



## **Patagonia Gold Corp.**

**Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the Three Months Ended March 31, 2024 and 2023**

**(All amounts in thousands of United States Dollars unless otherwise stated)**

### **Index**

Condensed Interim Consolidated Statements of Financial Position	2
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss	3
Condensed Interim Consolidated Statements of Changes in Equity	4
Condensed Interim Consolidated Statements of Cash Flows	5
Notes to the Condensed Interim Consolidated Financial Statements	6 - 24

### **NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

**Patagonia Gold Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at March 31, 2024 and December 31, 2023**  
Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars)

	Note	March 31, 2024	December 31, 2023
<b>Current assets</b>			
Cash		\$ 22	\$ 185
Receivables	11	426	352
Inventories	5	3,772	4,167
Total current assets		4,220	4,704
<b>Non-current assets</b>			
Mineral properties	6	14,725	14,753
Mining rights	8	16,039	16,358
Property, plant and equipment	10	9,063	9,416
Goodwill		4,009	4,009
Other financial assets	9	1	2
Other receivables	12	354	332
Total non-current assets		44,191	44,870
Total assets		\$ 48,411	\$ 49,574
<b>Current liabilities</b>			
Bank indebtedness	13	\$ 1,226	\$ 538
Accounts payable and accrued liabilities	14	2,098	1,689
Accounts payable with related parties	14, 18	180	164
Current portion of long-term debt	15	213	213
Total current liabilities		3,717	2,604
<b>Non-current liabilities</b>			
Long-term debt	15	36,855	36,259
Reclamation and remediation obligations	7	2,890	3,281
Deferred tax liabilities		136	170
Total non-current liabilities		39,881	39,710
Total liabilities		43,598	42,314
<b>Shareholders' equity</b>			
Capital stock	17	11,221	11,250
Contributed surplus		190,161	190,161
Accumulated deficit		(214,437)	(212,227)
Accumulated other comprehensive income		19,544	19,686
Total shareholders' equity attributable to the parent		6,489	8,870
Non-controlling interest		(1,676)	(1,610)
Total shareholders' equity		4,813	7,260
Total liabilities and shareholders' equity		\$ 48,411	\$ 49,574

Going concern (note 3)  
Subsequent events (notes 25)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Approved on Behalf of the Board of Directors

Signed "Christopher van Tienhoven", Director

Signed "Cristian Lopez Saubidet", Director

**Patagonia Gold Corp.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars)

	Note	2024	2023
Revenue		\$ 1,806	\$ 3,046
Cost of sales	5	(1,632)	(3,693)
Gross profit (loss)		<u>174</u>	<u>(647)</u>
Operating expenses:			
Exploration expenses		(804)	(1,165)
Repairs and maintenance		(198)	(169)
Depreciation, depletion and amortization	19	(109)	(172)
Administrative expenses	20	(673)	(1,157)
Share-based payments expense	17	-	(84)
Interest expense		(831)	(584)
Total operating expenses		<u>(2,615)</u>	<u>(3,331)</u>
Other income/(expenses)			
Interest income		4	137
Gain/(loss) on foreign exchange		42	(116)
Accretion expense	7	(35)	(76)
Other income	22	121	1,928
Total other income		<u>132</u>	<u>1,873</u>
Net loss – before income taxes		<u>(2,309)</u>	<u>(2,105)</u>
Income tax benefit (expense)		33	(514)
Net loss		<u>\$ (2,276)</u>	<u>\$ (2,619)</u>
Attributable to non-controlling interest		(66)	(58)
Attributable to equity share owners of the parent		<u>(2,210)</u>	<u>(2,561)</u>
		<u>(2,276)</u>	<u>(2,619)</u>
Other comprehensive income (loss) net of tax			
Change in fair value of investment	9	(1)	(2)
Foreign currency translation adjustment		(141)	201
Total other comprehensive income (loss)		<u>(142)</u>	<u>199</u>
Total comprehensive loss		<u>\$ (2,418)</u>	<u>\$ (2,420)</u>
Weighted average number of common shares outstanding – basic and diluted	16	465,479,930	470,661,930
Net loss per share – basic and diluted	16	\$ (0.005)	\$ (0.006)

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**Patagonia Gold Corp.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars)

	Capital stock	Accumulated deficit	Accumulated other comprehensive income	Contributed surplus	Total Attributable to parent	Non-controlling interest	Total
Balance - January 1, 2023	\$ 11,244	\$ (205,926)	\$ 18,960	\$ 190,026	\$ 14,304	\$ (1,504)	\$ 12,800
Net loss	-	(2,561)	-	-	(2,561)	(58)	(2,619)
Other comprehensive income	-	-	199	-	199	-	199
Shares issued to settle debt (note 17)	50	-	-	-	50	-	50
Share based payments (note 17)	-	-	-	84	84	-	84
Balance – March 31, 2023	\$ 11,294	\$ (208,487)	\$ 19,159	\$ 190,110	\$ 12,076	\$ (1,562)	\$ 10,514
Balance - January 1, 2024	\$ 11,250	\$ (212,227)	\$ 19,686	\$ 190,161	\$ 8,870	\$ (1,610)	\$ 7,260
Net loss	-	(2,210)	-	-	(2,210)	(66)	(2,276)
Other comprehensive loss	-	-	(142)	-	(142)	-	(142)
Share repurchased under NCIB (note 17)	(29)	-	-	-	(29)	-	(29)
Balance – March 31, 2024	\$ 11,221	\$ (214,437)	\$ 19,544	\$ 190,161	\$ 6,489	\$ (1,676)	\$ 4,813

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

**Patagonia Gold Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars)

	Note	2024	2023
<b>Cash flow from operating activities</b>			
<b>Net loss</b>		\$ (2,276)	\$ (2,619)
<b>Items not affecting cash</b>			
Depreciation of property, plant and equipment	10	261	293
Depletion of mineral properties	6	28	55
Amortization of mining rights	8	25	25
Share based payment expense	17	-	84
Provisions	7	(426)	(347)
Write-down of inventory	5	-	562
Interest payable		596	351
Accretion expense	7	35	76
Loss (Gain) on sale of asset		(12)	-
Deferred tax (benefit) expense		(33)	514
<b>Net change in non-cash working capital items</b>			
(Increase)/decrease in receivables		(96)	527
(Increase)/decrease in inventory		499	(79)
(Increase)/decrease in other financial assets		1	2
Increase/(decrease) in accounts payable and accrued liabilities		408	(1,472)
Increase/(decrease) in accounts payable and accrued liabilities with related parties		16	16
<b>Net cash used in operating activities</b>		<u>(974)</u>	<u>(2,012)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(12)	(152)
Proceeds from disposal of property, plant and equipment	10	12	-
<b>Net cash used in investing activities</b>		<u>-</u>	<u>(152)</u>
<b>Cash flow from financing activities</b>			
Bank indebtedness		688	136
Proceeds from loans		-	2,330
Repayment of loans		-	(133)
Share repurchased under NCIB	17	(29)	-
<b>Net cash provided by financing activities</b>		<u>659</u>	<u>2,333</u>
<b>Net (decrease) increase in cash</b>		(315)	169
<b>Effect of foreign exchange on cash</b>		152	187
<b>Cash, beginning of period</b>		185	231
<b>Cash, end of the period</b>		\$ <u>22</u>	\$ <u>587</u>
Taxes paid		-	-
Interest paid		(190)	(202)
<b>Supplemental non-cash information</b>			
Shares issued to settle debt	17	-	50
Change in value of investments	9	(1)	(2)

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Unaudited – See Notice to Reader

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**1. Nature of business**

On July 24, 2019, Patagonia Gold Corp. (PGDC.TSXV – “the Company” or “Patagonia”) [formerly Hunt Mining Corp (“Hunt”, or “Hunt Mining”)] 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 reserves in Santa Cruz, Rio Negro and Chubut provinces of Argentina.

The condensed interim consolidated financial statements include the accounts of the following subsidiaries after elimination of intercompany transactions and balances:

<b>Corporation</b>	<b>Incorporation</b>	<b>Percentage ownership</b>	<b>Functional currency</b>	<b>Business purpose</b>
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 and Chile. 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.

**2. Basis of presentation**

The Company’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”) and do not include all of the information required for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023.

The condensed interim consolidated financial statements were approved by the Company’s Board of Directors on May 30, 2024.

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

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**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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The Company's presentation currency is the US Dollar.

### **3. Going concern**

The accompanying condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. During the three months ended March 31, 2024, the Company had a net loss of \$2,276 (2023 - \$2,619). As at March 31, 2024, the Company has positive working capital of \$503 (December 31, 2023 - \$2,100) and had an accumulated deficit of \$214,437 (December 31, 2023 - \$212,227). These aforementioned conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and to meet its obligations will be dependent upon generating positive cash flows from operations as well as obtaining debt and equity financing. However, there can be no assurance that the steps management is taking will be successful. The accompanying condensed interim consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could have a material impact on the condensed interim consolidated financial statements.

### **4. Material accounting policies and critical accounting judgements and estimates**

#### *(a) Material accounting policies*

Except as noted below, these condensed interim consolidated financial statements follow the same accounting policies as the Company's annual audited consolidated financial statements for the year ended December 31, 2023. For a complete list of accounting policies applied by the Company, see note 4 of the Company's annual audited consolidated financial statements for the year ended December 31, 2023.

#### *(b) New accounting standards issued effective January 1, 2024*

##### *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. The Company adopted the amendment effective January 1, 2024, which did not have a material impact on the Company's financial statements.

#### *(c) Critical accounting judgements and estimates*

The preparation of these condensed interim consolidated financial statements requires management to make certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2023.

**Patagonia Gold Corp.**  
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**For the Three Months Ended March 31, 2024 and 2023**

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**5. Inventories**

	<b>March 31, 2024</b>		<b>December 31, 2023</b>
	<u>\$'000</u>		<u>\$'000</u>
Gold held on carbon	\$ 1,271	\$	1,708
Materials and supplies	2,501		2,459
	<u>\$ 3,772</u>	\$	<u>4,167</u>

During the three months ended March 31, 2024, the Company expensed \$1,477 (2023 - \$2,746) of inventories on the condensed interim consolidated statements of loss and comprehensive loss.

During the three months ended March 31, 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 \$562 under cost of sales on the condensed interim consolidated statements of loss and comprehensive loss. During the three months ended March 31, 2024 inventory write down was \$Nil.

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. As a result of this, the Company has recorded a loss of \$820 under cost of sales for the quarter ended June 30, 2023.

**6. Mineral properties**

	<b>Mining assets</b>		<b>Surface rights</b>		<b>Total</b>
	<u>\$'000</u>		<u>acquired</u>		<u>\$'000</u>
			<u>\$'000</u>		
<b>Cost</b>					
Balance – January 1, 2023	\$ 26,755	\$	6,562	\$	33,317
Additions	-		-		-
Disposals	(32)		-		(32)
Balance - December 31, 2023	<u>\$ 26,723</u>	\$	<u>6,562</u>	\$	<u>33,285</u>
Additions	-		-		-
Disposal	-		-		-
Balance – March 31, 2024	<u>\$ 26,723</u>	\$	<u>6,562</u>	\$	<u>33,285</u>
<b>Depletion</b>					
Balance - January 1, 2023	\$ 17,516	\$	908	\$	18,424
Charge for the year	140		-		140
Disposal	(32)		-		(32)
Balance - December 31, 2023	<u>\$ 17,624</u>	\$	<u>908</u>	\$	<u>18,532</u>
Charge for the period	28		-		28
Disposal	-		-		-
Balance – March 31, 2024	<u>\$ 17,652</u>	\$	<u>908</u>	\$	<u>18,560</u>
<b>Net book value</b>					
December 31, 2023	<u>\$ 9,099</u>	\$	<u>5,654</u>	\$	<u>14,753</u>
March 31, 2024	<u>\$ 9,071</u>	\$	<u>5,654</u>	\$	<u>14,725</u>

**Lomada project**

All development costs incurred with respect to the Lomada project, from September 1, 2010 and onwards, have been capitalized as mineral properties and included under mining assets. The project completed the trial heap leach phase and entered full commercial production in the third quarter of 2013. Amortization is charged based on the unit-of-production method.

In February 2019, the Company reviewed the production profile for Lomada. Given the lower than anticipated recoveries, the Company made the decision to close the Lomada project.



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**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

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Following receipt of a preliminary permit on October 7, 2020, the Company restarted mining operations at Lomada de Leiva in November 2020, which had been previously closed since in February 2019. The expenses related to the development of the new pit were capitalized as Mineral Properties.

### **Cap-Oeste project**

The Company completed the development of Cap-Oeste Project in September 2016, entered into production in the last quarter of that year. As a result of the experience gained at Lomada, no trial production period was required at Cap-Oeste. Revenue from commercial production was therefore recognised from the outset. The capitalized development costs are amortized based on the unit of production method.

In February 2019, the Company reviewed the production profile for 2019 for Cap-Oeste. Given the expected lower production volumes, the Company made the decision to put Cap-Oeste on care and maintenance until a suitable solution to extract and process the high-grade underground resource from Cap-Oeste has been identified. Residual production continued at Cap-Oeste and the Company continued to capitalize costs under inventories.

### **Mina Angela**

In September 2020, the Company entered into a definitive option agreement with Latin Metals Inc. which granted the Company an irrevocable option to acquire a 100% interest in the Mina Angela property. Pursuant to the definitive agreement, the Company has paid \$250 representing the first earn-in payment. The Company shall decide whether to exercise the option no later than six months from the date of the definitive agreement. If the Company elects to exercise the option, they shall pay the second earn-in payment of \$250. 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 Patagonia has the ability to perform exploration and exploitation mining activities on the property. In addition, Latin Metals Inc. will be entitled to receive a 1.25% Net Smelter Royalty (“NSR”) from future production. The Company has the right to repurchase half of the NSR for \$1,000. 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 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. The Company wrote off the costs related to this project during the year ended December 31, 2021 and as at December 31, 2023 and March 31, 2024, the carrying value of this property included in mineral properties is \$Nil.

### **Surface rights**

The Company owns the surface rights to the lands encompassing the Estancia La Bajada, Estancia El Tranquilo, Estancia El Rincon, Estancia La Josefina and the Estancia 1° de Abril.

During the year ended December 31, 2022, the Company entered into a farm-in agreement (the “Agreement”) with a private, arm’s length company operating in the mining sector (the “Partner”) for a drilling program of up to 20,000 meters on the Monte Leon target (“Monte Leon”) in the Company’s El Tranquilo block of concessions to earn up to a 50% interest in Monte Leon. The Partner will fund a core drilling program, to be conducted by the Company, divided into two phases, to define the lateral and depth extent of epithermal-style mineralization at Monte Leon. Phase 1 will consist of 8,500 meters for the Partner to earn a 20% stake in Monte Leon and will have the option to advance to Phase 2 to drill a further 11,500 meters for a total of 20,000 meters to earn an additional 30% interest in Monte Leon, for a maximum participation of 50%.

There is a back in right granted to the sellers under Estancia El Rincon’s title deed whereby the Company irrevocably committed to resell the estancia to its former owner in the event that two consecutive years elapse without mining activities. Current activity on this property includes the Lomada Project.

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**For the Three Months Ended March 31, 2024 and 2023**

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### **Mina Martha project**

On May 6, 2016, the Company acquired the assets of the Mina Martha project from Coeur Mining Inc. (“Coeur”). The Mina Martha project consists of land, mineral rights, a mine camp, offices, a warehouse, maintenance shop, mining facilities including a flotation mill and a tailings retention facility.

### **La Josefina project**

In March 2007, the Company acquired the exploration and development rights to the La Josefina project from Fomento Minero de Santa Cruz Sociedad del Estado (“Fomicruz”) the Santa Cruz provincial mining and petroleum company.

In July 2007, the Company entered into an agreement (subsequently amended) with Fomicruz which provides that, in the event that a positive feasibility study is completed on the La Josefina property, a Joint Venture Corporation (“JV Corporation”) would be formed by the Company and Fomicruz. The Company would own 81% of the joint venture company and Fomicruz would own the remaining 19%. Fomicruz has the option to earn up to a 49% participating interest in the JV Corporation by reimbursing the Company an equivalent amount, up to 49%, of the exploration investment made by the Company. The Company has the right to buy back any increase in Fomicruz’s ownership interest in the JV Corporation at a purchase price of \$0.2 million per each percentage interest owned by Fomicruz down to its initial ownership interest of 19%; the Company can also purchase 10% of the Fomicruz’s initial 19% JV Corporation ownership interest by negotiating a purchase price with Fomicruz. Under the agreement, the Company has until the end of 2019 to complete cumulative exploration expenditures of \$18 million and determine if it will enter into production on the property. As at December 31, 2018, the Company had incurred approximately \$20 million and is in current discussions with Fomicruz to develop a plan for production. In October 2019, the agreement was extended until April 30, 2021 and may be extended for an additional one-year term. The agreement was terminated by mutual consent of the Company and Fomicruz in July 2020 and the Company has renegotiated new terms and conditions with Fomicruz 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 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.

### **Homenaje and Nico projects**

On April 15, 2021, the Company entered into definitive agreements to acquire two projects in Argentina. A definitive 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 the Company an option to acquire a 75% undivided interest in and to Australis’ rights and interest in the Homenaje project located in Santa Cruz Province, Argentina. The Company also entered into a definitive transfer agreement dated April 15, 2021 (with the Vendors, which grants the Company a 100% undivided interest in and to Australis’ rights and interest in the Nico project located in Santa Cruz Province, Argentina.

#### *Homenaje Project*

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

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(Stated in thousands of U.S. dollars unless otherwise stated)

- a pre-feasibility study, prepared in accordance with NI 43-101, 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.

On June 9, 2023, as required by the option agreement, the Company delivered a default notice to Mirasol due to the presence of archaeological remains in the main area. On July 11, 2023, the Company provided notice to Mirasol that the option agreement was terminated based on the default.

*Nico Project*

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.

**7. Reclamation and remediation obligations**

The Company is legally required to perform reclamation on sites where environmental disturbance is caused by the development or ongoing mining of a property to restore it to its original condition at the end of its useful life. In accordance with IFRS, the Company recognized the estimated fair value of that liability as an asset retirement obligation. As at March 31, 2024, the total amount of undiscounted cash flows required to settle the estimated obligation is \$3,181 (December 31, 2023 - \$3,524) which has been discounted using a weighted average risk-free rate of 4.96% (December 31, 2023 – 4.76%) and an inflation rate of 3.48% (December 31, 2023 – 3.35%).

The following table describes the changes to the Company's reclamation and remediation obligation liability:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	<u>\$'000</u>	<u>\$'000</u>
Reclamation and remediation obligation - beginning of period	\$ 3,281	\$ 4,069
Change in estimate	(426)	(1,070)
Accretion expense	35	282
Reclamation and remediation obligation - end of period	<u>\$ 2,890</u>	<u>\$ 3,281</u>

The Company reassesses the cost of reclamation and remediation obligations periodically given new information regarding changes to the risk-free rate, inflation rate and undiscounted cash flow. During the three months ended March 31, 2024 and year ended December 31, 2023, the change in estimate relates to revisions to the estimated discounted cashflow and inflation rates obligations.

**8. Mining rights**

	<b>Fomicruz Agreement</b>	<b>Minera Calcatreu</b>	<b>Total</b>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance – January 1, 2023	\$ 2,888	\$ 13,275	\$ 16,163
Amortization	(100)	-	(100)
Exchange differences	-	295	295
Balance - December 31, 2023	<u>\$ 2,788</u>	<u>\$ 13,570</u>	<u>\$ 16,358</u>
Amortization	(25)	-	(25)
Exchange differences	-	(294)	(294)
Balance – March 31, 2024	<u>\$ 2,763</u>	<u>\$ 13,276</u>	<u>\$ 16,039</u>

**Fomicruz Agreement**

On October 14, 2011, Patagonia Gold, PGSA and Fomicruz entered into a definitive strategic partnership agreement in the form of a shareholders' agreement ("Fomicruz Agreement") to govern the affairs of PGSA and the relationship between the Company, PGSA and Fomicruz. Pursuant to the Fomicruz Agreement, Fomicruz contributed to PGSA the rights to explore and mine Fomicruz's mining

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**Patagonia Gold Corp.****Notes to the Condensed Interim Consolidated Financial Statements  
For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

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properties in Santa Cruz Province in exchange for a 10% equity interest in PGSA. The Fomicruz Agreement establishes the terms and conditions of the strategic partnership for the future development of certain PGSA mining properties in the Santa Cruz. The Company will fund 100% of all exploration expenditures on the PGSA properties to the pre-feasibility stage, with no dilution to Fomicruz. After feasibility stage is reached, Fomicruz is obliged to pay its 10% share of the funding incurred thereafter on the PGSA properties, plus annual interest at LIBOR +1% to the Company. Such debt and interest payments will be guaranteed by an assignment by Fomicruz of 50% of the future dividends otherwise payable to Fomicruz on its shares. The Company will manage the exploration and potential future development of the PGSA properties.

The mining rights acquired have been measured by reference to the estimated fair value of the equity interest given to Fomicruz. Management has estimated the fair value of the 10% interest in PGSA acquired by Fomicruz, on or about October 14, 2011 at \$4 million. In determining this fair value estimate, management considered many factors including the net assets of PGSA and the illiquidity of the 10% interest. This amount has been recorded as an increase in the equity of PGSA and as a mining right asset. In these consolidated financial statements, the increase in equity in PGSA has been recorded as non-controlling interest. The initial share of net assets of PGSA ascribed to the non-controlling interest amounted to \$4 million.

Effective January 1, 2020, the Company's former subsidiary Cerro Cazador S.A merged with PGSA and as a result, Fomicruz has a 5% interest in the newly merged entity.

**Minera Calcatreu Agreement**

On January 31, 2018, Patagonia, through a wholly owned subsidiary (Patagonia Gold Canada Inc. "PGCAD"), acquired the Calcatreu gold asset in Rio Negro, Argentina, by way of acquiring 100% of the shares of Minera Calcatreu S.A.U (formerly Minera Aquiline Argentina S.A. ("MASA")), a subsidiary of Pan American Silver Corporation. Total consideration for the acquisition amounted to \$15 million. PGCAD has made the initial payment of \$5 million on January 31, 2018 and the final payment of \$10 million on legal completion on May 18, 2018.

This transaction was accounted for as an asset acquisition and the purchase consideration was allocated to Mining Rights at \$14.6 million and other net assets at \$0.4 million. These mining rights will be amortized on a unit-of-production method over the estimated period of economically recoverable resources once the project reaches the commercial production phase.

**9. Other financial assets**

The Company has short-term investments in equity securities which are recorded at fair value through other comprehensive income (loss). As at March 31, 2024, the fair value of the short-term investments is \$1 (December 31, 2023 - \$2).

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

**10. Property, plant and equipment**

	Plant \$'000	Buildings \$'000	Vehicles and equipment \$'000	Improvements and advances \$'000	Total \$'000
<b>Cost</b>					
Balance – January 1, 2023	\$ 15,477	\$ 1,979	\$ 24,589	\$ 1,453	\$ 43,498
Additions	-	-	401	53	454
Disposals	(3)	-	(118)	-	(121)
Transfers	-	-	-	-	-
Balance – December 31, 2023	\$ 15,474	\$ 1,979	\$ 24,872	\$ 1,506	\$ 43,831
Additions	-	-	7	5	12
Disposals	-	-	(17)	-	(17)
Transfers	-	-	-	-	-
Balance – March 31, 2024	\$ 15,474	\$ 1,979	\$ 24,862	\$ 1,511	\$ 43,826
<b>Accumulated depreciation</b>					
Balance – January 1, 2023	\$ 13,955	\$ 684	\$ 18,215	\$ -	\$ 32,854
Disposals	(3)	-	(118)	-	(121)
Depreciation for the year	272	161	1,249	-	1,682
Balance – December 31, 2023	\$ 14,224	\$ 845	\$ 19,346	\$ -	\$ 34,415
Disposals	-	-	(17)	-	(17)
Depreciation for the period	68	40	257	-	365
Balance – March 31, 2024	\$ 14,292	\$ 885	\$ 19,586	\$ -	\$ 34,763
<b>Net book value</b>					
December 31, 2023	\$ 1,250	\$ 1,134	\$ 5,526	\$ 1,506	\$ 9,416
March 31, 2024	\$ 1,182	\$ 1,094	\$ 5,276	\$ 1,511	\$ 9,063

**11. Receivables**

	March 31, 2024 \$'000	December 31, 2023 \$'000
Receivable from sales	\$ 70	\$ -
Recoverable value added tax (“VAT”)	200	123
Other receivables	156	229
Total	\$ 426	\$ 352

**12. Other receivables**

	March 31, 2024 \$'000	December 31, 2023 \$'000
Recoverable value added tax (“VAT”)	\$ 144	\$ 140
Other receivables	210	192
Total	\$ 354	\$ 332

Other receivables balance consists of tax receivables.

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

**13. Bank indebtedness**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	<u>\$'000</u>	<u>\$'000</u>
A credit facility with an Argentinian bank with a limit of \$699 (600,000,000 Argentinian Peso), maturity date of June 30, 2024 and interest rate of 124.76%	\$ 289	\$ -
A credit facility with an Argentinian bank with a limit of \$991 (850,000,000 Argentinian Peso), maturity date of June 30, 2024 and interest rate of 111%	937	538
	<u>\$ 1,226</u>	<u>\$ 538</u>

**14. Accounts payable and accrued liabilities**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	<u>\$'000</u>	<u>\$'000</u>
Trade accounts payable and accrued liabilities	\$ 1,136	\$ 869
Income tax	11	11
Other accruals <sup>1</sup>	951	809
Accounts payable to related parties (note 18)	180	164
Total	<u>\$ 2,278</u>	<u>\$ 1,853</u>

1 – As at March 31, 2024, other accruals consist of taxes payable of \$673 (December 31, 2023 - \$639) and accrued salaries of \$278 (December 31, 2023 - \$170).

**15. Long-term debt**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	<u>\$'000</u>	<u>\$'000</u>
Loan secured by a letter of guarantee from the Company, at 7.5% interest per annum, due December 31, 2025	\$ 31,871	\$ 31,871
Loan secured by assets of the Company at 9% interest per annum, due January 31, 2024 <sup>1</sup>	213	213
Accrued interest on debt	4,984	4,388
	<u>\$ 37,068</u>	<u>\$ 36,472</u>
Less current portion	(213)	(213)
	<u>\$ 36,855</u>	<u>\$ 36,259</u>

1 -The loan became due on January 31, 2024. The Company has not repaid the loan due to certain Argentinian restrictions.

Principal payments on long-term debts are due as followed:

<b>Year ending December 31</b>	
<b>2024</b>	213
<b>2025</b>	36,855

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars unless otherwise stated)

**16. Net loss per share**

Basic and diluted net loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. There were no dilutive items outstanding during the period as the Company had a net loss and the effect of any stock options or warrants would be anti-dilutive.

The net loss per share is as follows:

	<b>For the Three Months Ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2024</b>	<b>2023</b>
Net loss (\$'000)	\$ (2,276)	\$ (2,619)
Weighted average number of common shares outstanding – basic and diluted	465,479,930	470,661,930
Net loss per share – basic and diluted	\$ (0.005)	\$ (0.006)

**17. Capital stock**

**Authorized:**

Unlimited number of common shares without par value  
Unlimited number of preferred shares without par value

**Issued:**

	<b>Number of common</b>	<b>Amount</b>
	<b>shares outstanding</b>	<b>\$'000</b>
<b>Balance at January 1, 2023</b>	466,566,441	\$ 11,244
Shares issued to settle debt	4,495,049	50
Share repurchased	(4,379,000)	(44)
<b>Balance at December 31, 2023</b>	466,682,490	11,250
Share repurchased	(1,631,000)	(29)
<b>Balance at March 31, 2024</b>	465,051,490	\$ 11,221

Preferred shares are non-redeemable and non-transferrable with discretionary dividends and hence are classified as equity. Preferred shares shall be issued at a price of \$0.30 per share and will not have voting rights. As at March 31, 2024 and December 31, 2023, there were no preferred shares issued by the Company.

**Debt Settlement**

During the year ended December 31, 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**

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.

On December 7, 2023, 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 15,000,000 common shares (the “Shares”) (representing approximately 3.2% of its 469,069,490 issued and outstanding common shares as of November 27, 2023 over a twelve (12) month period commencing on December 11, 2023.

During the year ended December 31, 2023 the Company repurchased 4,379,000 common shares under the NCIB for \$44.3 at an average price of CAD 0.014 per share.

During the three months ended March 31, 2024 the Company repurchased 1,631,000 common shares under the NCIB for \$28.6 at an average price of CAD 0.024 per share.

**Patagonia Gold Corp.****Notes to the Condensed Interim Consolidated Financial Statements  
For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

**Stock options**

Under the Company's share option plan, and in accordance with TSX Venture Exchange requirements, the number of common shares reserved for issuance under the option plan shall not exceed 10% of the issued and outstanding common shares of the Company, have a maximum term of 5 years and vest at the discretion of the Board of Directors. In connection with the foregoing, the number of common shares reserved for issuance to: (a) any individual director or officer will not exceed 5% of the issued and outstanding common shares; and (b) all consultants will not exceed 2% of the issued and outstanding common shares.

All equity-settled share-based payments are ultimately recognized as an expense in the condensed interim consolidated statements of loss and comprehensive loss with a corresponding credit to "Contributed Surplus". If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different to that estimated on vesting.

	Three Months ended March 31, 2024		Year ended December 31, 2023	
	Number of options	Weighted Average Price (CAD)	Number of options	Weighted Average Price (CAD)
Balance, beginning of period	10,250,000	\$ 0.118	17,250,000	\$ 0.118
Granted	-	-	-	-
Forfeited	(1,100,000)	0.118	(7,000,000)	\$ 0.118
Balance, end of period	9,150,000	\$ 0.118	10,250,000	\$ 0.118

During the period ended March 31, 2024, 1,100,000 stock options issued to employees were forfeited as the employees are no longer employed by the Company.

During the year ended December 31, 2023, 7,000,000 stock options issued to employees were forfeited as the employees are no longer employed by the Company.

As at March 31, 2024, the following stock options were outstanding:

Exercise price (CAD)	Options vested	Options unvested	Total outstanding	Remaining contractual life (years)	Expiry date
\$0.065	4,050,000	-	4,050,000	0.49	September 25, 2024
\$0.160	5,100,000	-	5,100,000	1.37	August 13, 2025
	9,150,000	-	9,150,000	0.98	

During the three months ended March 31, 2024, the Company recognized share-based payments expense of \$Nil (2023 - \$84).

**Agent compensation options**

	Three Months ended March 31, 2024		Year ended December 31, 2023	
	Number of Agent compensation options	Weighted Average Price (CAD)	Number of Agent compensation options	Weighted Average Price (CAD)
Balance, beginning of period	2,509,586	\$ 0.09	2,509,586	\$ 0.09
Expired	(2,509,586)	(0.09)	-	-
Balance, end of period	-	\$ -	2,509,586	\$ 0.09

On March 10, 2024, 2,509,586 agent compensation options, with an exercise price of CAD 0.09, expired unexercised. As of March 31, 2024 there are no agent compensation options outstanding.



**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

**Warrants**

	Three Months ended March 31, 2024		Year ended December 31, 2023	
	Number of warrants	Weighted Average Price (CAD)	Number of warrants	Weighted Average Price (CAD)
Balance, beginning of period	104,086,063	\$ 0.13	104,086,063	\$ 0.13
Issued	(104,086,063)	(0.13)	-	-
Balance, end of period	-	\$ -	104,086,063	\$ 0.13

On March 10, 2024, 104,086,063 warrants, with an exercise price of CAD 0.13, expired unexercised. As of March 31, 2024 there are no warrants outstanding.

**18. Related party transactions**

Key management personnel include the members of the Board of Directors and executive officers of the Company. Related party transactions and balances not disclosed elsewhere in the condensed interim consolidated financial statements are as follows:

Name and Principal Position	Remuneration, fees or interest expense	Loans or Advances	Remuneration, fees, or interest payments	Loan payments	Included in	
					Included in Accounts Payable	Loan Payable and Long-term debt
Three Months ended March 31,					As at March 31, 2024 and December 31, 2023	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
A company controlled by a director	2024	16	-	-	174	-
- admin, office, and interest expenses	2023	16	-	-	158	-
Directors	2024	119	-	119	6	-
- salaries and wages	2023	158	-	208	6	-

As at March 31, 2024, the Company has \$180 (December 31, 2023 - \$164) in accounts payable owing to related parties which relate primarily to directors' fees and office rent.

**19. Depreciation, depletion and amortization**

	Three Months ended March 31,	
	2024	2023
	\$'000	\$'000
Depreciation of property, plant and equipment	\$ 365	\$ 468
Depreciation allocated to inventory	(309)	(376)
Depletion of mineral properties	28	55
Amortization of mining rights	25	25
	\$ 109	\$ 172

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

**20. Administrative expenses**

	<b>Three Months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
General and administrative	\$ 493	\$ 904
Argentina statutory taxes	23	48
Professional fees	40	130
Operating leases	11	15
Directors' remuneration	99	40
Consulting fees	1	5
Transaction taxes expense	6	15
<b>Total</b>	<b>\$ 673</b>	<b>\$ 1,157</b>

**21. Financial instruments**

The Company's financial instruments consist of cash, receivables, other financial assets, bank indebtedness, accounts payable and accrued liabilities, loan payable, interest payable, and long-term debt.

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs, other than quoted prices, that are observable, either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the marketplace.
- Level 3: inputs are less observable, unavoidable or where the observable data does not support the majority of the instruments' fair value.

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

*Fair value*

As at March 31, 2024, there were no changes in the levels in comparison to December 31, 2023. The fair values of financial instruments are summarized as follows:

	March 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
<i>Amortized cost</i>				
Cash	22	22	185	185
Receivables and other receivable <sup>1</sup>	436	436	421	421
<i>Fair value through other comprehensive income</i>				
Other financial assets (Level 1)	1	1	2	2
<b>Financial liabilities</b>				
<i>Amortized cost</i>				
Bank indebtedness	1,226	1,226	538	538
Accounts payable and accrued liabilities	2,278	2,278	1,853	1,853
Current portion of long-term debt	213	213	213	213
Long-term debt	36,855	36,855	36,259	36,259

<sup>1</sup> Amounts exclude value added tax (“VAT”) recoverable of \$344 and \$263 as March 31, 2024 and December 31, 2023.

Other financial assets are measured based on Level 1 inputs of the fair value hierarchy on a recurring basis.

The carrying value of receivables, other receivable, accounts payable and accrued liabilities and bank indebtedness approximate their fair value because of the short-term nature of these instruments. The Company assessed that there were no indicators of impairment for the financial assets.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with high quality financial institutions and limits the amount of credit exposure with any one institution. Receivables consist of trade receivables and VAT recoverable and are not considered subject to significant risk, because the amounts are due from a government and a customer who is considered credit worthy.

*Market Risk*

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk and currency risk.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk with regards to its bank indebtedness which is comprised of lines of credits at variable interest rates. To the extent that changes in the prevailing market interest rates differ from the interest rates on the Company’s monetary liabilities, the Company is exposed to interest rate price risk.

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**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

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*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.

*Credit Risk*

Credit risk arises from the potential that counterparties will fail to satisfy their obligations as they come due. Credit risk is managed by dealing with parties that the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the parties.

The Company currently maintains a substantial portion of its day-to-day operating cash balances at financial institutions. As at March 31, 2024, the Company had total cash balances of \$22 (December 31, 2023 - \$185) at financial institutions, where \$Nil (December 31, 2023 - \$Nil) is in excess of federally insured limits.

*Liquidity Risk*

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. As at March 31, 2024, the Company had current assets of \$4,220 (December 31, 2023 - \$4,704) to settle current liabilities of \$3,717 (December 31, 2023 - \$2,604).

*Concentration risk*

The Company has concentrations of credit risk with respect to its trade receivables, the majority of which are concentrated internationally amongst a small number of customers. As at March 31, 2024 and December 31, 2023, the Company had two (2) customers that make up the entire balance of the trade receivables. The Company controls credit risk through monitoring procedures, and by performing credit evaluations of its customers, but generally does not require collateral to secure accounts receivable.

**22. Other income**

As part of the Company's treasury management, the Company trades certain securities denominated in US dollar and Argentine Peso. The gain on disposition of these securities is recorded as other income on the condensed interim consolidated statements of loss and comprehensive loss. During the three months ended March 31, 2024, the Company recognized a gain of \$121 (2023 – \$1,928).

**23. Segment reporting**

All of the Company's operations are in the mineral properties mining and exploration industry with its principal business activity in mineral exploration. The Company conducts its activities primarily in Argentina. All of the Company's long-lived assets are located in Argentina.

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

The Company's net income/(loss) and its geographic allocation of total assets and total liabilities is summarized as follows:

For the three months ended March 31, 2024

	Argentina									UK	North America	Total
	Lomada Project	Cap-Oeste Project	Calcatreu Project	Martha and La Josefina Projects		Argentina Uruguay and Chile						
Revenue	\$ -	\$ 1,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,806	
Cost of sales	-	(1,632)	-	-	-	-	-	-	-	-	(1,632)	
Gross profit	\$ -	\$ 174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174	
Operating expense												
Exploration expense	\$ -	\$ -	\$ (81)	\$ (122)	\$ (601)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (804)	
Repair and maintenance	-	-	-	(198)	-	-	-	-	-	-	(198)	
Depreciation, depletion and amortization	-	(28)	(4)	-	(52)	(25)	-	-	-	-	(109)	
Administrative expenses	-	-	(134)	-	(385)	(4)	(150)	-	-	-	(673)	
Interest expense	-	-	(2)	-	(232)	(148)	(449)	-	-	-	(831)	
Total operating expense	\$ -	\$ (28)	\$ (221)	\$ (320)	\$ (1,270)	\$ (177)	\$ (599)	\$ -	\$ -	\$ -	\$ (2,615)	
Other income/(expense)												
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	
Gain/(loss) on foreign exchange	-	-	4	-	170	67	(199)	-	-	-	42	
Accretion expense	(13)	(5)	-	(17)	-	-	-	-	-	-	(35)	
Other income	-	-	-	-	121	-	-	-	-	-	121	
Total other income/(expense)	\$ (13)	\$ (5)	\$ 4	\$ (17)	\$ 295	\$ 67	\$ (199)	\$ -	\$ -	\$ -	\$ 132	
Income/(loss) – before income tax	\$ (13)	\$ 141	\$ (217)	\$ (337)	\$ (975)	\$ (110)	\$ (798)	\$ -	\$ -	\$ -	\$ (2,309)	
Income tax benefit/(expense)	-	-	-	20	13	-	-	-	-	-	33	
Net income/(loss)	\$ (13)	\$ 141	\$ (217)	\$ (317)	\$ (962)	\$ (110)	\$ (798)	\$ -	\$ -	\$ -	\$ (2,276)	

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

For the three months ended March 31, 2023

	Argentina									Total
	Lomada Project	Cap-Oeste Project	Calcatreu Project	Martha and La Josefina Projects	Argentina Uruguay and Chile	UK	North America			
Revenue	\$ 1,319	\$ 1,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,046
Cost of sales	(927)	(2,766)	-	-	-	-	-	-	-	(3,693)
Gross profit (loss)	\$ 392	\$ (1,039)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (647)
Operating expense										
Exploration expense	\$ -	\$ -	\$ (214)	\$ (415)	\$ (536)	\$ -	\$ -	\$ -	\$ -	\$ (1,165)
Repair and maintenance	-	-	-	(169)	-	-	-	-	-	(169)
Depreciation, depletion and amortization	-	(55)	(5)	-	(87)	(25)	-	-	-	(172)
Administrative expenses	-	-	(133)	-	(771)	(42)	(211)	-	-	(1,157)
Share-based payments	-	-	-	-	-	-	(84)	-	-	(84)
Interest expense	-	-	(13)	-	(100)	(216)	(255)	-	-	(584)
Total operating expense	\$ -	\$ (55)	\$ (365)	\$ (584)	\$ (1,494)	\$ (283)	\$ (550)	\$ -	\$ -	\$ (3,331)
Other income/(expense)										
Interest income	\$ -	\$ -	\$ 1	\$ -	\$ 136	\$ -	\$ -	\$ -	\$ -	\$ 137
Gain/(loss) on foreign exchange	-	-	45	-	18	(185)	6	-	-	(116)
Accretion expense	(42)	(5)	-	(29)	-	-	-	-	-	(76)
Other expenses	-	-	-	-	1,928	-	-	-	-	1,928
Total other income/(expense)	\$ (42)	\$ (5)	\$ 46	\$ (29)	\$ 2,082	\$ (185)	\$ 6	\$ -	\$ -	\$ 1,873
Income/(loss) – before income tax	\$ 350	\$ (1,099)	\$ (319)	\$ (613)	\$ 588	\$ (468)	\$ (544)	\$ -	\$ -	\$ (2,105)
Income tax benefit/(expense)	-	-	112	41	(667)	-	-	-	-	(514)
Net income/(loss)	\$ 350	\$ (1,099)	\$ (207)	\$ (572)	\$ (79)	\$ (468)	\$ (544)	\$ -	\$ -	\$ (2,619)

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2024 and 2023**

Unaudited – See Notice to Reader

(Stated in thousands of U.S. dollars unless otherwise stated)

	Total Assets		Total liabilities	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
	\$'000	\$'000	\$'000	\$'000
Argentina – Cap-Oeste	\$ 13,230	\$ 12,623	\$ 1,070	\$ 873
Argentina – Lomada	1,606	2,676	944	1,198
Argentina – Calcatreu	14,729	15,023	342	350
Argentina – Martha & La Josefina	10,831	10,990	1,620	807
Argentina and Chile	3,914	4,002	2,582	2,665
United Kingdom	4	7	10,123	9,981
North America	4,097	4,253	26,917	26,440
<b>Total</b>	<b>\$ 48,411</b>	<b>\$ 49,574</b>	<b>\$ 43,598</b>	<b>\$ 42,314</b>

## 24. Capital management

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 is not subject to any externally imposed capital requirements.

The Company's capital as at March 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024	December 31, 2023
	\$'000	\$'000
Bank indebtedness	\$ 1,226	\$ 538
Current portion of long-term debt	213	213
Long-term debt	36,855	36,259
Shareholders' equity attributable to the parent	6,489	8,870
<b>Total</b>	<b>\$ 44,783</b>	<b>\$ 45,880</b>

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**Patagonia Gold Corp.****Notes to the Condensed Interim Consolidated Financial Statements  
For the Three Months Ended March 31, 2024 and 2023**

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**25. Subsequent events**

On February 27, 2024, the Company entered into an agreement (the “Agreement”) with Pan American Silver Corp. (PAAS) pursuant to which it agreed to reacquire COSE in exchange for assuming PAAS’s costs and liabilities in relation to COSE (the “Transaction”). The Company sold COSE to PAAS in 2018 and PAAS closed the COSE mine in 2022, after mining the known, main COSE mineral deposit. The Company is not making a monetary payment to PAAS in connection with the Transaction but has agreed to assume the remaining closure costs of COSE, which are mainly related to ongoing environmental monitoring. The transaction was closed on April 12, 2024.

By reacquiring COSE, the Company has consolidated its holding in the El Tranquilo concession block, which holds the Company’s Cap Oeste Project, together with several other prospects and mineral occurrences.