



Patagonia Gold Corp.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three and Six Months Ended June 30, 2025 and 2024

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

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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 June 30, 2025 and December 31, 2024
Unaudited – See Notice to Reader
(Stated in thousands of U.S. dollars)

	Note	June 30, 2025	December 31, 2024
Current assets			
Cash and cash equivalents	19	\$ 25,482	\$ 948
Receivables	11	2,639	1,565
Inventories	5	2,834	2,995
Total current assets		30,955	5,508
Non-current assets			
Mineral properties	6	16,656	14,858
Mining rights	8	15,778	15,215
Property, plant and equipment	10	20,203	10,774
Goodwill		4,009	4,009
Other financial assets	9	2	2
Other receivables	12	1,996	593
Total non-current assets		58,644	45,451
Total assets		\$ 89,599	\$ 50,959
Current liabilities			
Bank indebtedness	13	\$ 103	\$ 2,216
Accounts payable and accrued liabilities	14	4,444	4,310
Accounts payable with related parties	14, 20	259	227
Current portion of long-term debt	15	2,975	788
Current portion of reclamation and remediation obligations	7	1,758	2,349
Total current liabilities		9,539	9,890
Non-current liabilities			
Long-term debt	16	47,015	44,748
Reclamation and remediation obligations	7	978	955
Deferred tax liabilities		21	298
Total non-current liabilities		48,014	46,001
Total liabilities		57,553	55,891
Shareholders' equity (deficit)			
Capital stock	18	11,221	11,221
Contributed surplus		190,288	190,173
Transactions with non-controlling interests		27,394	-
Accumulated deficit		(227,621)	(223,781)
Accumulated other comprehensive income		20,426	19,424
Total shareholders' equity (deficit) attributable to the parent		21,708	(2,963)
Non-controlling interests	19	10,338	(1,969)
Total shareholders' equity (deficit)		32,046	(4,932)
Total liabilities and shareholders' equity (deficit)		\$ 89,599	\$ 50,959

Going concern (note 3)
Subsequent events (note 27)

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 and Six Months Ended June 30, 2025 and 2024

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
Revenue		\$ 3,041	\$ 2,622	\$ 4,224	\$ 4,428
Cost of sales	5	<u>(2,493)</u>	<u>(2,196)</u>	<u>(3,608)</u>	<u>(3,828)</u>
Gross profit		<u>548</u>	<u>426</u>	<u>616</u>	<u>600</u>
Operating expenses:					
Exploration expenses		(304)	(693)	(777)	(1,497)
Repairs and maintenance		(228)	(193)	(506)	(391)
Depreciation, depletion and amortization	21	(63)	(118)	(154)	(227)
Administrative expenses	22	(1,032)	(818)	(1,884)	(1,491)
Share-based payments expense	18	(63)	-	(115)	-
Interest expense		(891)	(787)	(1,892)	(1,618)
Total operating expense		<u>(2,581)</u>	<u>(2,609)</u>	<u>(5,328)</u>	<u>(5,224)</u>
Other income/(expenses)					
Interest income		59	118	64	122
Gain/(loss) on foreign exchange		(147)	23	(212)	65
Accretion expense	7	(20)	(35)	(47)	(70)
Other income	24	140	298	584	419
Total other income		<u>32</u>	<u>404</u>	<u>389</u>	<u>536</u>
Net loss – before income taxes		<u>(2,001)</u>	<u>(1,779)</u>	<u>(4,323)</u>	<u>(4,088)</u>
Income tax benefit (expense)		547	(1,086)	277	(1,053)
Net loss		<u>\$ (1,454)</u>	<u>\$ (2,865)</u>	<u>\$ (4,046)</u>	<u>\$ (5,141)</u>
Attributable to non-controlling interests	19	(122)	(96)	(206)	(162)
Attributable to equity share owners of the parent		<u>(1,332)</u>	<u>(2,769)</u>	<u>(3,840)</u>	<u>(4,979)</u>
		<u>\$ (1,454)</u>	<u>\$ (2,865)</u>	<u>\$ (4,046)</u>	<u>\$ (5,141)</u>
Other comprehensive income (loss) net of tax					
Change in fair value of investment	9	-	1	-	-
Foreign currency translation adjustment		777	(3)	983	(144)
Total other comprehensive income (loss)		<u>777</u>	<u>(2)</u>	<u>983</u>	<u>(144)</u>
Total comprehensive loss		<u>\$ (677)</u>	<u>\$ (2,867)</u>	<u>\$ (3,063)</u>	<u>\$ (5,285)</u>
Attributable to non-controlling interests	19	(19)	-	(19)	-
Attributable to equity share owners of the parent		<u>(658)</u>	<u>(2,867)</u>	<u>(3,044)</u>	<u>(5,285)</u>
		<u>\$ (677)</u>	<u>\$ (2,867)</u>	<u>\$ (3,063)</u>	<u>\$ (5,285)</u>
Weighted average number of common shares outstanding – basic and diluted	17	465,051,490	465,051,490	465,051,490	465,265,709
Net loss per share – basic and diluted	17	\$ (0.003)	\$ (0.006)	\$ (0.009)	\$ (0.011)

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 Six Months Ended June 30, 2025 and 2024
Unaudited – See Notice to Reader
(Stated in thousands of U.S. dollars)

	Capital stock	Accumulated deficit	Transactions with non-controlling interests	Accumulated other comprehensive income	Contributed surplus	Total Attributable to parent	Non-controlling interests	Total
Balance - January 1, 2024	\$ 11,250	\$ (212,227)	\$ -	\$ 19,686	\$ 190,161	\$ 8,870	\$ (1,610)	\$ 7,260
Net loss	-	(4,979)	-	-	-	(4,979)	(162)	(5,141)
Other comprehensive loss	-	-	-	(144)	-	(144)	-	(144)
Share repurchased under NCIB (note 18)	(29)	-	-	-	-	(29)	-	(29)
Balance – June 30, 2024	\$ 11,221	\$ (217,206)	\$ -	\$ 19,542	\$ 190,161	\$ 3,718	\$ (1,772)	\$ 1,946
Balance - January 1, 2025	\$ 11,221	\$ (223,781)	\$ -	\$ 19,424	\$ 190,173	\$ (2,963)	\$ (1,969)	\$ (4,932)
Net loss	-	(3,840)	-	-	-	(3,840)	(206)	(4,046)
Other comprehensive income (loss)	-	-	-	1,002	-	1,002	(19)	983
Preferred shares issued by Patagonia Gold Canada Inc. (note 19)	-	-	-	-	-	-	40,000	40,000
Preferred share issuance costs	-	-	-	-	-	-	(74)	(74)
Effect of changes in ownership interest in Patagonia Gold Canada Inc. without loss of control	-	-	27,394	-	-	27,394	(27,394)	-
Share based payments (note 18)	-	-	-	-	115	115	-	115
Balance – June 30, 2025	\$ 11,221	\$ (227,621)	\$ 27,394	\$ 20,426	\$ 190,288	\$ 21,708	\$ 10,338	\$ 32,046

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 Six Months Ended June 30, 2025 and 2024

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

	Note	2025	2024
Cash flow from operating activities			
Net loss		\$ (4,046)	\$ (5,141)
Items not affecting cash			
Depreciation of property, plant and equipment	10	707	672
Depletion of mineral properties	6	59	70
Amortization of mining rights	8	50	50
Share based payment expense	18	115	-
Provisions	7	(615)	(880)
Write-down of inventory	5	-	107
Interest payable		1,556	1,207
Accretion expense	7	47	70
Gain on sale of asset		(24)	(17)
Income tax expense		(277)	1,053
Net change in non-cash working capital items			
(Increase)/decrease in receivables		(2,477)	(479)
(Increase)/decrease in inventory		161	640
Increase/(decrease) in accounts payable and accrued liabilities		135	747
Increase/(decrease) in accounts payable and accrued liabilities with related parties		32	32
Increase/(decrease) in transaction taxes payable		(1)	(6)
Net cash used in operating activities		<u>(4,578)</u>	<u>(1,875)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(10,136)	(223)
Purchases of mineral property	6	(1,857)	-
Proceeds from disposal of property, plant and equipment	10	24	17
Net cash used in investing activities		<u>(11,969)</u>	<u>(206)</u>
Cash flow from financing activities			
Bank indebtedness		(2,113)	89
Proceeds from loans		12,905	1,611
Repayment of loans		(10,007)	-
Share repurchased under NCIB	18	-	(29)
Proceeds from preferred shares issued by Patagonia Gold Canada Inc.	19	40,000	-
Preferred share issuance costs	19	(74)	-
Net cash provided by financing activities		<u>40,711</u>	<u>1,671</u>
Net increase (decrease) in cash and cash equivalents		24,164	(410)
Effect of foreign exchange on cash		370	283
Cash and cash equivalents, beginning of period		948	185
Cash and cash equivalents, end of the period		<u>\$ 25,482</u>	<u>\$ 58</u>
Cash and cash equivalents consist of:			
Cash		\$ 15,455	\$ 58
Cash equivalents		10,027	-
Cash and cash equivalents, end of the period		<u>\$ 25,482</u>	<u>\$ 58</u>
Taxes paid		(1)	(6)
Interest paid		(281)	(326)

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Patagonia Gold Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2025 and 2024

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1. Nature of business

On July 24, 2019, Patagonia Gold Corp. (PGDC.TSXV – “the Company” or “Patagonia”) [formerly Hunt Mining Corp (“Hunt”, or “Hunt Mining”)] and Patagonia Gold Limited (“PGL”) [formerly Patagonia Gold PLC (“PGP”)] completed a reverse acquisition (or reverse takeover, the “RTO”) resulting in Hunt acquiring all issued shares of common stock of PGP in exchange for common shares of Hunt on the basis of 10.76 Hunt shares for each PGP share. Hunt issued 254,355,192 common shares to the shareholders of PGP representing an ownership interest of approximately 80%. The operating name of Hunt Mining Corp. was changed to Patagonia Gold Corp.

Patagonia is a mineral exploration and production company incorporated on January 10, 2006 under the laws of Alberta, Canada and, together with its subsidiaries, is engaged in the exploration of mineral properties and exploitation of reserves in Santa Cruz, Rio Negro and Chubut provinces of Argentina.

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

Corporation	Incorporation	Percentage ownership	Functional currency	Business purpose
Patagonia Gold S.A. (“PGSA”)	Argentina	95	US\$	Production and Exploration Stage
Minera Minamalu S.A.	Argentina	100	US\$	Exploration Stage
Huemules S.A.	Argentina	100	US\$	Exploration Stage
Leleque Exploración S.A.	Argentina	100	US\$	Exploration Stage
Patagonia Gold Limited (formerly Patagonia Gold PLC)	UK	100	GBP\$	Holding
Minera Calcatreu S.A.U. (formerly Minera Aquiline S.A.U.)	Argentina	60	US\$	Exploration Stage
Patagonia Gold Canada Inc.	Canada	60	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 August 29, 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 and Six Months Ended June 30, 2025 and 2024

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The Company's presentation currency is the US Dollar.

3. Going concern

The accompanying condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. During the three and six months ended June 30, 2025, the Company had a net loss of \$1,454 (2024 - \$2,865) and \$4,046 (2024 - \$5,141) respectively. As at June 30, 2025, the Company has positive working capital of \$21,416 (December 31, 2024 - negative working capital \$4,382) and had an accumulated deficit of \$227,621 (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

Except as noted below, these condensed interim consolidated financial statements follow the same accounting policies as the Company's annual audited consolidated financial statements for the year ended December 31, 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.

Cash and cash equivalents

Cash and equivalents consist of funds held in banks and investments in money market instruments, maintained to meet short-term operating commitments and to optimize liquidity. The Company invests only with counterparties of high credit quality, and the instruments are readily convertible to known amounts of cash with an insignificant risk of changes in value.

Preferred shares issued by a subsidiary to non-controlling interests

In accordance with *IAS 32 Financial Instruments: Presentation*, financial instruments issued by an entity are classified as equity instruments when they do not contain any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions to the issuer.

The preferred shares issued by Patagonia Gold Canada Inc. have been accounted for as equity instruments as they do not have a maturity date, do not include a cash redemption feature and do not have any fixed coupon payments. The preferred shares are initially recognized at fair value of the consideration received, net of direct issuance costs, and are presented separately in equity as non-controlling interests.

Changes in the Company's ownership interest in a subsidiary that does not result in a loss of control is accounted for directly in equity, without recognizing gains or losses in the statement of loss and comprehensive loss. On the date of change in ownership interest of a subsidiary that does not result in a loss of control, the carrying amount of the parent's equity and non-controlling interests' share of the equity is adjusted to reflect the changes in their relative ownership interest in the subsidiary. Any difference between the amount of the non-controlling interest adjustment and the fair value of the consideration received is recognized in equity attributable to the parent under the "transactions with non-controlling interests" reserve.

Patagonia Gold Corp.
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(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.

5. Inventories

	June 30, 2025	December 31, 2024
	<u>\$'000</u>	<u>\$'000</u>
Gold held on carbon	\$ 371	\$ 430
Materials and supplies	<u>2,463</u>	<u>2,565</u>
	<u>\$ 2,834</u>	<u>\$ 2,995</u>

During the three and six months ended June 30, 2025, the Company expensed \$2,130 (2024 - \$1,980) and \$3,144 (2024 - \$3,457) of inventories on the condensed interim consolidated statements of loss and comprehensive loss.

During the three and six months ended June 30, 2025, the net realizable value of the inventory was less than the costs incurred in establishing the gold held on carbon and the Company recorded an inventory write down of \$Nil (2024 - \$107) and \$Nil (2024 - \$107) under cost of sales on the condensed interim consolidated statements of loss and comprehensive loss.

Patagonia Gold Corp.
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6. Mineral properties

	Mining assets \$'000	Surface rights acquired \$'000	Total \$'000
Cost			
Balance – January 1, 2024	\$ 26,723	\$ 6,562	\$ 33,285
Additions	335	-	335
Disposals	(1)	-	(1)
Balance - December 31, 2024	\$ 27,057	\$ 6,562	\$ 33,619
Additions	1,840	17	1,857
Disposal	(2)	-	(2)
Balance – June 30, 2025	\$ 28,895	\$ 6,579	\$ 35,474
Depletion			
Balance - January 1, 2024	\$ 17,624	\$ 908	\$ 18,532
Charge for the year	130	-	130
Disposals	(1)	-	(1)
Impairment	100	-	100
Balance - December 31, 2024	\$ 17,853	\$ 908	\$ 18,761
Charge for the period	59	-	59
Disposal	(2)	-	(2)
Balance – June 30, 2025	\$ 17,910	\$ 908	\$ 18,818
Net book value			
December 31, 2024	\$ 9,204	\$ 5,654	\$ 14,858
June 30, 2025	\$ 10,985	\$ 5,671	\$ 16,656

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.

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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 June 30, 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 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%.

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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 ongoing mining of a property to restore it to its original condition at the end of its useful life. In accordance with IFRS Accounting Standards, the Company recognized the estimated fair value of that liability as an asset retirement obligation. As at June 30, 2025, the total amount of undiscounted cash flows required to settle the estimated obligation is \$2,953 (December 31, 2024 - \$3,554) which has been discounted using a weighted average risk-free rate of 3.95% (December 31, 2024 - 4.26%) and an inflation rate of 2.67% (December 31, 2024 - 2.89%).

During the six months ended June 30, 2025, the Company incurred reclamation and remediation costs of \$569.

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

	June 30, 2025 \$'000	December 31, 2024 \$'000
Reclamation and remediation obligation - beginning of period	\$ 3,304	\$ 3,281
Change in estimate	(615)	(98)
Accretion expense	47	121
Reclamation and remediation obligation - end of period	\$ 2,736	\$ 3,304
Less current portion	(1,758)	(2,349)
Total	\$ 978	\$ 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 six months ended June 30, 2025 and year ended December 31, 2024, the change in estimate relates to revisions to the estimated discounted cash flow and inflation rates obligations.

8. Mining rights

	Fomicruz Agreement \$'000		Minera Calcatreu \$'000		Total \$'000
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	(50)		-		(50)
Exchange differences	-		613		613
Balance – June 30, 2025	\$ 2,638	\$	13,140	\$	15,778

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.

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

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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 June 30, 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 June 30, 2024, the fair value of the short-term investments is \$2 (December 31, 2024 - \$2).

10. Property, plant and equipment

	Plant \$'000	Buildings \$'000	Vehicles and equipment \$'000	Improvements and advances \$'000	Total \$'000
Cost					
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	-	35	428	9,673	10,136
Disposals	-	-	(35)	-	(35)
Transfers	-	-	191	(191)	-
Balance – June 30, 2025	\$ 15,520	\$ 2,014	\$ 26,327	\$ 12,764	\$ 56,625
Accumulated depreciation					
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	-	-	(35)	-	(35)
Depreciation for the period	136	81	490	-	707
Balance – June 30, 2025	\$ 14,678	\$ 1,087	\$ 20,657	\$ -	\$ 36,422
Net book value					
December 31, 2024	\$ 978	\$ 973	\$ 5,541	\$ 3,282	\$ 10,774
June 30, 2025	\$ 842	\$ 927	\$ 5,670	\$ 12,764	\$ 20,203

11. Receivables

	June 30, 2025 \$'000	December 31, 2024 \$'000
Receivable from sales	\$ 1,053	\$ 243
Recoverable value added tax (“VAT”)	978	924
Other receivables	608	398
Total	\$ 2,639	\$ 1,565

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12. Other receivables

	June 30, 2025	December 31, 2024
	<u>\$'000</u>	<u>\$'000</u>
Recoverable value added tax (“VAT”)	\$ 1,744	\$ 365
Other receivables	252	228
Total	<u>\$ 1,996</u>	<u>\$ 593</u>

Other receivables balance consists of tax receivables.

13. Bank indebtedness

	June 30, 2025	December 31, 2024
	<u>\$'000</u>	<u>\$'000</u>
A credit facility with an Argentinian bank with a limit of \$249 (300,000,000 Argentine Peso), maturity date of September 30, 2025 and interest rate of 42.00%	\$ 103	\$ 1,635
A credit facility with an Argentinian bank with a limit of \$498 (600,000,000 Argentine Peso), maturity date of May 31, 2025 and interest rate of 45.93%	-	581
Total	<u>\$ 103</u>	<u>\$ 2,216</u>

14. Accounts payable and accrued liabilities

	June 30, 2025	December 31, 2024
	<u>\$'000</u>	<u>\$'000</u>
Trade accounts payable and accrued liabilities	\$ 3,354	\$ 3,050
Other accruals ¹	1,090	1,260
Accounts payable with related parties (note 20)	259	227
Total	<u>\$ 4,703</u>	<u>\$ 4,537</u>

¹ – As at June 30, 2025, other accruals consist of taxes payable of \$574 (December 31, 2024 - \$924) and accrued salaries of \$516 (December 31, 2024 - \$336).

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

	June 30, 2025	December 31, 2024
	<u>\$'000</u>	<u>\$'000</u>
Current portion of long-term debt (note 16)	\$ 214	\$ 214
Current portion of leases payable (note 16)	109	68
Loan payable ¹	2,652	-
Pre-export financing, at 5% interest per annum, due March 28, 2025	-	506
Total	<u>\$ 2,975</u>	<u>\$ 788</u>

¹ – Consists of unsecured loan of \$2,000 at 6% interest per annum, due August 22, 2025 and \$600 at 9.5% interest per annum, due September 18, 2025. Subsequent to the six months ended June 30, 2025, \$1,400 of the unsecured loan was refinanced at 8.25% per annum, due February 17, 2026 and \$600 was repaid.

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16. Long-term debt

	June 30, 2025	December 31, 2024
	<u>\$'000</u>	<u>\$'000</u>
Loan secured by a letter of guarantee from the Company, at 7.5% interest per annum, due December 31, 2026 ¹	\$ 38,366	\$ 37,691
Loan secured by assets of the Company at 9% interest per annum, due January 31, 2024 ²	214	214
Leases payable, at 8.5% interest per annum, due December 12, 2027	305	228
Accrued interest on debt	8,453	6,897
	<u>\$ 47,338</u>	<u>\$ 45,030</u>
Less current portion	<u>(323)</u>	<u>(282)</u>
Total	<u>\$ 47,015</u>	<u>\$ 44,748</u>

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 June 30, 2025.

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

Year ending December 31	
2025	267
2026	46,933
2027	138

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 for 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:

	For the Three Months Ended	
	June 30, 2025	June 30, 2024
	<u></u>	<u></u>
Net loss (\$'000)	\$ (1,454)	\$ (2,865)
Weighted average number of common shares outstanding – basic and diluted	465,051,490	465,051,490
Net loss per share – basic and diluted	<u>\$ (0.003)</u>	<u>\$ (0.006)</u>
	For the Six Months Ended	
	June 30, 2025	June 30, 2024
	<u></u>	<u></u>
Net loss (\$'000)	\$ (4,046)	\$ (5,141)
Weighted average number of common shares outstanding – basic and diluted	465,051,490	465,265,709
Net loss per share – basic and diluted	<u>\$ (0.009)</u>	<u>\$ (0.011)</u>

18. Capital stock

Authorized:

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

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Issued:

	Number of common shares outstanding	Amount \$'000
Balance at January 1, 2024	466,682,490	11,250
Share repurchased	(1,631,000)	(29)
Balance at December 31, 2024 and June 30, 2025	<u>465,051,490</u>	<u>\$ 11,221</u>

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 June 30, 2025 and December 31, 2024, there were no preferred shares issued by the Company.

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 six months ended June 30, 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.

	Six months ended June 30, 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	<u>19,200,000</u>	<u>\$ 0.065</u>	<u>20,400,000</u>	<u>\$ 0.066</u>

During the period ended June 30, 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.

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As at June 30, 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	0.12	August 13, 2025
\$0.035	-	14,600,000	14,600,000	4.46	December 13, 2029
	4,600,000	14,600,000	19,200,000	3.42	

On December 13, 2024, the Company granted 15,300,000 options to directors, officers, and employees with an exercise price of CAD \$0.035 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 and six months ended June 30, 2025, the Company recognized share-based payments expense of \$63 (2024 - \$Nil) and \$115 (2024 - \$Nil) respectively.

Subsequent to the period ended June 30, 2025, 4,600,000 options expired unexercised.

Agent compensation options

	Six Months ended June 30, 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 June 30, 2025 there are no agent compensation options outstanding.

Warrants

	Six Months ended June 30, 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 June 30, 2025 there are no warrants outstanding.

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19. Non-controlling interests

Set out below is information about the Company’s subsidiaries with non-controlling interests and the non-controlling interest balances included in equity:

Corporation	Incorporation	Percentage of ownership interest	June 30, 2025 \$'000
Patagonia Gold S.A.	Argentina	5%	\$ (2,083)
Patagonia Gold Canada Inc.	Canada	40%	12,421
Total			<u>\$ 10,338</u>

Patagonia Gold Canada Inc. (“PGI”)

The non-controlling interest in PGI is held by Black River Mine Inc (“BRM”). PGI has 100% ownership interest in Minera Calcatreu S.A.U (“MC”).

The Company has 100% ownership interest in Patagonia Gold Limited (“PGL”) and PGL had 100% ownership interest in PGI prior to the investment from BRM.

On May 30, 2025, PGI issued 40 million non-voting preferred shares (“Preferred Shares”) to BRM at \$1.00 per share for total proceeds of \$40 million (the “Financing”) pursuant to the investment agreement dated April 13, 2025 between PGI and BRM (the “Investment Agreement”). The proceeds from the Financing will be used solely to fund the development of the Calcatreu project, located in the Province of Río Negro, Argentina, and to pay expenses related to the Financing. After the completion of the Financing, PGL holds 60% common share interest in PGI and BRM holds 40% preferred share interest in PGI.

BRM is controlled by Mr. Carlos J. Miguens (“Mr. Miguens”) and is a related party as Mr. Miguens also has ownership and control over 43.2% of the common shares of the Company.

Concurrent with the completion of the Financing, PGL, PGI and BRM entered into a shareholders’ agreement (the “Shareholders Agreement”) and together with the Investment Agreement, the “Agreements”).

Pursuant to the Agreements, BRM has the ability to nominate one (1) of the three (3) directors of PGI. The remaining two (2) directors are nominated PGL which owns the voting common shares of PGI.

If any additional equity securities are to be issued by PGI, PGL and BRM have the right to purchase such equity instruments up to their pro-rata entitlement which is 60% in the case of PGL and 40% in the case of BRM.

Unless and until otherwise unanimously agreed by the Board of Directors of PGI, PGI shall pay to its shareholders an amount equal to the amount of the Available Cash (as defined below) at such times as determined by the Board of Directors, which Available Cash will be distributed to the shareholders in accordance with the terms set out below, in the following order of priority (the “Distribution Policy”):

- (a) Preferred Distributions: BRM will receive 80% of the Available Cash (with PGL receiving the remaining 20% of the Available Cash) (the “Preferred Distribution Amount”) until such time as BRM has received an amount equal to \$40 million (the “Investment Amount”).
- (b) Catch-Up Distributions: After BRM has received the Preferred Distribution Amount, PGL will receive 100% of the Available Cash (with BRM not receiving any of the Available Cash) until such time as PGL has received an amount equal to \$60 million (the “Catch-Up Distribution Amount”).
- (c) Pro Rata Distributions: After PGL has received the Catch-Up Distribution Amount, PGL will receive 60% of the Available Cash and BRM will receive 40% of the Available Cash.

“Available Cash” means at any given time of calculation, the Distributable Cash (as defined below) that is available for distribution to the shareholders of PGI in accordance with the Distribution Policy, after payment of all expenses, including the costs of Calcatreu project, of PGI and MC. MC will distribute to PGI all of MC’s cash that is available for distribution after payment of all of the costs of

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the Calcatreu project, including the servicing and repayment of loans, minus an amount that the Board of Directors determines should be retained in MC to meet or fund debt service commitments, working capital requirements, pending and clearly anticipated liabilities known to be likely to arise during the succeeding six months or the end of the financial year, whichever is later, reasonable contingencies and reserves established by the Board of Directors, anticipated operating and capital expenditures and such other business needs of MC (the “Distributable Cash”).

In the event of a change of control of PGI, if BRM has not received the Preferred Distribution Amount as of the date of such change of control, BRM shall have the option to require PGI to redeem all of the outstanding Preferred Shares for a cash payment equal to the difference between the Investment Amount and the amount of the Preferred Distribution Amount that BRM had received as of the date of the change of control. If BRM has received the Preferred Distribution Amount and the change of control results in proceeds being received by PGI or any of its subsidiaries, the proceeds of such change of control shall be distributed to BRM and PGL in accordance with the Distribution Policy.

In the event of the liquidation, dissolution or winding-up of PGI or other distribution of the property or assets of PGI among its shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holder of Preferred Shares shall be paid, in respect of such Preferred Shares, a cash payment equal to the difference between the Investment Amount and the amount of the Preferred Distribution Amount that the holder of the Preferred Shares had received as of the date of such liquidation event, provided that if the holder of the Preferred Shares has received the Preferred Distribution Amount as of the date of such liquidation event, any remaining cash would be distributed in accordance with the Distribution Policy.

The Preferred Shares shall rank senior in all respects to all existing and future common shares of PGI and any future Preferred Shares of PGI, and junior in all respects to all existing and future indebtedness of PGI.

The following is the summarized financial information for PGI consolidated with MC, as at and for the six months ended June 30, 2025, before intra-group eliminations. PGI has non-controlling interests that are considered material to the Company’s condensed interim consolidated financial statements.

	June 30, 2025 \$'000
Summarized balance sheet	
Current assets	\$ 26,193
Current liabilities	(24,733)
Current net assets	<u>\$ 1,460</u>
Non-current assets	\$ 30,088
Non-current liabilities	(168)
Non-current net assets	<u>\$ 29,920</u>
Net assets	<u>\$ 31,380</u>
Accumulated non-controlling interest	\$ 12,421
Summarized statement of comprehensive income (loss)	
Income for the period	\$ 579
Other comprehensive loss	(48)
Total comprehensive income	<u>\$ 531</u>
Loss allocated to non-controlling interests	\$ (92)

Cash and cash equivalents balance as at June 30, 2025 includes \$25,451 held by Patagonia Gold Canada Inc. These cash and cash equivalent balances are to be used within Patagonia Gold Canada Inc. and Minera Calcatreu S.A.U and cannot be transferred to other entities within the group.

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Included in the current assets and current liabilities above are \$640 in other receivables from other entities in the group, and \$22,726 in loans payable and other payables to other entities in the group.

20. Related party transactions

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

Name and Principal Position	Remuneration, fees or interest expense	Loans or Advances	Remuneration, fees, or interest payments	Loan payments	Included in	Included in
					Accounts Payable	Loan Payable and Long-term debt
Six months ended June 30,					As at June 30, 2025 and December 31, 2024	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
A company controlled by a director	2025	32	-	-	253	-
- admin, office, and interest expenses	2024	32	-	-	221	-
Directors	2025	225	-	225	6	-
- salaries and wages	2024	200	-	200	6	-

As at June 30, 2025, the Company has \$259 (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.

21. Depreciation, depletion and amortization

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	\$ 394	\$ 371	\$ 707	\$ 736
Depreciation allocated to inventory	(385)	(320)	(662)	(629)
Depletion of mineral properties	29	42	59	70
Amortization of mining rights	25	25	50	50
Total	\$ 63	\$ 118	\$ 154	\$ 227

22. Administrative expenses

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
General and administrative	\$ 734	\$ 577	\$ 1,395	\$ 1,070
Argentinian statutory taxes	120	46	219	69
Professional fees	128	143	180	183
Operating leases	19	20	36	31
Directors' remuneration	9	13	21	112
Consulting fees	14	4	17	5
Transaction taxes expense	8	15	16	21
Total	\$ 1,032	\$ 818	\$ 1,884	\$ 1,491

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23. Financial instruments

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

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

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

Fair value

As at June 30, 2025, there were no changes in the levels in comparison to December 31, 2024. The fair values of financial instruments are summarized as follows:

	June 30, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
<i>Amortized cost</i>				
Cash and cash equivalents	25,482	25,482	948	948
Receivables and other receivable ¹	1,913	1,913	869	869
<i>Fair value through other comprehensive income</i>				
Other financial assets (Level 1)	2	2	2	2
Financial liabilities				
<i>Amortized cost</i>				
Bank indebtedness	103	103	2,216	2,216
Accounts payable and accrued liabilities	4,703	4,703	4,537	4,537
Loan payable and current portion of long-term debt	2,975	2,975	788	788
Long-term debt	47,015	47,015	44,748	44,748

¹ Amounts exclude value added tax ("VAT") recoverable of \$2,722 and \$1,289 as June 30, 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.

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Market Risk

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

Interest Rate Risk

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

Currency Risk

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

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 June 30, 2025, the Company had total cash balances of \$15,455 (December 31, 2024 - \$948) at financial institutions, where \$15,336 (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 June 30, 2025, the Company had current assets of \$30,955 (December 31, 2024 - \$5,508) to settle current liabilities of \$9,539 (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 June 30, 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.

24. Other income

As part of the Company's treasury management, the Company trades certain securities denominated in US dollar and Argentine Peso. The gain on disposition of these securities is recorded as other income on the condensed interim consolidated statements of loss and comprehensive loss. During the three and six months ended June 30, 2025, the Company recognized a gain of \$140 (2024 – \$298) and \$584 (2024 – \$419) respectively.

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25. Segment reporting

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

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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 June 30, 2025

	Argentina									
	Lomada Project	Cap-Oeste Project	Calcatreu Project	Martha and La Josefina Projects	Argentina Uruguay and Chile	UK	North America	Total		
Revenue	\$ -	\$ 3,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,041		
Cost of sales	-	(2,493)	-	-	-	-	-	(2,493)		
Gross profit	\$ -	\$ 548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 548		
Operating expense										
Exploration expense	\$ -	\$ -	\$ -	\$ -	\$ (304)	\$ -	\$ -	\$ (304)		
Repair and maintenance	-	-	-	(228)	-	-	-	(228)		
Depreciation, depletion and amortization	-	(29)	-	-	(9)	(25)	-	(63)		
Administrative expenses	-	-	(176)	-	(663)	(33)	(160)	(1,032)		
Share-based payments expense	-	-	-	-	-	-	(63)	(63)		
Interest expense	-	-	(1)	-	(84)	(146)	(660)	(891)		
Total operating expense	\$ -	\$ (29)	\$ (177)	\$ (228)	\$ (1,060)	\$ (204)	\$ (883)	\$ (2,581)		
Other income/(expense)										
Interest income	\$ -	\$ -	\$ 1	\$ -	\$ 9	\$ 49	\$ -	\$ 59		
Gain/(loss) on foreign exchange	-	-	32	-	(17)	(364)	202	(147)		
Accretion expense	-	(6)	-	(14)	-	-	-	(20)		
Other income	-	-	115	-	25	-	-	140		
Total other income/(expense)	\$ -	\$ (6)	\$ 148	\$ (14)	\$ 17	\$ (315)	\$ 202	\$ 32		
Income/(loss) – before income tax	\$ -	\$ 513	\$ (29)	\$ (242)	\$ (1,043)	\$ (519)	\$ (681)	\$ (2,001)		
Income tax benefit/(expense)	-	-	90	33	424	-	-	547		
Net income/(loss)	\$ -	\$ 513	\$ 61	\$ (209)	\$ (619)	\$ (519)	\$ (681)	\$ (1,454)		

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For the three months ended June 30, 2024

	Argentina									
	Lomada Project	Cap-Oeste Project	Calcatreu Project	Martha and La Josefina Projects	Argentina Uruguay and Chile	UK	North America	Total		
Revenue	\$ -	\$ 2,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,622		
Cost of sales	-	(2,196)	-	-	-	-	-	(2,196)		
Gross loss	\$ -	\$ 426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426		
Operating expense										
Exploration expense	\$ -	\$ -	\$ (132)	\$ (90)	\$ (471)	\$ -	\$ -	\$ (693)		
Repair and maintenance	-	-	-	(193)	-	-	-	(193)		
Depreciation, depletion and amortization	-	(42)	-	-	(51)	(25)	-	(118)		
Administrative expenses	-	-	(53)	-	(609)	(27)	(129)	(818)		
Interest expense	-	-	(1)	-	(174)	(148)	(464)	(787)		
Total operating expense	\$ -	\$ (42)	\$ (186)	\$ (283)	\$ (1,305)	\$ (200)	\$ (593)	\$ (2,609)		
Other income/(expense)										
Interest income	\$ -	\$ -	\$ 2	\$ -	\$ 116	\$ -	\$ -	\$ 118		
Gain/(loss) on foreign exchange	-	-	16	-	117	(16)	(94)	23		
Accretion expense	(13)	(5)	-	(17)	-	-	-	(35)		
Other income	-	-	-	-	298	-	-	298		
Total other income/(expense)	\$ (13)	\$ (5)	\$ 18	\$ (17)	\$ 531	\$ (16)	\$ (94)	\$ 404		
Income/(loss) – before income tax	\$ (13)	\$ 379	\$ (168)	\$ (300)	\$ (774)	\$ (216)	\$ (687)	\$ (1,779)		
Income tax benefit/(expense)	-	-	-	28	(1,114)	-	-	(1,086)		
Net income/(loss)	\$ (13)	\$ 379	\$ (168)	\$ (272)	\$ (1,888)	\$ (216)	\$ (687)	\$ (2,865)		

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For the six months ended June 30, 2025

	Argentina									
	Lomada Project	Cap-Oeste Project	Calcatreu Project	Martha and La Josefina Projects	Argentina Uruguay and Chile	UK	North America	Total		
Revenue	\$ -	\$ 4,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,224
Cost of sales	-	(3,608)	-	-	-	-	-	-	-	(3,608)
Gross profit	\$ -	\$ 616	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 616
Operating expense										
Exploration expense	\$ -	\$ -	\$ (173)	\$ (194)	\$ (410)	\$ -	\$ -	\$ -	\$ -	\$ (777)
Repair and maintenance	-	-	-	(506)	-	-	-	-	-	(506)
Depreciation, depletion and amortization	-	(59)	(10)	-	(35)	(50)	-	-	-	(154)
Administrative expenses	-	-	(273)	-	(1,262)	(35)	(314)	-	-	(1,884)
Share-based payments expense	-	-	-	-	-	-	(115)	-	-	(115)
Interest expense	-	-	(1)	-	(335)	(292)	(1,264)	-	-	(1,892)
Total operating expense	\$ -	\$ (59)	\$ (457)	\$ (700)	\$ (2,042)	\$ (377)	\$ (1,693)	\$ -	\$ -	\$ (5,328)
Other income/(expense)										
Interest income	\$ -	\$ -	\$ 4	\$ -	\$ 11	\$ 49	\$ -	\$ -	\$ -	\$ 64
Gain/(loss) on foreign exchange	-	-	37	-	71	(556)	236	-	-	(212)
Accretion expense	(7)	(13)	-	(27)	-	-	-	-	-	(47)
Other income	-	-	248	-	336	-	-	-	-	584
Total other income/(expense)	\$ (7)	\$ (13)	\$ 289	\$ (27)	\$ 418	\$ (507)	\$ 236	\$ -	\$ -	\$ 389
Income/(loss) – before income tax	\$ (7)	\$ 544	\$ (168)	\$ (727)	\$ (1,624)	\$ (884)	\$ (1,457)	\$ -	\$ -	\$ (4,323)
Income tax benefit/(expense)	-	-	90	43	144	-	-	-	-	277
Net income/(loss)	\$ (7)	\$ 544	\$ (78)	\$ (684)	\$ (1,480)	\$ (884)	\$ (1,457)	\$ -	\$ -	\$ (4,046)

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For the six months ended June 30, 2024

	Argentina									Total
	Lomada Project	Cap-Oeste Project	Calcatreu Project	Martha and La Josefina Projects	Argentina Uruguay and Chile	UK	North America			
Revenue	\$ -	\$ 4,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,428
Cost of sales	-	(3,828)	-	-	-	-	-	-	-	(3,828)
Gross profit (loss)	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Operating expense										
Exploration expense	\$ -	\$ -	\$ (213)	\$ (212)	\$ (1,072)	\$ -	\$ -	\$ -	\$ -	\$ (1,497)
Repair and maintenance	-	-	-	(391)	-	-	-	-	-	(391)
Depreciation, depletion and amortization	-	(70)	(4)	-	(103)	(50)	-	-	-	(227)
Administrative expenses	-	-	(187)	-	(994)	(31)	(279)	-	-	(1,491)
Interest expense	-	-	(3)	-	(406)	(296)	(913)	-	-	(1,618)
Total operating expense	\$ -	\$ (70)	\$ (407)	\$ (603)	\$ (2,575)	\$ (377)	\$ (1,192)	\$ -	\$ -	\$ (5,224)
Other income/(expense)										
Interest income	\$ -	\$ -	\$ 2	\$ -	\$ 120	\$ -	\$ -	\$ -	\$ -	\$ 122
Gain/(loss) on foreign exchange	-	-	20	-	287	51	(293)	-	-	65
Accretion expense	(26)	(10)	-	(34)	-	-	-	-	-	(70)
Other income	-	-	-	-	419	-	-	-	-	419
Total other income/(expense)	\$ (26)	\$ (10)	\$ 22	\$ (34)	\$ 826	\$ 51	\$ (293)	\$ -	\$ -	\$ 536
Income/(loss) – before income tax	\$ (26)	\$ 520	\$ (385)	\$ (637)	\$ (1,749)	\$ (326)	\$ (1,485)	\$ -	\$ -	\$ (4,088)
Income tax benefit/(expense)	-	-	-	48	(1,101)	-	-	-	-	(1,053)
Net income/(loss)	\$ (26)	\$ 520	\$ (385)	\$ (589)	\$ (2,850)	\$ (326)	\$ (1,485)	\$ -	\$ -	\$ (5,141)

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	Total Assets		Total liabilities	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
	\$'000	\$'000	\$'000	\$'000
Argentina – Cap-Oeste	\$ 12,460	\$ 12,964	\$ 2,056	\$ 2,263
Argentina – Lomada	2,553	1,756	497	1,057
Argentina – Calcatreu	30,533	16,933	2,275	1,551
Argentina – Martha & La Josefina	10,228	10,438	1,674	1,731
Argentina and Chile	4,366	4,409	4,198	4,535
United Kingdom	7	6	10,894	10,586
North America	29,452	4,453	35,959	34,168
Total	\$ 89,599	\$ 50,959	\$ 57,553	\$ 55,891

26. Capital management

The Company's capital management objectives are:

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

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

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

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

The Company's capital as at June 30, 2025 and December 31, 2024 is as follows:

	June 30, 2025	December 31, 2024
	\$'000	\$'000
Bank indebtedness	\$ 103	\$ 2,216
Loan payable and current portion of long-term debt	2,975	788
Long-term debt	47,015	44,748
Shareholders' equity (deficit) attributable to the parent	21,708	(2,963)
Total	\$ 71,801	\$ 44,789

27. Subsequent events

Refer to notes 15 and 18 for subsequent event transactions.