



## **Patagonia Gold Corp.**

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

**For the Three Months Ended March 31, 2025 and 2024**

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

### **Index**

|  |   |
|--|---|
| Condensed Interim Consolidated Statements of Financial Position                        | 2 |
| Condensed Interim Consolidated Statements of Loss and Comprehensive Loss               | 3 |
| Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit) | 4 |
| Condensed Interim Consolidated Statements of Cash Flows                                | 5 |
| Notes to the Condensed Interim Consolidated Financial Statements                       | 6 |

### **NOTICE TO READER**

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

**Patagonia Gold Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at March 31, 2025 and December 31, 2024**  
Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars)

|  | Note   | March 31,<br>2025 | December 31,<br>2024 |
|--|--------|-------------------|----------------------|
| Current assets   |        |                   |                      |
| Cash   |        | \$ 1,392          | \$ 948               |
| Receivables  | 11     | 1,288             | 1,565                |
| Inventories  | 5      | 3,405             | 2,995                |
| Total current assets                                       |        | 6,085             | 5,508                |
| Non-current assets   |        |                   |                      |
| Mineral properties   | 6      | 15,290            | 14,858               |
| Mining rights  | 8      | 15,226            | 15,215               |
| Property, plant and equipment                              | 10     | 13,914            | 10,774               |
| Goodwill   |        | 4,009             | 4,009                |
| Other financial assets                                     | 9      | 2                 | 2                    |
| Other receivables  | 12     | 1,093             | 593                  |
| Total non-current assets                                   |        | 49,534            | 45,451               |
| Total assets   |        | \$ 55,619         | \$ 50,959            |
| Current liabilities  |        |                   |                      |
| Bank indebtedness  | 13     | \$ 410            | \$ 2,216             |
| Accounts payable and accrued liabilities                   | 14     | 3,621             | 4,310                |
| Accounts payable with related parties                      | 14, 19 | 243               | 227                  |
| Current portion of long-term debt                          | 15     | 2,546             | 788                  |
| Current portion of reclamation and remediation obligations | 7      | 2,062             | 2,349                |
| Total current liabilities                                  |        | 8,882             | 9,890                |
| Non-current liabilities                                    |        |                   |                      |
| Long-term debt   | 16     | 52,476            | 44,748               |
| Reclamation and remediation obligations                    | 7      | 959               | 955                  |
| Deferred tax liabilities                                   |        | 568               | 298                  |
| Total non-current liabilities                              |        | 54,003            | 46,001               |
| Total liabilities  |        | 62,885            | 55,891               |
| Shareholders' deficit                                      |        |                   |                      |
| Capital stock  | 18     | 11,221            | 11,221               |
| Contributed surplus  |        | 190,225           | 190,173              |
| Accumulated deficit  |        | (226,289)         | (223,781)            |
| Accumulated other comprehensive income                     |        | 19,630            | 19,424               |
| Total shareholders' deficit attributable to the parent     |        | (5,213)           | (2,963)              |
| Non-controlling interest                                   |        | (2,053)           | (1,969)              |
| Total shareholders' deficit                                |        | (7,266)           | (4,932)              |
| Total liabilities and shareholders' deficit                |        | \$ 55,619         | \$ 50,959            |

Going concern (note 3)  
Subsequent events (notes 16 and 26)

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

Approved on Behalf of the Board of Directors

Signed “Christopher van Tienhoven”, Director

Signed “Cristian Lopez Saubidet”, Director

**Patagonia Gold Corp.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**For the Three Months Ended March 31, 2025 and 2024**  
Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars)

|  | Note | 2025        | 2024        |
|--|------|-------------|-------------|
| Revenue  |      | \$ 1,183    | \$ 1,806    |
| Cost of sales  |      | (1,115)     | (1,632)     |
| Gross profit   |      | 68          | 174         |
| Operating expenses:  |      |             |             |
| Exploration expenses   |      | (473)       | (804)       |
| Repairs and maintenance  |      | (278)       | (198)       |
| Depreciation, depletion and amortization                                 | 20   | (91)        | (109)       |
| Administrative expenses  | 21   | (852)       | (673)       |
| Share-based payments expense   | 18   | (52)        | -           |
| Interest expense   |      | (1,001)     | (831)       |
| Total operating expenses   |      | (2,747)     | (2,615)     |
| Other income/(expenses)  |      |             |             |
| Interest income  |      | 5           | 4           |
| Gain (loss) on foreign exchange  |      | (65)        | 42          |
| Accretion expense  | 7    | (27)        | (35)        |
| Other income   | 23   | 444         | 121         |
| Total other income   |      | 357         | 132         |
| Net loss – before income taxes   |      | (2,322)     | (2,309)     |
| Income tax (expense) benefit   |      | (270)       | 33          |
| Net loss   |      | \$ (2,592)  | \$ (2,276)  |
| Attributable to non-controlling interest                                 |      | (84)        | (66)        |
| Attributable to equity share owners of the parent                        |      | (2,508)     | (2,210)     |
|  |      | (2,592)     | (2,276)     |
| Other comprehensive income (loss) net of tax                             |      |             |             |
| Change in fair value of investment                                       | 9    | -           | (1)         |
| Foreign currency translation adjustment                                  |      | 206         | (141)       |
| Total other comprehensive income (loss)                                  |      | 206         | (142)       |
| Total comprehensive loss   |      | \$ (2,386)  | \$ (2,418)  |
| Weighted average number of common shares outstanding – basic and diluted | 17   | 465,051,490 | 465,479,930 |
| Net loss per share – basic and diluted                                   | 17   | \$ (0.006)  | \$ (0.005)  |

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

**Patagonia Gold Corp.**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)**  
**For the Three Months Ended March 31, 2025 and 2024**  
Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars)

|  | Capital stock | Accumulated deficit | Accumulated other comprehensive income | Contributed surplus | Total Attributable to parent | Non-controlling interest | Total      |
|--|---------------|---------------------|--|---------------------|------------------------------|--------------------------|------------|
| Balance - January 1, 2024              | \$ 11,250     | \$ (212,227)        | \$ 19,686                              | \$ 190,161          | \$ 8,870                     | \$ (1,610)               | \$ 7,260   |
| Net loss                               | -             | (2,210)             | -                                      | -                   | (2,210)                      | (66)                     | (2,276)    |
| Other comprehensive income             | -             | -                   | (142)                                  | -                   | (142)                        | -                        | (142)      |
| Share repurchased under NCIB (note 18) | (29)          | -                   | -                                      | -                   | (29)                         | -                        | (29)       |
| Balance – March 31, 2024               | \$ 11,221     | \$ (214,437)        | \$ 19,544                              | \$ 190,161          | \$ 6,489                     | \$ (1,676)               | \$ 4,813   |
| Balance - January 1, 2025              | \$ 11,221     | \$ (223,781)        | \$ 19,424                              | \$ 190,173          | \$ (2,963)                   | \$ (1,969)               | \$ (4,932) |
| Net loss                               | -             | (2,508)             | -                                      | -                   | (2,508)                      | (84)                     | (2,592)    |
| Other comprehensive loss               | -             | -                   | 206                                    | -                   | 206                          | -                        | 206        |
| Share based payments (note 18)         | -             | -                   | -                                      | 52                  | 52                           | -                        | 52         |
| Balance – March 31, 2025               | \$ 11,221     | \$ (226,289)        | \$ 19,630                              | \$ 190,225          | \$ (5,213)                   | \$ (2,053)               | \$ (7,266) |

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

**Patagonia Gold Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2025 and 2024**  
Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars)

|  | Note | 2025            | 2024         |
|--|------|-----------------|--------------|
| <b>Cash flow from operating activities</b>   |      |                 |              |
| <b>Net loss</b>  |      | \$ (2,592)      | \$ (2,276)   |
| <b>Items not affecting cash</b>  |      |                 |              |
| Depreciation of property, plant and equipment  | 10   | 257             | 261          |
| Depletion of mineral properties  | 6    | 30              | 28           |
| Amortization of mining rights  | 8    | 25              | 25           |
| Share based payment expense  | 18   | 52              | -            |
| Provisions   | 7    | (310)           | (426)        |
| Interest payable   |      | 747             | 596          |
| Accretion expense  | 7    | 27              | 35           |
| Loss on sale of asset  |      | (12)            | (12)         |
| Deferred tax (benefit) expense   |      | 270             | (33)         |
| <b>Net change in non-cash working capital items</b>                                  |      |                 |              |
| Increase/(decrease) in receivables   |      | (223)           | (96)         |
| (Increase)/decrease in inventory   |      | (354)           | 499          |
| (Increase)/decrease in other financial assets  |      | -               | 1            |
| (Increase)/decrease in accounts payable and accrued liabilities                      |      | (688)           | 408          |
| Increase/(decrease) in accounts payable and accrued liabilities with related parties |      | 16              | 16           |
| Increase/(decrease) in transaction taxes payable                                     |      | (1)             | -            |
| <b>Net cash used in operating activities</b>   |      | <u>(2,756)</u>  | <u>(974)</u> |
| <b>Cash flows from investing activities</b>  |      |                 |              |
| Purchase of property, plant and equipment  | 10   | (3,453)         | (12)         |
| Purchase of mineral property   | 6    | (462)           | -            |
| Proceeds from disposal of property, plant and equipment                              | 10   | 12              | 12           |
| <b>Net cash used in investing activities</b>   |      | <u>(3,903)</u>  | <u>-</u>     |
| <b>Cash flow from financing activities</b>   |      |                 |              |
| Bank indebtedness (repayment)  |      | (1,806)         | 688          |
| Proceeds from loans  |      | 9,264           | -            |
| Repayment of loans   |      | (525)           | -            |
| Share repurchased under NCIB   | 18   | -               | (29)         |
| <b>Net cash provided by financing activities</b>                                     |      | <u>6,933</u>    | <u>659</u>   |
| <b>Net increase (decrease) in cash</b>   |      | 274             | (315)        |
| <b>Effect of foreign exchange on cash</b>  |      | 170             | 152          |
| <b>Cash, beginning of period</b>   |      | <u>948</u>      | <u>185</u>   |
| <b>Cash, end of the period</b>   |      | <u>\$ 1,392</u> | <u>\$ 22</u> |
| <b>Taxes paid</b>  |      | (1)             | -            |
| <b>Interest paid</b>   |      | (239)           | (190)        |
| <b>Supplemental non-cash information</b>   |      |                 |              |
| Change in value of investments   | 9    | -               | (1)          |

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

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

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

The Company’s activities include the exploration for and production of minerals from properties in Argentina and Chile. On the basis of information to date, properties where it has not yet been determined if economically recoverable reserves exist are classified as exploration-stage. Properties where economically recoverable reserves exist and are being exploited are classified as production-stage. The underlying value of the mineral properties is entirely dependent upon the existence of reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production or a sale of these properties.

On some properties, ongoing production and sales of gold and silver are being undertaken without established mineral resources or reserves and the Company has not established the economic viability of the operations. As a result, there is increased uncertainty and economic risks of failure associated with these production activities. Despite the sale of gold and silver, these projects remain in the exploration stage because management has not established proven or probable reserves required to be classified in either the development or production stage.

**2. Basis of presentation**

The Company’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”) and do not include all of the information required for annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024.

The condensed interim consolidated financial statements were approved by the Company’s Board of Directors on May 30, 2025.

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

---

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

---

The Company's presentation currency is the US Dollar.

### **3. Going concern**

The accompanying condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. During the three months ended March 31, 2025, the Company had a net loss of \$2,592 (2024 - \$2,276). As at March 31, 2025, the Company has negative working capital of \$2,797 (December 31, 2024 - \$4,382) and had an accumulated deficit of \$226,289 (December 31, 2024 - \$223,781). These aforementioned conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and to meet its obligations will be dependent upon generating positive cash flows from operations as well as obtaining debt and equity financing. However, there can be no assurance that the steps management is taking will be successful. The accompanying condensed interim consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could have a material impact on the condensed interim consolidated financial statements.

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

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

These condensed interim consolidated financial statements follow the same accounting policies as the Company's annual audited consolidated financial statements for the year ended December 31, 2024. For a complete list of accounting policies applied by the Company, see note 4 of the Company's annual audited consolidated financial statements for the year ended December 31, 2024.

#### *(b) 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.

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

The preparation of these condensed interim consolidated financial statements requires management to make certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements as at and for the year ended December 31, 2024.

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

**5. Inventories**

|                        | <b>March 31, 2025</b>  | <b>December 31, 2024</b> |
|------------------------|------------------------|--------------------------|
|                        | <u>\$'000</u>          | <u>\$'000</u>            |
| Gold held on carbon    | \$ 859                 | \$ 430                   |
| Materials and supplies | <u>2,546</u>           | <u>2,565</u>             |
|                        | <u><u>\$ 3,405</u></u> | <u><u>\$ 2,995</u></u>   |

During the three months ended March 31, 2025, the Company expensed \$1,014 (2024 - \$1,477) of inventories on the condensed interim consolidated statements of loss and comprehensive loss.

**6. Mineral properties**

|                             | <b>Mining assets</b>    | <b>Surface rights</b>  | <b>Total</b>            |
|-----------------------------|-------------------------|------------------------|-------------------------|
|                             | <u>\$'000</u>           | <u>acquired</u>        | <u>\$'000</u>           |
|                             | <u>\$'000</u>           | <u>\$'000</u>          | <u>\$'000</u>           |
| <b>Cost</b>                 |                         |                        |                         |
| Balance – January 1, 2024   | \$ 26,723               | \$ 6,562               | \$ 33,285               |
| Additions                   | 335                     | -                      | 335                     |
| Disposals                   | (1)                     | -                      | (1)                     |
| Balance - December 31, 2024 | <u>\$ 27,057</u>        | <u>\$ 6,562</u>        | <u>\$ 33,619</u>        |
| Additions                   | 462                     | -                      | 462                     |
| Disposal                    | (1)                     | -                      | (1)                     |
| Balance – March 31, 2025    | <u><u>\$ 27,518</u></u> | <u><u>\$ 6,562</u></u> | <u><u>\$ 34,080</u></u> |
| <b>Depletion</b>            |                         |                        |                         |
| Balance - January 1, 2024   | \$ 17,624               | \$ 908                 | \$ 18,532               |
| Charge for the year         | 130                     | -                      | 130                     |
| Disposal                    | (1)                     | -                      | (1)                     |
| Impairment                  | 100                     | -                      | 100                     |
| Balance - December 31, 2024 | <u>\$ 17,853</u>        | <u>\$ 908</u>          | <u>\$ 18,761</u>        |
| Charge for the period       | 30                      | -                      | 30                      |
| Disposal                    | (1)                     | -                      | (1)                     |
| Balance – March 31, 2025    | <u><u>\$ 17,882</u></u> | <u><u>\$ 908</u></u>   | <u><u>\$ 18,790</u></u> |
| <b>Net book value</b>       |                         |                        |                         |
| December 31, 2024           | <u>\$ 9,204</u>         | <u>\$ 5,654</u>        | <u>\$ 14,858</u>        |
| March 31, 2025              | <u><u>\$ 9,636</u></u>  | <u><u>\$ 5,654</u></u> | <u><u>\$ 15,290</u></u> |

**Lomada project**

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

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

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 condensed interim 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, 2024 and March 31, 2025, 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

---

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

---

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 has the right to buy back any increase in Fomicruz's ownership interest in the JV Corporation at a purchase price of \$0.2 million per each percentage interest owned by Fomicruz down to its initial ownership interest of 19%; the Company can also purchase 10% of the Fomicruz's initial 19% JV Corporation ownership interest by negotiating a purchase price with Fomicruz. Under the agreement, the Company has until the end of 2019 to complete cumulative exploration expenditures of \$18 million and determine if it will enter into production on the property. As at December 31, 2018, the Company had incurred approximately \$20 million and is in current discussions with Fomicruz to develop a plan for production. In October 2019, the agreement was extended until April 30, 2021 and may be extended for an additional one-year term. The agreement was terminated by mutual consent of the Company and Fomicruz in July 2020 and the Company has renegotiated new terms and conditions with Fomicruz for the exploration and exploitation of the La Josefina and La Valenciana properties and in December 2021, both parties entered into a new exploration agreement with an exploitation option for the following three projects: the La Josefina project, the La Valenciana project and a new and unexplored property, the Abril Project (the "Projects").

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

## **7. 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 March 31, 2025, the total amount of undiscounted cash flows required to settle the estimated obligation is \$3,274 (December 31, 2024 - \$3,554) which has been discounted using a weighted average risk-free rate of 4.04 % (December 31, 2024 - 4.26%) and an inflation rate of 2.39 % (December 31, 2024 - 2.89 %).

During the three months ended March 31, 2025, the Company incurred reclamation and remediation costs of \$238.

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

(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:

|  | <b>March 31, 2025</b> | <b>December 31, 2024</b> |
|--|-----------------------|--------------------------|
|  | <b>\$'000</b>         | <b>\$'000</b>            |
| Reclamation and remediation obligation - beginning of year | \$ 3,304              | \$ 3,281                 |
| Change in estimate   | (310)                 | (98)                     |
| Accretion expense  | 27                    | 121                      |
| Reclamation and remediation obligation - end of year       | \$ 3,021              | \$ 3,304                 |
| Less current portion                                       | (2,062)               | (2,349)                  |
| Total  | \$ 959                | \$ 955                   |

The Company reassesses the cost of reclamation and remediation obligations periodically given new information regarding changes to the risk-free rate, inflation rate and undiscounted cash flow. During the three months ended March 31, 2025 and year ended December 31, 2024, the change in estimate relates to revisions to the estimated discounted cashflow and inflation rates obligations.

**8. Mining rights**

|                             | <b>Fomicruz Agreement</b> | <b>Minera Calcatreu</b> | <b>Total</b>  |
|-----------------------------|---------------------------|-------------------------|---------------|
|                             | <b>\$'000</b>             | <b>\$'000</b>           | <b>\$'000</b> |
| Balance – January 1, 2024   | \$ 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     |
| Amortization                | (25)                      | -                       | (25)          |
| Exchange differences        | -                         | 36                      | 36            |
| Balance – March 31, 2025    | \$ 2,663                  | \$ 12,563               | \$ 15,226     |

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

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

(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. (“MASA”), a subsidiary of Pan American Silver Corporation. Total consideration for the acquisition amounted to \$15 million. PGCAD has made the initial payment of \$5 million on January 31, 2018 and the final payment of \$10 million on legal completion on May 18, 2018.

This transaction was accounted for as an asset acquisition and the purchase consideration was allocated to Mining Rights at \$14.6 million and other net assets at \$0.4 million. These mining rights will be amortized on a unit-of-production method over the estimated period of economically recoverable resources once the project reaches the commercial production phase. As of March 31, 2025, the project has not reached the commercial production phase and mining rights have not been amortized.

**9. Other financial assets**

The Company has short-term investments in equity securities which are recorded at fair value through other comprehensive income (loss). As at March 31, 2025, the fair value of the short-term investments is \$2 (December 31, 2024 - \$2).

**10. Property, plant and equipment**

|                                 | <b>Plant</b>  | <b>Buildings</b> | <b>Vehicles and</b> | <b>Improvements and</b> | <b>Total</b>  |
|---------------------------------|---------------|------------------|---------------------|-------------------------|---------------|
|                                 | <b>\$'000</b> | <b>\$'000</b>    | <b>equipment</b>    | <b>advances</b>         | <b>\$'000</b> |
|                                 |               |                  | <b>\$'000</b>       | <b>\$'000</b>           |               |
| <b>Cost</b>                     |               |                  |                     |                         |               |
| Balance – January 1, 2024       | \$ 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     |
| Additions                       | -             | 18               | 154                 | 3,281                   | 3,453         |
| Disposals                       | -             | -                | (15)                | -                       | (15)          |
| Transfers                       | -             | -                | 191                 | (191)                   | -             |
| Balance – March 31, 2025        | \$ 15,520     | \$ 1,997         | \$ 26,073           | \$ 6,372                | \$ 49,962     |
| <b>Accumulated depreciation</b> |               |                  |                     |                         |               |
| Balance – January 1, 2024       | \$ 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     |
| Disposals                       | -             | -                | (15)                | -                       | (15)          |
| Depreciation for the period     | 68            | 40               | 205                 | -                       | 313           |
| Balance – March 31, 2025        | \$ 14,610     | \$ 1,046         | \$ 20,392           | \$ -                    | \$ 36,048     |
| <b>Net book value</b>           |               |                  |                     |                         |               |
| December 31, 2024               | \$ 978        | \$ 973           | \$ 5,541            | \$ 3,282                | \$ 10,774     |
| March 31, 2025                  | \$ 910        | \$ 951           | \$ 5,681            | \$ 6,372                | \$ 13,914     |

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

**11. Receivables**

|                                     | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|-------------------------------------|---------------------------|------------------------------|
|                                     | <u>\$'000</u>             | <u>\$'000</u>                |
| Receivable from sales               | \$ -                      | \$ 243                       |
| Recoverable value added tax ("VAT") | 908                       | 924                          |
| Other receivables                   | 380                       | 398                          |
| Total                               | <u>\$ 1,288</u>           | <u>\$ 1,565</u>              |

**12. Other receivables**

|                                     | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|-------------------------------------|---------------------------|------------------------------|
|                                     | <u>\$'000</u>             | <u>\$'000</u>                |
| Recoverable value added tax ("VAT") | \$ 849                    | \$ 365                       |
| Other receivables                   | 244                       | 228                          |
| Total                               | <u>\$ 1,093</u>           | <u>\$ 593</u>                |

Other receivables balance consists of tax receivables.

**13. Bank indebtedness**

|   | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|---|---------------------------|------------------------------|
|   | <u>\$'000</u>             | <u>\$'000</u>                |
| A credit facility with an Argentinian bank with a limit of \$1,816 (1,950,000,000 Argentine Peso), maturity date of June 30, 2025 and interest rate of 50.00% | \$ -                      | \$ 1,635                     |
| A credit facility with an Argentinian bank with a limit of \$559 (600,000,000 Argentine Peso), maturity date of May 31, 2025 and interest rate of 45.93%      | 410                       | 581                          |
| Total   | <u>\$ 410</u>             | <u>\$ 2,216</u>              |

**14. Accounts payable and accrued liabilities**

|   | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|---|---------------------------|------------------------------|
|   | <u>\$'000</u>             | <u>\$'000</u>                |
| Trade accounts payable and accrued liabilities  | \$ 2,434                  | \$ 3,050                     |
| Other accruals <sup>1</sup>                     | 1,187                     | 1,260                        |
| Accounts payable with related parties (note 19) | 243                       | 227                          |
| Total   | <u>\$ 3,864</u>           | <u>\$ 4,537</u>              |

1 – As at March 31, 2025, other accruals consist of taxes payable of \$868 (December 31, 2024 - \$924) and accrued salaries of \$319 (December 31, 2024 - \$336).

**15. Loan payable and current portion of long-term debt**

|  | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|--|---------------------------|------------------------------|
|  | <u>\$'000</u>             | <u>\$'000</u>                |
| Current portion of long-term debt (note 16)                        | \$ 214                    | \$ 214                       |
| Current portion of leases payable (note 16)                        | 73                        | 68                           |
| Loan payable <sup>1</sup>  | 2,259                     | -                            |
| Pre-export financing, at 5% interest per annum, due March 28, 2025 | -                         | 506                          |
| Total  | <u>\$ 2,546</u>           | <u>\$ 788</u>                |

1 – Unsecured loan at 6% interest per annum, due August 22, 2025.

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

**16. Long-term debt**

|  | <b>March 31,<br/>2025</b> | <b>December 31,<br/>2024</b> |
|--|---------------------------|------------------------------|
|  | <b>\$'000</b>             | <b>\$'000</b>                |
| Loan secured by a letter of guarantee from the Company, at 7.5% interest per annum, due December 31, 2026 <sup>1</sup> | \$ 44,691                 | \$ 37,691                    |
| Loan secured by assets of the Company at 9% interest per annum, due January 31, 2024 <sup>2</sup>                      | 214                       | 214                          |
| Leases payable, at 8.5% interest per annum, due December 12, 2027  | 214                       | 228                          |
| Accrued interest on debt   | 7,644                     | 6,897                        |
|  | <b>\$ 52,763</b>          | <b>\$ 45,030</b>             |
| Less current portion   | (287)                     | (282)                        |
| Total  | <b>\$ 52,476</b>          | <b>\$ 44,748</b>             |

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 March 31, 2025.

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

| <b>Year ending December 31</b> |        |
|--------------------------------|--------|
| <b>2025</b>                    | 287    |
| <b>2026</b>                    | 52,417 |
| <b>2027</b>                    | 59     |

**17. Net loss per share**

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

The net loss per share is as follows:

|  | <b>For the Three Months Ended</b> |                           |
|--|-----------------------------------|---------------------------|
|  | <b>March 31,<br/>2025</b>         | <b>March 31,<br/>2024</b> |
| Net loss (\$'000)  | \$ (2,592)                        | \$ (2,276)                |
| Weighted average number of common shares outstanding – basic and diluted | 465,051,490                       | 465,479,930               |
| Net loss per share – basic and diluted                                   | <b>\$ (0.006)</b>                 | <b>\$ (0.005)</b>         |

**18. Capital stock**

**Authorized:**

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

**Issued:**

|  | <b>Number of common<br/>shares outstanding</b> | <b>Amount<br/>\$'000</b> |
|--|--|--------------------------|
| <b>Balance at January 1, 2024</b>                      | 466,682,490                                    | 11,250                   |
| Share repurchased                                      | (1,631,000)                                    | (29)                     |
| <b>Balance at December 31, 2024 and March 31, 2025</b> | <b>465,051,490</b>                             | <b>\$ 11,221</b>         |

Preferred shares are non-redeemable and non-transferrable with discretionary dividends and hence are classified as equity. Preferred shares shall be issued at a price of \$0.30 per share and will not have voting rights. As at March 31, 2025 and December 31, 2024, there were no preferred shares issued by the Company.



**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

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

**Normal Course Issuer Bid**

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

During the three months ended March 31, 2025, the Company did not repurchase any shares under the NCIB.

**Stock options**

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

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

|                              | Three Months ended March 31, 2025 |                              | Year ended December 31, 2024 |                              |
|------------------------------|-----------------------------------|------------------------------|------------------------------|------------------------------|
|                              | Number of options                 | Weighted Average Price (CAD) | Number of options            | Weighted Average Price (CAD) |
| Balance, beginning of period | 20,400,000                        | \$ 0.066                     | 10,250,000                   | \$ 0.118                     |
| Granted                      | -                                 | -                            | 15,300,000                   | \$ 0.035                     |
| Expired                      | -                                 | -                            | (4,050,000)                  | \$ 0.065                     |
| Forfeited                    | (1,200,000)                       | 0.087                        | (1,100,000)                  | \$ 0.118                     |
| Balance, end of period       | 19,200,000                        | \$ 0.065                     | 20,400,000                   | \$ 0.066                     |

During the period ended March 31, 2025, 1,200,000 stock options issued to employees were forfeited as the employees are no longer employed by the Company.

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.

As at March 31, 2025, the following stock options were outstanding:

| Exercise price (CAD) | Options vested | Options unvested | Total outstanding | Remaining contractual life (years) | Expiry date       |
|----------------------|----------------|------------------|-------------------|------------------------------------|-------------------|
| \$0.160              | 4,600,000      | -                | 4,600,000         | 0.37                               | August 13, 2025   |
| \$0.035              | -              | 14,600,000       | 14,600,000        | 4.71                               | December 13, 2029 |
|                      | 4,600,000      | 14,600,000       | 19,200,000        | 3.67                               |                   |

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

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 tranches 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 three months ended March 31, 2025, the Company recognized share-based payments expense of \$52 (2024 - \$Nil).

**Agent compensation options**

|                              | Three Months ended March 31, 2025    |                              | Year ended December 31, 2024         |                              |
|------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
|                              | Number of Agent compensation options | Weighted Average Price (CAD) | Number of Agent compensation options | Weighted Average Price (CAD) |
| Balance, beginning of period | -                                    | \$ -                         | 2,509,586                            | \$ 0.09                      |
| Expired                      | -                                    | -                            | (2,509,586)                          | 0.09                         |
| Balance, end of period       | -                                    | \$ -                         | -                                    | \$ -                         |

On March 10, 2024, 2,509,586 agent compensation options, with an exercise price of CAD 0.09, expired unexercised. As of March 31, 2025 there are no agent compensation options outstanding.

**Warrants**

|                              | Three Months ended March 31, 2025 |                              | Year ended December 31, 2024 |                              |
|------------------------------|-----------------------------------|------------------------------|------------------------------|------------------------------|
|                              | Number of warrants                | Weighted Average Price (CAD) | Number of warrants           | Weighted Average Price (CAD) |
| Balance, beginning of period | -                                 | \$ -                         | 104,086,063                  | \$ 0.13                      |
| Issued                       | -                                 | -                            | (104,086,063)                | 0.13                         |
| Balance, end of period       | -                                 | \$ -                         | -                            | \$ -                         |

On March 10, 2024, 104,086,063 warrants, with an exercise price of CAD 0.13, expired unexercised. As of March 31, 2025 there are no warrants outstanding.



**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

**19. Related party transactions**

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

| Name and Principal Position            | Three Months ended March 31,           |                   |  |               | As at March 31, 2025 and December 31, 2024 |   |
|--|--|-------------------|--|---------------|--|---|
|  | 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 |
|  | \$'000                                 | \$'000            | \$'000                                   | \$'000        | \$'000                                     | \$'000                                      |
| A company controlled by a director     | 2025                                   | 16                | -  | -             | 237  | -   |
| - admin, office, and interest expenses | 2024                                   | 16                | -  | -             | 221  | -   |
| Directors                              | 2025                                   | 167               | -  | 167           | 6  | -   |
| - salaries and wages                   | 2024                                   | 119               | -  | 119           | 6  | -   |

As at March 31, 2025, the Company has \$243 (December 31, 2024 - \$227) 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.

**20. Depreciation, depletion and amortization**

|   | Three Months ended March 31, |                |
|---|------------------------------|----------------|
|   | 2025<br>\$'000               | 2024<br>\$'000 |
| Depreciation of property, plant and equipment | \$ 313                       | \$ 365         |
| Depreciation allocated to inventory           | (277)                        | (309)          |
| Depletion of mineral properties               | 30                           | 28             |
| Amortization of mining rights                 | 25                           | 25             |
| Total   | \$ 91                        | \$ 109         |

**21. Administrative expenses**

|                             | Three Months ended March 31, |                |
|-----------------------------|------------------------------|----------------|
|                             | 2025<br>\$'000               | 2024<br>\$'000 |
| General and administrative  | \$ 661                       | \$ 493         |
| Argentinian statutory taxes | 99                           | 23             |
| Professional fees           | 52                           | 40             |
| Operating leases            | 17                           | 11             |
| Directors' remuneration     | 12                           | 99             |
| Consulting fees             | 3                            | 1              |
| Transaction taxes expense   | 8                            | 6              |
| Total                       | \$ 852                       | \$ 673         |

**22. Financial instruments**

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

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

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 March 31, 2025, there were no changes in the levels in comparison to December 31, 2024. The fair values of financial instruments are summarized as follows:

|  | March 31, 2025     |            | December 31, 2024  |            |
|--|--------------------|------------|--------------------|------------|
|  | Carrying<br>amount | Fair value | Carrying<br>amount | Fair value |
|  | \$'000             | \$'000     | \$'000             | \$'000     |
| <b>Financial assets</b>                              |                    |            |                    |            |
| <i>Amortized cost</i>                                |                    |            |                    |            |
| Cash   | 1,392              | 1,392      | 948                | 948        |
| Receivables and other receivable <sup>1</sup>        | 624                | 624        | 869                | 869        |
| <i>Fair value through other comprehensive income</i> |                    |            |                    |            |
| Other financial assets (Level 1)                     | 2                  | 2          | 2                  | 2          |
| <b>Financial liabilities</b>                         |                    |            |                    |            |
| <i>Amortized cost</i>                                |                    |            |                    |            |
| Bank indebtedness                                    | 410                | 410        | 2,216              | 2,216      |
| Accounts payable and accrued liabilities             | 3,864              | 3,864      | 4,537              | 4,537      |
| Loan payable and current portion of long-term debt   | 2,546              | 2,546      | 788                | 788        |
| Long-term debt                                       | 52,476             | 52,476     | 44,748             | 44,748     |

<sup>1</sup> Amounts exclude value added tax ("VAT") recoverable of \$1,757 and \$1,289 as March 31, 2025 and December 31, 2024.

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

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

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

*Market Risk*

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

---

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

---

*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.

*Credit Risk*

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

The Company currently maintains a substantial portion of its day-to-day operating cash balances at financial institutions. As at March 31, 2025, the Company had total cash balances of \$1,392 (December 31, 2024 - \$948) at financial institutions, where \$Nil (December 31, 2024 - \$Nil) is in excess of federally insured limits.

*Liquidity Risk*

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. As at March 31, 2025, the Company had current assets of \$6,085 (December 31, 2024 - \$5,508) to settle current liabilities of \$8,882 (December 31, 2024 - \$9,890).

*Concentration risk*

The Company has concentrations of credit risk with respect to its trade receivables, the majority of which are concentrated internationally amongst a small number of customers. As at March 31, 2025 and December 31, 2024, 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.

**23. Other income**

As part of the Company's treasury management, the Company trades certain securities denominated in US dollar and Argentine Peso. The gain on disposition of these securities is recorded as other income on the condensed interim consolidated statements of loss and comprehensive loss. During the three months ended March 31, 2025, the Company recognized a gain of \$444 (2024 – \$121).

**24. Segment reporting**

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

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months ended March 31, 2025 and 2024**  
Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars unless otherwise stated)

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

For the three months ended March 31, 2025

|   | Argentina         |                          |                      |                                       |                                   |          |                  |            |  |  |
|---|-------------------|--------------------------|----------------------|---------------------------------------|-----------------------------------|----------|------------------|------------|--|--|
|   | Lomada<br>Project | Cap-<br>Oeste<br>Project | Calcatreu<br>Project | Martha and La<br>Josefina<br>Projects | Argentina<br>Uruguay<br>and Chile | UK       | North<br>America | Total      |  |  |
| Revenue                                     | \$ -              | \$ 1,183                 | \$ -                 | \$ -                                  | \$ -                              | \$ -     | \$ -             | \$ 1,183   |  |  |
| Cost of sales                               | -                 | (1,115)                  | -                    | -                                     | -                                 | -        | -                | (1,115)    |  |  |
| Gross profit                                | \$ -              | \$ 68                    | \$ -                 | \$ -                                  | \$ -                              | \$ -     | \$ -             | \$ 68      |  |  |
| Operating expense                           |                   |                          |                      |                                       |                                   |          |                  |            |  |  |
| Exploration expense                         | \$ -              | \$ -                     | \$ (173)             | \$ (194)                              | \$ (106)                          | \$ -     | \$ -             | \$ (473)   |  |  |
| Repair and maintenance                      | -                 | -                        | -                    | (278)                                 | -                                 | -        | -                | (278)      |  |  |
| Depreciation, depletion and<br>amortization | -                 | (30)                     | (10)                 | -                                     | (26)                              | (25)     | -                | (91)       |  |  |
| Administrative expenses                     | -                 | -                        | (97)                 | -                                     | (599)                             | (2)      | (154)            | (852)      |  |  |
| Share-based payments expense                | -                 | -                        | -                    | -                                     | -                                 | -        | (52)             | (52)       |  |  |
| Interest expense                            | -                 | -                        | -                    | -                                     | (251)                             | (146)    | (604)            | (1,001)    |  |  |
| Total operating expense                     | \$ -              | \$ (30)                  | \$ (280)             | \$ (472)                              | \$ (982)                          | \$ (173) | \$ (810)         | \$ (2,747) |  |  |
| Other income/(expense)                      |                   |                          |                      |                                       |                                   |          |                  |            |  |  |
| Interest income                             | \$ -              | \$ -                     | \$ 3                 | \$ -                                  | \$ 2                              | \$ -     | \$ -             | \$ 5       |  |  |
| Gain/(loss) on foreign exchange             | -                 | -                        | 5                    | -                                     | 88                                | (192)    | 34               | (65)       |  |  |
| Accretion expense                           | (7)               | (7)                      | -                    | (13)                                  | -                                 | -        | -                | (27)       |  |  |
| Other income                                | -                 | -                        | 133                  | -                                     | 311                               | -        | -                | 444        |  |  |
| Total other income/(expense)                | \$ (7)            | \$ (7)                   | \$ 141               | \$ (13)                               | \$ 401                            | \$ (192) | \$ 34            | \$ 357     |  |  |
| Income/(loss) – before income tax           | \$ (7)            | \$ 31                    | \$ (139)             | \$ (485)                              | \$ (581)                          | \$ (365) | \$ (776)         | \$ (2,322) |  |  |
| Income tax benefit/(expense)                | -                 | -                        | -                    | 10                                    | (280)                             | -        | -                | (270)      |  |  |
| Net income/(loss)                           | \$ (7)            | \$ 31                    | \$ (139)             | \$ (475)                              | \$ (861)                          | \$ (365) | \$ (776)         | \$ (2,592) |  |  |

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months ended March 31, 2025 and 2024**  
Unaudited – See Notice to Reader  
(Stated in thousands of U.S. dollars unless otherwise stated)

For the three months ended March 31, 2024

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

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

|                                  | Total Assets      |                      | Total liabilities |                      |
|----------------------------------|-------------------|----------------------|-------------------|----------------------|
|                                  | March 31,<br>2025 | December 31,<br>2024 | March 31,<br>2025 | December 31,<br>2024 |
|                                  | \$'000            | \$'000               | \$'000            | \$'000               |
| Argentina – Cap-Oeste            | \$ 13,137         | \$ 12,964            | \$ 1,782          | \$ 2,263             |
| Argentina – Lomada               | 1,563             | 1,756                | 875               | 1,057                |
| Argentina – Calcatreu            | 21,141            | 16,933               | 1,504             | 1,551                |
| Argentina – Martha & La Josefina | 10,325            | 10,438               | 1,660             | 1,731                |
| Argentina and Chile              | 4,423             | 4,409                | 4,653             | 4,535                |
| United Kingdom                   | 6                 | 6                    | 10,711            | 10,586               |
| North America                    | 5,024             | 4,453                | 41,700            | 34,168               |
| Total                            | \$ 55,619         | \$ 50,959            | \$ 62,885         | \$ 55,891            |

## 25. Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to fund projects from raising capital from equity placements rather than long-term borrowings;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders in the future when new or existing exploration assets are taken into production.

These objectives will be achieved by maintaining and adding value to existing extraction projects and identifying new exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by the Company's means.

The Company sets the amount of capital in proportion to its overall financing structure (i.e. equity and financial liabilities). The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company is not subject to any externally imposed capital requirements.

The Company's capital as at March 31, 2025 and December 31, 2024 is as follows:

|  | March 31,<br>2025 | December 31,<br>2024 |
|--|-------------------|----------------------|
|  | \$'000            | \$'000               |
| Bank indebtedness                                  | \$ 410            | \$ 2,216             |
| Loan payable and current portion of long-term debt | 2,546             | 788                  |
| Long-term debt                                     | 52,476            | 44,748               |
| Shareholders' deficit attributable to the parent   | (5,213)           | (2,963)              |
| Total  | \$ 50,219         | \$ 44,789            |

---

**Patagonia Gold Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Three Months Ended March 31, 2025 and 2024**

Unaudited – See Notice to Reader

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

---

## **26. Subsequent events**

Subsequent to the period ended March 31, 2025, 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.

On May 20, 2025, the Company's shareholders approved the Financing to fund the development of the Project.

Completion of the Financing remains subject to customary closing conditions including final approval of the TSX Venture Exchange.

For additional information, see the press release dated April 14, 2025 and May 20, 2025 and the related documents filed under the Company's issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

- c) Refer to note 16 for other subsequent event transactions.