Patagonia Gold Corp.

Consolidated Financial Statements

For the Years Ended December 31, 2024 and 2023

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

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Independent Auditor's Report

To the Shareholders and Board of Directors of Patagonia Gold Corp.

Opinion

We have audited the consolidated financial statements of Patagonia Gold Corp. (the “Company"), which comprise the consolidated statements of financial position as at December 31, 2024, the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficit) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 of the consolidated financial statements which indicates the Company incurred a net loss of US$11,913 thousand during the year ended December 31, 2024, and as of that date had an accumulated deficit of US$223,781 thousand and working capital deficit of US$4,382 thousand. These conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on April 26, 2024.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ratanamol Toor.

Forbes Andersen LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 29, 2025

Patagonia Gold Corp.
Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(Stated in thousands of U.S. dollars)

	Note	2024	2023
Current assets			
Cash		$ 948	$ 185
Receivables	12	1,565	352
Inventories	6	2,995	4,167
Total current assets		5,508	4,704
Non-current assets			
Mineral properties	7	14,858	14,753
Mining rights	9	15,215	16,358
Property, plant and equipment	11	10,774	9,416
Goodwill		4,009	4,009
Other financial assets	10	2	2
Other receivables	13	593	332
Total non-current assets		45,451	44,870
Total assets		$ 50,959	$ 49,574
Current liabilities			
Bank indebtedness	14	$ 2,216	$ 538
Accounts payable and accrued liabilities	15	4,310	1,689
Accounts payable with related parties	15,20	227	164
Current portion of long-term debt	16	788	213
Current portion of reclamation and remediation obligations	8	2,349	-
Total current liabilities		9,890	2,604
Non-current liabilities			
Long-term debt	17	44,748	36,259
Reclamation and remediation obligations	8	955	3,281
Deferred tax liabilities	27	298	170
Total non-current liabilities		46,001	39,710
Total liabilities		55,891	42,314
Shareholders' equity (deficit)			
Capital stock	19	11,221	11,250
Contributed surplus		190,173	190,161
Accumulated deficit		(223,781)	(212,227)
Accumulated other comprehensive income		19,424	19,686
Total shareholders' equity (deficit) attributable to the parent		(2,963)	8,870
Non-controlling interest		(1,969)	(1,610)
Total shareholders' equity (deficit)		(4,932)	7,260
Total liabilities and shareholders' equity (deficit)		$ 50,959	$ 49,574

Going concern (note 3)
Subsequent events (notes 16, 17 and 28)

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

Approved on Behalf of the Board of Directors

Signed "Christopher van Tienhoven , Director   Signed "Cristian Lopez Saubidet , Director

Patagonia Gold Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended December 31, 2024 and 2023
(Stated in thousands of U.S. dollars)

	Note	2024	2023
Revenue		$ 8,831	$ 8,220
Cost of sales	6	(8,614)	(9,902)
Gross profit (loss)		217	(1,682)
Operating expenses:			
Exploration expenses		(2,995)	(3,737)
Repairs and maintenance		(766)	(724)
Depreciation, depletion and amortization	21	(402)	(498)
Administrative expenses	22	(3,723)	(4,867)
Other operating expense	8	(1,264)	-
Share-based payments expense	19	(12)	(135)
Interest expense	17	(3,431)	(2,788)
Total operating expenses		(12,593)	(12,749)
Other income/(expenses)			
Interest income		128	232
Gain (loss) on foreign exchange		(143)	1,066
Accretion expense	8	(121)	(282)
Other income	24	733	5,356
Total other income		597	6,372
Net loss – before income taxes		(11,779)	(8,059)
Income tax (expense) benefit	27	(134)	1,652
Net loss		$ (11,913)	$ (6,407)
Attributable to non-controlling interest		$ (359)	$ (106)
Attributable to equity share owners of the parent		(11,554)	(6,301)
		(11,913)	(6,407)
Other comprehensive income (loss) net of tax			
Change in fair value of investment	10	-	(7)
Foreign currency translation adjustment		(262)	733
Total other comprehensive income (loss)		(262)	726
Total comprehensive loss		$ (12,175)	$ (5,681)
Weighted average number of common shares outstanding – basic and diluted	18	465,158,014	470,595,500
Net loss per share – basic and diluted	18	$ (0.026)	$ (0.014)

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

Patagonia Gold Corp.
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
For the Years Ended December 31, 2024 and 2023
(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
Shares issued to settle debt (note 19)	50	-	-	-	50	-	50
Share repurchased under NCIB (note 19)	(44)	-	-	-	(44)	-	(44)
Net loss	-	(6,301)	-	-	(6,301)	(106)	(6,407)
Other comprehensive income	-	-	726	-	726	-	726
Share based payments (note 19)	-	-	-	135	135	-	135
Balance – December 31, 2023	$ 11,250	$ (212,227)	$ 19,686	$ 190,161	$ 8,870	$ (1,610)	$ 7,260
Balance - January 1, 2024	$ 11,250	$ (212,227)	$ 19,686	$ 190,161	$ 8,870	$ (1,610)	$ 7,260
Share repurchased under NCIB (note 19)	(29)	-	-	-	(29)	-	(29)
Net loss	-	(11,554)	-	-	(11,554)	(359)	(11,913)
Other comprehensive loss	-	-	(262)	-	(262)	-	(262)
Share based payments (note 19)	-	-	-	12	12	-	12
Balance – December 31, 2024	$ 11,221	$ (223,781)	$ 19,424	$ 190,173	$ (2,963)	$ (1,969)	$ (4,932)

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

Patagonia Gold Corp.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023
(Stated in thousands of U.S. dollars)

	Note	2024	2023
Cash flow from operating activities			
Net loss		$ (11,913)	$ (6,407)
Items not affecting cash			
Depreciation of property, plant and equipment	11	1,408	1,516
Depletion of mineral properties	7	130	140
Amortization of mining rights	9	100	100
Share based payment expense	19	12	135
Provisions	8	(98)	(1,070)
Write-down of inventory	6	128	1,028
Loss due to theft	6	-	820
Interest payable		2,509	2,061
Net impairment of assets		100	-
Accretion expense	8	121	282
Gain on sale of asset		(37)	(160)
Deferred tax expense/(benefit)		134	(1,652)
Net change in non-cash working capital items			
(Increase)/decrease in receivables		(1,474)	3,008
(Increase)/decrease in inventory		1,051	(1,196)
(Increase)/decrease in other financial assets		-	7
Increase/(decrease) in accounts payable and accrued liabilities		2,648	(4,267)
Increase/(decrease) in accounts payable and accrued liabilities with related parties		63	(71)
Increase/(decrease) in transaction taxes payable		(33)	(12)
Net cash used in operating activities		(5,151)	(5,738)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(2,775)	(454)
Purchase of mineral property	7	(335)	-
Proceeds from disposal of property, plant and equipment	11	39	160
Net cash used in investing activities		(3,071)	(294)
Cash flow from financing activities			
Bank indebtedness (repayment)		1,678	(8,407)
Proceeds from loans		6,555	14,210
Repayment of loans		-	(204)
Share repurchased under NCIB		(29)	(44)
Net cash provided by financing activities		8,204	5,555
Net decrease in cash		(18)	(477)
Effect of foreign exchange on cash		781	431
Cash, beginning of year		185	231
Cash, end of the year		$ 948	$ 185
Taxes paid		(33)	(12)
Interest paid		(784)	(443)
Supplemental non-cash information			
Shares issued to settle debt	19	-	50
Change in value of investments	10	-	(7)

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

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

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

Corporation	Incorporation	Percentage ownership	Functional currency	Business purpose
Patagonia Gold S.A. ("PGSA")	Argentina	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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee. The policies applied in the Company's consolidated financial statements are based on IFRS Accounting Standards effective for the year ended December 31, 2024.

The consolidated financial statements were approved by the Company's Board of Directors on April 29, 2025.

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

The accounting policies applied in the consolidated financial statements are presented in note 4 and have been applied consistently in all periods presented in the consolidated financial statements, unless otherwise noted.

The Company's presentation currency is the US Dollar.

The preparation of the consolidated financial statements require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgments made by management in the application of IFRS Accounting Standards that have a significant effect on the consolidated financial statements and estimates with significant risk of material adjustment in the current and following periods are discussed in note 4.

3. Going concern

The accompanying 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 year ended December 31, 2024, the Company had a net loss of $11,913 (2023 - $6,407). As at December 31, 2024, the Company has negative working capital of $4,382 (2023 – positive working capital $2,100) and had an accumulated deficit of $223,781 (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 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 consolidated financial statements.

4. Material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

(b) Consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions, balances and unrealized gains or losses from intercompany transactions are eliminated on consolidation.

(c) Foreign currency translation

The functional currency for the Company and its subsidiaries is determined by the currency of the primary economic environment in which it operates. The Company's functional currency is the Canadian dollar ("CAD") and the Company's subsidiaries have functional currencies in United States dollar ("USD"), Chilean Peso ("CH") and Great Britain Pound ("GBP"). The consolidated financial statements are presented in United States dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recognized at the prevailing exchange rates at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated at the exchange rate prevailing at the transaction date. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized as incurred in net income.

These financial statements are translated to their USD equivalents using the following methods:

- Income and expenses on the statement of loss and comprehensive loss have been translated using the average exchange rates prevailing during the year;
- Assets and liabilities have been translated using the exchange rate prevailing at the date of the statement of financial position;
- Translation adjustments are recognized in other comprehensive income (loss).

(d) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

The Company classifies its financial assets into the following categories: those to be measured subsequently at fair value through other comprehensive income (FVOCI), fair value through profit and loss (FVTPL) and those to be held at amortized cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Generally, the Company does not acquire financial assets for the purpose of selling in the short term and does not have any financial assets measured at FVTPL in either the current or prior year. The Company's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows).

See note 23 for the fair value disclosures.

Financial assets held at amortized cost

This classification applies to the Company's cash and trade receivables, and other receivables which are held under a hold to collect business model and which have cash flows that meet the "solely payments of principal and interest" (SPPI) criteria. At initial recognition, trade and other receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortized cost using the effective interest method. Any gain or loss on derecognition or modification of a financial asset held at amortized cost is recognised in the consolidated statements of loss and comprehensive loss.

Financial assets held at fair value through other comprehensive income (FVOCI)

This classification applies to the Company's other financial assets which includes equity investments (note 10). When these financial assets are derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income.

Impairment of financial assets

A forward-looking expected credit loss (ECL) review is required for financial assets held at amortized cost. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Company applies the "simplified approach" to trade receivable balances with the exception of certain other receivables where general approach is applied, under which a loss allowance for lifetime expected credit losses is recognised for a financial instrument if there has been a significant increase in credit risk (measured using the lifetime probability of default) since initial recognition of the financial asset. The simplified approach in accounting for trade receivables records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating these losses, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The general approach incorporates a review for any significant increase in counterparty credit risk since inception.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities are recorded, subsequent to initial recognition, at amortized cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the consolidated statements of loss and comprehensive loss. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the consolidated statements of loss and comprehensive loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(e) Inventories

Inventory comprises, gold held on carbon, mineral concentrate and mineralized material stockpiles. They are physically measured or estimated and valued at the lower of cost or net realizable value. Net realizable value is the estimated future sales price of the product the Company expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained mineral ounces is based on assay data, and the estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Cost of inventory is determined by using the weighted average method and comprises direct costs, depreciation, depletion and amortization as well as a portion of fixed and variable overhead costs incurred in converting materials into concentrate and ore, based on the normal production capacity.

Materials and supplies are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

(f) Mineral properties and exploration and evaluation expenditures

Exploration and evaluation costs are expensed until the determination of the technical feasibility and the commercial viability of the associated project. Exploration costs include costs directly related to exploration and evaluation activities in the areas of interest. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when economically recoverable reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. This determination is normally evidenced by the completion of a technical feasibility study.

Expenditures to develop new mines, to define further mineralization in mineral properties which are in the development or operating stage, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to the consolidated statements of loss and comprehensive loss. The Company charges to the consolidated statements of loss and comprehensive loss the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

(g) Mining rights

Mining rights are rights to explore and mine specified areas of land acquired from the landowner. Mining rights acquired for stated terms in excess of 10 years are capitalized as intangible assets and are measured initially at cost and amortized on a straight-line basis over the term of the rights. Mining rights acquired for undefined terms are capitalized as intangible assets and are measured initially at cost and amortized on a unit of production method over the estimated period of economically recoverable reserves. Amortization is charged to depreciation, depletion and amortization in the consolidated statements of loss and comprehensive loss.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset.

Repairs and maintenance costs are charged to the consolidated statements of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property, plant and equipment over their estimated useful lives using the straight-line and unit of production methods.

Office equipment, vehicles, machinery and equipment, Mina Martha processing plant, and buildings are stated at cost and depreciated straight line over an estimated useful life of 3 to 20 years. Depreciation of plant, other than Mina Martha, is based on a unit-of-production method over the estimated period of economically recoverable reserves. Depreciation begins once the asset is in the state intended for use by management.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains or losses in the consolidated statements of loss and comprehensive loss.

(i) Impairment of long-lived assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of assets is the greater of their fair value less costs to sell and value in use.

Fair value is based on an estimate of the amount that the Company may obtain in a sale transaction on an arm's length basis. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. The Company's CGUs are the lowest level of identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Future cash flows are estimated based on estimated quantities of recoverable minerals, expected gold and silver (considering current and historical prices, trends and related factors), production levels, operating costs, capital requirements and reclamation costs, all based on life-of-mine plans.

Existing proven and probable reserves and value beyond proven and probable reserves, including mineralization other than proven and probable reserves are included when determining the fair value of mine site asset groups at acquisition and, subsequently, in determining whether the assets are impaired. Estimates of recoverable minerals from exploration stage mineral interests are risk adjusted based on management's relative confidence in such materials. The ability to achieve the estimated quantities of recoverable minerals from exploration stage mineral interests involves further risks in addition to those risk factors applicable to mineral interests where proven and probable reserves have been identified, due to the lower level of confidence that the identified mineralized material could ultimately be mined economically. Assets classified as exploration potential have the highest level of risk that the carrying value of the asset can be ultimately realized, due to the lower level of geological confidence and economic modeling.

(j) Reclamation and remediation obligations

The Company records a liability and corresponding asset for the present value of the estimated costs of legal and constructive obligations for future site reclamation and closure activities where the liability is more likely than not to exist and a reasonable estimate can be made of the obligation. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their present values using a risk-free discount rate consistent with the timing of the expected costs, are provided for in full as soon as the obligation to incur such costs arises and can be quantified. On recognition of a full provision, an addition is made to property, plant and equipment of the same amount; this addition is then charged against profits on a unit of production basis over the life of the mine. Closure provisions are updated annually for changes in cost estimates as well as for changes to life of mine reserves, with the resulting adjustments made to both the provision balance and the net book value of the associated non-current asset. The obligation is subsequently adjusted at each period to reflect the passage of time (accretion expense) and changes in the estimated future costs of the underlying obligation.

The Argentine mining regulations require that mine properties be restored in accordance with specified standards and an approved reclamation plan. Significant reclamation activities include reclaiming refuse and slurry ponds, reclaiming the pit and support acreage at surface mines, and sealing portals at deep mines. The Company accrues for the cost of final mine closure reclamation over the estimated useful mining life of the property. At each period, the Company reviews the entire reclamation liability and makes necessary adjustments for revisions to cost estimates to reflect current experience.

(k) Income taxes

The income tax expense or benefit consists of current and deferred components.

Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the statement of financial position date in each of the jurisdictions.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the year of realization or settlement based on tax rates and laws enacted or substantively enacted at the statement of financial position date. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax liabilities are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent it is probable future taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

In accordance with IFRIC 23, Uncertainty over Income Tax Treatments (“IFRIC 23”), the Company assesses whether it is probable that a tax authority will accept an uncertain tax treatment used, or planned to be used, in its income tax filings. If the Company concludes that it is probable that a particular tax treatment will be accepted, then it determines the tax position consistently with the tax treatment used or planned to use in its income tax filings. If the Company concludes that it is not probable that a particular tax treatment will be accepted, then it reflects the effect of the uncertainty when determining taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Company operates in multiple jurisdictions which involves dealing with uncertainties and judgments in the application of complex tax regulations. The final taxes paid or recovered are dependent upon many factors including resolutions arising from federal and state audits. The Company changes its tax assets and liabilities in light of the changing facts and circumstances but due to the complexity of the uncertainties in the tax regulations, the ultimate tax liability or asset could be materially different from the Company’s estimate recorded in the consolidated financial statements.

(l) Share-based payments

The Company offers a share option plan for its directors, officers, employees and consultants.

Share options granted to employees and directors are categorised as equity-settled share-based payments. Equity-settled share-based payments are measured at the fair value of goods or services received when the fair value can be reliably estimated. If the fair value of goods and services received cannot be reliably measured, then the fair value of the instrument issued is measured using an appropriate option pricing model at the grant date. For share options granted to directors, officers and employees, the fair value of the options is measured using the Black-Scholes option pricing model. All equity-settled share-based payments are ultimately recognised as an expense in the consolidated statements of loss and comprehensive loss with a corresponding increase 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 recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(m) Earnings (loss) per share

The calculation of earnings (loss) per share ("EPS") is based on the weighted average number of shares outstanding for each period. The basic EPS is calculated by dividing the income or loss attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Company reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

(n) Revenue recognition

The Company recognizes sales revenue in accordance with IFRS 15 when it has satisfied the following criteria:

- The Company and the customer have an identifiable contract and are committed to perform their respective obligations;
- The Company and the customer can identify each other's rights regarding the goods to be transferred;
- The Company can identify the payment terms for the goods to be transferred;
- The risk, timing or amount of the Company's future cashflows is expected to change as a result of the contract;
- It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer.

The Company produces doré and concentrate that is shipped to third-party refiners and smelters, respectively, for processing. The Company enters into contracts to sell its metal to third-party customers which may include the refiners and smelters that process the doré and concentrate. The Company's performance obligation in these transactions is generally the transfer of metal to the customer. In the case of doré shipments, the Company generally sells refined metal at market prices agreed upon by both parties. The Company also has the right, but not the obligation, to sell a portion of the anticipated refined metal in advance of being fully refined. When the Company sells refined metal or advanced metal, the performance obligation is satisfied when the metal is delivered to the customer. Revenue and Cost of Sales are recorded on a gross basis under these contracts at the time the performance obligation is satisfied.

(o) Segment reporting

In accordance with IFRS 8, the management approach is used to identify operating segments. An operating segment is a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (ii) whose operating results are regularly reviewed by the entity's management, and (iii) for which discrete financial information is available. The Company has identified its reportable segments on the basis of their geographic location. As a result, the Company discloses information geographically based on the location of each of its operations and within Argentina on the basis of operating mines and projects under construction.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

(p) Goodwill

Under the acquisition method of accounting, the costs of business combinations are allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the fair value of consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is not amortized; instead it is tested for impairment in the fourth quarter and also when there is an indicator of impairment. At the date of acquisition, goodwill is assigned to the CGU or group of CGUs that is expected to benefit from the synergies of the business combination.

The Company identifies any potential impairment by comparing the carrying value of a CGU or group of CGUs to its recoverable amount. The recoverable amount of a CGU or group of CGUs is the higher of its fair value less costs of disposal and its value in use. Both fair value less costs of disposal and value in use are based on estimates of discounted future cash flows or other valuation methods. Cash flows are projected based on past experience, actual operating results and business plans. When the recoverable amount of a CGU or group of CGUs is less than its carrying value, the recoverable amount is determined for its identifiable assets and liabilities. The excess of the recoverable amount of the CGU or group of CGUs over the total of the amounts assigned to its assets and liabilities is the recoverable amount of goodwill. An impairment charge is recognized for any excess of the carrying value of goodwill over its recoverable amount. Goodwill impairment charges are not reversible.

(q) Equity

Capital stock represents the proceeds received on the issuance of common shares. Proceeds from unit placements are allocated between common shares and warrants using the relative fair value method. The fair value of the Company's common shares is determined using the closing trading price on the date of issuance, and the fair value of the warrants is determined using the Black-Scholes option-pricing model. The proceeds allocated to warrants are recorded in contributed surplus. Costs directly attributable to the issuance of shares and warrants are treated as a reduction in capital stock and warrants on a pro-rata basis.

(r) 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.

(s) Future accounting standards issued but not yet adopted

IFRS 18 Presentation and disclosure in financial statements ("IFRS 18")

In April 2024, the IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements to improve the reporting of financial performance and give investors a better basis for analyzing and comparing companies. Specifically, it introduces:

- three defined categories for income and expenses (operating, investing and financing) and requires companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures requiring companies to disclose explanations of those company-specific measures related to the statement of income; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the financial statements or is included in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Company is assessing the potential impact of this new standard.

5. Critical accounting judgments and estimates

(a) Significant judgments

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

Functional currency

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

Income taxes and taxes receivable

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

In particular, management has applied significant judgment over the determination of tax loss carryforwards which have a significant impact on the deferred tax provision recognized in the consolidated financial statements. See note 27 for additional information.

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

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

Impairment of mineral properties

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

(b) Use of estimates

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves, share-based payments, warrants, impairment of goodwill, provisions and inventories. These estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

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

Mineral reserves

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

Share-based payments

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

Warrants

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

Impairment of goodwill

When completing an impairment test for goodwill, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions with respect to items such as future production levels, future operating and capital costs, long-term commodity prices, future foreign exchange rates, discount rates, amounts of recoverable reserves, mineral resources and exploration potential and closure and environmental remediation costs. These estimates and assumptions are subject to risk and uncertainty, particularly in circumstances where there is limited operating history. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of CGUs. Accordingly, it is possible that some or the entire carrying amount of goodwill may be impaired with the impact recognized in the consolidated statements of loss and comprehensive loss.

Provisions

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

Inventories

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

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

6. Inventories

	December 31, 2024 $'000	December 31, 2023 $'000
Gold held on carbon	$ 430	$ 1,708
Materials and supplies	2,565	2,459
	$ 2,995	$ 4,167

During the year ended December 31, 2024, the Company expensed $7,843 (2023 - $7,190) of inventories under cost of sales on the consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2024, 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 $128 (2023 - $1,028) under cost of sales on the consolidated statements of loss and comprehensive loss.

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 year ended December 31, 2023.

7. Mineral properties

	Mining assets $'000	Surface rights acquired $'000	Total $'000
Cost			
Balance – January 1, 2023	$ 26,755	$ 6,562	$ 33,317
Additions	-	-	-
Disposal	(32)	-	(32)
Balance - December 31, 2023	$ 26,723	$ 6,562	$ 33,285
Additions	335	-	335
Disposal	(1)	-	(1)
Balance – December 31, 2024	$ 27,057	$ 6,562	$ 33,619
Depletion			
Balance - January 1, 2023	$ 17,516	$ 908	$ 18,424
Change for the year	140	-	140
Disposal	(32)	-	(32)
Balance - December 31, 2023	$ 17,624	$ 908	$ 18,532
Charge for the year	130	-	130
Disposal	(1)	-	(1)
Impairment	100	-	100
Balance – December 31, 2024	$ 17,853	$ 908	$ 18,761
Net book value			
December 31, 2023	$ 9,099	$ 5,654	$ 14,753
December 31, 2024	$ 9,204	$ 5,654	$ 14,858

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.

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.

Calcatreu project

On November 6, 2024, the Company was formally notified by the Rio Negro provincial authorities that the final resolution to proceed with the construction, development and production of the Calcatreu project had been issued. The Company plans a heap leach operation to produce gold and silver doré, drawing on its extensive experience with similar operations. The costs related to the construction and development of the Project will be capitalized as Mineral Properties and amortized based on the unit of production method. As of the date of approval of these consolidated financial statements the construction and development of the project is in progress.

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.

On October 9, 2024 (the “Completion Date”), the Company, through one of its Argentinean subsidiaries, Huemules S.A., entered into a definitive agreement (the “Agreement”) with Compañía Inversora de Minas SAU (“Ciminas”) acquiring four mineral properties, termed the “Gastrenor Block”, in the Chubut Province surrounding its Mina Angela project. Under the terms of the Agreement, the Company paid Ciminas $100 on the Completion Date. A final payment of $300 is expected to be paid on the earlier of: (A) 18 calendar months from the date on which Chubut authorizes metal mining activity in the region, subject to that law not being repealed within said period; (B) 30 calendar days after the environmental permits to carry out exploitation mining activity on the Gastrenor Block are granted to the Company; or (C) the assignment of the Gastrenor Block by the Company to a third party, unless the assignee jointly and irrevocably assumes the payment obligation as set out in the Agreement, in which case the Company will not be required to make the final payment. Ciminas will be entitled to receive a 1% net smelter return royalty (“NSR royalty”), and a third party will be entitled to a 0.25% NSR royalty on future the entire property, including the Mina Angela project and the Gastrenor Block. By acquiring the Gastrenor Block, the Company was able to consolidate the ground thus facilitating its development.

The Company wrote off the costs related to this project during the year ended December 31, 2021 and the year ended December 31, 2024. As of December 31, 2023 and December 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.

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 had 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 could 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 would enter into production on the property. As at December 31, 2018, the Company had incurred approximately $20 million and engaged discussions with Fomicruz to develop a plan for production. In October 2019, the agreement was extended until April 30, 2021 and could 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.

8. Reclamation and remediation obligations

The Company is legally required to perform reclamation on sites where environmental disturbance is caused by the development or on-going 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 December 31, 2024, the total amount of undiscounted cash flows required to settle the estimated obligation is $3,554 (2023 - $3,524) which has been discounted using a weighted average risk-free rate of 4.26% (2023 – 4.76%) and an inflation rate of 2.89% (2023 – 3.35%).

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

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

	December 31, 2024 $'000	December 31, 2023 $'000
Reclamation and remediation obligation - beginning of year	$ 3,281	$ 4,069
Change in estimate	(98)	(1,070)
Accretion expense	121	282
Reclamation and remediation obligation - end of year	$ 3,304	$ 3,281
Less current portion	(2,349)	-
Total	$ 955	$ 3,281

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 year ended December 31, 2024 and 2023, the change in estimate relates to revisions to the estimated discounted cashflow and inflation rates obligations.

During the year ended December 31, 2024, the Company incurred reclamation and remediation costs of $1,164 that are included under other operating expenses on the consolidated statements of loss and comprehensive loss.

9. Mining rights

	Fomicruz Agreement $'000	Minera Calcatreu $'000	Total $'000
Balance – January 1, 2023	$ 2,888	$ 13,275	$ 16,163
Amortization	(100)	-	(100)
Exchange differences	-	295	295
Balance - December 31, 2023	$ 2,788	$ 13,570	$ 16,358
Amortization	(100)	-	(100)
Exchange differences	-	(1,043)	(1,043)
Balance – December 31, 2024	$ 2,688	$ 12,527	$ 15,215

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 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. 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, Formicruz has a 5% interest in the newly merged entity.

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

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.), 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. As of December 31, 2024, the project has not reached the commercial production phase and mining rights have not been amortized.

10. 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 December 31, 2024, the fair value of the short-term investments is $2 (2023 - $2).

11. Property, plant and equipment

	Plant $'000	**Buildings** $'000	**Vehicles and equipment** $'000	**Improvements and advances** $'000	**Total** $'000
Cost					
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	-	-	776	1,999	2,775
Disposals	-	-	(82)	-	(82)
Transfers	46	-	177	(223)	-
Balance – December 31, 2024	$ 15,520	$ 1,979	$ 25,743	$ 3,282	$ 46,524
Accumulated depreciation					
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	-	-	(80)	-	(80)
Depreciation for the year	318	161	936	-	1,415
Balance – December 31, 2024	$ 14,542	$ 1,006	$ 20,202	$ -	$ 35,750
Net book value					
December 31, 2023	$ 1,250	$ 1,134	$ 5,526	$ 1,506	$ 9,416
December 31, 2024	$ 978	$ 973	$ 5,541	$ 3,282	$ 10,774

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

12. Receivables

	December 31, 2024 $'000	December 31, 2023 $'000
Receivable from sales	$ 243	$ -
Recoverable value added tax ("VAT")	924	123
Other receivables	398	229
Total	$ 1,565	$ 352

13. Other receivables

	December 31, 2024 $'000	December 31, 2023 $'000
Recoverable value added tax ("VAT")	$ 365	$ 140
Other receivables	228	192
Total	$ 593	$ 332

14. Bank indebtedness

	December 31, 2024 $'000	December 31, 2023 $'000
A credit facility with an Argentinian bank with a limit of $1,890 (1,950,000,000 Argentine Peso), maturity date of June 30, 2025 and interest rate of 50.00%	$ 1,635	$ 538
A credit facility with an Argentinian bank with a limit of $581 (600,000,000 Argentine Peso), maturity date of May 31, 2025 and interest rate of 45.93%	581	-
Total	$ 2,216	$ 538

15. Accounts payable and accrued liabilities

	December 31, 2024 $'000	December 31, 2023 $'000
Trade accounts payable and accrued liabilities	$ 3,050	$ 869
Income tax	-	11
Other accruals[1]	1,260	809
Accounts payable with related parties (note 20)	227	164
Total	$ 4,537	$ 1,853

1 – As at December 31, 2024, other accruals consist of taxes payable of $924 (2023 - $639) and accrued salaries of $336 (2023 - $170).

16. Loan payable and current portion of long-term debt

	December 31, 2024 $'000	December 31, 2023 $'000
Current portion of long-term debt (note 17)	$ 214	$ 213
Current portion of leases payable (note 17)	68	-
Pre-export financing, at 5% interest per annum, due March 28, 2025[1]	506	-
Total	$ 788	$ 213

1 – The pre-export financing was repaid on March 28, 2025.

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

17. Long-term debt

	December 31, 2024 $'000	December 31, 2023 $'000
Loan secured by a letter of guarantee from the Company, at 7.5% interest per annum, due December 31, 2026[1]	$ 37,691	$ 31,871
Loan secured by assets of the Company at 9% interest per annum, due January 31, 2024[2]	214	213
Leases payable, at 8.5% interest per annum, due December 12, 2027	228	-
Accrued interest on debt	6,897	4,388
	$ 45,030	$ 36,472
Less current portion	(282)	(213)
Total	$ 44,748	$ 36,259

1 - During the period ended December 31, 2024, the loan facility was amended to increase the maximum amount of the loan to $40,000 and the maturity date from December 31, 2025 to December 31, 2026. Other than this amendment, all other terms of the loan facility remain unchanged. On February 14, 2025, the loan facility was amended to increase the maximum amount of the loan to $45,000. Other than these changes, all other terms of the loan facility remain unchanged. On April 21, 2025, the loan facility was amended to increase the maximum amount of the loan to $50,000. Other than these changes, all other terms of the loan facility remain unchanged.
2 – The loan was due on January 31, 2024, but due to certain Argentinian restrictions the loan was not repaid and is outstanding as of December 31, 2024.

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

Year ending December 31,	
2025	282
2026	44,666
2027	82

18. 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 year. There were no dilutive items outstanding during the year 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:

	For the Years Ended December 31, 2024	December 31, 2023
Net loss ($'000)	$ (11,913)	$ (6,407)
Weighted average number of common shares outstanding – basic and diluted	465,158,014	470,595,500
Net loss per share – basic and diluted	$ (0.026)	$ (0.014)

19. Capital stock

Authorized:

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

Issued:

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

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

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 December 31, 2024 and 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 at an average price of CAD 0.014 per share.

During the year ended December 31, 2024 the Company repurchased 1,631,000 common shares under the NCIB for $29 at an average price of CAD 0.024 per share.

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 consolidated statements of loss and comprehensive income (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.

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of options	Weighted Average Price (CAD)	Number of options	Weighted Average Price (CAD)
Balance, beginning of year	10,250,000	$ 0.118	17,250,000	$ 0.118
Granted	15,300,000	$ 0.035	-	-
Expired	(4,050,000)	$ 0.065	-	-
Forfeited	(1,100,000)	$ 0.118	(7,000,000)	0.118
Balance, end of year	20,400,000	$ 0.066	10,250,000	$ 0.118

During the year ended December 31, 2024, 1,100,000 stock options issued to employees were forfeited as the employees are no longer employed by the Company and 4,050,000 stock options expired unexercised.

During 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.

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

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

Exercise price (CAD)	**Options vested**	**Options unvested**	**Total outstanding**	**Remaining contractual life (years)**	**Expiry date**
$0.160	5,100,000	-	5,100,000	0.62	August 13, 2025
$0.035	-	15,300,000	15,300,000	4.95	December 13, 2029

On December 13, 2024, the Company granted 15,300,000 options to directors, officers, and employees with an exercise price of CAD $0.04 and an expiry date of December 13, 2029. The options vest in three equal trances on the first, second and third anniversary of the grant date. The fair value of the options on grant date was estimated to be $418 (CAD $599). The fair value of the options was calculated using the Black-Scholes option pricing model and using the following assumptions:

Discount rate	2.94%
Expected volatility	201.82%
Expected life (years)	5
Expected dividend yield	0%
Forfeiture rate	0%
Stock price	CAD$ 0.04

During the year ended December 31, 2024, the Company recognized share-based payments expense of $12 (2023 - $135).

Agent compensation options

	Year ended December 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 year	2,509,586	$ 0.09	2,509,586	$ 0.09
Expired	(2,509,586)	0.09	-	-
Balance, end of year	-	$ -	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 December 31, 2024 there are no agent compensation options outstanding.

Warrants

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of warrants	Weighted Average Price (CAD)	Number of warrants	Weighted Average Price (CAD)
Balance, beginning of year	104,086,063	$ 0.13	104,086,063	$ 0.13
Expired	(104,086,063)	0.13	-	-
Balance, end of year	-	$ -	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 December 31, 2024, there are no warrants outstanding.

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

20. 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 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 Accounts Payable	Included in Loan Payable and Long-term debt
		Year ended December 31, 2024 and 2023				As at December 31, 2024 and 2023	
		$'000	$'000	$'000	$'000	$'000	$'000
A company controlled by a director	2024	63	-	-	-	221	-
- admin, office, and interest expenses	2023	63	-	134	-	158	-
Directors	2024	399	-	399	-	6	-
- salaries and wages	2023	474	-	524	-	6	-

As at December 31, 2024, the Company has $227 (2023 - $164) in accounts payable owing to related parties which relate primarily to directors' fees and office rent. The accounts payable owing to related parties are non-interest bearing and due on demand.

Management Compensation

The remuneration of Directors and Officers of the Company was as follows:

	Year ended December 31, 2024	2023
Salaries and benefits	$ 375	$ 450
Director's fees	24	24
Share-based compensation	9	77
Total	$ 408	$ 551

21. Depreciation, depletion and amortization

	Year ended December 31, 2024	2023
Depreciation of property, plant and equipment (note 11)	$ 1,415	$ 1,682
Depreciation allocated to inventory	(1,243)	(1,424)
Depletion of mineral properties (note 7)	130	140
Amortization of mining rights (note 9)	100	100
Total	$ 402	$ 498

22. Administrative expenses

	Year ended December 31, 2024	2023
General and administrative	$ 2,250	$ 3,679
Argentinian statutory taxes	593	328
Professional fees	605	590
Operating leases	72	55
Directors' remuneration	136	157
Consulting fees	22	18
Transaction taxes expense	45	40
Total	$ 3,723	$ 4,867

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

23. Financial instruments

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

Fair value

As at December 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:

	December 31, 2024		December 31, 2023	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets				
Amortized cost				
Cash	948	948	185	185
Receivables and other receivable [1]	869	869	421	421
Fair value through other comprehensive income				
Other financial assets (Level 1)	2	2	2	2
Financial liabilities				
Amortized cost				
Bank indebtedness	2,216	2,216	538	538
Accounts payable and accrued liabilities	4,537	4,537	1,853	1,853
Loan payable and current portion of long-term debt	788	788	213	213
Long-term debt	44,748	44,748	36,259	36,259

[1] Amounts exclude value added tax ("VAT") recoverable of $1,289 and $263 as December 31, 2024 and 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.

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

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.

Currency Risk

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

As at December 31, 2024, the Company had financial assets and liabilities denominated in the following foreign currencies:

	CAD	AR$	USD	GBP
Cash	$ 4	$ 49	$ 895	$ -
Other working capital (deficit) items - net	(131)	(5,975)	(774)	(19)
Non-current financial assets	-	227	-	2
Non-current financial liabilities	-	-	(44,748)	-
	(127)	(5,699)	(44,627)	(17)

As at December 31, 2024, a 10% increase in the USD/CAD exchange rate will result in a decrease in net loss of $12 and a 10% increase in the USD/CAD exchange rate will result in increase in net loss of $14.

As at December 31, 2024, a 10% increase in the USD/AR$ exchange rate will result in a decrease in net loss of $518 and a 10% increase in the USD/CAD exchange rate will result in increase in net loss of $633.

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 December 31, 2024, the Company had total cash balances of $948 (2023 - $185) at financial institutions, where $Nil (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 December 31, 2024, the Company had current assets of $5,508 (2023 - $4,704) to settle current liabilities of $9,890 (2023 - $2,604).

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

The contractual obligations of the Company's liabilities are as follows:

As of December 31, 2024	**Payments Due by Period**				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Bank indebtedness	2,216	2,216	-	-	-
Accounts payable and accrued liabilities	4,310	4,310	-	-	-
Accounts payable with related parties	227	227	-	-	-
Loan payable and current portion of long-term debt	788	788	-	-	-
Long-term debt	44,748	-	44,748	-	-
Reclamation and remediation obligations	3,304	2,349	-	955	-
Total	55,593	9,890	44,748	955	-

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 December 31, 2024 and 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.

Commodity Price Risk

The Company's revenues and net loss are sensitive to metal prices. Changes in the market price of gold and silver may be attributed to factors such as demand, global mine production levels, central bank purchases and sales and investor sentiment. The Company does not use derivative financial instruments to hedge the price risk of gold and silver.

24. 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 consolidated statements of loss and comprehensive loss. During the year ended December 31, 2024, the Company recognized a gain of $733 (2023 – $5,356).

25. 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.

(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 year ended December 31, 2024

	Argentina							
	Lomada Project	Cap-Oeste Project	Calcatreu Project	Martha and La Josefina Projects	Argentina Uruguay and Chile	UK	North America	Total
Revenue	$ -	$ 8,831	$ -	$ -	$ -	$ -	$ -	$ 8,831
Cost of sales	-	(8,614)	-	-	-	-	-	(8,614)
Gross profit	$ -	$ 217	$ -	$ -	$ -	$ -	$ -	$ 217
Operating expense								
Exploration expense	$ -	$ -	$ (543)	$ (494)	$ (1,958)	$ -	$ -	$ (2,995)
Repair and maintenance	-	-	-	(766)	-	-	-	(766)
Depreciation, depletion and amortization	-	(130)	(15)	-	(157)	(100)	-	(402)
Administrative expenses	-	-	(423)	-	(2,519)	(38)	(743)	(3,723)
Other operating expense	-	-	-	-	(1,264)	-	-	(1,264)
Share-based payments	-	-	-	-	-	-	(12)	(12)
Interest expense	-	-	(3)	-	(914)	(595)	(1,919)	(3,431)
Total operating expense	$ -	$ (130)	$ (984)	$ (1,260)	$ (6,812)	$ (733)	$ (2,674)	$ (12,593)
Other income/(expense)								
Interest income	$ -	$ -	$ 2	$ -	$ 126	$ -	$ -	$ 128
Gain/(loss) on foreign exchange	-	-	100	-	453	103	(799)	(143)
Accretion expense	(35)	(28)	-	(58)	-	-	-	(121)
Other income	-	-	-	-	733	-	-	733
Total other income/(expense)	$ (35)	$ (28)	$ 102	$ (58)	$ 1,312	$ 103	$ (799)	$ 597
Income/(loss) – before income tax	$ (35)	$ 59	$ (882)	$ (1,318)	$ (5,500)	$ (630)	$ (3,473)	$ (11,779)
Income tax (expense)/benefit	-	-	-	69	(203)	-	-	(134)
Net income/(loss)	$ (35)	$ 59	$ (882)	$ (1,249)	$ (5,703)	$ (630)	$ (3,473)	$ (11,913)

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

For the year ended December 31, 2023

	Argentina							
	Lomada Project	Cap-Oeste Project	Calcatreu Project	Martha and La Josefina Projects	Argentina Uruguay and Chile	UK	North America	Total
Revenue	$ 2,644	$ 5,576	$ -	$ -	$ -	$ -	$ -	$ 8,220
Cost of sales	(2,232)	(7,670)	-	-	-	-	-	(9,902)
Gross profit (loss)	$ 412	$ (2,094)	$ -	$ -	$ -	$ -	$ -	$ (1,682)
Operating expense								
Exploration expense	$ -	$ -	$ (524)	$ (1,026)	$ (2,187)	$ -	$ -	$ (3,737)
Repair and maintenance	-	-	-	(724)	-	-	-	(724)
Depreciation, depletion and amortization	-	(140)	(18)	-	(240)	(100)	-	(498)
Administrative expenses	-	-	(615)	-	(3,356)	(65)	(831)	(4,867)
Share-based payments	-	-	-	-	-	-	(135)	(135)
Interest expense	-	-	(53)	-	(517)	(685)	(1,533)	(2,788)
Total operating expense	$ -	$ (140)	$ (1,210)	$ (1,750)	$ (6,300)	$ (850)	$ (2,499)	$ (12,749)
Other income/(expense)								
Interest income	$ -	$ -	$ 1	$ -	$ 231	$ -	$ -	$ 232
Gain/(loss) on foreign exchange	-	-	747	-	550	(415)	184	1,066
Accretion expense	(159)	(18)	-	(105)	-	-	-	(282)
Other income	-	-	-	-	5,356	-	-	5,356
Total other income/(expense)	$ (159)	$ (18)	$ 748	$ (105)	$ 6,137	$ (415)	$ 184	$ 6,372
Income/(loss) – before income tax	$ 253	$ (2,252)	$ (462)	$ (1,855)	$ (163)	$ (1,265)	$ (2,315)	$ (8,059)
Income tax benefit	-	-	29	134	1,489	-	-	1,652
Net income/(loss)	$ 253	$ (2,252)	$ (433)	$ (1,721)	$ 1,326	$ (1,265)	$ (2,315)	$ (6,407)

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

	Total Assets		Total liabilities	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	$'000	$'000	$'000	$'000
Argentina – Cap-Oeste	$ 12,964	$ 12,623	$ 2,263	$ 873
Argentina – Lomada	1,756	2,676	1,057	1,198
Argentina – Calcatreu	16,933	15,023	1,551	350
Argentina – Martha & La Josefina	10,438	10,990	1,731	807
Argentina and Chile	4,409	4,002	4,535	2,665
United Kingdom	6	7	10,586	9,981
North America	4,453	4,253	34,168	26,440
Total	$ 50,959	$ 49,574	$ 55,891	$ 42,314

26. 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 December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
	$'000	$'000
Bank indebtedness	$ 2,216	$ 538
Loan payable and current portion of long-term debt	788	213
Long-term debt	44,748	36,259
Shareholders' equity (deficit) attributable to the parent	(2,963)	8,870
Total	$ 44,789	$ 45,880

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

27. Income taxes

(a) Income tax expense (benefit)

	December 31, 2024	December 31, 2023
Current tax expense (benefit)		
Current period	$ -	$ 15
Prior period tax adjustment	6	-
Deferred tax expense (benefit)		
Current period	110	(1,624)
Prior period tax adjustments	18	(43)
Total income tax expense (benefit)	**$ 134**	**$ (1,652)**

The actual income tax provision differs from the expected amount calculated by applying the Canadian parent corporate tax rate to income before tax. These differences result from the following:

	December 31, 2024	December 31, 2023
Loss before tax	$ (11,779)	$ (8,059)
Statutory income tax rate	25%	25%
Expected income tax (benefit)	$ (2,945)	$ (2,015)
Increase (decrease) resulting from:		
Non-taxable items	9,660	(2,183)
Change in unrecognized deferred tax assets	(322)	393
Foreign exchange adjustments	1,106	2,885
Tax rate changes, tax rate differences	(7,389)	(689)
Prior period tax adjustments	24	(43)
Total income tax expense (benefit)	**$ 134**	**$ (1,652)**

During the year ended December 31, 2023, the Company has applied IFRIC 23 in recording the current and deferred income tax provision with regards to an adjustment for tax inflation to its accumulated loss carryforward balance. Based on the guidelines of IFRIC 23 and in accordance with the opinions of the Company's legal and tax advisors, the Company has concluded that it probable that the tax authority will accept this inflation adjustment and has updated the loss carryforwards using the wholesale domestic price index, as indicated in Article 19 of the Argentine income tax law. The Company recognizes the related deferred tax asset only to the extent that there is sufficient future taxable income for the use of the loss carryforwards.

(b) Components of deferred tax assets and liabilities

	December 31, 2024	December 31, 2023
Deferred tax assets are attributable to the following:		
Property, plant and equipment	$ 63	$ 47
Mineral properties	147	153
Loss carryforwards	2,111	3,327
Other	2,187	1,729
Deferred tax assets	**$ 4,508**	**$ 5,256**

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

Deferred tax liabilities are attributable to the following:	December 31, 2024	December 31, 2023
Property, plant and equipment	$ (2,211)	$ (2,832)
Mineral properties	(2,374)	(2,374)
Other	(221)	(220)
Deferred tax liabilities	**(4,806)**	**(5,426)**
Set-off of deferred tax assets	4,508	5,256
Net deferred tax liability	**$ (298)**	**$ (170)**

(c) Movement of deferred tax assets and liabilities

	Balance December 31, 2023	Recognized in net income (loss)	Balance December 31, 2024
Property, plant and equipment	$ 47	$ 16	$ 63
Mineral properties	153	(6)	147
Loss carryforwards	3,327	(1,216)	2,111
Other	1,729	458	2,187
Property, plant and equipment	(2,832)	621	(2,211)
Mineral properties	(2,374)	-	(2,374)
Other	(220)	(1)	(221)
	$ (170)	$ (128)	$ (298)

	Balance December 31, 2022	Recognized in net income (loss)	Balance December 31, 2023
Property, plant and equipment	$ 249	$ (202)	$ 47
Mineral properties	255	(102)	153
Loss carryforwards	2,605	722	3,327
Other	1,728	1	1,729
Property, plant and equipment	(4,079)	1,247	(2,832)
Mineral properties	(2,374)	-	(2,374)
Other	(221)	1	(220)
	$ (1,837)	$ 1,667	$ (170)

(d) Loss carryforwards

The Company and its subsidiaries have tax loss carryforwards within the jurisdictions in which they operate. These loss carryforwards expire between 2025 and 2044. Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Deductible temporary differences	$ 120,801	$ 116,253
Tax losses	28,210	28,768
	$ 149,011	**$ 145,021**

28. Subsequent events

Subsequent to the year ended December 31, 2024, the following events occurred:

a) On April 1, 2025, the Company entered into a binding agreement (the "Option Agreement") with Oroplata S.A., an Argentinean subsidiary of Newmont Corporation ("Newmont"). The Option Agreement grants Newmont the option to acquire 100% undivided interest in the Company's Tornado and Huracan gold and silver properties, including a separate exploration concession named "El Diablo" (collectively the "Properties") in Argentina in return for making aggregate cash payments of $1.5 million ("Option Price") over a six (6) year period ("Option Term").

   Newmont can exercise the Option and acquire the Properties at any time during the Option Term by making a $1 million payment to the Company, paying any outstanding amount of the Option Price and granting a net smelter returns ("NSR") royalty to the Company, derived from all future production from the Properties, based on the following applicable percentage of NSR: (i) 1%, if the gold price is less than $1,499; (ii) 1.5%, if the gold price is between $1,500 and $2,999; and (iii) 2%, if the gold price is above $3,000.

b) On April 13, 2025, the Company entered into an investment agreement (the "Investment Agreement") with Black River Mine Inc. (the "Investor") through its wholly-owned subsidiary, Patagonia Gold Canada Inc. ("PG Canada"), pursuant to which the Investor has agreed to invest up to $40 million (the "Financing") to support the development of the Company's flagship Calcatreu Project (the "Project") in Rio Negro, Argentina.

   Under the terms of the Investment Agreement, the Investor will acquire up to 40 million preferred shares ("Preferred Shares") of PG Canada, which holds the Project through Minera Calcatreu S.A.U. The Investor will receive Preferred Shares representing 40% of the PG Canada share structure. As a result, Patagonia will continue to control the Project through its resulting 60% interest in PG Canada. The Preferred Shares will be issued at a price of $1.00 per share, resulting in total gross proceeds up to $40 million. The Investor is also entitled to certain distributions under the terms of the Investment Agreement. Completion of the Financing remains subject to customary conditions including, but not limited to, shareholder approval and final approval of the TSX Venture Exchange.

   For additional information, see the press release dated April 14, 2025 and the related documents filed under the Company's issuer profile on SEDAR+ at www.sedarplus.ca.

c) Refer to notes 16 and 17 for other subsequent event transactions.