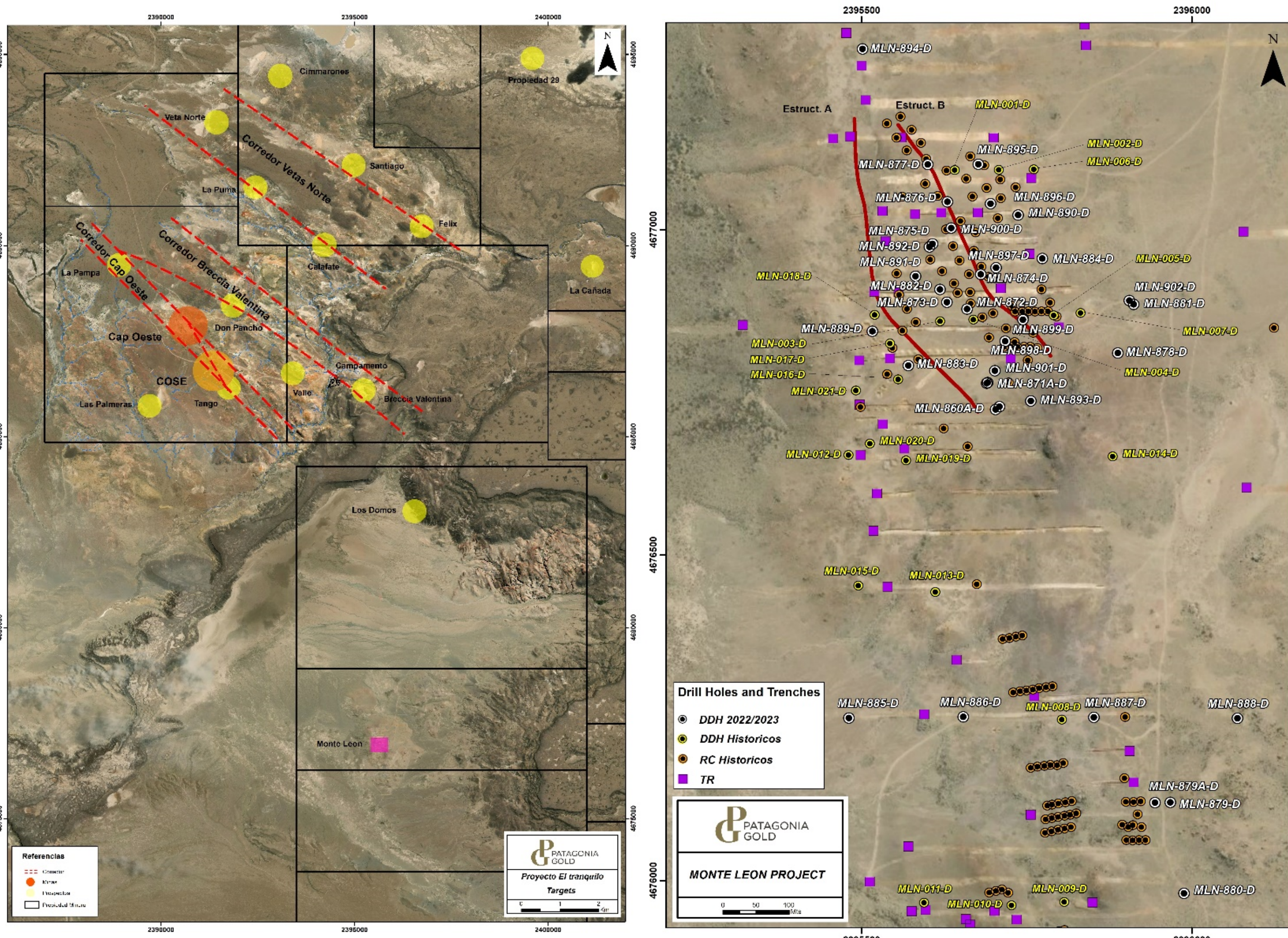

Figure 2. El Tranquilo Concession Block (left) and MLN detail (right)

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.sedarplus.ca. 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 evaluating 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, located 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 located approximately 12 kilometers to the south of the Cap-Oeste mine. A total of 675 RAB holes were 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 drilling targets, of the epithermal mineralization identified with prior company work. Geological mapping and sampling over other targets was conducted in the year.

During 2022, activities were focused in mostly in the Monte Leon target, located about 12 km to the SE of Capo, with a total of 79 RAB holes (1,888 meters drilled and 1,883 samples taken), and a total of 2,033 meters of RC drilling in 84 holes were drilled too aimed to delineate near surface, oxidized precious metal mineralization. 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. The Company entered into a farm-in agreement (the "Agreement") with a private, arm's length company operating in the Argentina 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 first quarter of 2023, a total of 16 diamond holes were drilled in Monte Leon for a total of 2,764.6 meters as part of the agreement settle in 2022 aimed to define new a mineral resource..

During the second quarter of 2023, the drilling continued and a total of 18 diamond holes were drilled in Monte Leon prospect, for a total of 2,736.07 meters and 2,655 samples were taken aimed to define new sulfides mineral resource, plus a total of 497.63 line kilometers of ground magnetic were surveyed in Monte Leon Oeste.

The Company has reclamation and remediation obligations for the Cap-Oeste Property of $0.63 million as of September 30, 2023.

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. It is expected that metal recovery will decline as a result of no fresh material being added to the pad.

No exploration activities were undertaken at Lomada during the period ending September 30, 2023.

The Company has reclamation and remediation obligations for Lomada of $1.62 million as of September 30, 2023.

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 Indicated	3.4 10,554.0	2.92 2.07	46.7 63.2	3.59 2.99	0.3 704.0	5.3 21,448.0	0.4 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)

Mineral resources that are not mineral reserves have not demonstrated economic and technical viability.

Please consult the individual NI43-101 technical reports on file at www.sedarplus.ca.

Exploration Update

During the first quarter of 2023, a total of 16 diamond holes were drilled for a total of 2,764.6 meters in the Monte Leon prospect in the El Tranquilo block which encompasses Cap-Oeste, as part of the agreement with a private, arm's length company operating in the mining sector in 2022. Finally, 16 shallow, RC holes were drilled at the La Josefina property in the quarter, for a total of 372 meters aimed to extend the oxide mineral resource of the Sinter zone.

During the first quarter of 2023 in the Rio Negro Province, geophysical surveying continues at Calcatreu while the Company awaits the final permits from the provincial authorities. A total of 494 line kilometers of ground magnetics was surveyed trying to identify new anomalies that lead to new exploration targets, and 11 line kilometers of Pole dipole IP/Res over the Mojon Grande, Mojon and Guzman targets.

During the second quarter of 2023, drilling continued and a total of 18 diamond holes were drilled in Monte Leon prospect, for a total of 2,736.07 meters and 2,655 samples were taken aimed to find and define new sulfide mineral resources, plus a total of 497.63 line kilometers of ground magnetics were completed at Monte Leon West.

During the third quarter of 2023, final assays from Monte Leon project were received. The activities were reduced to a minimum due the strong winter condition and the exploration was focused in the La Valenciana project. A review of all the projects is in progress. Environmental permission was approved, access to land has been granted, and the field works started in late September 2023.

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

On June 9, 2023, the Company delivered a default notice to Mirasol under the option agreement entered in April 2021 in relation to the Homenaje property due to the occurrence of a default as result of the presence of archaeological remains in the main area. On July 11, 2023, the Company provided notice to Mirasol that the Agreement was terminated based on that default. On October 3, 2023, Mirasol announced that this agreement had been terminated and that Patagonia had failed to complete the exploration expenditures. While this is technically accurate, Mirasol failed to disclose that the Company delivered a default notice to Mirasol on June 9, 2023, due to the occurrence of a default as result of the presence of archaeological remains in the main area. Patagonia spent $105 before work was suspended because of the discovery of indigenous graves. From the date when work was suspended until the date that Patagonia terminated the agreement, the relevant authorities advised that no mining activity of any kind was permitted. Patagonia respects this decision as it values indigenous heritage and would not have it compromised. The Company is currently involved in disputes over non-material amounts, estimated as approximately $105 being claimed by the Company and $295 being claimed against the Company.

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 ending December 31, 2022 and the period ended September 30, 2023.

La Manchuria

In addition to its current mineral resources, stated herein, the Company's La Manchuria property 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 February 2018. Anomalous gold values were reported from the Cecilia zone. An updated NI 43-101 report for this project was completed on September 27, 2019 by Micon International and is on file at www.sedarplus.ca.

No exploration activities were undertaken at La Manchuria during the year ended December 31, 2022 and the period ended September 30, 2023.

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 sulfides. 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 December 31, 2022 and the period ended September 30, 2023.

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 reverse takeover ("RTO") of Hunt Mining Corporation ("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 2022, a total of 289.35 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.

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

No exploration activities were undertaken at Martha during the year ended December 31, 2022 and the period ended September 30, 2023.

The Company has reclamation and remediation obligations for the Mina Martha property of $1.49 million as of September 30, 2023.

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. On 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.sedarplus.ca.

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 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 of 2022, a total of 3 shallow RC drill holes were completed in the Sinter prospect, completing a total of 81 meters, designed to extend the known mineralization and help assess the potential of developing the oxide portion.

The drill program was completed during first quarter 2023, a total of 453 meters in 19 holes were drilled. No other exploration work has been performed during the period ended September 30, 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.

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

Starting in July of 2023, a review of the geology, geochemistry and landowner agreements commenced for the La Valenciana Project. In the third quarter of 2023, a total of 408.4 line-kilometers of ground magnetics surveying was completed over the Veta Principal and Stockwork La Valencia prospects.

Abril

The Abril area covers approximately 2,000 ha, bordering the Company's Martha property on the south. Abril is a part of the private initiative proposed by Patagonia Gold to the 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, on 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 2022, a total of 804.36 line-kilometers of new ground magnetics surveying was conducted (including on the neighboring Wendy target). This new data will be used to help define new drill targets. Also, during the 2022 sampling campaign a total of 776 sawed channel samples (685.54 meters) were collected over the main targets such as Cauquenes, Condor, Abril N, Del Medio, Abril Sur, Zorzal, Charito, Veta Norte, Veta del Medio and Veta Sur. This sampling campaign the sampling campaign was carried out in parallel with mapping works 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 sulfosalt 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 2022, a total of 53 shallow, RC holes were drilled in the Veta Cauquenes (1), Veta Condor (3), Veta del Medio (29 holes), Veta Norte (10), Veta Oriental (7) and Veta Sur (3) targets, for a total of 1,384 meters and 1,368 samples. Silver values obtained ranged from nil to 880 g/t Ag and support follow-up drilling at Abril.

No exploration activities were undertaken at Abril during the period ended September 30, 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. No exploration work was completed at the property during the period ended September 30, 2023.

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. 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 those at 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. This RC drill program commenced at Tornado but was suspended due to adverse winter condition and poor rock conditions encountered during drilling. One hole was completed in the Guanaco target (276 m) in early December 202, without significant results. Later in 2022, a core drilling program commenced to complete the first phase of drilling. The first core hole, 392 m in length, 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 meters drill with grading 0.59 g/t Au (see May 2022 new release on www.patagoniagold.com). Work is planned to follow-up on the new drill results and other targets on the +7,890 ha Tornado-Huracan property.

No exploration work was conducted during the period ended September 30, 2023.

Wendy

The Wendy project is a 5,213 ha block of tenements located to the west of the Mina Martha project and the Abril project, this block lies in a regional-scale NW-trending, mineralized corridor, extending from Martha to Manantial Espejo (Pan American Silver). 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 at Wendy 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.

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 income 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	**2023**			**2022**				**2021**
For the quarters ended	**Sep**	**Jun**	**Mar**	**Dec**	**Sep**	**Jun**	**Mar**	**Dec**
	$'000							
Revenues	3,321	380	3,046	1,992	2,461	3,702	4,185	3,871
Net loss for the period	(2,204)	(3,060)	(2,619)	1,274	(2,061)	(398)	(3,143)	(6,691)
Comprehensive Income (Loss) for the period	(2,551)	(2,707)	(2,420)	2,218	(2,984)	(1,234)	(3,245)	(6,689)
Loss per share, basic and diluted	(0.005)	(0.006)	(0.006)	0.003	(0.004)	(0.001)	(0.007)	(0.014)

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 September 30, 2023, the Company had working capital surplus of 1,785 (December 31, 2022 – working capital deficiency of $8,664). The improvement in the working capital is a result of the repayment of bank indebtedness and accounts payable and accrued liabilities using the funds received from the loan facility, which matures on December 31, 2024.

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 $33,000 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 September 30, 2023, there is $35,360 (December 31, 2022 - $19,988) of principal and interest owing under the loan facility.

Off-balance sheet arrangements

As of September 30, 2023, 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

The complete transactions with and amounts owed to related parties are disclosed in note 18 of the Company's interim 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 21 of the Company's interim financial statements.

Disclosure of Outstanding Share Data

Debt Settlement

During the nine months ended September 30, 2023 the Company issued 4,495,049 common shares to certain former directors of the Company settle a total of $50 of director fees payable for the period from September 2020 to October 2022.

Normal Course Issuer Bid ("NCIB")

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 nine months ended September 30, 2023 and year ended December 31, 2022, the Company did not repurchase any shares under the NCIB.

Subsequent to the period ended September 30, 2023, the Company repurchased 1,992,000 common shares under the NCIB for $14.4 at an average price of CAD 0.01 per share.

As of the date of this MD&A, the Company had 469,069,490 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	4,550,000	-	4,550,000	September 25, 2024
$0.160	5,700,000	-	5,700,000	August 13, 2025
	10,250,000	-	10,250,000	

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

Material Accounting Policies, and critical Judgments and Estimates

Our discussion and analysis of results of operations and financial condition are based upon the interim financial statements, which have been prepared in accordance with IFRS. The preparation of the interim financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis, including those related to provisions for uncollectible receivables, mineral reserves, inventories, asset retirement obligations, valuation of intangible assets and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company's critical accounting judgements and estimates are disclosed in note 5 of the annual audited consolidated financial statements for the year ended December 31, 2022. Any changes in or application of new accounting judgements and estimates during the nine months ended September 30, 2023 are disclosed in note 4 of the accompanying interim financial statements.

The Company's material accounting policies are disclosed in note 4 of the annual audited consolidated financial statements for the year ended December 31, 2022. Any changes in or adoption of new accounting policies during the nine months ended September 30, 2023 are disclosed in note 4 of the accompanying interim financial statements.

New accounting standards issued effective January 1, 2023

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 Company adopted the amendment effective January 1, 2023, which did not have a material impact on the Company's 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. The Company adopted the amendment effective January 1, 2023, which did not have a material impact on the Company’s financial statements.

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. The Company adopted the amendment effective January 1, 2023, which did not have a material impact on the Company’s financial statements.

New accounting standards issued but not effective

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.

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 lead based on gold and silver metal sales relative to total metal sales best allows the Company and other stakeholders to evaluate the operating performance of the Company.

Nine months ended September 30, 2023 (in $'000, except ounces and per unit amounts)

	Cap-Oeste	Lomada de Leiva
Cost of sales	$ 6,796	$ 1,814
Less: Inventory write down	(1,028)	-
Less: Loss due to theft	(575)	(245)
Less: Depreciation	(326)	(118)
Add/(Less): Other charges and timing differences (1)	235	297
Cash costs	$ 5,102	$ 1,748
Add: Depreciation (2)	78	45
Cash costs and depreciation	$ 5,180	$ 1,793
Ounces produced	2,224	1,328
Cash costs per ounce	$ 2,294	$ 1,316
Cash costs and depreciation per ounce	$ 2,329	$ 1,350

(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.

Nine months ended September 30, 2022 (in $'000, except ounces and per unit amounts)	Cap-Oeste	Lomada de Leiva
Cost of sales	$ 6,289	$ 5,256
Less: Inventory write down	(1,038)	(150)
Less: Depreciation	(459)	(499)
Add/(Less): Other charges and timing differences (1)	836	838
Cash costs	$ 5,628	$ 5,445
Add: Depreciation (2)	114	107
Cash costs and depreciation	$ 5,742	$ 5,552
Ounces produced	2,541	2,547
Cash costs per ounce	$ 2,215	$ 2,138
Cash costs and depreciation per ounce	$ 2,260	$ 2,180

(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.

Nine months ended September 30, 2023 (in $'000, except ounces and per unit amounts)

	Cap-Oeste	Lomada de Leiva
Revenue	$ 4,613	$ 2,134
Ounces sold	2,390	1,125
Average gross price per ounce sold	$ 1,930	$ 1,897

Nine months ended September 30, 2022 (in $'000, except ounces and per unit amounts)

	Cap-Oeste	Lomada de Leiva
Revenue	$ 5,247	$ 5,101
Ounces sold	2,862	2,771
Average gross price per ounce sold	$ 1,833	$ 1,841

Subsequent Event

Refer to pages 15 and 22 for subsequent event transactions.

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.

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.sedarplus.ca.

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.