

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

PART TWO OF THIS SCHEME DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. THIS SCHEME DOCUMENT CONTAINS AN OFFER WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION OF PATAGONIA GOLD PLC SHARES TO TRADING ON AIM.

If you are in any doubt about the contents of this Scheme Document or the action you should take, you are recommended to seek your own independent personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the UK Financial Services and Markets Act 2000 (as amended). If you are outside the UK, you should immediately consult an appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Patagonia Gold Shares, please send this Scheme Document (but not any personalised Forms of Proxy) and any reply-paid envelope at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Patagonia Gold Shares, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this Scheme Document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Scheme Document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither this Scheme Document nor any of the accompanying documents are intended to, and do not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

RECOMMENDED ALL-SHARE OFFER

for

PATAGONIA GOLD PLC

(registered in England and Wales with company registration number 03994744)

by

HUNT MINING CORP.

(a company incorporated under the Business Corporations Act (British Columbia))

to be implemented by means of a scheme of arrangement
under Part 26 of the Companies Act 2006

This Scheme Document (including any document incorporated by reference), together with the accompanying Forms of Proxy, should be read as a whole. In particular, your attention is drawn to the letter from the Chairman of Patagonia Gold in Part One of this Scheme Document, which contains the unanimous recommendation of the Patagonia Gold Directors that you vote in favour of the Scheme at the Court Meeting and the special resolution relating to the Offer to be proposed at the Patagonia Gold General Meeting. A letter from Strand Hanson Limited explaining the Scheme appears in Part Two of this Scheme Document.

Notices of the Court Meeting and the Patagonia Gold General Meeting, both of which will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH on 12 July 2019, are set out in Part Nine (*Notice of the Court Meeting*) and Part Ten (*Notice of the Patagonia Gold General Meeting*) of this Scheme Document. The Court Meeting will start at 10.00 a.m. on that date and the Patagonia Gold General Meeting at 10.15 a.m. or as soon thereafter as the Court Meeting is concluded or adjourned.

Actions to be taken

The actions to be taken by Patagonia Shareholders are set out on pages 10 to 12 of this Scheme Document.

Shareholders will find enclosed with this Scheme Document a Pink Form of Proxy for use at the Court Meeting and a Blue Form of Proxy for use at the Patagonia Gold General Meeting, respectively.

Whether or not you intend to attend the Court Meeting or the Patagonia Gold General Meeting in person, please complete both Forms of Proxy accompanying this Scheme Document in accordance with the instructions printed on them and return them to the Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible but in any event at least 48 hours prior to the relevant Meeting (noting that in taking account of this 48 hour period, no account shall be taken of any part of a day that is not a working day). A pre-paid envelope for use in the UK is enclosed for your use. You can also lodge your proxy vote online at www.investorcentre.co.uk/eproxy, so as to be received by not later than 48 hours (excluding any part of a day that is not a Business Day) before the relevant Meeting. The completion and return of a Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via the CREST electronic proxy appointment service will not prevent you from attending the Court Meeting or the Patagonia Gold General Meeting (or any adjournment of either), as the case may be, and voting in person should you so wish.

If the Pink Form of Proxy for use at the Court Meeting is not lodged with the Registrar by 10.00 a.m. on 10 July 2019 (or, in the case of any adjournment, such later time as applicable), it may be handed to the Registrar or the Chairman of the Court Meeting before the start of that Meeting. In the case of the Patagonia Gold General Meeting, the Blue Form of Proxy must be lodged with the Registrar by 10.15 a.m. on 10 July 2019 (or, in the case of any adjournment, such later time as applicable) in order to be valid.

Alternatively, if you hold your shares in uncertificated form (i.e. in CREST) you may appoint a proxy or proxies through the CREST electronic proxy appointment service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the notices of meetings set out at the end of this Scheme Document). Proxies submitted via CREST for the Court Meeting must be transmitted so as to be received by the Registrar (under CREST participant ID 3RA50) not later than 10.00 a.m. on 10 July 2019 (or, in the case of any adjournment, by not later than 48 hours before the time fixed for the adjourned Court Meeting (noting that in taking account of this 48 hour period, no account shall be taken of any part of a day that is not a working day). Proxies submitted via CREST for the Patagonia Gold General Meeting must be transmitted so as to be received by the Registrar (under CREST participant ID 3RA50) by 10.15 a.m. on 10 July 2019 or, in the case of any adjournment, by not later than 48 hours before the time fixed for the adjourned Patagonia Gold General Meeting (noting that in taking account of this 48 hour period, no account shall be taken of any part of a day that is not a working day).

If you have any questions about this Scheme Document, the Court Meeting or the Patagonia Gold General Meeting or how to complete the Forms of Proxy, please contact the Registrar's helpline between 8.30 a.m. and 5.30 p.m. on Monday to Friday (except public holidays in England and Wales) on +44 (0) 370 873 5856. To the extent that the query relates to the Forms of Proxy, your call will, if required, be referred to the Registrar. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline operators are prohibited from providing advice on the merits of the Offer nor can they give any financial, legal or tax advice.

IMPORTANT NOTICE

Strand Hanson Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Patagonia Gold as financial adviser in connection with the Offer and other matters set out in this Scheme Document and for no-one else and will not be responsible to anyone other than Patagonia Gold for providing the protections afforded to its clients or for providing advice in relation to the Offer and other matters set out in this Scheme Document. Neither Strand Hanson Limited nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Strand Hanson Limited in connection with this Scheme Document, any statement contained herein or otherwise.

Overseas jurisdictions

The release, publication or distribution of this Scheme Document in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdictions other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom to vote their Patagonia Gold Shares with respect to the Scheme and the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Meetings on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. This Scheme Document has been prepared for the purposes of complying with English law, the Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws and regulations of any jurisdiction outside the United Kingdom.

The Scheme will be implemented in accordance with applicable English law and will be subject to the applicable requirements of the Code, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Panel and the rules of the London Stock Exchange (including the AIM Rules) and also, as a result of Hunt being a Canadian company listed on the TSX-V, with the applicable requirements of Canadian laws and the policies of the TSX-V.

Unless otherwise determined by Hunt or required by the Code, and permitted by applicable law and regulation, the Offer will not be made directly or indirectly, in or into, or by the use of (electronic) mail or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or facilities. Accordingly, copies of this Scheme Document, the notices of the Court Meeting and the Patagonia Gold General Meeting, the Forms of Proxy, and all other documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. All persons receiving this Scheme Document (including, without limitation, custodians, nominees and trustees) should observe these restrictions and any applicable legal or regulatory requirements of their jurisdiction and must not mail or otherwise forward, send or distribute this Scheme Document in, into or from any Restricted Jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Additional information for US investors

These materials are not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States.

The New Hunt Shares have not been and will not be registered under the US Securities Act of 1933 (the “**US Securities Act**”) or under the securities laws of any State or other jurisdiction of the United States. Accordingly, the New Hunt Shares may not be offered, sold, resold, delivered, distributed or otherwise

transferred, directly or indirectly, in or into the United States absent registration under the US Securities Act or an exemption therefrom. The New Hunt Shares to be issued pursuant to the Offer are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. There will be no public offer of New Hunt Shares in the United States.

Patagonia Gold is incorporated under the laws of England and Wales and Hunt is incorporated under the laws of British Columbia. All of the officers and directors of Patagonia Gold are residents of countries other than the United States. Whilst a majority of the officers and directors of Hunt are residents of the United States, it may not be possible to sue Patagonia Gold and Hunt in a non-US court for violations of US securities laws. It may also be difficult to compel Patagonia Gold, Hunt and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

The Offer, to be implemented by way of the Scheme, is being made to acquire the entire issued and to be issued share capital of a company incorporated in England and Wales by way of a scheme of arrangement provided for under Part 26 of the Companies Act. A transaction effected by way of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Securities Exchange Act of 1934 (the “**US Exchange Act**”). Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the UK to schemes of arrangement and takeover offers, which differ from the disclosure requirements, style and format of US tender offer and proxy solicitation rules. If Hunt determines to extend the offer into the US, the Offer will be made in compliance with applicable US laws and regulations. Financial information included in this Scheme Document has been or will have been prepared in accordance with non-US accounting standards that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. However, if Hunt were to elect to implement the Offer by means of a contractual offer, rather than the Scheme, such offer will be made in compliance with all applicable laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such offer would be made in the US by Hunt and no one else.

Neither the US Securities and Exchange Commission nor any securities commission of any state of the United States has approved or disapproved the Offer, nor have such authorities passed upon or determined the fairness of the Offer or the adequacy or accuracy of the information contained in this Scheme Document. Any representation to the contrary is a criminal offence in the United States.

If the Offer is required to be made in the US, it will be done in compliance with the applicable tender offer rules under the US Exchange Act.

Cautionary note regarding forward-looking statements

This Scheme Document contains certain statements that are, or may be deemed to be, forward-looking statements with respect to the financial condition, results of operations and business of Hunt and/or Patagonia Gold and/or the Combined Group and certain plans and objectives of Hunt with respect thereto. These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements also often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aims”, “continue”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. These statements are based on assumptions and assessments made by Hunt and/or Patagonia Gold (as applicable) in light of their experience and perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Scheme Document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Scheme Document. Hunt does not assume any obligation to update or correct the information contained in this Scheme Document (whether as a result of new information, future events or otherwise), except as required by the Panel, the Code or by applicable law.

Forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are

based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Scheme Document. Neither Hunt nor Patagonia Gold undertakes any obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except to the extent legally required.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business and competitive environments, market and regulatory forces, future exchange and interest rates, changes in tax rates, and future business combinations or dispositions.

For a discussion of important factors which could cause actual results to differ from forward-looking statements in relation to the Hunt Group or the Patagonia Gold Group, please refer to the Filing Statement, a copy of which is available on SEDAR (www.sedar.com) under Hunt's existing issuer profile, and the annual report and accounts of the Patagonia Gold Group for its financial year ended 31 December 2018, respectively.

No member of the Hunt Group or the Patagonia Gold Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Document will actually occur.

Except as expressly provided in this Scheme Document, no forward-looking or other statements have been reviewed by the auditors of the Hunt Group or the Patagonia Gold Group. All subsequent oral or written forward-looking statements attributable to any member of the Hunt Group or the Patagonia Gold Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

No profit forecasts, quantified financial benefit statements or estimates

No statement in this Scheme Document is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period. No statement in this Scheme Document should be interpreted to mean that earnings per Patagonia Gold Share or earnings per Hunt Share for the current or future financial years would necessarily match or exceed the historical published earnings per Patagonia Gold Share or earnings per Hunt Share.

Dealing and Opening Position Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day in London following the commencement of the offer period and, if appropriate, by not later than 3.30 p.m. (London time) on the 10th Business Day in London following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed

under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day in London following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of the offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on websites and availability of hard copies

A copy of this Scheme Document and the documents required to be published pursuant to Rule 26.1 of the Code will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Hunt's website at www.huntmining.com and on Patagonia Gold's website at www.patagoniagold.com by no later than 12.00 p.m. (London time) on the Business Day in London following the date of this Scheme Document.

Neither the content of any website referred to in this Scheme Document nor the content of any website accessible from hyperlinks is incorporated into, or forms part of, this Scheme Document.

A hard copy of this Scheme Document will be sent to Patagonia Gold Shareholders (other than Patagonia Gold Shareholders who have elected to receive electronic communications) in the near future. Patagonia Gold Shareholders may request a hard copy of this Scheme Document by contacting Computershare on +44 (0) 370 873 5856 between 8.30 a.m. to 5.30 p.m., Monday to Friday (except public holidays in England and Wales) or by submitting a request in writing to Computershare at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE. Patagonia Gold Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Offer should be in hard copy form. If you have received this Scheme Document in electronic form, copies of this Scheme Document and any document or information incorporated by reference into this Scheme Document will not be provided unless such a request is made.

Incorporation of information by reference into this Scheme Document

The information set out in Part Five (*Financial Information*) is incorporated into this Scheme Document by reference.

This information is available on Patagonia Gold's website. Patagonia Gold Shareholders may request a hard copy of any information incorporated into this Scheme Document by reference to another source by contacting Computershare on +44 (0) 370 873 5856 between 8.30 a.m. to 5.30 p.m., Monday to Friday (except public holidays in England and Wales) or by submitting a request in writing to Computershare at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.

Electronic Communications

Please be aware that addresses, electronic addresses and certain information provided by Patagonia Gold Shareholders, persons with information rights and other relevant persons for the receipt of communications from Patagonia Gold may be provided to Hunt during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

Rounding

Certain figures included in this Scheme Document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Scheme Process

In accordance with Rule 5 of Appendix 7 of the Code, Patagonia Gold will announce through a Regulatory Information Service key events in the Scheme process including the outcomes of the Court Meeting, the Patagonia Gold General Meeting and the Court Hearing.

Unless otherwise consented to by the Panel, any revision to the Scheme will be made no later than the date which is 14 days prior to the Court Meeting and the Patagonia Gold General Meeting (or any later date to which such Meetings are adjourned).

In accordance with Rule 11 of Appendix 7 of the Code, if the Scheme lapses or is withdrawn all documents of title and other documents lodged with any form of election will be returned as soon as practicable and in any event within 14 days of such lapse or withdrawal.

Date and time

This Scheme Document is dated 20 June 2019. All times shown in this Scheme Document are London times, unless otherwise stated.

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ACTIONS TO BE TAKEN

This page should be read in conjunction with the rest of this Scheme Document and, in particular, the notices of the Court Meeting and the Patagonia Gold General Meeting set out at the end of this Scheme Document.

Voting at the Court Meeting and the Patagonia Gold General Meeting

The Scheme requires approval at a meeting of Scheme Shareholders convened with the permission of the Court to be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH at 10.00 a.m. on 12 July 2019. Implementation of the Scheme also requires the approval of the special resolution necessary to implement the Scheme by Patagonia Gold Shareholders at the Patagonia Gold General Meeting to be held at the same place at 10.15 a.m. on 12 July 2019 (or as soon thereafter as the Court Meeting is concluded or adjourned). Notices of the Meetings are set out in Part Nine (*Notice of the Court Meeting*) and Part Ten (*Notice of the Patagonia Gold General Meeting*) of this Scheme Document.

Please check that you have received with this Scheme Document the following Forms of Proxy:

- a Pink Form of Proxy for use in respect of the Court Meeting on 12 July 2019; and
- a Blue Form of Proxy for use in respect of the Patagonia Gold General Meeting on 12 July 2019.

If you have not received these documents, please contact the helpline.

Whether or not you intend to attend the Meetings, PLEASE COMPLETE, SIGN AND RETURN:

- 1. THE PINK FORM OF PROXY for use at the Court Meeting, or alternatively, if you hold your Scheme Shares in CREST, appoint a proxy through the CREST electronic proxy appointment service, so as to be received by not later than 10.00 a.m. on 10 July 2019 (see below for further details on making a proxy appointment through CREST); and**
- 2. THE BLUE FORM OF PROXY for use at the Patagonia Gold General Meeting, or alternatively, if you hold your Patagonia Gold Shares in CREST, appoint a proxy through the CREST electronic proxy appointment service, so as to be received by not later than 10.15 a.m. on 10 July 2019 (see below for further details on making a proxy appointment through CREST). Patagonia Gold Shareholders may also submit their proxy appointments electronically at www.investorcentre.co.uk/eproxy by following the instructions on the website. If you choose to appoint a proxy electronically, you will need to input the Control Number, PIN and Shareholder Reference Number as set out in the enclosed Forms of Proxy. Further details in relation to electronic appointment of proxies are set out on page 11 of this document.**

This will enable your votes to be counted at the Meetings in the event of your absence.

If the Pink Form of Proxy for use at the Court Meeting is not lodged with the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, by 10.00 a.m. on 10 July 2019, it may be handed to the Registrar or the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the Patagonia Gold General Meeting, the Blue Form of Proxy must be lodged with the Registrar by 10.15 a.m. on 10 July 2019 in order to be valid.

Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares and are also entitled to appoint more than one proxy to attend, speak at and vote instead of them at the Court Meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member. A proxy need not be a member of the Company.

Patagonia Gold Shareholders are entitled to appoint a proxy in respect of some or all of their Patagonia Gold Shares and are also entitled to appoint more than one proxy to attend, speak at and vote instead of them at the Patagonia Gold General Meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member. A proxy need not be a member of the Company.

A space has been included in the Forms of Proxy to allow shareholders to specify the number of Scheme Shares (on the Pink Form of Proxy) or the number of Patagonia Gold Shares (on the Blue Form of Proxy) in respect of which a proxy is appointed. Shareholders who return a Form of Proxy duly executed but leave this space blank will be taken to have appointed the proxy in respect of all their Scheme Shares or Patagonia Gold Shares (as the case may be).

For those holders of Patagonia Gold Shares in certificated form, the voting record time for the Patagonia Gold General Meeting is the time of the vote or, if the meeting is adjourned, the time of the vote at such adjourned meeting.

If you wish to appoint multiple proxies in connection with the Court Meeting or the Patagonia Gold General Meeting you may:

- (a) photocopy the relevant Form(s) of Proxy, fill in each copy in respect of different shares and send the multiple forms together to the Registrar at the address above; or
- (b) call the helpline on +44 (0) 370 873 5856 between 8.30 a.m. and 5.30 p.m. during Monday to Friday (except public holidays in England and Wales) who will then arrange with the Registrar to issue you with the required multiple Forms of Proxy.

In each case, please ensure that all of the multiple Forms of Proxy in respect of one registered holding are sent in the same envelope if possible.

Voting using an electronic proxy appointment

Patagonia Gold Shareholders may submit their proxy appointments electronically at www.investorcentre.co.uk/eproxy by following the instructions on the website. If you choose to appoint a proxy electronically, you will need to input the Control Number, PIN and Shareholder Reference Number as set out in the enclosed Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Patagonia Gold's Registrars, Computershare, not later than 48 hours (excluding any part of a day which is not a Business Day) before the Court Meeting or Patagonia Gold General Meeting (as applicable) (or, in the case of an adjourned meeting, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)). Patagonia Gold Shareholders are advised to read the terms and conditions of use carefully.

To vote at the Meetings making a proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (under participant ID 3RA50) not later than 10.00 a.m. on 10 July 2019 in the case of the Court Meeting and not later than 10.15 a.m. on 10 July 2019 in the case of the Patagonia Gold General Meeting (or, in the case of an adjourned Meeting, not less than 48 hours prior to the time and date set for the adjourned Meeting (excluding any part of a day that is not a working day)). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST

sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The completion and return of Forms of Proxy, the electronic appointment of a proxy or the submission of a proxy via the CREST electronic proxy appointment service will not prevent you from attending and voting at the Court Meeting and/or the Patagonia Gold General Meeting, or any adjournments thereof, in person should you wish to do so and are entitled to do so.

If you have any questions about how to complete the Forms of Proxy or submitting your proxies electronically, please contact the helpline between 8.30 a.m. and 5.30 p.m. on Monday to Friday (except public holidays in England and Wales) on +44 (0)370 873 5856. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the helpline operators are prohibited from providing advice on the merits of the offer and cannot give any financial, legal or tax advice.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or appoint a proxy electronically through CREST (as appropriate) as soon as possible.

The Patagonia Gold Directors unanimously recommend that you vote in favour of the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the Patagonia Gold General Meeting.

Shareholder helpline

If you have not received all of the relevant documents or have any questions relating to this Scheme Document, please call the helpline on +44 (0) 370 873 5856 between 8.30 a.m. and 5.30 p.m. during Monday to Friday (excluding public holidays in England and Wales). Please note that helpline operators cannot provide financial or legal advice.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references in this Scheme Document to times are to London times unless otherwise stated.

Event	Time and/or date
Publication of this Scheme Document	20 June 2019
Latest time for lodging the Pink Form of Proxy for the Court Meeting	10.00 a.m. on 10 July 2019 ⁽¹⁾
Latest time for lodging the Blue Form of Proxy for the Patagonia Gold General Meeting	10.15 a.m. on 10 July 2019 ⁽²⁾
Scheme Voting Record Time for the Court Meeting and the Patagonia Gold General Meeting	6.00 p.m. on 10 July 2019 ⁽³⁾
Court Meeting	10.00 a.m. on 12 July 2019
Patagonia Gold General Meeting	10.15 a.m. on 12 July 2019 ⁽⁴⁾

The following dates are indicative only and are subject to change⁽⁵⁾:

Last day of dealings in, and for registration of transfers and disablement in CREST of, Patagonia Gold Shares	19 July 2019
Court Hearing	10.30 a.m. on 19 July 2019
Scheme Record Time	6.00 p.m. on 19 July 2019
Suspension of trading on AIM of, and dealings, settlements and transfers in, Patagonia Gold Shares	7.30 a.m. on 22 July 2019
Effective Date of the Scheme	22 July 2019
Cancellation of admission to trading on AIM of, and cessation of dealings in, Patagonia Gold Shares	7.00 a.m. on 23 July 2019
Latest date for settlement and listing on the TSX-V of the New Hunt Shares due under the Scheme	6 August 2019
Longstop Date ⁽⁶⁾	30 November 2019

Notes:

- (1) It is requested that Pink Forms of Proxy for the Court Meeting be lodged not later than 48 hours prior to the time appointed for the Court Meeting (noting that in taking account of this 48 hour period, no account shall be taken of any part of a day that is not a working day). Pink Forms of Proxy not so lodged may be handed to the Registrar or the Chairman of the Court Meeting before the start of the Court Meeting.
- (2) Blue Forms of Proxy for the Patagonia Gold General Meeting must be lodged not later than 48 hours prior to the time appointed for the Patagonia Gold General Meeting (noting that in taking account of this 48 hour period, no account shall be taken of any part of a day that is not a working day). Blue Forms of Proxy not returned so as to be received by the time mentioned above and in accordance with the instructions on the Blue Form of Proxy will be invalid unless the Patagonia Gold Directors direct otherwise.
- (3) If either the Court Meeting or the Patagonia Gold General Meeting is adjourned, the Scheme Voting Record Time for the relevant adjourned meeting will be 6.00 p.m. on the day which is two working days prior to the date fixed for the adjourned Meeting.
- (4) Or as soon thereafter as the Court Meeting shall have concluded or been adjourned.
- (5) These dates and times are indicative only and will depend, among other things, on the dates upon which: (i) the Conditions are satisfied or waived (to the extent they are capable of being waived); (ii) the Court sanctions the Scheme; and (iii) the copy of the Court Order is delivered to the Registrar of Companies for registration. If any of the expected dates change, the revised times and/or dates will be announced by Patagonia Gold via a Regulatory Information Service.
- (6) This is the latest date by which the Scheme may become Effective unless Patagonia Gold and Hunt agree (and, if required, the Panel and the Court permit) a later date.

**PART ONE : LETTER FROM THE CHAIRMAN OF
PATAGONIA GOLD ON BEHALF OF THE PATAGONIA GOLD DIRECTORS**



(Incorporated in England and Wales with registered number 03994744)

Registered office:

11-12 St. James's Square
London
England
SW1Y 4LB

Patagonia Gold Directors:

Carlos J. Miguens *(Non-Executive Chairman)*

Christopher van Tienhoven *(Executive Director and Chief Executive Officer)*

Gonzalo Tanoira *(Non-Executive Director)*

Manuel de Prado *(Non-Executive Director)*

20 June 2019

To the holders of Patagonia Gold Shares and, for information only, to participants in the Patagonia Gold Share Plans and persons with information rights

Dear Shareholder,

**SCHEME OF ARRANGEMENT OF PATAGONIA GOLD IN CONNECTION WITH THE
RECOMMENDED ALL-SHARE OFFER BY HUNT**

1. Introduction

On 31 May 2019 (the "**Announcement Date**"), the Hunt Directors and the Patagonia Gold Directors announced that they had reached agreement on the terms of a recommended share for share exchange offer for the entire issued and to be issued share capital of Patagonia Gold by Hunt (the "**Offer**"). It is intended that the Offer will be implemented by way of a Court-sanctioned scheme of arrangement between Patagonia Gold and Scheme Shareholders under Part 26 of the Companies Act (the "**Scheme**").

Hunt, a Canadian company listed on the TSX Venture Exchange (ticker code: HMX), is a precious metals exploration and development company, with core projects located in the Santa Cruz Province of Argentina, where it holds mineral rights to 39 properties covering approximately 125,572 hectares. Since 2006, Hunt has drilled more than 62,000 metres of diamond core, conducted 416 line kilometres of Induced Polarisation/Resistivity geophysical surveys and collected more than 20,000 surface soil, sediment, channel, chip and trench samples. Such drilling activity has led to the identification of six mineralised zones between Hunt's flagship projects, La Josefina and La Valenciana, and the El Gateado Project. In March 2006, Hunt's wholly owned subsidiary, CCSA, acquired the right to conduct exploration on the El Gateado property for a period of at least 1,000 days, commencing after the Government issues a formal claim notice, and to retain 100 per cent. ownership of any mineral deposit found within. Hunt has not yet received a formal claim notice pertaining to the El Gateado property.

Hunt continues to drill on established mineralised zones, all of which remain open to expansion. In May 2016, Hunt acquired the Martha mine from Coeur Mining Inc. and, in January 2017, it commenced generating silver concentrate from this mine.

This letter sets out, on behalf of the Patagonia Gold Directors, the background to and terms of the Offer and explains why the Patagonia Gold Directors consider the terms of the Offer to be fair and reasonable

and why they unanimously recommend that you vote in favour of the Scheme at the Court Meeting and in favour of the special resolution relating to the Offer at the Patagonia Gold General Meeting.

2. Summary of the terms and structure of the Offer

Under the terms of the Offer, which is subject to the Conditions and further terms summarised below and in Part Three (*Conditions to the Scheme and to the Offer*) of this Scheme Document, Scheme Shareholders who are on the register of members of Patagonia Gold at the Scheme Record Time are entitled to receive:

for each Scheme Share approximately 10.76 New Hunt Shares

This Exchange Ratio attributes an implied value for the entire existing issued share capital of Patagonia Gold of approximately £17.18 million (based on the closing price of C\$0.115 per Hunt Share on 30 May 2019, being the last Business Day in Canada prior to the Announcement Date and using an exchange rate of C\$1.7024/£1).

At the value implied by the Exchange Ratio, the Offer represents a premium of approximately:

- 35.9 per cent. to the middle market closing price of 53.5 pence per Patagonia Gold Share on 30 May 2019 (being the last Business Day in London prior to the Announcement Date); and
- 76.7 per cent. to the volume weighted average price per Patagonia Gold Share of approximately 41.1 pence over the three month period ended on and including 30 May 2019 (being the last Business Day in London prior to the Announcement Date).

Following successful completion of the Offer, Scheme Shareholders will hold 80 per cent. of the Combined Group and Hunt Shareholders will hold 20 per cent. of the Combined Group.

The purpose of the Scheme is to provide for Hunt to become the owner of the entire issued and to be issued ordinary share capital of Patagonia Gold. This is to be achieved by the transfer by Scheme Shareholders of all of the Scheme Shares to Hunt, in consideration for which, Scheme Shareholders will receive the New Hunt Shares on the basis of the Exchange Ratio. The transfer to Hunt of the Scheme Shares will result in Patagonia Gold becoming a wholly-owned subsidiary of Hunt.

Conditions to the Scheme

Implementation of the Scheme is subject to, amongst other things, the approval of the Scheme by a majority in number of the Scheme Shareholders present and voting in person or by proxy at the Court Meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders, passing of the special resolution necessary to implement the Scheme at the Patagonia Gold General Meeting, the sanction of the Scheme by the Court and Hunt having taken all necessary actions so that the New Hunt Shares begin trading, and the existing Hunt Shares resume trading, on the TSX-V by not later than 14 days after the Effective Date. It is expected that the Scheme will become Effective on 22 July 2019, subject to the Conditions and certain further terms set out in Part Three (*Conditions to the Scheme and to the Offer*) of this Scheme Document. This date is indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme.

The Scheme can only become Effective in accordance with its terms if all the Conditions have been satisfied or, where relevant, waived. Subject to satisfaction (or, where applicable, waiver) of the Conditions, the Scheme is expected to become Effective in accordance with its terms by the Longstop Date or such later date (if any) as Hunt or Patagonia Gold may, with the consent of the Panel, agree and (if required) the Court may allow.

The transaction constitutes a reverse takeover for Hunt pursuant to the policies of the TSX-V. Accordingly, Hunt Shares were halted from trading on the TSX-V with effect from market open on the Announcement Date pending completion of the Offer, when the Combined Group will resume trading under its proposed new issuer name of "Patagonia Gold Corp." and its new ticker "PGDC". In addition, Hunt published a Filing Statement on 30 May 2019 in respect of the reverse takeover, which is available on SEDAR (www.sedar.com), under Hunt's existing issuer profile. Hunt has also obtained shareholder approval for the acquisition of the entire issued and to be issued share capital of Patagonia Gold by way of irrevocable written consents from certain of Hunt's shareholders, being Tim Hunt and the Hunt Family Limited Partnership, in

respect of the 53,306,925 Hunt Shares owned or controlled by Tim Hunt and representing approximately 83.83 per cent. of Hunt's existing issued and outstanding share capital.

Following successful completion of the Offer, Scheme Shareholders will hold 80 per cent. of the Combined Group, meaning that the existing Hunt Shareholders will hold 20 per cent. of the Combined Group.

The Court Meeting and the Patagonia Gold General Meeting will be held at 10.00 a.m. and 10.15 a.m. respectively on 12 July 2019 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH. The Scheme must also be sanctioned by the Court at the Court Hearing. All Scheme Shareholders are entitled to attend the Court Hearing in person or by proxy.

Once the Scheme becomes Effective, it will be binding on all Scheme Shareholders, whether or not they voted in favour of the Scheme and related issues at the Court Meeting and at the Patagonia Gold General Meeting.

Under the terms of the Scheme, the Patagonia Gold Shares being acquired will be fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever (except for any arising by operation of law) and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.

If, after the Announcement Date but prior to the Effective Date, any dividend or other distribution is declared, paid or made or payable by Patagonia Gold, Hunt will have the right to reduce the consideration payable under the Offer in respect of a Scheme Share by making an adjustment to the Exchange Ratio so as to reduce the implied value under the terms of the Offer by an amount up to the amount of such dividend or distribution. To the extent that such a dividend or distribution has been declared, paid, made or is payable or will be: (i) transferred pursuant to the Offer on a basis which entitles Hunt to receive the dividend or distribution and to retain it; or (ii) cancelled, the Exchange Ratio will not be subject to any such change. Any exercise by Hunt of its rights referred to in this paragraph will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Offer.

Fractional entitlements

Fractional entitlements to New Hunt Shares for each Scheme Shareholder will be rounded down to an integral number and will not be allotted or issued to holders of Scheme Shares pursuant to the Scheme. These fractional entitlements will be aggregated and shall, on a reasonable basis, be sold for the benefit of the Scheme Shareholders. The equivalent of the net proceeds of such sale of New Hunt Shares (after deduction of brokerage charges and associated expenses) will be paid to the Scheme Shareholders pro-rated to their holdings of Patagonia Gold Shares at the Scheme Record Time as soon as practicable after receipt, except that if the aggregate amount due to any Scheme Shareholder in respect of the amounts due to him/it in respect of fractional entitlements to New Hunt Shares is less than £5.00 such sum will not be distributed but will instead be aggregated and accrued to the benefit of Hunt. Neither Hunt nor any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the sales or the sales or any failure to sell fractional entitlements to New Hunt Shares.

3. Background to and reasons for the Offer

Patagonia Gold, indirectly via its subsidiaries or under option agreements, holds mineral rights to approximately 300 properties in several provinces of Argentina, Chile and Uruguay. In particular, it is one of the largest landholders in the province of Santa Cruz, Argentina, where its 90 per cent. owned subsidiary, Patagonia Gold S.A., holds mineral rights to 71 properties covering, in aggregate, an area of approximately 194,000 hectares and its wholly owned subsidiary, Minera Minamalu S.A., holds 90 properties covering, in aggregate, an area of approximately 209,000 hectares.

In light of Hunt's own significant landholding in the province of Santa Cruz, where it holds mineral rights to 39 properties covering, in aggregate, an area of approximately 125,572 hectares, hosting its producing Martha silver and gold mine and associated processing facilities, the Hunt Board believes that the proposed combination of Hunt and Patagonia Gold will be highly complementary, forming a leading, enlarged junior precious metals explorer and producer in the region with an attractive, high quality project portfolio. Ongoing

production at the Martha mine is being undertaken without established mineral resources or reserves and Hunt has not established the economic viability of the operations at the Martha mine. As a result, there is increased uncertainty and economic risks of failure associated with these production activities.

As part of the Combined Group, Patagonia Gold's Cap-Oeste mine, which produced 42,906 ounces AuEq in the year ended 31 December 2018, prior to being placed on care and maintenance on 28 February 2019 as a result of lower than expected monthly production volumes, will have access to Hunt's enhanced facilities at its nearby Martha mine going forward, for the processing of material from any future development of the Cap-Oeste Underground Mine.

Accordingly, following completion of the Offer, the Hunt Board believes that shareholders in the Combined Group will benefit from its expanded, more efficient and higher-grade production capabilities via utilisation of Hunt's local processing facilities, with access to significant mineral resources. Furthermore, the Combined Group will benefit from anticipated increased production, utilising the spare capacity at the Martha Processing Plant, with greater recoveries being achievable than is currently the case. The Hunt Board believes that this should lead to more stable future cash flow generation, which, in turn, should serve to reduce the overall risk profile of the Combined Group and better position it for future growth and value creation for the benefit of shareholders in the Combined Group. In addition, Hunt's underground mining experience can be utilised in any future development of the Cap-Oeste Underground Mine.

Patagonia Gold has an experienced and proven exploration and mine-development team, which successfully developed Lomada de Leiva and the previous open-pit mining operations at Cap-Oeste. It is envisaged that the Patagonia Gold Group's existing exploration equipment and operational and technical expertise, can be utilised to continue to advance Calcatreu and further advance the Combined Group's other exploration projects.

The Hunt Board believes that, as a relatively small gold and silver exploration, development and production company quoted on AIM (with the restraints, regulatory burden and costs associated with maintaining such a quotation), it is difficult for Patagonia Gold to attract and retain interest and research coverage in its activities such that it suffers from a general lack of liquidity and low trading volumes in its shares. Hunt has experienced similar challenges and believes that the Combined Group, with a larger and more diverse shareholder base on the TSX-V, will be better placed to achieve greater liquidity, which, alongside the Combined Group's increased market capitalisation and consolidated asset base, should serve to attract additional research coverage and shareholder interest.

Patagonia Gold's senior management has significant experience and expertise of operating in Argentina, as well as maintaining strong relationships with a number of funders, including Argentine banks, and is therefore confident in its ability to access and secure both short and longer-term borrowings for the Combined Group as and when required. The Hunt Board believes that the operational synergies highlighted above, together with potential efficiencies and cost savings in central overheads and operating expenses, including those arising from the intended cancellation of Patagonia Gold's admission to trading on AIM and the potential utilisation of the spare capacity at the Martha Processing Plant, will enable positive net cash flow generation in the near-term and thereby facilitate funding of the Combined Group's future exploration and development activities, most notably at Calcatreu, which has an existing mineral resource estimate of 746,000 ounces AuEq grading at 2.36 g/t AuEq in the Indicated Resource category and 390,000 ounces AuEq grading at 1.50 g/t AuEq in the Inferred Resource category.

4. Background to and reasons for the Patagonia Gold Directors' recommendation

The Patagonia Gold Board believes that the combination of Hunt and Patagonia Gold represents a strong strategic fit which will be highly complementary, forming a leading, enlarged, junior precious metals explorer and producer focussed on the Santa Cruz region of Argentina. On completion of the Offer, Scheme Shareholders will hold 80 per cent. of the Combined Group, which is expected to benefit significantly from expanded and more efficient production capabilities. In particular, Patagonia Gold's Cap-Oeste underground resource will gain access to Hunt's Martha Processing Plant, which is able to treat such mineralisation which is expected to lead to more stable cash flow generation from any planned future development of the Cap-Oeste Underground Mine, which could be utilised to reduce the Combined Group's debt obligations and invest in its exploration and development stage projects, thereby ultimately lowering the risk profile of the Combined Group.

Hunt's Martha Processing Plant, which is located approximately 125km from the Cap-Oeste site, consists of an industry-standard crushing, grinding and flotation plant, with a maximum throughput of 480 tpd. The Martha Processing Plant is currently operating under-capacity, processing approximately 240 tpd and operating on a two-weeks-on/two-weeks-off basis. In 2018, Hunt produced 70,800 ounces Ag (2017: 529,300 ounces Ag) and 190 ounces Au (2017: 590 ounces Au) from its Martha mine, with processing recovery rates of 87 per cent. and 84 per cent. (2017: 92 per cent. and 87 per cent.) respectively. Ongoing production at the Martha mine is being undertaken without established mineral resources or reserves and Hunt has not established the economic viability of the operations at the Martha mine. As a result, there is increased uncertainty and economic risks of failure associated with these production activities.

During the year ended 31 December 2018, Patagonia Gold produced 42,906 ounces AuEq from the re-handling of material previously placed on the leach pad at Cap-Oeste, which did not achieve the recovery rates initially planned due to high clay content. In February 2019, the Cap-Oeste mine was put on care and maintenance as a result of continued low production volumes. The Patagonia Gold Board believes that the Cap-Oeste Underground Mine can be developed successfully, which has an existing independent Inferred Resource estimate of 298,000 ounces AuEq grading at 19.42g/t AuEq at a cut-off grade of 0.5g/t AuEq, such that this will be a principal focus of the Combined Group going forward. In addition, the Combined Group will focus on continued exploration and development activities at Calcatreu, which has an existing mineral resource estimate of 746,000 ounces AuEq grading at 2.36 g/t AuEq in the Indicated Resource category and 390,000 ounces AuEq grading at 1.50 g/t AuEq in the Inferred Resource category.

Utilising the funding available for draw-down under the existing Cantomi Loan Facility, the Combined Group ultimately intends to commission a feasibility study for Calcatreu and update the mineral resource estimate for the project. The Patagonia Gold Board believes that the Calcatreu project is sufficiently large to justify a standalone operation and its continued exploration and development will be a priority for the Combined Group.

In addition, following completion of the Offer, Patagonia Gold's development team will be able to access Hunt's underground mining experience which is expected to facilitate and may accelerate the future development of operations at the Cap-Oeste Underground Mine, with the objective of transporting any extracted ores to the Martha Processing Plant once production is on-line.

Whilst the near-term focus will be on the development of the Cap-Oeste Underground Mine, the Combined Group will also hold mineral rights to 200 properties in Argentina, covering a total area of 528,572 hectares, representing significant exploration and development upside potential. Promising assets within the Combined Group's portfolio will include Patagonia Gold's Calcatreu project (as well as its other exploration projects) and Hunt's highly prospective La Josefina project, which has an existing NI 43-101 compliant mineral resource estimate of approximately 6.5 million tonnes of measured and Indicated Resource grading at 0.74 g/t Au and 13.13 g/t Ag, for approximately 156,000 and 2,757,000 contained Au and Ag ounces, respectively.

As an AIM quoted junior mining company engaged in the exploration and development of gold and silver projects in Argentina, Chile and Uruguay, the Patagonia Gold Board has found it extremely difficult to raise meaningful funds from the UK capital markets in recent years. Furthermore, the Patagonia Gold Board believes that any significant short to medium-term equity raises that could potentially be secured by Patagonia Gold would potentially only be available at a lower price when compared to the effective value placed on existing Patagonia Gold Shares pursuant to the Offer, thereby potentially resulting in a significantly higher level of dilution for Patagonia Gold Shareholders.

The costs, restraints and regulatory burden associated with maintaining a quotation on AIM also make it difficult for Patagonia Gold to justify maintaining such trading facility, particularly as it is challenging for Patagonia Gold to attract and retain interest and research coverage in its activities, resulting in a general lack of liquidity and low trading volumes in Patagonia Gold Shares. The Patagonia Gold Board believes that the increased scale and more diverse shareholder base of the Combined Group, should ultimately lead to enhanced liquidity and wider research coverage in Canada, where the Patagonia Gold Board believes that the investor audience is more generally knowledgeable of, familiar with and amenable to investing in natural resource projects particularly those located in Latin America.

Views of Patagonia Gold's Directors

The Patagonia Gold Board considers that the intentions of Hunt as set out in section 8 of this Part One of this Scheme Document are consistent with its own plans and ambitions for the Patagonia Gold Group, including its plans for retaining Patagonia Gold's head office location in Buenos Aires and its principal mining assets, and, in particular, considers that the effects of the implementation of the Offer will be beneficial to the employees of the Patagonia Gold Group going forward.

Hunt is offering Patagonia Gold Shareholders the opportunity to exchange their Patagonia Gold Shares for New Hunt Shares at an attractive premium to the closing middle market price of a Patagonia Gold Share on 30 May 2019 (being the latest practicable date prior to the Announcement Date) and at an Exchange Ratio where Scheme Shareholders will hold, in aggregate, 80 per cent. of the Combined Group, following the Scheme becoming Effective.

In addition, Patagonia Gold's major shareholder and Non-Executive Chairman, Carlos Miguens, and the other Patagonia Gold Directors have provided Hunt with irrevocable commitments to vote in favour of the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the Patagonia Gold General Meeting in respect of their entire direct and indirect shareholdings in the Company, being, in aggregate, 12,978,887 Patagonia Gold Shares, representing approximately 54.91 per cent. of Patagonia Gold's issued share capital (further details of the irrevocable undertakings obtained by Hunt are set out in section 5 of this Part One of this Scheme Document).

5. Irrevocable undertakings and escrow/lock-in arrangements

Irrevocable undertakings

Hunt has received irrevocable undertakings from the Patagonia Gold Directors who beneficially hold Patagonia Gold Shares as at the date of this Scheme Document, namely, Carlos Miguens, Christopher van Tienhoven, Gonzalo Tanoira and Manuel de Prado, who have irrevocably undertaken to vote (or procure the vote) in favour of the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the Patagonia Gold General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of such an offer) in respect of their entire beneficial holdings of Patagonia Gold Shares, amounting, in aggregate, to 12,978,887 Patagonia Gold Shares, representing approximately 54.91 per cent. of the existing issued share capital of Patagonia Gold.

Further details of these irrevocable undertakings (including the circumstances in which they will fall away) are set out in section 6 of Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document.

Escrow/lock-in arrangements

Patagonia Gold's Non-Executive Chairman and majority shareholder, Carlos Miguens and Cantomi (a company owned and controlled by Mr Miguens) respectively, together with Tim Hunt and the Hunt Family Limited Partnership (an entity controlled by Tim Hunt) whom are Hunt's largest shareholders, will be Principals of the Combined Group (together with Resa Hunt, the "**Locked-in Parties**"). On the Scheme becoming Effective, the Locked-in Parties will enter into a Resulting Issuer Escrow Agreement with Hunt and Computershare Canada, as escrow agent, in respect of the following shares:

- the 137,119,857 New Hunt Shares to be issued to Carlos Miguens and Cantomi in the aggregate pursuant to the Offer;
- the 2,785,197 Hunt Shares held jointly by Tim Hunt and Resa Hunt;
- the 50,521,728 Hunt Shares held by the Hunt Family Limited Partnership; and
- the 346,700 Hunt Shares held by Resa Hunt.

Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the TSX-V, such parties will agree, *inter alia*, to place their entire shareholdings of Hunt Shares into escrow, with the following release provisions:

- in respect of Carlos Miguens and Cantomi: 10 per cent. of such holdings being released on the listing date of the New Hunt Shares on the TSX-V with the remaining 90 per cent. of such Hunt Shares remaining held in escrow, until being released in equal 15 per cent. tranches at the end of every six

month period thereafter, with the final tranche being released 36 months following the listing date of the New Hunt Shares on the TSX-V; and

- in respect of Tim Hunt, the Hunt Family Limited Partnership and Resa Hunt: 25 per cent. of such holdings being released on the listing date of the New Hunt Shares on the TSX-V with the remaining 75 per cent. of such Hunt Shares remaining held in escrow, until being released in equal 25 per cent. tranches at the end of every six month period thereafter, with the final tranche being released 18 months following the listing date of the New Hunt Shares on the TSX-V.

Subject to the Scheme becoming Effective, it is expected that the Locked-in Parties will hold, in aggregate, 190,773,482 Hunt Shares, representing, in aggregate, approximately 60.00 per cent. of the issued common shares of the Combined Group on completion of the Offer.

6. Information relating to the Hunt Group

Hunt is a Canadian company incorporated in January 2006 under the laws of Alberta and the Hunt Shares have been listed for trading on the TSX Venture Exchange under the ticker code: HMX since 5 February 2010 (following a reverse takeover of Sinomar Capital Corporation by Hunt Mountain Resources Ltd). Hunt continued its jurisdiction of incorporation to British Columbia in 2013. Hunt is a precious metals exploration and development company, with its core projects located in the Santa Cruz Province of Argentina, where it holds mineral rights to 39 properties covering approximately 125,572 hectares.

Since 2006, Hunt has drilled more than 62,000 metres of diamond core, conducted 416 line kilometres of Induced Polarisation/Resistivity geophysical surveys and collected more than 20,000 surface soil, sediment, channel, chip and trench samples. Such drilling activity has led to the identification of six mineralised zones between Hunt's flagship projects, La Josefina and La Valenciana, and the El Gateado Project. In March 2006, Hunt's wholly owned subsidiary, CCSA, acquired the right to conduct exploration on the El Gateado property for a period of at least 1,000 days, commencing after the Government issues a formal claim notice, and to retain 100 per cent. ownership of any mineral deposit found within. Hunt has not yet received a formal claim notice pertaining to the El Gateado property.

On 11 May 2016, Hunt completed the acquisition of the Martha mine, which is located in the province of Santa Cruz, Argentina, from New York Stock Exchange listed Coeur Mining Inc. The processing plant at the Martha mine had an estimated useful life of eight years at the time of the acquisition, with the plant expected to be used to process material from both the Martha and La Josefina projects.

The Martha property consists of approximately 7,850 hectares of concessions, various buildings and facilities, surface and underground mining and support equipment, a nameplate 480 tpd crushing, grinding and flotation plant, tailings facility, various stockpiles and waste dumps, employee living and cafeteria quarters and miscellaneous physical materials. Hunt restored and repaired the physical assets acquired during the latter part of 2016 and the first quarter of 2017. In addition, Hunt has access to surface ranch lands surrounding the mine and mill site comprising approximately 35,700 hectares. Royal Gold Inc. holds a 2 per cent. Net Smelter Return (NSR) royalty on all production from the Martha property; the obligation for which transferred from Coeur to Hunt as part of the acquisition of the Martha mine. In addition, the provincial government holds a 3 per cent. pithead royalty from future production.

Hunt's issued and outstanding share capital comprises 63,588,798 Hunt Shares which, at the closing share price on the TSX-V on 30 May 2019 of C\$0.115, equated to a market capitalisation of C\$7.31 million (approximately £4.30 million at an exchange rate of C\$1.7024/£1). In its audited results for the year ended 31 December 2018, Hunt generated approximately US\$0.4 million (£0.3 million) of revenue and an approximate US\$3.6 million (£2.9 million) gross loss.

The Hunt Directors comprise Tim Hunt (Chairman of the Hunt Board and Chief Executive Officer), Darrick Hunt, Alastair Summers and Alan Chan. Hunt has 31 employees, of which one is situated in Canada and 30 are situated in Argentina.

7. Information relating to the Patagonia Gold Group

Patagonia Gold was incorporated in England and Wales in May 2000 and its ordinary shares have been admitted to trading on AIM since March 2003. Patagonia Gold is a precious metals mining company, with a particular focus on exploration and development in the Patagonia region of Argentina. The Company is primarily focused on extracting value from its Cap-Oeste project in Santa Cruz and the more recently acquired Calcatreu project in Rio Negro. In summary, Patagonia Gold, indirectly via its subsidiaries or under option agreements, holds mineral rights to approximately 300 properties in several provinces of Argentina, Chile and Uruguay and is one of the largest landholders in the province of Santa Cruz, Argentina.

Cap-Oeste

Cap-Oeste was in production from the end of 2016 until February 2019 and was Patagonia Gold's sole producing asset, following the cessation of operations at Lomada de Leiva in November 2017. On 15 July 2018, mining from the open pit operations at Cap-Oeste ceased and the mine was put on care and maintenance. From the end of July 2018, until February 2019, production was being sourced from the re-handling of the material previously placed on the leach pad which did not recover as initially planned due to high clay content, which impacted overall recoveries. In February 2019, the Patagonia Gold Board decided to cease all production activity at Cap-Oeste as a result of lower than expected monthly production volumes. In 2018, Patagonia Gold produced 42,906 ounces AuEq (2017: 20,088 ounces AuEq, excluding production from Lomada de Leiva of 5,917 ounces Au), with an average cash cost of US\$507/ounce AuEq (2017: US\$552/ounce AuEq) including depreciation and amortisation.

Below the existing open pit at Cap-Oeste, there is an estimated NI 43-101 compliant Indicated Resource of approximately 298,000 ounces AuEq at an average grade of 19.42g/t AuEq at a cut-off grade of 0.5g/t AuEq. Following completion of the Offer, it is anticipated that Hunt's underground mining experience can be utilised to advance the development of an underground mine at Cap-Oeste in order to access this mineralisation.

Calcatreu

In May 2017, Patagonia Gold announced that it had signed an exclusive six-month option agreement with a wholly owned subsidiary of Pan American Silver Corp. (TSX:PAAS) to acquire its Calcatreu gold-silver project in the Rio Negro province. Such purchase option was exercised in December 2017 at a cost of US\$15 million and Patagonia Gold completed the acquisition in January 2018.

The Calcatreu project has an independent NI 43-101 compliant mineral resource estimate of 746,000 ounces AuEq grading at 2.36 g/t AuEq in the Indicated Resource category and 390,000 ounces AuEq grading at 1.50 g/t AuEq in the Inferred Resource category, and provides the opportunity to potentially develop a large scale and long life asset, in a new pro-mining jurisdiction. In September 2018, the necessary permits to commence drilling were granted and a 7,000 metre drilling programme commenced in October 2018. In February 2019, Patagonia Gold announced the results of the drilling programme, which confirmed the existence of blind/covered, mineralised structures suggested by the geophysics. The Patagonia Gold Board believes that Calcatreu is of sufficient size to justify a standalone operation and its continued exploration and development will be a priority for the Combined Group. Utilising the funding available for draw down under the existing Cantomi Loan Facility, the Combined Group ultimately intends to commission a feasibility study for Calcatreu and update the mineral resource estimate at the project.

Patagonia Gold's issued share capital comprises 23,634,749 ordinary shares which, at the prevailing middle market closing share price on 30 May 2019 of 53.5 pence, equated to a market capitalisation of £12.65 million. In its audited results for the year ended 31 December 2018, Patagonia Gold generated approximately US\$48.1 million (£38.2 million) of revenue and an approximate US\$17.6 million (£13.9 million) loss after tax.

The Patagonia Gold Directors comprise Carlos Miguens (Chairman), Christopher van Tienhoven (Chief Executive Officer), Gonzalo Tanoira (Non-Executive Director) and Manuel De Prado (Non-Executive Director). The Patagonia Gold Group has approximately 90 employees, all of whom are situated in Argentina.

Current trading and prospects

On 19 February 2019, Patagonia Gold announced that, effective from 28 February 2019, Lomada de Leiva was to be closed and all activity at the Cap-Oeste project placed on care and maintenance, due to lower than expected production volumes from both operations. On 1 March 2019, Patagonia Gold announced

that it had entered into an agreement with Cantomi for the Cantomi Loan Facility of up to US\$15 million. On 11 April 2019, Patagonia Gold released its final results for the year ended 31 December 2018. On 13 June 2019, Patagonia Gold announced that it had entered into a supplementary agreement with Cantomi to increase the maximum aggregate amount of the Cantomi Loan Facility to US\$15.5 million until 31 July 2019. On 18 June 2019, the Company announced a revision to its audited financial statements for the year ended 31 December 2018 in relation to the translation of Patagonia Gold's foreign operations resulting in, *inter alia*, the loss for the year being restated to US\$17.6 million from the originally reported US\$22.5 million.

Part Five (*Financial Information*) of this Scheme Document sets out certain financial information in respect of Patagonia Gold which is incorporated by reference into, and forms part of, this Scheme Document.

8. Patagonia Gold's Directors, management, employees, research and development and locations

For the reasons set out in section 3 of this Part One above entitled "Background to and reasons for the Offer", Hunt sees clear, long-term strategic benefit to all stakeholders by the combination of these two complementary businesses.

Hunt recognises the significant skills, technical ability and Argentinian operating experience of the Patagonia Gold Board, its management and employees. Accordingly, Hunt expects that certain members of the Patagonia Gold Board and the majority of Patagonia Gold's management and employees will play an important role in the future development of the Combined Group.

Hunt's Board does not plan to make any changes to the research and development functions of Patagonia Gold, nor does it, save for the mutually agreed resignations of Patagonia Gold's two non-executive directors and changes pursuant to the employee assessment (each as set out below), have any plans to make any other material changes, either to the continued existence or terms and conditions of employment or in the balance of skills and functions of the management and employees of the Patagonia Gold Group or the Hunt Group. Accordingly, Hunt expects that, following successful completion of the Offer, Patagonia Gold will operate principally as it does today, but within the Hunt organisation.

Shortly following the Effective Date, the Directors of the Combined Group will conduct a thorough assessment of the available skillsets of the employees of both Patagonia Gold and Hunt, which is expected to last three months, and, as far as possible, Patagonia Gold's employees will be integrated into the combined team. The assessment may result in redundancies where the businesses have overlapping functions or where operational efficiencies are identified, however Hunt anticipates that the majority of its employees will be retained. Hunt will so far as is possible, following conclusion of the assessment, endeavour to reallocate any personnel identified as at risk within the Combined Group to avoid redundancies.

As set out in section 11 of this Part One, Hunt intends to seek the cancellation of the admission of the Patagonia Gold Shares to trading on AIM from or shortly after the Effective Date, resulting in Patagonia Gold's general and administrative team being entirely focussed on supporting business growth, rather than AIM investor and UK publicly quoted company related matters.

As set out in section 5 of this Part One, on the Scheme becoming Effective, each of Carlos Miguens, Cantomi, Tim Hunt, the Hunt Family Limited Partnership and Resa Hunt will enter into a Resulting Issuer Escrow Agreement with Hunt and Computershare Canada, as escrow agent, in respect of, for Carlos Miguens and Cantomi, the New Hunt Shares to be issued to them pursuant to the Offer and, in respect of Tim Hunt, the Hunt Family Limited Partnership and Resa Hunt, their existing Hunt Shares. Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the TSX-V, such parties will agree, *inter alia*, to place their entire shareholdings of Hunt Shares into escrow, with such shares to be released in tranches, as detailed in section 5 of this Part One.

The Hunt Board has given assurances to the Patagonia Gold Directors that, following the successful completion of the Offer, the existing contractual and statutory employment rights, and terms and conditions of employment, of all Patagonia Gold Group employees will be fully safeguarded. Patagonia Gold does not have any pension obligations.

The Hunt Board has also indicated that, following the successful completion of the Offer, the head office of the Combined Group will be Patagonia Gold's existing head office in Buenos Aires and that Hunt's registered office will remain in Vancouver although the location in Vancouver may change. Patagonia Gold's UK

registered office is an administrative address only and there are no Patagonia Gold employees in the United Kingdom. Accordingly, Hunt may change the registered office of Patagonia Gold following completion of the Offer but it will remain in the UK and will have no effect on Patagonia Gold employees.

It is intended that Christopher van Tienhoven will join the senior management of the Combined Group as Chief Executive Officer, with Carlos Miguens and Cristian Lopez Saubidet (currently interim Chief Financial Officer of Patagonia Gold) joining the board of directors of the Combined Group as Non-Executive Chairman and Chief Financial Officer respectively. It has also been mutually agreed that, subject to the Scheme becoming Effective, the appointments of Gonzalo Tanoira and Manuel de Prado as Non-Executive Directors of Patagonia Gold will terminate with effect from the Effective Date and that they will each receive remuneration in line with the termination provisions of their respective letters of appointment by way of compensation.

Save for the above, there are no agreements or arrangements between Hunt and the management or employees of Patagonia Gold in relation to their ongoing involvement in the business and the Offer will not be conditional on reaching agreement with such persons. Hunt has not entered into, and is not in discussions on any proposals to enter into, any form of incentivisation arrangement with members of Patagonia Gold's management who are interested in Patagonia Gold Shares and has no plans so to do. Following completion of the Offer, Hunt may put in place incentive arrangements for certain members of Patagonia Gold's management team. No proposals have been made on the terms of any such incentive arrangements for relevant management.

Hunt's intentions in relation to the deployment of Patagonia Gold's fixed assets are aligned with Patagonia Gold's intentions to utilise Hunt's underground mining experience in order to develop the Cap-Oeste Underground Mine and it is expected that the Combined Group will utilise Patagonia Gold's existing equipment to progress development of the Combined Group's exploration assets. Patagonia Gold's fixed assets are predominantly based in Argentina and no redeployment of such assets outside of Argentina is intended to occur after the Effective Date.

Hunt believes that the integration of the two businesses can be achieved without significant disruption to either business. Save as described above, the Offer is not expected to have any impact on Hunt and its existing business.

No statements in this section 8 are "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

9. Patagonia Gold Share Plans

All options to acquire Patagonia Gold Shares that have been granted and are outstanding under the Patagonia Gold Share Plans have an exercise price that is greater than the value of a Patagonia Gold Share implied by the Exchange Ratio. Holders of such options will be contacted regarding the effect of the Scheme on their rights under the Patagonia Gold Share Plans. Options that are not exercised will lapse to the extent unexercised, in due course, in accordance with their terms, following the Effective Date.

10. Dividends and dividend policy

Hunt has not declared or paid any cash dividends on the Hunt Shares since its incorporation and Hunt does not anticipate paying any cash dividends in the foreseeable future. The Combined Group plans to retain earnings, if any, in order to provide funds for its future expansion of the business.

11. Cancellation of admission to trading on AIM and re-registration

On completion of the Offer, the Company will become a wholly owned subsidiary of Hunt. Prior to the Scheme becoming Effective, it is intended that an application will be made to the London Stock Exchange for admission of the Ordinary Shares to trading on AIM to be cancelled from or shortly after the Effective Date. The last day of dealings in, and registration of transfers of, the Ordinary Shares (other than the registration of the transfer of the Scheme Shares to Hunt pursuant to the Scheme) on AIM is expected to be 19 July 2019 and no transfers shall be registered after 6.00 p.m. on that date.

On the Effective Date, share certificates in respect of Ordinary Shares will cease to be valid and entitlements to Ordinary Shares held within the CREST system will be cancelled or transferred. It is also intended that

shortly after the Effective Date, Patagonia Gold will be re-registered as a private limited company under the relevant provisions of the Companies Act and, in due course, Hunt plans to transfer Patagonia Gold's operating subsidiaries to a Hunt subsidiary and dissolve or liquidate Patagonia Gold.

Hunt will remain listed on the TSX-V following completion of the Offer and trading in Hunt Shares is expected to resume following completion under the proposed new issuer name for the Combined Group of Patagonia Gold Corp. with symbol PGDC.

12. Settlement

Subject to implementation of the Scheme (and except as provided in relation to Overseas Shareholders), settlement of the consideration to which any holder of Scheme Shares is entitled under the Scheme will be effected in the manner set out below.

12.1 Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

Unlike Patagonia Gold Shares, New Hunt Shares are not capable of being directly held, transferred or settled through the usual UK settlement systems, such as CREST. For this reason, Scheme Shareholders who hold their Patagonia Gold Shares in uncertificated form through CREST will not be issued with New Hunt Shares directly but will instead be issued with Depositary Interests (as explained in more detail below and subject to the position of Restricted Overseas Persons).

The Hunt DI arrangements reflect the economic rights attached to the New Hunt Shares. However, while the holders of Depositary Interests will have an entitlement to the underlying New Hunt Shares, they will not be the registered holders of the New Hunt Shares. New Hunt Shares to which Scheme Shareholders (other than Restricted Overseas Persons) will be entitled under the Scheme will be delivered, held and settled in CREST.

Hunt will enter into the Depositary Deed Poll pursuant to which it will have, through the Depositary, a facility whereby Depositary Interests, representing Hunt Shares, will be issued by the Depositary to persons entitled in electronic form within the CREST system. Under the Depositary Deed Poll, the Depositary (or its appointed custodian) will hold Hunt Shares in certificated form on trust for shareholders and it will issue uncertificated Depositary Interests (on a one-for-one basis) representing those underlying Hunt Shares and provide the necessary custodian services. The relevant Scheme Shareholders will retain the beneficial interest in the Hunt Shares held through the Depositary Interest facility and voting rights, dividends or any other rights relating to those Hunt Shares, as well as information to make choices and elections, and to attend and vote at general meetings, shall be passed on by the Depositary (or its nominee) in accordance with the terms of the Depositary Deed Poll. The Depositary Interests can then be held and settled within the CREST system in the same way as any other CREST security.

The custodian of the New Hunt Shares is expected to be Computershare Company Nominees Limited, who will hold those New Hunt Shares on trust (as bare trustee under English law) for the uncertificated Scheme Shareholders to whom it will issue a corresponding number of Depositary Interests.

Each Depositary Interest will be treated as one Hunt Share for the purposes of determining eligibility for dividends and voting entitlements. In respect of any dividends declared, Hunt will provide the Depositary (or its appointed custodian) with funds for the payment and the Depositary will transfer the money to the DI Holders. In respect of voting, the Depositary will cast votes in respect of the Hunt Shares as directed by the DI Holders which the relevant Hunt Shares represent. Any dividends paid on the New Hunt Shares will be paid to Hunt DI Holders in the currency in which the relevant holder has elected through CREST to receive such payments.

The Depositary Interests will be created pursuant to, and issued on, the terms of the Depositary Deed Poll. Prospective DI Holders should note that they will have no rights in respect of the underlying Hunt Shares or the Depositary Interests representing them against CREST or its subsidiaries. The Depositary Interests will have the same ISIN as the underlying Hunt Shares.

It should be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Hunt Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to

give prompt instructions to the Depositary or its nominated custodian, in accordance with any voting arrangements made available to them, to vote the underlying Hunt Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Hunt Shares as a proxy of the Depositary or its nominated Custodian.

Notwithstanding the above, Hunt reserves the right to settle all or part of such consideration in the manner set out in section 12.2 entitled “*Consideration where Scheme Shares are held in certificated form*” below if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this section 12.1.

On the Scheme becoming Effective, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

Pending the crediting of CREST accounts in respect of DIs representing New Hunt Shares and the despatch of DRS Advices for New Hunt Shares, temporary documents of title will not be issued. Euroclear UK & Ireland Ltd, as the operator of the CREST system, will be instructed to cancel the entitlements to Patagonia Gold Shares transferred as part of the Scheme.

If a holder of DIs wishes to cancel its Depositary Interest, it will need to either directly, or through its broker, instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that is to appear on the Hunt register of members. The Depositary Interest will then be cancelled by the Depositary and the related Hunt Share(s) will be transferred to the account on the share register by the Registrar. The Registrar will either send the registered holder a new DRS Advice (as further described in section 12.2 entitled “*Consideration where Scheme Shares are held in certificated form*” below) if held directly, or if held in nominee form, by electronically updating the CDS position associated with the holder’s broker.

Computershare will enter into a deed poll pursuant to which it will hold (either directly or via a custodian) the New Hunt Shares as bare trustee and all rights and other securities, property and cash attributable to the underlying securities pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests. The Depositary is required to pass on to the DI Holders and, so far as they are reasonably able, exercise on behalf of the DI Holders all rights and entitlements received or to which they are entitled in respect of the New Hunt Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at general meetings and any class meetings shall, subject to the Depositary Deed Poll, be required to be passed on, to the underlying holders of the Depositary Interests, together with any amendments and additional documentation necessary to effect such passing-on. The Depositary Deed Poll contains customary provisions excluding and limiting the Depositary’s liability to holders of the Depositary Interests.

Hunt and Computershare will enter into a depositary agreement whereby Computershare as Depositary is appointed to act as depositary of Hunt upon the terms of the Depositary Deed Poll. The Depositary is entitled to receive an initial establishment fee of £8,000 and an annual fee of £8,000, plus £0.50 per transfer, deposit or cancellation of any Depositary Interests. The depositary agreement is for an initial period of one year and shall continue after such initial period until terminated on not less than six months’ written notice.

12.2 ***Consideration where Scheme Shares are held in certificated form***

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, any New Hunt Shares to which such Scheme Shareholder is entitled pursuant to the Scheme will be issued shortly after the Effective Date.

Hunt’s constitutional documents allow for Hunt to participate in DRS. DRS is a system that allows securities to be held in “book-entry” (i.e. registered) form without having a physical security certificate issued as evidence of ownership. Instead, Hunt Shares are held in each shareholder’s name and registered electronically on Hunt’s records, which are maintained by its transfer agent, Computershare Canada. Holders of securities in DRS (book-entry form) have all the traditional rights and privileges as holders of securities in certificated form.

The use of DRS eliminates the need for physical share certificates to be safely held and stored and also provides an audit trail of all transactions within DRS. Use of DRS also removes the requirement for a shareholder who has lost the share certificate of a Canadian issuer to obtain a surety bond (at 3 per cent. of the market value of the shares represented by the lost certificate) in order to have a replacement certificate issued.

Therefore, Scheme Shareholders who hold Scheme Shares in certificated form will receive, in hard copy, an initial DRS Advice setting out the number of New Hunt Shares held by them. Each time a holder of Hunt Shares held within DRS acquires or disposes of shares, an updated DRS Advice will be sent to such holder. In addition, a holder of Hunt Shares held within DRS can review their account online at any time.

Holders of Hunt Shares held within DRS can transfer their Hunt Shares to a broker and disposals of Hunt Shares held within DRS can also be effected through Computershare Canada as Hunt's transfer agent. Full details of how to undertake such actions in respect of Hunt Shares held within DRS will accompany the initial DRS Advice.

Holders of Hunt Shares held within DRS can also at any time request from Computershare Canada a share certificate for all or a portion of the Hunt Shares held within DRS. In such an event, a share certificate representing the requested number of shares will be sent out by post. A fee may be levied by Computershare Canada for the production of such a certification.

DRS Advices setting out ownership of such New Hunt Shares will be despatched, at the recipients' risk, by first class post to Scheme Shareholders who hold their Scheme Shares in certificated form as soon as practicable after the Effective Date and, in any event, no later than 14 days after the Effective Date, to the address appearing on the register of members of Patagonia Gold at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

Temporary documents of title will not be issued. The existing certificate(s) held by every certificated holder of Patagonia Gold Shares will become null and void pursuant to the Scheme becoming Effective.

12.3 **General**

All documents sent to, by, from or on behalf of Scheme Shareholders in accordance with this section will be sent entirely at the risk of the person entitled thereto.

Settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this section 12 without regard to any lien, right of set off, counterclaim or analogous right to which Hunt may otherwise be, or claim to be, entitled against any Scheme Shareholder.

Fractional entitlements to New Hunt Shares for each Scheme Shareholder will be rounded down to an integral number and will not be allotted or issued to holders of Scheme Shares pursuant to the Scheme. These fractional entitlements will be aggregated and shall, on a reasonable basis, be sold for the benefit of the Scheme Shareholders. The equivalent of the net proceeds of such sale of New Hunt Shares (after deduction of brokerage charges and associated expenses) will be paid to the Scheme Shareholders pro-rated to their holdings of Patagonia Gold Shares at the Scheme Record Time as soon as practicable after receipt, except that if the aggregate amount due to any Scheme Shareholder in respect of the amounts due to him/it in respect of fractional entitlements to New Hunt Shares is less than £5.00 such sum will not be distributed but will instead be aggregated and accrued to the benefit of Hunt. Neither Hunt nor any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the sales or the sales or any failure to sell fractional entitlements to New Hunt Shares.

13. **Actions to be taken by Patagonia Gold Shareholders**

The Scheme requires approval at a meeting of Scheme Shareholders convened by order of the Court to be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH at 10.00 a.m. on 12 July 2019. Implementation of the Scheme also requires the approval of Patagonia Gold Shareholders at the Patagonia Gold General Meeting to be held at the same place at 10.15 a.m. on 12 July 2019 (or as

soon thereafter as the Court Meeting is concluded or adjourned). Notices of the Meetings are set out in Part Nine (*Notice of the Court Meeting*) and Part Ten (*Notice of the Patagonia Gold General Meeting*) of this Scheme Document.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or appoint a proxy electronically through CREST (as appropriate) as soon as possible.

Whether or not you intend to attend the Meetings, please complete, sign and return:

- the Pink Form of Proxy for use at the Court Meeting, or alternatively, if you hold your Scheme Shares in CREST, appoint a proxy through the CREST electronic proxy appointment service, so as to be received by not later than 10.00 a.m. on 10 July 2019 (see below for further details on making a proxy appointment through CREST); and
- the Blue Form of Proxy for use at the Patagonia Gold General Meeting, or alternatively, if you hold your Patagonia Gold Shares in CREST, appoint a proxy through the CREST electronic proxy appointment service, so as to be received by not later than 10.15 a.m. on 10 July 2019 (see below for further details on making a proxy appointment through CREST).

Patagonia Gold Shareholders may also submit their proxy appointments electronically at www.investorcentre.co.uk/eproxy by following the instructions on the website. If you choose to appoint a proxy electronically, you will need to input the Control Number, PIN and Shareholder Reference Number as set out in the enclosed Forms of Proxy.

This will enable your votes to be counted at the Meetings in the event of your absence.

If the Pink Form of Proxy for use at the Court Meeting is not lodged with the Registrar by the relevant time, it may be handed to the Registrar or the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the Patagonia Gold General Meeting, the Blue Form of Proxy must be lodged with the Registrar by 10.15 a.m. on 10 July 2019 in order to be valid, unless the Patagonia Gold Directors direct otherwise.

Please refer to section 20 of Part Two (*Explanatory Statement*) for details of the actions to be taken by Patagonia Gold Shareholders in relation to voting at the Meetings.

14. Overseas shareholders

Patagonia Gold Shareholders who are Overseas Shareholders should refer to section 19 of Part Two (*Explanatory Statement*) of this Scheme Document, which contains important information relevant to such holders.

15. United Kingdom Taxation

Your attention is drawn to Part Seven (*United Kingdom Taxation*) of this Scheme Document for information on the tax position in the UK. That summary does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme.

If you are in any doubt about your own tax position, or you are or may be subject to taxation law in any jurisdiction other than the UK, you should consult an appropriate independent professional adviser immediately as to the tax consequences of the Scheme under applicable tax laws in such jurisdiction.

16. Further information

Your attention is drawn to the further information contained in Part Two (*Explanatory Statement*), Part Three (*Conditions to the Scheme and to the Offer*), Part Four (*The Scheme of Arrangement*) and Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document, which provide further details concerning the Scheme.

You are advised to read the whole of this Scheme Document and not just rely on the summary information contained in this letter.

17. Recommendation

The Patagonia Gold Directors, who have been so advised by Strand Hanson, the Company's financial adviser, as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing its advice to the Patagonia Gold Directors, Strand Hanson has taken into account the commercial assessments of the Patagonia Gold Directors. Strand Hanson is providing independent financial advice to the Patagonia Gold Directors for the purposes of Rule 3 of the Code. In addition, the Patagonia Gold Directors consider the terms of the Offer to be in the best interests of Patagonia Gold Shareholders as a whole.

Accordingly, the Patagonia Gold Directors unanimously recommend that Scheme Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and Patagonia Gold Shareholders vote in favour of the special resolution to be proposed at the Patagonia Gold General Meeting, as they have irrevocably undertaken to so do in respect of their own beneficial shareholdings of, in aggregate, 12,978,887 Patagonia Gold Shares, which represent approximately 54.91 per cent. of Patagonia Gold's issued share capital on 19 June 2019 (being the last practicable date prior to the publication of this Scheme Document), together with any Patagonia Gold Shares which they may become beneficially entitled upon exercise of options or vesting of awards held by them.

Yours faithfully,

Carlos J. Miguens

Non-Executive Chairman

for and on behalf of

The Patagonia Gold Directors

PART TWO : EXPLANATORY STATEMENT

(In compliance with section 897 of the Companies Act)

STRAND HANSON

26 Mount Row
London
W1K 3SQ

20 June 2019

To the holders of Patagonia Gold Shares and, for information only, to participants in the Patagonia Gold Share Plans and persons with information rights

Dear Shareholder,

SCHEME OF ARRANGEMENT OF PATAGONIA GOLD IN CONNECTION WITH THE RECOMMENDED ALL-SHARE OFFER BY HUNT

1. Introduction

On 31 May 2019 (the “**Announcement Date**”), the Hunt Directors and the Patagonia Gold Directors announced that they had reached agreement on the terms of a recommended share for share exchange offer for the entire issued and to be issued share capital of Patagonia Gold by Hunt (the “**Offer**”). It is intended that the Offer will be implemented by way of a Court-sanctioned scheme of arrangement between Patagonia Gold and Scheme Shareholders under Part 26 of the Companies Act (the “**Scheme**”), which requires the approval of Scheme Shareholders and the sanction of the Court.

Your attention is drawn to Part One (Letter from the Chairman of Patagonia Gold on behalf of the Patagonia Gold Directors) of this Scheme Document, which forms part of this Explanatory Statement and contains, among other things, the unanimous recommendation by the Patagonia Gold Directors to Scheme Shareholders to vote in favour of the resolution relating to the Scheme at the Court Meeting and to Patagonia Gold Shareholders to vote in favour of the special resolution relating to the implementation of the Scheme at the Patagonia Gold General Meeting.

The Patagonia Gold Directors, who have been so advised by Strand Hanson, consider the terms of the Offer to be fair and reasonable. In providing its advice to the Patagonia Gold Directors, Strand Hanson has taken into account the commercial assessments of the Patagonia Gold Directors. Strand Hanson is providing independent financial advice to the Patagonia Gold Directors for the purposes of Rule 3 of the Code.

In addition, the Patagonia Gold Directors consider the terms of the Offer to be in the best interests of Patagonia Gold Shareholders as a whole.

We have been authorised by the Patagonia Gold Directors to write to you to explain the terms of the Offer and the Scheme and to provide you with other relevant information.

This Explanatory Statement contains a summary of the provisions of the Scheme. The terms of the Scheme are set out in full in Part Four (*The Scheme of Arrangement*) of this Scheme Document. Your attention is also drawn to the other parts of this Scheme Document, which are deemed to form part of this Explanatory Statement, including Part One (*Letter from the Chairman of Patagonia Gold on behalf of the Patagonia Gold Directors*), the Conditions and certain further terms set out in Part Three (*Conditions to the Scheme and to the Offer*), Part Five (*Financial Information*) and the additional information set out in Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document.

2. The terms and structure of the Offer

The Offer

Under the terms of the Offer, which is subject to the Conditions and further terms summarised below and in Part Three (*Conditions to the Scheme and to the Offer*) of this Scheme Document, Scheme Shareholders who are on the register of members of Patagonia Gold at the Scheme Record Time are entitled to receive:

for each Scheme Share

approximately 10.76 New Hunt Shares

This Exchange Ratio attributes an implied value for the entire existing issued share capital of Patagonia Gold of approximately £17.18 million (based on the closing price of C\$0.115 per Hunt Share on 30 May 2019, being the last Business Day in Canada prior to the Announcement Date and using an exchange rate of C\$1.7024/£1).

At the value implied by the Exchange Ratio, the Offer represents a premium of approximately:

- 35.9 per cent. to the middle market closing price of 53.5 pence per Patagonia Gold Share on 30 May 2019 (being the last Business Day in London prior to the Announcement Date); and
- 76.7 per cent. to the volume weighted average price per Patagonia Gold Share of approximately 41.1 pence over the three month period ended on and including 30 May 2019 (being the last Business Day in London prior to the Announcement Date).

Following successful completion of the Offer, Scheme Shareholders will hold 80 per cent. of the Combined Group and Hunt Shareholders will hold 20 per cent. of the Combined Group.

Conditions to the Scheme

Implementation of the Scheme is subject to, amongst other things, the approval of the Scheme by a majority in number of the Scheme Shareholders present and voting in person or by proxy at the Court Meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders, passing of the special resolution necessary to implement the Scheme at the Patagonia Gold General Meeting, the sanction of the Scheme by the Court and Hunt having taken all necessary actions so that the New Hunt Shares begin trading, and the existing Hunt Shares resume trading, on the TSX-V by not later than 14 days after the Effective Date. It is expected that the Scheme will become Effective on 22 July 2019, subject to the Conditions and certain further terms set out in Part Three (*Conditions to the Scheme and to the Offer*) of this Scheme Document. This date is indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme.

The Scheme can only become Effective in accordance with its terms if all the Conditions have been satisfied or, where relevant, waived. Subject to satisfaction (or, where applicable, waiver) of the Conditions, the Scheme is expected to become Effective in accordance with its terms by the Longstop Date or such later date (if any) as Hunt or Patagonia Gold may, with the consent of the Panel, agree and (if required) the Court may allow.

The transaction constitutes a reverse takeover for Hunt pursuant to the policies of the TSX-V. Accordingly, Hunt Shares were halted from trading on the TSX-V with effect from market open on the Announcement Date pending completion of the Offer, when, subject to certain conditions being met, the Combined Group will resume trading under its proposed new issuer name of "Patagonia Gold Corp." and its new ticker "PGDC". In addition, Hunt published a Filing Statement on 30 May 2019 in respect of the reverse takeover, which is available on SEDAR (www.sedar.com) under Hunt's existing issuer profile. Hunt has also obtained shareholder approval for the acquisition of the entire issued and to be issued share capital of Patagonia Gold by way of irrevocable written consents from certain of Hunt's shareholders, being Tim Hunt and the Hunt Family Limited Partnership, in respect of 53,306,925 Hunt Shares owned or controlled by Tim Hunt and representing approximately 83.83 per cent. of Hunt's existing issued and outstanding share capital.

Following successful completion of the Offer, Scheme Shareholders will hold 80 per cent. of the Combined Group, meaning that the existing Hunt Shareholders will hold 20 per cent. of the Combined Group.

The Court Meeting and the Patagonia Gold General Meeting will be held at 10.00 a.m. and 10.15 a.m. respectively on 12 July 2019 at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M

7SH. The Scheme must also be sanctioned by the Court at the Court Hearing. All Scheme Shareholders are entitled to attend the Court Hearing in person or by proxy.

Once the Scheme becomes Effective, it will be binding on all Scheme Shareholders, whether or not they voted in favour of the Scheme and related issues at the Court Meeting and at the Patagonia Gold General Meeting.

Under the terms of the Scheme, the Patagonia Gold Shares being acquired will be fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever (except for any arising by operation of law) and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.

If, after the Announcement Date but prior to the Effective Date, any dividend or other distribution is declared, paid or made or payable by Patagonia Gold, Hunt will have the right to reduce the consideration payable under the Offer in respect of a Scheme Share by making an adjustment to the Exchange Ratio so as to reduce the implied value under the terms of the Offer by an amount up to the amount of such dividend or distribution. To the extent that such a dividend or distribution has been declared, paid, made or is payable or will be: (i) transferred pursuant to the Offer on a basis which entitles Hunt to receive the dividend or distribution and to retain it; or (ii) cancelled, the Exchange Ratio will not be subject to any such change. Any exercise by Hunt of its rights referred to in this paragraph will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Offer.

Fractional entitlements

Fractional entitlements to New Hunt Shares for each Scheme Shareholder will be rounded down to an integral number and will not be allotted or issued to holders of Scheme Shares pursuant to the Scheme. These fractional entitlements will be aggregated and shall, on a reasonable basis, be sold for the benefit of the Scheme Shareholders. The equivalent of the net proceeds of such sale of New Hunt Shares (after deduction of brokerage charges and associated expenses) will be paid to the Scheme Shareholders pro-rated to their holdings of Patagonia Gold Shares at the Scheme Record Time as soon as practicable after receipt, except that if the aggregate amount due to any Scheme Shareholder in respect of the amounts due to him/it in respect of fractional entitlements to New Hunt Shares is less than £5.00 such sum will not be distributed but will instead be aggregated and accrued to the benefit of Hunt. Neither Hunt nor any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the sales or the sales or any failure to sell fractional entitlements to New Hunt Shares.

3. Background to and reasons for the Offer

Patagonia Gold, indirectly via its subsidiaries or under option agreements, holds mineral rights to approximately 300 properties in several provinces of Argentina, Chile and Uruguay. In particular, it is one of the largest landholders in the province of Santa Cruz, Argentina, where its 90 per cent. owned subsidiary, Patagonia Gold S.A., holds mineral rights to 71 properties covering, in aggregate, an area of approximately 194,000 hectares and its wholly owned subsidiary, Minera Minamalu S.A., holds 90 properties covering, in aggregate, an area of approximately 209,000 hectares.

In light of Hunt's own significant landholding in the province of Santa Cruz, where it holds mineral rights to 39 properties covering, in aggregate, an area of approximately 125,572 hectares, hosting its producing Martha silver and gold mine and associated processing facilities, the Hunt Board believes that the proposed combination of Hunt and Patagonia Gold will be highly complementary, forming a leading, enlarged junior precious metals explorer and producer in the region with an attractive, high quality project portfolio. Ongoing production at the Martha mine is being undertaken without established mineral resources or reserves and Hunt has not established the economic viability of the operations at the Martha mine. As a result, there is increased uncertainty and economic risks of failure associated with these production activities.

As part of the Combined Group, Patagonia Gold's Cap-Oeste mine, which produced 42,906 ounces AuEq in the year ended 31 December 2018, prior to being placed on care and maintenance on 28 February 2019 as a result of lower than expected monthly production volumes, will have access to Hunt's enhanced facilities

at its nearby Martha mine going forward, for the processing of material from any future development of the Cap-Oeste Underground Mine.

Accordingly, following completion of the Offer, the Hunt Board believes that shareholders in the Combined Group will benefit from its expanded, more efficient and higher-grade production capabilities via utilisation of Hunt's local processing facilities, with access to significant mineral resources. Furthermore, the Combined Group will benefit from anticipated increased production, utilising the spare capacity at the Martha Processing Plant, with greater recoveries being achievable than is currently the case. The Hunt Board believes that this should lead to more stable future cash flow generation, which, in turn, should serve to reduce the overall risk profile of the Combined Group and better position it for future growth and value creation for the benefit of shareholders in the Combined Group. In addition, Hunt's underground mining experience can be utilised in any future development of the Cap-Oeste Underground Mine.

Patagonia Gold has an experienced and proven exploration and mine-development team, which successfully developed Lomada de Leiva and the previous open-pit mining operations at Cap-Oeste. It is envisaged that the Patagonia Gold Group's existing exploration equipment and operational and technical expertise, can be utilised to continue to advance Calcatreu and further advance the Combined Group's other exploration projects.

The Hunt Board believes that, as a relatively small gold and silver exploration, development and production company quoted on AIM (with the restraints, regulatory burden and costs associated with maintaining such a quotation), it is difficult for Patagonia Gold to attract and retain interest and research coverage in its activities such that it suffers from a general lack of liquidity and low trading volumes in its shares. Hunt has experienced similar challenges and believes that the Combined Group, with a larger and more diverse shareholder base on the TSX-V, will be better placed to achieve greater liquidity, which, alongside the Combined Group's increased market capitalisation and consolidated asset base, should serve to attract additional research coverage and shareholder interest.

Patagonia Gold's senior management has significant experience and expertise of operating in Argentina, as well as maintaining strong relationships with a number of funders, including Argentine banks, and is therefore confident in its ability to access and secure both short and longer-term borrowings for the Combined Group as and when required. The Hunt Board believes that the operational synergies highlighted above, together with potential efficiencies and cost savings in central overheads and operating expenses, including those arising from the intended cancellation of Patagonia Gold's admission to trading on AIM and the potential utilisation of the spare capacity at the Martha Processing Plant, will enable positive net cash flow generation in the near term and thereby facilitate funding of the Combined Group's future exploration and development activities, most notably at Calcatreu, which has an existing mineral resource estimate of 746,000 ounces AuEq grading at 2.36 g/t AuEq in the Indicated Resource category and 390,000 ounces AuEq grading at 1.50 g/t AuEq in the Inferred Resource category.

4. Information relating to the Hunt Group

Hunt is a Canadian company incorporated in January 2006 under the laws of Alberta and the Hunt Shares have been listed for trading on the TSX Venture Exchange under the ticker code: HMX since 5 February 2010 (following a reverse takeover of Sinomar Capital Corporation by HuntMountain Resources Ltd). Hunt continued its jurisdiction of incorporation to British Columbia in 2013. Hunt is a precious metals exploration and development company, with its core projects located in the Santa Cruz Province of Argentina, where it holds mineral rights to 39 properties covering approximately 125,572 hectares.

Since 2006, Hunt has drilled more than 62,000 metres of diamond core, conducted 416 line kilometres of Induced Polarisation/Resistivity geophysical surveys and collected more than 20,000 surface soil, sediment, channel, chip and trench samples. Such drilling activity has led to the identification of six mineralised zones between Hunt's flagship projects, La Josefina and La Valenciana, and the El Gateado Project. In March 2006, Hunt's wholly owned subsidiary, CCSA, acquired the right to conduct exploration on the El Gateado property for a period of at least 1,000 days, commencing after the Government issues a formal claim notice, and to retain 100 per cent. ownership of any mineral deposit found within. Hunt has not yet received a formal claim notice pertaining to the El Gateado property.

On 11 May 2016, Hunt completed the acquisition of the Martha mine, which is located in the province of Santa Cruz, Argentina, from New York Stock Exchange listed, Coeur Mining Inc. The processing plant at

the Martha mine had an estimated useful life of eight years at the time of the acquisition, with the plant expected to be used to process material from both the Martha and La Josefina projects.

The Martha property consists of approximately 7,850 hectares of concessions, various buildings and facilities, surface and underground mining and support equipment, a nameplate 480 tpd crushing, grinding and flotation plant, tailings facility, various stockpiles and waste dumps, employee living and cafeteria quarters and miscellaneous physical materials. Hunt restored and repaired the physical assets acquired during the latter part of 2016 and the first quarter of 2017. In addition, Hunt has access to surface ranch lands surrounding the mine and mill site comprising approximately 35,700 hectares. Royal Gold Inc. holds a 2 per cent. Net Smelter Return (NSR) royalty on all production from the Martha property; the obligation for which transferred from Coeur to Hunt as part of the acquisition of the Martha mine. In addition, the provincial government holds a 3 per cent. pithead royalty from future production.

Hunt's issued and outstanding share capital comprises 63,588,798 Hunt Shares which, at the closing share price on the TSX-V on 30 May 2019 of C\$0.115, equated to a market capitalisation of C\$7.31 million (approximately £4.30 million at an exchange rate of C\$1.7024/£1). In its audited results for the year ended 31 December 2018, Hunt generated approximately US\$0.4 million (£0.3 million) of revenue and an approximate US\$3.6 million (£2.9 million) gross loss.

The Hunt Directors comprise Tim Hunt (Chairman of the Hunt Board and Chief Executive Officer), Darrick Hunt, Alastair Summers and Alan Chan. Hunt has 31 employees, of which one is situated in Canada and 30 are situated in Argentina.

5. Information relating to the Patagonia Gold Group

Patagonia Gold was incorporated in England and Wales in May 2000 and its ordinary shares have been admitted to trading on AIM since March 2003. Patagonia Gold is a precious metals mining company, with a particular focus on exploration and development in the Patagonia region of Argentina. The Company is primarily focused on extracting value from its Cap-Oeste project in Santa Cruz and the more recently acquired Calcatreu project in Rio Negro. In summary, Patagonia Gold, indirectly via its subsidiaries or under option agreements, holds mineral rights to approximately 300 properties in several provinces of Argentina, Chile and Uruguay and is one of the largest landholders in the province of Santa Cruz, Argentina.

Cap-Oeste

Cap-Oeste was in production from the end of 2016 until February 2019 and was Patagonia Gold's sole producing asset, following the cessation of operations at Lomada de Leiva in November 2017. On 15 July 2018, mining from the open pit operations at Cap-Oeste ceased and the mine was put on care and maintenance. From the end of July 2018, until February 2019, production was being sourced from the re-handling of the material previously placed on the leach pad which did not recover as initially planned due to high clay content, which impacted overall recoveries. In February 2019, the Patagonia Gold Board decided to cease all production activity at Cap-Oeste as a result of lower than expected monthly production volumes. In 2018, Patagonia Gold produced 42,906 ounces AuEq (2017: 20,088 ounces AuEq, excluding production from Lomada de Leiva of 5,917 ounces Au), with an average cash cost of US\$507/ounce AuEq (2017: US\$552/ounce AuEq) including depreciation and amortisation.

Below the existing open pit at Cap-Oeste, there is an estimated NI 43-101 compliant Indicated Resource of approximately 298,000 ounces AuEq at an average grade of 19.42g/t AuEq at a cut-off grade of 0.5g/t AuEq. Following completion of the Offer, it is anticipated that Hunt's underground mining experience can be utilised to advance the development of an underground mine at Cap-Oeste in order to access this mineralisation.

Calcatreu

In May 2017, Patagonia Gold announced that it had signed an exclusive six-month option agreement with a wholly owned subsidiary of Pan American Silver Corp. (TSX:PAAS) to acquire its Calcatreu gold-silver project in the Rio Negro province. Such purchase option was exercised in December 2017 at a cost of US\$15 million and Patagonia Gold completed the acquisition in January 2018.

The Calcatreu project has an independent NI 43-101 compliant mineral resource estimate of 746,000 ounces AuEq grading at 2.36 g/t AuEq in the Indicated Resource category and 390,000 ounces AuEq grading at 1.50 g/t AuEq in the Inferred Resource category, and provides the opportunity to potentially develop a large scale and long life asset, in a new pro-mining jurisdiction. In September 2018, the necessary permits to commence drilling were granted and a 7,000 metre drilling programme commenced in October 2018. In February 2019, Patagonia Gold announced the results of the drilling programme, which confirmed the existence of blind/covered, mineralised structures suggested by the geophysics. The Patagonia Gold Board believes that Calcatreu is of sufficient size to justify a standalone operation and its continued exploration and development will be a priority for the Combined Group. Utilising the funding available for draw down under the existing Cantomi Loan Facility, the Combined Group ultimately intends to commission a feasibility study for Calcatreu and update the mineral resource estimate at the project.

Patagonia Gold's issued share capital comprises 23,634,749 ordinary shares which, at the prevailing middle market closing share price on 30 May 2019 of £0.535, equated to a market capitalisation of £12.65 million. In its audited results for the year ended 31 December 2018, Patagonia Gold generated approximately US\$48.1 million (£38.2 million) of revenue and an approximate US\$17.6 million (£13.9 million) loss after tax.

The Patagonia Gold Directors comprise Carlos Miguens (Chairman), Christopher van Tienhoven (Chief Executive Officer), Gonzalo Tanoira (Non-Executive Director) and Manuel de Prado (Non-Executive Director). The Patagonia Gold Group has approximately 90 employees, all of whom are situated in Argentina.

Current trading and prospects

On 19 February 2019, Patagonia Gold announced that, effective from 28 February 2019, Lomada de Leiva was to be closed and all activity at the Cap-Oeste project placed on care and maintenance, due to lower than expected production volumes from both operations. On 1 March 2019, Patagonia Gold announced that it had entered into an agreement with Cantomi for the Cantomi Loan Facility of up to US\$15 million. On 11 April 2019, Patagonia Gold released its final results for the year ended 31 December 2018. On 13 June 2019, Patagonia Gold announced that it had entered into a supplementary agreement with Cantomi to increase the maximum aggregate amount of the Cantomi Loan Facility to US\$15.5 million until 31 July 2019. On 18 June 2019, the Company announced a revision to its audited financial statements for the year ended 31 December 2018 in relation to the translation of Patagonia Gold's foreign operations resulting in, *inter alia*, the loss for the year being restated to US\$17.6 million from the originally reported US\$22.5 million.

Part Five (*Financial Information*) of this Scheme Document sets out certain financial information in respect of Patagonia Gold which is incorporated by reference into, and forms part of, this Scheme Document.

6. Irrevocable undertakings and escrow/lock-in arrangements

Irrevocable Undertakings

Hunt has received irrevocable undertakings from the Patagonia Gold Directors who beneficially hold Patagonia Gold Shares as at the date of this Scheme Document, namely, Carlos Miguens, Christopher van Tienhoven, Gonzalo Tanoira and Manuel de Prado, who have irrevocably undertaken to vote (or procure the vote) in favour of the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the Patagonia Gold General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of such an offer) in respect of their entire beneficial holdings of Patagonia Gold Shares, amounting, in aggregate, to 12,978,887 Patagonia Gold Shares, representing approximately 54.91 per cent. of the existing issued share capital of Patagonia Gold.

Further details of these irrevocable undertakings (including the circumstances in which they will fall away) are set out in section 6 of Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document.

Escrow/Lock-in arrangements

Patagonia Gold's Non-Executive Chairman and majority shareholder, Carlos Miguens and Cantomi (a company owned and controlled by Mr Miguens), together with Tim Hunt and the Hunt Family Limited Partnership (an entity controlled by Tim Hunt) whom are Hunt's largest shareholders, will be Principals of the Combined Group and, together with Resa Hunt, the "**Locked-in Parties**". On the Scheme becoming

Effective, the Locked-in Parties will enter into a Resulting Issuer Escrow Agreement with Hunt and Computershare Canada, as escrow agent, in respect of the following shares:

- the 137,119,857 New Hunt Shares to be issued to Carlos Miguens and Cantomi in the aggregate pursuant to the Offer;
- the 2,785,197 Hunt Shares held jointly by Tim Hunt and Resa Hunt;
- the 50,521,728 Hunt Shares held by the Hunt Family Limited Partnership; and
- the 346,700 Hunt Shares held by Resa Hunt.

Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the TSX-V, such parties will agree, *inter alia*, to place their entire shareholdings of Hunt Shares into escrow, with the following release provisions:

- in respect of Carlos Miguens and Cantomi: 10 per cent. of such holdings being released on the listing date of the New Hunt Shares on the TSX-V with the remaining 90 per cent. of such Hunt Shares remaining held in escrow, until being released in equal 15 per cent. tranches at the end of every six month period thereafter, with the final tranche being released 36 months following the listing date of the New Hunt Shares on the TSX-V; and
- in respect of Tim Hunt, the Hunt Family Limited Partnership and Resa Hunt: 25 per cent. of such holdings being released on the listing date of the New Hunt Shares on the TSX-V with the remaining 75 per cent. of such Hunt Shares remaining held in escrow, until being released in equal 25 per cent. tranches at the end of every six month period thereafter, with the final tranche being released 18 months following the listing date of the New Hunt Shares on the TSX-V.

Subject to the Scheme becoming Effective, it is expected that the Locked-in Parties will hold, in aggregate, 190,773,482 Hunt Shares, representing, in aggregate, approximately 60.00 per cent. of the issued common shares of the Combined Group on completion of the Offer.

7. Structure of the Offer

The Scheme

It is intended that the Offer will be implemented by means of a Court-sanctioned scheme of arrangement between Patagonia Gold and Scheme Shareholders under Part 26 of the Companies Act.

The purpose of the Scheme is to provide for Hunt to become the owner of the entire issued and to be issued ordinary share capital of Patagonia Gold. This is to be achieved by the transfer by Scheme Shareholders of all of the Scheme Shares to Hunt, in consideration for which, Scheme Shareholders will receive the New Hunt Shares on the basis of the Exchange Ratio. The transfer of the Scheme Shares to Hunt will result in Patagonia Gold becoming a wholly-owned subsidiary of Hunt.

To become Effective, the Scheme requires, among other things:

- the approval of a majority in number of Scheme Shareholders present and voting in person or by proxy at the Court Meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders;
- the passing by the Patagonia Gold Shareholders of the special resolution necessary to implement the Scheme at the Patagonia Gold General Meeting; and
- the sanction of the Court.

The Scheme can only become Effective in accordance with its terms if all the Conditions set out in Part Three (*Conditions to the Scheme and to the Offer*) of this Scheme Document have been satisfied or, where relevant, waived. The Scheme is conditional upon it becoming unconditional and Effective, subject to the provisions of the Code, by not later than the Longstop Date or such later date (if any) as Hunt or Patagonia Gold may, with the consent of the Panel, agree and (if required) the Court may allow.

Under the terms of the Scheme, the Scheme Shares being acquired will be fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever (except for any arising by operation of law) and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.

The Scheme is set out in full in Part Four (*The Scheme of Arrangement*) of this Scheme Document. The Scheme is governed by English law.

The procedure for implementing the Scheme involves an application by Patagonia Gold to the Court to call the Court Meeting to approve the Scheme and upon the receipt of the requisite approval, an application to the Court to sanction the Scheme and thereby transfer all of the Scheme Shares to Hunt, in consideration for which Scheme Shareholders who are on the register of members of Patagonia Gold at the Scheme Record Time will receive New Hunt Shares in accordance with the settlement arrangements described below. The Scheme is currently expected to become Effective on 22 July 2019 and, in any event not later than 30 November 2019 (or such later date as Patagonia Gold and Hunt may, with the consent of the Panel, agree and (if required) the Court may allow).

The Meetings

The Scheme requires the approval of the Scheme by the Scheme Shareholders at the Court Meeting and the passing by the Patagonia Gold Shareholders of the special resolution necessary to implement the Scheme at the Patagonia Gold General Meeting, both of which will be held on 12 July 2019. The Court Meeting will start at 10.00 a.m. on that date and the Patagonia Gold General Meeting will start at 10.15 a.m. on that date, or as soon thereafter as the Court Meeting is concluded or adjourned.

Notices of both the Court Meeting and the Patagonia Gold General Meeting are set out at the end of this Scheme Document.

Entitlement to attend and vote at the Meetings and the number of votes which may be cast at them will be determined by reference to the register of members of Patagonia Gold at the Scheme Voting Record Time. In the event that any member or members of the Hunt Group become beneficially interested in any Patagonia Gold Shares before the Scheme Voting Record Time, such Patagonia Gold Shares shall become Excluded Shares and as a result, such members of the Hunt Group shall not be entitled to vote at the Court Meeting in respect of any Patagonia Gold Shares acquired by them. Such members of the Hunt Group shall however, exercise the voting rights attaching to any such Patagonia Gold Shares at the Patagonia Gold General Meeting.

If the Scheme becomes Effective, it will be binding on Patagonia Gold and all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Patagonia Gold General Meeting.

Court Meeting

At the Court Meeting, voting will be by way of a poll and each Scheme Shareholder present in person (including by corporate representative) or by proxy will be entitled to one vote for each Scheme Share held at the Scheme Voting Record Time. In order for the Scheme to be approved at the Court Meeting, those Scheme Shareholders voting to approve the Scheme must represent a majority in number representing not less than 75 per cent. in value of the voting rights of the holders of Scheme Shares (or the relevant class or classes thereof, if applicable) present and voting (and entitled to vote) in person or by proxy.

At the Court Meeting, it is particularly important that as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. You are therefore strongly urged to complete, sign and return your Pink Form of Proxy or appoint a proxy electronically as soon as possible.

You will find the Notice of the Court Meeting in Part Nine (*Notice of the Court Meeting*) of this Scheme Document.

Patagonia Gold General Meeting

The Patagonia Gold General Meeting has been convened for the same date as the Court Meeting and Patagonia Gold Shareholders will be asked to consider and, if thought fit, pass a special resolution to approve:

- (i) the authorisation of the Patagonia Gold Directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme; and
- (ii) certain amendments to the articles of association of Patagonia Gold as described below.

The special resolution will require votes in favour representing at least 75 per cent. of the votes cast at the Patagonia Gold General Meeting in person (including by corporate representative) or by proxy. The vote of Patagonia Gold Shareholders at the Patagonia Gold General Meeting will be held by way of a poll. Each holder of Patagonia Gold Shares entered on the register of members of Patagonia Gold at the Scheme Voting Record Time and present in person or by proxy will be entitled to one vote for each Patagonia Gold Share so held.

You will find the Notice of the Patagonia Gold General Meeting in Part Ten (*Notice of the Patagonia Gold General Meeting*) of this Scheme Document.

Amendments to Patagonia Gold's articles of association

At the Patagonia Gold General Meeting, it is proposed to amend Patagonia Gold's articles of association to ensure that any Patagonia Gold Shares issued between the time of adoption of Patagonia Gold's amended articles of association and the Scheme Record Time will be subject to the Scheme. It is also proposed to amend Patagonia Gold's articles of association so that any Patagonia Gold Shares issued to any person other than Hunt or its nominee(s) at or after the Scheme Record Time (which will not be subject to the Scheme) will be automatically acquired by Hunt or its nominee(s) on the same terms as under the Scheme. This amendment will avoid any person (other than a member of the Hunt Group) holding any Patagonia Gold Shares after completion of the Offer. Paragraph (B) of the special resolution set out in Part Ten (*Notice of the Patagonia Gold General Meeting*) of this Scheme Document proposes such amendments.

Copies of Patagonia Gold's existing articles of association and copies of the articles of association as proposed to be amended by the special resolution are available for further inspection at the registered office of Patagonia Gold during normal business hours on a weekday (Saturdays, Sundays and UK public holidays excepted) until the close of the Patagonia Gold General Meeting and will also be available for inspection at the place of the Patagonia Gold General Meeting for at least 15 minutes prior to, and during, the Patagonia Gold General Meeting.

Modifications to the Scheme

The Scheme contains a provision for Hunt and Patagonia Gold jointly to consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition to the Scheme which might be material to the interests of Scheme Shareholders, unless Scheme Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances.

Conditions to the Scheme

The Offer is subject to the Conditions and further terms set out in Part Three (*Conditions to the Scheme and to the Offer*) of this Scheme Document.

The Offer is conditional on, among other things:

- the approval of the Scheme by the Scheme Shareholders at the Court Meeting;
- the passing of the special resolution necessary to implement the Scheme at the Patagonia Gold General Meeting;
- the Scheme becoming unconditional and Effective, and being sanctioned by the Court; and
- Hunt having taken all necessary actions so that the New Hunt Shares begin trading, and the existing Hunt Shares resume trading, on the TSX-V by not later than 14 days after the Effective Date.

Hunt has obtained shareholder approval for the acquisition of the entire issued and to be issued share capital of Patagonia Gold by way of irrevocable written consents from certain of Hunt's shareholders, being Tim Hunt and the Hunt Family Limited Partnership, in respect of the 53,306,925 Hunt Shares owned or controlled by Tim Hunt and representing approximately 83.83 per cent. of Hunt's existing issued and outstanding share capital.

Lapse of the Scheme

The Scheme will lapse if:

- the Scheme is not duly approved by Scheme Shareholders at the Court Meeting or at any adjournment of the Court Meeting on or before 3 August 2019, being the 22nd day after the expected date of the Court Meeting (or such later date as may be agreed by Hunt and Patagonia Gold and which the Court may allow);
- the special resolution necessary to approve and implement the Scheme is not duly passed at the Patagonia Gold General Meeting or at any adjournment of that meeting on or before 3 August 2019, being the 22nd day after the expected date of the Patagonia Gold General Meeting (or such later date as may be agreed by Hunt and Patagonia Gold and which the Court may allow);
- the Scheme is not sanctioned by the Court with or without modification (subject to any modification being on terms acceptable to Patagonia Gold and Hunt) on or before 3 August 2019, being the 22nd day after the expected date of the Court Hearing (or such later date as may be agreed by Hunt and Patagonia Gold and which the Court may allow); or
- the Scheme does not become Effective by the Longstop Date or such later date (if any) as Hunt and Patagonia Gold may agree and, if required, the Court and the Panel may approve.

8. Alternative means of implementing the Offer

Hunt reserves the right, subject to the prior consent of the Panel, to elect to implement the Offer by way of a Takeover Offer. In such event, such offer will be implemented on the same terms and conditions subject to appropriate amendments to reflect the change in method of effecting the Offer, which will include an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as Hunt may decide) of the voting rights then exercisable at a general meeting of Patagonia Gold, including, for this purpose, any such voting rights attaching to Patagonia Gold Shares that are unconditionally allotted or issued by Patagonia Gold, before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

9. The Patagonia Gold Directors and the effect of the Scheme on their interests

The Ordinary Shares in which the Patagonia Gold Directors are interested will be subject to the Scheme. Details of the Patagonia Gold Directors and their interests in the share capital of Patagonia Gold are set out in sections 2.1 and 4.3 of Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document. Certain Patagonia Gold Directors are also participants in the Patagonia Gold Share Plans and section 15 of this Part Two of this Explanatory Statement will apply to their interests in such schemes in the same manner as in the case of other participants in the Patagonia Gold Share Plans.

Particulars of the service contracts of the executive Patagonia Gold Directors and the letters of appointment of the non-executive Patagonia Gold Directors are set out in section 8 of Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document. No amendments to such service contracts and letters of appointment have been agreed in connection with the Offer.

It is intended that Christopher van Tienhoven will join the senior management of the Combined Group as Chief Executive Officer, with Carlos Miguens and Cristian Lopez Saubidet (currently interim Chief Financial Officer of Patagonia Gold) joining the board of directors of the Combined Group as Non-Executive Chairman and Chief Financial Officer respectively. It has also been mutually agreed that, subject to the Scheme becoming Effective, the appointments of Gonzalo Tanoira and Manuel de Prado as Non-Executive Directors of Patagonia Gold will terminate with effect from the Effective Date and that they will each receive remuneration in line with the termination provisions of their respective letters of appointment by way of compensation.

The total emoluments received by the Patagonia Gold Directors will not be varied as a consequence of the Offer.

The effect of the Scheme on the interests of the Patagonia Gold Directors (whether as directors, members, creditors or otherwise) does not differ from its effect on the like interests of any other person.

10. Cancellation of admission to trading on AIM and re-registration

On completion of the Offer, the Company will become a wholly owned subsidiary of Hunt. Prior to the Scheme becoming Effective, it is intended that an application will be made to the London Stock Exchange for admission of the Ordinary Shares to trading on AIM to be cancelled from or shortly after the Effective Date. The last day of dealings in, and registration of transfers of, the Ordinary Shares (other than the registration of the transfer of the Scheme Shares to Hunt pursuant to the Scheme) on AIM is expected to be 19 July 2019 and no transfers shall be registered after 6.00 p.m. on that date.

On the Effective Date, share certificates in respect of Ordinary Shares will cease to be valid and entitlements to Ordinary Shares held within the CREST system will be cancelled or transferred. It is also intended that shortly after the Effective Date, Patagonia Gold will be re-registered as a private limited company under the relevant provisions of the Companies Act and, in due course, Hunt plans to transfer Patagonia Gold's operating subsidiaries to a Hunt subsidiary and dissolve or liquidate Patagonia Gold.

Hunt will remain listed on the TSX-V following completion of the Offer and trading in Hunt Shares is expected to resume following completion under the proposed new issuer name for the Combined Group of Patagonia Gold Corp. with symbol PGDC.

11. Rights attaching to the New Hunt Shares

The New Hunt Shares will be issued and credited as fully paid and non-assessable and will rank *pari passu* in all respects with those Hunt Shares in issue at the time the New Hunt Shares are issued pursuant to the Scheme, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. A more detailed summary of the rights attaching to the Hunt Shares is provided in Appendix One (*Description of Hunt Shares*) to this Scheme Document.

An application for listing of the New Hunt Shares on the TSX-V will be made to the TSX-V conditional on the Scheme becoming Effective. The New Hunt Shares will be issued free from all options, liens, charges, encumbrances and other third party rights and interests of any nature whatsoever.

12. Settlement

Subject to implementation of the Scheme (and except as provided in relation to Overseas Shareholders), settlement of the consideration to which any holder of Scheme Shares is entitled under the Scheme will be effected in the manner set out below.

12.1 Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

Unlike Patagonia Gold Shares, New Hunt Shares are not capable of being directly held, transferred or settled through the usual UK settlement systems, such as CREST. For this reason, Scheme Shareholders who hold their Patagonia Gold Shares in uncertificated form through CREST will not be issued with New Hunt Shares directly but will instead be issued with Depositary Interests (as explained in more detail below and subject to the position of Restricted Overseas Persons).

The Hunt DI arrangements reflect the economic rights attached to the New Hunt Shares. However, while the holders of Depositary Interests will have an entitlement to the underlying New Hunt Shares, they will not be the registered holders of the New Hunt Shares. New Hunt Shares to which Scheme Shareholders (other than Restricted Overseas Persons) will be entitled under the Scheme will be delivered, held and settled in CREST.

Hunt will enter into the Depositary Deed Poll pursuant to which it will have, through the Depositary, a facility whereby Depositary Interests, representing Hunt Shares, will be issued by the Depositary to persons entitled in electronic form within the CREST system. Under the Depositary Deed Poll, the Depositary (or its appointed custodian) will hold Hunt Shares in certificated form on trust for shareholders and it will issue uncertificated Depositary Interests (on a one-for-one basis) representing those underlying Hunt Shares and provide the necessary custodian services. The relevant Scheme Shareholders will retain the beneficial interest in the Hunt Shares held through the Depositary Interest facility and voting rights, dividends or any other rights relating to those Hunt Shares, as well as information to make choices and elections, and to attend and vote at general meetings, shall be passed on by the Depositary (or its nominee) in accordance with the terms of the Depositary Deed Poll. The

Depository Interests can then be held and settled within the CREST system in the same way as any other CREST security.

The custodian of the New Hunt Shares is expected to be Computershare Company Nominees Limited, who will hold those New Hunt Shares on trust (as bare trustee under English law) for the uncertificated Scheme Shareholders to whom it will issue a corresponding number of Depository Interests.

Each Depository Interest will be treated as one Hunt Share for the purposes of determining eligibility for dividends and voting entitlements. In respect of any dividends declared, Hunt will provide the Depository (or its appointed custodian) with funds for the payment and the Depository will transfer the money to the DI Holders. In respect of voting, the Depository will cast votes in respect of the Hunt Shares as directed by the DI Holders which the relevant Hunt Shares represent. Any dividends paid on the New Hunt Shares will be paid to holders of Hunt DI Holders in the currency in which the relevant holder has elected through CREST to receive such payments.

The Depository Interests will be created pursuant to, and issued on, the terms of the Depository Deed Poll. Prospective DI Holders should note that they will have no rights in respect of the underlying Hunt Shares or the Depository Interests representing them against CREST or its subsidiaries. The Depository Interests will have the same ISIN as the underlying Hunt Shares. It should be noted that holders of Depository Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Hunt Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depository Interests to give prompt instructions to the Depository or its nominated custodian, in accordance with any voting arrangements made available to them, to vote the underlying Hunt Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depository Interests to vote such Hunt Shares as a proxy of the Depository (or its appointed custodian).

Notwithstanding the above, Hunt reserves the right to settle all or part of such consideration in the manner set out in the section entitled "*Consideration where Scheme Shares are held in certificated form*" below if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this section 12.1.

On the Scheme becoming Effective Date, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

Pending the crediting of CREST accounts in respect of DIs representing New Hunt Shares and the despatch of DRS Advices for New Hunt Shares, temporary documents of title will not be issued. Euroclear UK & Ireland Ltd, as the operator of the CREST system, will be instructed to cancel the entitlements to Patagonia Gold Shares transferred as part of the Scheme.

If a holder of DIs wishes to cancel its Depository Interest, it will need to either directly, or through its broker, instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depository) for the name that is to appear on the Hunt register of members. The Depository Interest will then be cancelled by the Depository and the related Hunt Share(s) will be transferred to the account on the share register by the Registrar. The Registrar will either send the registered holder a new DRS Advice (as further described in section 12.2 entitled "*Consideration where Scheme Shares are held in certificated form*" below) if held directly, or if held in nominee form, by electronically updating the CDS position associated with the holder's broker.

Computershare will enter into a deed poll pursuant to which it will hold (either directly or via a custodian) the New Hunt Shares as bare trustee and all rights and other securities, property and cash attributable to the underlying securities pertaining to the Depository Interests for the benefit of the holders of the relevant Depository Interests. The Depository is required to pass on to the DI Holders and, so far as they are reasonably able, exercise on behalf of the DI Holders all rights and entitlements received or to which they are entitled in respect of the New Hunt Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at general meetings and any class meetings shall, subject to the Deed Poll, be required to be passed on to the underlying holders of the Depository Interests, together with any amendments and additional documentation necessary to effect such passing-on. The Depository

Deed Poll contains customary provisions excluding and limiting the Depositary's liability to holders of the Depositary Interests.

Hunt and Computershare will enter into a depositary agreement whereby Computershare as Depositary is appointed to act as depositary of Hunt upon the terms of the Depositary Deed Poll. The Depositary is entitled to receive an initial establishment fee of £8,000 and an annual fee of £8,000, plus £0.50 per transfer, deposit or cancellation of any Depositary Interests. The depositary agreement is for an initial period of one year and shall continue after that initial period until terminated on not less than six months' written notice.

12.2 **Consideration where Scheme Shares are held in certificated form**

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, any New Hunt Shares to which such Scheme Shareholder is entitled pursuant to the Scheme will be issued shortly after the Effective Date.

Hunt's constitutional documents allow for Hunt to participate in DRS. DRS is a system that allows securities to be held in "book-entry" (i.e. registered) form without having a physical security certificate issued as evidence of ownership. Instead, Hunt Shares are held in each shareholder's name and registered electronically on Hunt's records, which are maintained by its transfer agent, Computershare Canada. Holders of securities in DRS (book-entry form) have all the traditional rights and privileges as holders of securities in certificated form.

The use of DRS eliminates the need for physical share certificates to be safely held and stored and also provides an audit trail of all transactions within DRS. Use of DRS also removes the requirement for a shareholder who has lost the share certificate of a Canadian issuer to obtain a surety bond (at 3 per cent. of the market value of the shares represented by the lost certificate) in order to have a replacement certificate issued.

Therefore, Scheme Shareholders who hold Scheme Shares in certificated form will receive, in hard copy, an initial DRS Advice setting out the number of New Hunt Shares held by them. Each time a holder of Hunt Shares held within DRS acquires or disposes of shares, an updated DRS Advice will be sent to such holder. In addition, a holder of Hunt Shares held within DRS can review their account online at any time.

Holders of Hunt Shares held within DRS can transfer their Hunt Shares to a broker and disposals of Hunt Shares held within DRS can also be effected through Computershare Canada as Hunt's transfer agent. Full details of how to undertake such actions in respect of Hunt Shares held within DRS will accompany the initial DRS Advice.

Holders of Hunt Shares held within DRS can also at any time request from Computershare Canada a share certificate for all or a portion of the Hunt Shares held within DRS. In such an event, a share certificate representing the requested number of shares will be sent out by post. A fee may be levied by Computershare Canada for the production of such a certification.

DRS Advices setting out ownership of such New Hunt Shares will be despatched, at the recipients' risk, by first class post to Scheme Shareholders who hold their Scheme Shares in certificated form as soon as practicable after the Effective Date and, in any event, no later than 14 days after the Effective Date, to the address appearing on the register of members of Patagonia Gold at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

Temporary documents of title will not be issued. The existing certificate(s) held by every certificated holder of Patagonia Gold Shares will become null and void pursuant to the Scheme becoming Effective.

12.3 **General**

All documents sent to, by, from or on behalf of Scheme Shareholders in accordance with this section 12 will be sent entirely at the risk of the person entitled thereto.

Settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this section 12 without regard to any

lien, right of set off, counterclaim or analogous right to which Hunt may otherwise be, or claim to be, entitled against any Scheme Shareholder.

Fractional entitlements to New Hunt Shares for each Scheme Shareholder will be rounded down to an integral number and will not be allotted or issued to holders of Scheme Shares pursuant to the Scheme. These fractional entitlements will be aggregated and shall, on a reasonable basis, be sold for the benefit of the Scheme Shareholders. The equivalent of the net proceeds of such sale of New Hunt Shares (after deduction of brokerage charges and associated expenses) will be paid to the Scheme Shareholders pro-rated to their holdings of Patagonia Gold Shares at the Scheme Record Time as soon as practicable after receipt, except that if the aggregate amount due to any Scheme Shareholder in respect of the amounts due to him/it in respect of fractional entitlements to New Hunt Shares is less than £5.00 such sum will not be distributed but will instead be aggregated and accrued to the benefit of Hunt. Neither Hunt nor any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the sales or the sales or any failure to sell fractional entitlements to New Hunt Shares.

13. Offer related arrangements

Confidentiality Agreement

Hunt and Patagonia Gold entered into a confidentiality agreement on 20 March 2019 (the “**Confidentiality Agreement**”) pursuant to which each of Hunt and Patagonia Gold has undertaken to keep confidential information relating to the other party and not disclose it to third parties (other than to permitted persons) unless required by law or regulation. These confidentiality obligations will remain in force for a period of 12 calendar months from the date of the Confidentiality Agreement.

Resulting Issuer Escrow Agreement

Patagonia Gold’s Non-Executive Chairman and majority shareholder, Carlos Miguens and Cantomi (a company owned and controlled by Mr Miguens), together with Tim Hunt and the Hunt Family Limited Partnership (an entity controlled by Tim Hunt) whom are Hunt’s largest shareholders, will be Principals of the Combined Group and, together with Resa Hunt (Tim Hunt’s wife), the “**Locked-in Parties**”. On the Scheme becoming Effective, the Locked-in Parties will enter into a Resulting Issuer Escrow Agreement with Hunt and Computershare Canada, as escrow agent, in respect of the following shares:

- the 137,119,857 New Hunt Shares to be issued to Carlos Miguens and Cantomi in the aggregate pursuant to the Offer;
- the 2,785,197 Hunt Shares held jointly by Tim Hunt and Resa Hunt;
- the 50,521,728 Hunt Shares held by the Hunt Family Limited Partnership; and
- the 346,700 Hunt Shares held by Resa Hunt.

Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the TSX-V, such parties will agree, *inter alia*, to place their entire shareholdings of Hunt Shares into escrow, with the following release provisions:

- in respect of Carlos Miguens and Cantomi: 10 per cent. of such holdings being released on the listing date of the New Hunt Shares on the TSX-V with the remaining 90 per cent. of such Hunt Shares remaining held in escrow, until being released in equal 15 per cent. tranches at the end of every six month period thereafter, with the final tranche being released 36 months following the listing date of the New Hunt Shares on the TSX-V; and
- in respect of Tim Hunt, the Hunt Family Limited Partnership and Resa Hunt: 25 per cent. of such holdings being released on the listing date of the New Hunt Shares on the TSX-V with the remaining 75 per cent. of such Hunt Shares remaining held in escrow, until being released in equal 25 per cent. tranches at the end of every six month period thereafter, with the final tranche being released 18 months following the listing date of the New Hunt Shares on the TSX-V.

Subject to the Scheme becoming Effective, it is expected that the Locked-in Parties will hold, in aggregate, 190,773,482 Hunt Shares, representing, in aggregate, approximately 60.00 per cent. of the issued common shares of the Combined Group on completion of the Offer.

14. Patagonia Gold's Directors, management, employees, research and development and locations

For the reasons set out in section 3 of this Part Two above entitled "*Background to and reasons for the Offer*", Hunt sees clear, long-term strategic benefit to all stakeholders by the combination of these two complementary businesses.

Hunt recognises the significant skills, technical ability and Argentinian operating experience of the Patagonia Gold Board, its management and employees. Accordingly, Hunt expects that certain members of the Patagonia Gold Board and the majority of Patagonia Gold's management and employees will play an important role in the future development of the Combined Group.

Hunt's Board does not plan to make any changes to the research and development functions of Patagonia Gold, nor does it, save for the mutually agreed resignations of Patagonia Gold's two non-executive directors and changes pursuant to the employee assessment (each as set out below), have any plans to make any other material changes, either to the continued existence or terms and conditions of employment or in the balance of skills and functions of the management and employees of the Patagonia Gold Group or the Hunt Group. Accordingly, Hunt expects that, following successful completion of the Offer, Patagonia Gold will operate principally as it does today, but within the Hunt organisation.

Shortly following the Effective Date, the Directors of the Combined Group will conduct a thorough assessment of the available skillsets of the employees of both Patagonia Gold and Hunt, which is expected to last three months, and, as far as possible, Patagonia Gold's employees will be integrated into the combined team. The assessment may result in redundancies where the businesses have overlapping functions or where operational efficiencies are identified, however Hunt anticipates that the majority of its employees will be retained. Hunt will, so far as is possible, following conclusion of the assessment, endeavour to reallocate any personnel identified as at risk within the Combined Group to avoid redundancies.

As set out in section 10 of this Part Two, Hunt intends to seek the cancellation of the admission of the Patagonia Gold Shares to trading on AIM from or shortly after the Effective Date, resulting in Patagonia Gold's general and administrative team being entirely focussed on supporting business growth, rather than AIM investor and UK publicly quoted company related matters.

As set out in section 6 of this Part Two, Patagonia Gold's Non-Executive Chairman and majority shareholder, Carlos Miguens, and Cantomi (a company owned and controlled by Mr Miguens), together with Tim Hunt and the Hunt Family Limited Partnership (an entity controlled by Tim Hunt) whom are Hunt's largest shareholders, will be Principals of the Combined Group and, together with Resa Hunt, the "**Locked-in Parties**" will enter into a Resulting Issuer Escrow Agreement with Hunt and Computershare Canada, as escrow agent, in respect of the following shares:

- the 137,119,857 New Hunt Shares to be issued to Carlos Miguens and Cantomi in the aggregate pursuant to the Offer;
- the 2,785,197 Hunt Shares held jointly by Tim Hunt and Resa Hunt;
- the 50,521,728 Hunt Shares held by the Hunt Family Limited Partnership; and
- the 346,700 Hunt Shares held by Resa Hunt.

Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the TSX-V, such parties will agree, *inter alia*, to place their entire shareholdings of Hunt Shares into escrow, with such shares to be released in tranches, as detailed in section 6 of this Part Two.

The Hunt Board has given assurances to the Patagonia Gold Directors that, following the successful completion of the Offer, the existing contractual and statutory employment rights, and terms and conditions of employment, of all Patagonia Gold Group employees will be fully safeguarded. Patagonia Gold does not have any pension obligations.

The Hunt Board has also indicated that, following the successful completion of the Offer, the head office of the Combined Group will be Patagonia Gold's existing head office in Buenos Aires and that Hunt's registered office will remain in Vancouver, although the location in Vancouver may change. Patagonia Gold's UK registered office is an administrative address only and there are no Patagonia Gold employees in the United

Kingdom. Accordingly, Hunt may change the registered office of Patagonia Gold following completion of the Offer but it will remain in the UK and will have no effect on Patagonia Gold employees.

It is intended that Christopher van Tienhoven will join the senior management of the Combined Group as Chief Executive Officer, with Carlos Miguens and Cristian Lopez Saubidet (currently interim Chief Financial Officer of Patagonia Gold) joining the board of directors of the Combined Group as Non-Executive Chairman and Chief Financial Officer respectively. It has also been mutually agreed that, subject to the Scheme becoming Effective, the appointments of Gonzalo Tanoira and Manuel de Prado as Non-Executive Directors of Patagonia Gold will terminate with effect from the Effective Date and that they will each receive remuneration in line with the termination provisions of their respective letters of appointment by way of compensation.

Save for the above, there are no agreements or arrangements between Hunt and the management or employees of Patagonia Gold in relation to their ongoing involvement in the business and the Offer will not be conditional on reaching agreement with such persons. Hunt has not entered into, and is not in discussions on any proposals to enter into, any form of incentivisation arrangement with members of Patagonia Gold's management who are interested in Patagonia Gold Shares and has no plans so to do. Following completion of the Offer, Hunt may put in place incentive arrangements for certain members of Patagonia Gold's management team. No proposals have been made on the terms of any such incentive arrangements for relevant management.

Hunt's intentions in relation to the deployment of Patagonia Gold's fixed assets are aligned with Patagonia Gold's intentions to utilise Hunt's underground mining experience in order to develop the Cap-Oeste Underground Mine and it is expected that the Combined Group will utilise Patagonia Gold's existing equipment to progress development of its exploration assets. Patagonia Gold's fixed assets are predominantly based in Argentina and no redeployment of such assets outside of Argentina is intended to occur after the Effective Date.

Hunt believes that the integration of the two businesses can be achieved without significant disruption to either business. Save as described above, the Offer is not expected to have any impact on Hunt and its existing business.

15. Patagonia Gold Share Plans

All options to acquire Patagonia Gold Shares that have been granted and are outstanding under the Patagonia Gold Share Plans have an exercise price that is greater than the value of a Patagonia Gold Share implied by the Exchange Ratio. Holders of such options will be contacted regarding the effect of the Scheme on their rights under the Patagonia Gold Share Plans. Options that are not exercised will lapse to the extent unexercised, in due course, in accordance with their terms, following the Effective Date.

16. Dividend policy for the Combined Group

Hunt has not declared or paid any cash dividends on the Hunt Shares since its incorporation and Hunt does not anticipate paying any cash dividends in the foreseeable future. The Combined Group plans to retain earnings, if any, in order to provide funds for its future expansion of the business.

17. Financial effects of the Offer

The following table set outs, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects on the capital value and gross income for a holder of one hundred (100) Patagonia Gold Shares assuming the Scheme becomes Effective:

(a) Increase in capital value

	<i>Notes</i>	
Market value of 1,076 New Hunt Shares	(i)	£72.68
Market value of 100 Patagonia Gold Shares	(ii)	£53.50
Increase in capital value	(iii)	£19.18
Percentage increase in capital value	(iv)	35.9 per cent.

- (i) The market value of New Hunt Shares is based on the closing price of C\$0.115 per Hunt Share as at 30 May 2019 (being the last Business Day in Canada prior to the Announcement Date) and applying an exchange rate of C\$1.7024/£1 (the Hunt Shares were halted from trading on the TSX-V with effect from market open on the Announcement Date pending completion of the Offer).
- (ii) The market value of one Patagonia Gold Share is based on the closing mid-market price of £0.535 per Patagonia Gold Share as at the close of business on 30 May 2019, being the last dealing day immediately prior to the commencement of the Offer Period.
- (iii) In assessing the financial effects of receiving New Hunt Shares, no account has been taken of any potential liability to taxation of a Patagonia Gold Shareholder or of any timing differences in the payment of dividends.
- (iv) (iii) as a proportion of (ii) in per cent. terms.

(b) **Gross income**

Neither Hunt nor Patagonia Gold has declared or paid a dividend in respect of their most recent financial years ended 31 December 2018. Accordingly, if the Offer successfully completes, Patagonia Gold Shareholders will not receive any dividend from Hunt in respect of such reporting period. It should be noted that Hunt has not declared or paid any cash dividends on the Hunt Shares since its incorporation and does not anticipate paying any cash dividends in the foreseeable future. The Combined Group plans to retain earnings, if any, in order to provide funds for the future expansion of the business.

18. United Kingdom Taxation

Your attention is drawn to Part Seven (*United Kingdom Taxation*) of this Scheme Document for information on the tax position in the UK. Such summary does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme.

If you are in any doubt about your own tax position, or you are or may be subject to taxation laws in any jurisdiction other than the UK, you should consult an appropriate independent professional adviser immediately as to the tax consequences of the Scheme under applicable tax laws in such jurisdiction.

19. Overseas holders

This Scheme Document has been prepared for the purposes of complying with English law, the AIM Rules and the Code, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws and regulations of any jurisdiction outside the United Kingdom.

The New Hunt Shares have not been and will not be registered under the US Securities Act of 1933 (the “**US Securities Act**”) or under the securities laws of any State or other jurisdiction of the United States. Accordingly, the New Hunt Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the US Securities Act or an exemption therefrom. The New Hunt Shares issued pursuant to the Offer are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. There will be no public offer of New Hunt Shares in the United States.

It is the responsibility of any person into whose possession this Scheme Document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Offer including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies in such jurisdiction.

Persons receiving this Scheme Document and all documents relating to the Offer (including custodians, nominees and trustees) must not post or otherwise distribute or send them in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction.

This Scheme Document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitation is unlawful.

Overseas holders of Patagonia Gold Shares should also refer to the section of this Scheme Document entitled "IMPORTANT NOTICE" on page 3 of this Scheme Document.

Without limitation to the statements above, Patagonia Gold Shareholders who are Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

20. Actions to be taken

The Scheme requires approval at a meeting of Scheme Shareholders convened by order of the Court to be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH at 10.00 a.m. on 12 July 2019. Implementation of the Scheme also requires the approval of Patagonia Gold Shareholders at the Patagonia Gold General Meeting to be held at the same place at 10.15 a.m. on 12 July 2019 (or as soon thereafter as the Court Meeting is concluded or adjourned). Notices of the Meetings are set out in Part Nine (*Notice of the Court Meeting*) and Part Ten (*Notice of the Patagonia Gold General Meeting*) of this Scheme Document.

Please check you have received with this Scheme Document the following Forms of Proxy:

- a Pink Form of Proxy for use in respect of the Court Meeting on 12 July 2019; and
- a Blue Form of Proxy for use in respect of the Patagonia Gold General Meeting on 12 July 2019.

If you have not received these documents, please contact the helpline between 8.30 a.m. and 5.30 p.m. on +44 (0) 370 873 5856 during Monday to Friday (except public holidays in England and Wales).

Whether or not you intend to attend the Meetings, PLEASE COMPLETE, SIGN AND RETURN:

- (a) the Pink Form of Proxy for use at the Court Meeting, or alternatively, if you hold your Scheme Shares in CREST, appoint a proxy through the CREST electronic proxy appointment service, so as to be received by not later than 10.00 a.m. on 10 July 2019 (further details on making a proxy appointment through CREST are described below); and
- (b) the Blue Form of Proxy for use at the Patagonia Gold General Meeting, or alternatively, if you hold your Patagonia Gold Shares in CREST, appoint a proxy through the CREST electronic proxy appointment service, so as to be received by not later than 10.15 a.m. on 10 July 2019 (further details on making a proxy appointment through CREST are described below).

Patagonia Gold Shareholders may also submit their proxy appointments electronically at www.investorcentre.co.uk/eproxy by following the instructions on the website. If you choose to appoint a proxy electronically, you will need to input the Control Number, PIN and Shareholder Reference Number as set out in the enclosed Forms of Proxy.

This will enable your votes to be counted at the Meetings in the event of your absence.

If the Pink Form of Proxy for use at the Court Meeting is not lodged with the Registrar by the relevant time, it may be handed to the Registrar or the Chairman of the Court Meeting at the start of that Meeting. However, in the case of the Patagonia Gold General Meeting, the Blue Form of Proxy must be lodged with the Registrar by 10.15 a.m. on 10 July 2019 in order to be valid.

Patagonia Gold Shareholders are entitled to appoint a proxy in respect of some or all of their Patagonia Gold Shares and are also entitled to appoint more than one proxy. A space has been included in the Forms of Proxy to allow shareholders to specify the number of Patagonia Gold Shares in respect of which that proxy is appointed. Shareholders who return a Form of Proxy duly executed but leave this space blank will be taken to have appointed the proxy in respect of all of their Patagonia Gold Shares.

If you wish to appoint multiple proxies in connection with the Court Meeting or the Patagonia Gold General Meeting you may:

- (a) photocopy the relevant Form(s) of Proxy, fill in each copy in respect of different shares and send the multiple forms together to the Registrar at the address above; or

- (b) call the helpline on +44 (0) 370 873 5856 between 8.30 a.m. and 5.30 p.m. during Monday to Friday (except public holidays in England and Wales) who will then arrange with the Registrar to issue you with the required multiple Forms of Proxy.

In each case, please ensure that all of the multiple Forms of Proxy in respect of one registered holding are sent in the same envelope if possible.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (under participant ID 3RA50) not later than 10.00 a.m. on 10 July 2019 in the case of the Court Meeting and not later than 10.15 a.m. on 10 July 2019 in the case of the Patagonia Gold General Meeting (or, in the case of an adjourned Meeting, not less than 48 hours prior to the time and date set for the adjourned Meeting (noting that in taking account of this 48 hour period, no account shall be taken of any part of a day that is not a working day)). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The completion and return of Forms of Proxy or the submission of a proxy via the CREST electronic proxy appointment service will not prevent you from attending and voting at the Court Meeting and/or the Patagonia Gold General Meeting, or any adjournments thereof, in person should you wish to do so and are entitled to do so.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. You are therefore strongly urged to complete, sign and return your Pink Forms of Proxy or appoint a proxy electronically (as appropriate) as soon as possible.

Shareholder helpline

If you have any questions about how to complete the Forms of Proxy or submitting your proxies electronically, please contact the helpline between 8.30 a.m. and 5.30 p.m. on Monday to Friday (except public holidays in England and Wales) on +44 (0) 370 873 5856 who will, if required, then refer to the Registrar. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the helpline operators are prohibited from providing advice on the merits of the offer and cannot give any financial, legal or tax advice.

21. Further information

The terms of the Scheme are set out in full in Part Four (*The Scheme of Arrangement*) of this Scheme Document. Your attention is also drawn to the further information contained (or incorporated by reference)

in this Scheme Document which forms part of this Explanatory Statement and, in particular, Part Five (*Financial Information*) and Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document. Documents published and available for inspection are listed in section 13 of Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document.

Please note that the information contained in this Explanatory Statement is in summary form only and reading the Explanatory Statement is not a substitute for reading the remainder of this Scheme Document.

Yours faithfully,

Stuart Faulkner

Director and Head of Mergers and Acquisitions

for and on behalf of

Strand Hanson Limited

PART THREE : CONDITIONS TO THE SCHEME AND TO THE OFFER

Part A: Conditions to the Scheme and the Offer

1. The Offer is conditional upon the Scheme becoming unconditional and becoming Effective by no later than the Longstop Date or such later date (if any) as Hunt and Patagonia Gold may agree and (if required) the Court and the Panel may allow.
2. The Scheme is subject to the following conditions:
 - 2.1 the approval of the Scheme by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders who are on the register of members of Patagonia Gold at the Voting Record Time, (or the relevant class or classes thereof, if applicable) present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or at any adjournment thereof) and such meeting (or at any adjournment thereof) being held on or before the 22nd day after the expected date of the Court Meeting as set out in this Scheme Document (or such later date, if any, as may be agreed by Hunt and Patagonia Gold and which the Court may allow);
 - 2.2 all resolutions necessary to approve and implement the Scheme being duly passed at the Patagonia Gold General Meeting (or any adjournment thereof) and such Patagonia Gold General Meeting being held on or before the 22nd day after the expected date of the Patagonia Gold General Meeting as set out in this Scheme Document (or such later date, if any, as may be agreed by Hunt and Patagonia Gold and which the Court may allow); and
 - 2.3 the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Hunt and Patagonia Gold) and the delivery of a copy of the Court Order to the Registrar of Companies and the Court hearing to sanction the Scheme being held on or before the 22nd day after the expected date of the Court sanction hearing as set out in this Scheme Document (or such later date, if any, as may be agreed by Hunt and Patagonia Gold and the Court may allow).
3. In addition, subject as stated in Part B below and to the requirements of the Panel in accordance with the Code, the Offer is conditional upon the following Conditions and, accordingly, the sanction of the Scheme by the Court will not be sought and the Court Order will not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

Admission of the New Hunt Shares

- 3.1 Hunt having taken all necessary actions (i.e. submission of an application for listing of the New Hunt Shares to the TSX-V by not later than three weeks prior to the Effective Date) so that the New Hunt Shares begin trading, and the existing Hunt Shares will resume trading, on the TSX-V by not later than 14 days after the Effective Date;

Notifications, waiting periods and Authorisations

- 3.2 other than in relation to the matters referred to in Conditions 1, 2 and 3.1, all material notifications, filings or applications which are necessary under any applicable legislation or regulation of any relevant jurisdiction in connection with the Offer having been made or will be made and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate), and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Offer and all Authorisations necessary in any jurisdiction for or in respect of the Offer or the control or management of Patagonia Gold by any member of the Wider Hunt Group, having been obtained from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Patagonia Gold Group or the Wider Hunt Group has entered into contractual arrangements and all such Authorisations necessary to carry on the business of any member of the Wider Patagonia Gold Group in any relevant jurisdiction which is material in the context of the Wider Patagonia Gold Group taken as a whole having been obtained and all such Authorisations remaining in full force and effect at the time at which the Offer becomes otherwise Effective and there being no notice

or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

General antitrust and regulatory

- 3.3 other than in relation to the matters referred to in Conditions 1, 2 and 3.1, no antitrust regulator or Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) which would or might reasonably be expected to:
- 3.3.1 require, prevent or materially delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider Hunt Group or by any member of the Wider Patagonia Gold Group of all or any part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) which, in any such case, is material in the context of the Wider Patagonia Gold Group or the Wider Hunt Group, as the case may be, in either case, taken as a whole;
 - 3.3.2 require any member of the Wider Hunt Group or the Wider Patagonia Gold Group to acquire or offer to acquire a material number of shares, other securities (or the equivalent) or interest in any member of the Wider Patagonia Gold Group or any asset owned by any Third Party (other than in the implementation of the Offer), where such acquisition would be material in the context of the Wider Patagonia Gold Group taken as a whole;
 - 3.3.3 impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Hunt Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Patagonia Gold or on the ability of any member of the Wider Patagonia Gold Group or any member of the Wider Hunt Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Patagonia Gold Group to an extent which is material in the context of the Wider Patagonia Gold Group or the Wider Hunt Group, in either case, taken as a whole;
 - 3.3.4 make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Patagonia Gold by any member of the Wider Hunt Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise prevent or prohibit, restrict, restrain, or delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge, impede, interfere with the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Patagonia Gold by any member of the Wider Hunt Group; or
 - 3.3.5 impose any material limitation on the ability of any member of the Wider Hunt Group or any member of the Wider Patagonia Gold Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Hunt Group and/or the Wider Patagonia Gold Group in a manner which is materially adverse to the Wider Patagonia Gold Group or the Wider Hunt Group, as the case may be, in either case, taken as a whole,

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any Patagonia Gold Shares or otherwise intervene having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

- 3.4 except as Disclosed, there being no provision of any arrangement, agreement, licence, permit or other instrument to which any member of the Wider Patagonia Gold Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event of circumstance which, in consequence of the Offer or the acquisition or proposed

acquisition by any member of the Wider Hunt Group of any shares or other securities (or the equivalent) in Patagonia Gold or otherwise, would or might reasonably be expected to result in (in each case to an extent which is material in the context of the Wider Patagonia Gold Group taken as a whole):

- 3.4.1 any monies borrowed by, or other indebtedness actual or contingent of, any such member of the Wider Patagonia Gold Group being or becoming repayable or being capable of being declared repayable immediately or prior to its or their stated maturity or the ability of any such member to borrow monies or incur any indebtedness being inhibited or becoming capable of being withdrawn;
- 3.4.2 save in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Patagonia Gold Group or any such security (whenever arising or having arisen) being enforced or becoming enforceable;
- 3.4.3 any such arrangement, agreement, licence or instrument being terminated or adversely modified or any action being taken of an adverse nature or any obligation or liability arising thereunder;
- 3.4.4 the rights, liabilities, obligations or interests of any member of the Wider Patagonia Gold Group in the business of any such member under any such arrangement, agreement, permit or instrument with any other person or body or firm or company (or any agreement or arrangement relating to any such interests or business) being terminated, or adversely modified or affected;
- 3.4.5 any member of the Wider Patagonia Gold Group ceasing to be able to carry on business under any name under which it presently carries on business;
- 3.4.6 the value of, or the financial or trading position or prospects of, any member of the Wider Patagonia Gold Group being prejudiced or adversely affected; or
- 3.4.7 the creation or acceleration of any liability (actual or contingent) by any member of the Wider Patagonia Gold Group other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, licence or other instrument to which any member of the Wider Patagonia Gold Group is a party, or to which any such member or any of its assets may be bound, entitled or subject, could result in any of the events or circumstances as are referred to in Conditions 3.4.1 to 3.4.7 (inclusive) of this condition;

Certain events occurring since 31 December 2018

- 3.5 except as Disclosed, no member of the Wider Patagonia Gold Group having since 31 December 2018:
 - 3.5.1 issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Patagonia Gold Shares out of treasury (except, where relevant, as between Patagonia Gold and the wholly owned subsidiaries of Patagonia Gold or between the wholly owned subsidiaries of Patagonia Gold);
 - 3.5.2 recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of Patagonia Gold to Patagonia Gold or any of its wholly owned subsidiaries;
 - 3.5.3 other than pursuant to the Offer (and except for transactions between Patagonia Gold and its wholly owned subsidiaries or between the wholly owned subsidiaries of Patagonia Gold and transactions in the ordinary course of business), implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or

- propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital;
- 3.5.4 (except for transactions between Patagonia Gold and its wholly owned subsidiaries or between the wholly owned subsidiaries of Patagonia Gold) disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so, in each case other than in the ordinary course of business and to an extent which is material in the context of the Wider Patagonia Gold Group taken as a whole;
- 3.5.5 (except for transactions between Patagonia Gold and its wholly owned subsidiaries or between the wholly owned subsidiaries of Patagonia Gold and transactions in the ordinary course of business) issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness;
- 3.5.6 entered into or varied or authorised, proposed or announced its intention, other than in the ordinary course of business, to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or which involves an obligation of a nature or magnitude which is reasonably likely to be restrictive on the business of any member of the Wider Patagonia Gold Group, in either case to an extent which is material in the context of the Wider Patagonia Gold Group taken as a whole;
- 3.5.7 entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement, commitment or arrangement with any director of any member of the Wider Patagonia Gold Group, other than in the ordinary course of business;
- 3.5.8 purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in Condition 3.5.1 above, made any other change to any part of its share capital;
- 3.5.9 waived, compromised or settled any claim, other than in the ordinary course of business, which is material in the context of the Wider Patagonia Gold Group taken as a whole;
- 3.5.10 terminated or varied the terms of any agreement or arrangement between any member of the Wider Patagonia Gold Group and any other person in a manner which would or could have a material adverse effect on the financial position of the Wider Patagonia Gold Group taken as a whole;
- 3.5.11 made any alteration to its memorandum or articles of association or other incorporation documents;
- 3.5.12 been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business; or
- 3.5.13 (other than in respect of a member of the Wider Patagonia Gold Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed.

No adverse change, litigation, regulatory enquiry or similar

3.6 except as Disclosed, since 31 December 2018 there having been:

- 3.6.1 no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the Wider Patagonia Gold Group to an extent which is material in the context of the Wider Patagonia Gold Group taken as a whole;
- 3.6.2 no litigation, arbitration proceedings, prosecution or other legal proceedings having been announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Patagonia Gold Group, in each case to an extent which is material in the context of the Wider Patagonia Gold Group taken as a whole;
- 3.6.3 no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Patagonia Gold Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Patagonia Gold Group, in each case to an extent which is material in the context of the Wider Patagonia Gold Group taken as a whole; and
- 3.6.4 no contingent or other liability having arisen or been incurred which might reasonably be expected to adversely affect any member of the Wider Patagonia Gold Group to an extent which is material in the context of the Wider Patagonia Gold Group taken as a whole; and

Other matters

3.7 except as Disclosed, Hunt not having discovered in relation to the Wider Patagonia Gold Group:

- 3.7.1 that any financial or business or other information concerning the Wider Patagonia Gold Group disclosed at any time, whether publicly or otherwise, by or on behalf of any member of the Wider Patagonia Gold Group, to Hunt or its advisers is misleading or contains a material misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading which is, or might reasonably be expected to be, material in the context of the Wider Patagonia Gold Group taken as a whole;
- 3.7.2 any member of the Wider Patagonia Gold Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or any other applicable anti-corruption legislation in any jurisdiction; or
- 3.7.3 any asset of any member of the Wider Patagonia Gold Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

Part B: Certain further terms of the Offer

- 4. Hunt reserves the right, subject to the prior consent of the Panel, to elect to implement the Offer by way of a takeover offer (as defined in section 974 of the Companies Act). In such event, such offer will be implemented on the same terms and conditions subject to appropriate amendments to reflect the change in method of effecting the Offer, which will include an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as Hunt may decide) of the voting rights then exercisable at a general meeting of Patagonia Gold, including, for this purpose, any such voting rights attaching to Patagonia Gold Shares that are unconditionally allotted or issued by Patagonia Gold, before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.
- 5. To the extent permitted by law and subject to the requirements of the Panel, Hunt reserves the right to waive in whole or in part, but subject to the provisions of the Code, all or any of the above Conditions 3.2 to 3.7 (inclusive).
- 6. The Offer will lapse and the Scheme will not proceed if:
 - (a) insofar as the Offer or any matter arising from or relating to the Offer or Scheme constitutes a concentration with a Community dimension within the scope of the EC Merger Regulation, the

- European Commission either initiates Phase 2 European Commission proceedings under Article 6(1)(c) of the EC Merger Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the EC Merger Regulation and there is then a CMA Phase 2 Reference before the date of the Court Meeting; or
- (b) insofar as the Offer or any matter arising from or relating to the Offer or Scheme does not constitute a concentration with a community dimension within the scope of the EC Merger Regulation and the Offer or any matter arising from or relating to the Offer is subject to a CMA Phase 2 Reference before the date of the Court Meeting.
7. The Offer will lapse if the Scheme does not become Effective by the Longstop Date or such later date (if any) as Hunt and Patagonia Gold may agree and (if required) the Court and the Panel may allow.
 8. If Hunt is required by the Panel to make an offer for Patagonia Gold Shares under the provisions of Rule 9 of the Code, Hunt may make such alterations to any of the above Conditions and terms of the Offer as are necessary to comply with the provisions of that Rule.
 9. The Scheme and any dispute or claim arising out of, or in connection with it (whether contractual or non-contractual in nature) will be governed by English law and will be subject to the jurisdiction of the Courts of England. The Scheme will be implemented in accordance with applicable English law and will be subject to the applicable requirements of the Code, the Disclosure Guidance and Transparency Rules of the FCA, the Panel and the rules of the London Stock Exchange (including the AIM Rules) and also with the applicable requirements of Canadian laws and the policies of the TSX-V as a result of Hunt being a Canadian company listed on the TSX-V.
 10. The Scheme Shares acquired under the Offer shall be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.
 11. Hunt will be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 3.2 to 3.7 (inclusive) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
 12. The availability of the New Hunt Shares to persons not resident in the UK may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the UK should inform themselves about and observe any applicable requirements. The New Hunt Shares to be issued pursuant to the Offer have not been and will not be registered under the US Securities Act, nor under any of the relevant securities laws of any other Restricted Jurisdiction. Accordingly, the New Hunt Shares may not be offered, sold or delivered, directly or indirectly, in any Restricted Jurisdiction, except pursuant to exemptions from the applicable requirements of any such jurisdiction.
 13. The Offer is to be implemented by means of a Court-sanctioned scheme of arrangement between Patagonia Gold and the Scheme Shareholders under Part 26 of the Companies Act and the Scheme is subject to the jurisdiction of the Court and is subject to the Conditions and additional further terms summarised in this Part Three (*Conditions to the Scheme and to the Offer*) of this Scheme Document.
 14. If any dividend or other distribution or return of capital is proposed, declared, made, paid or becomes payable by Patagonia Gold in respect of a Scheme Share on or after the Announcement Date and prior to the Scheme becoming Effective, Hunt reserves the right to reduce the number of New Hunt Shares to be issued as consideration by up to the amount per Scheme Share of such dividend, distribution or return of capital except where the Scheme Share is or will be acquired pursuant to the Scheme on a basis which entitles Hunt to receive the dividend, distribution or return of capital and to retain it. If Hunt exercises such right to reduce the value of the consideration payable for each Scheme Share by the amount per Scheme Share of any dividend that has not been paid, the Scheme Shareholders shall be entitled to receive and retain such dividend when paid.

15. If any such dividend or distribution is paid or made after the Announcement Date and Hunt exercises its rights described above, any reference in this Scheme Document to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by Hunt of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.
16. The New Hunt Shares will be issued credited as fully paid and non-assessable and will rank *pari passu* in all respects with the existing Hunt Shares at the time the New Hunt Shares are issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the date on which the Scheme becomes Effective.
17. Fractional entitlements to New Hunt Shares for each Scheme Shareholder will be rounded down to an integral number and will not be allotted or issued to holders of Scheme Shares pursuant to the Scheme. These fractional entitlements will be aggregated and shall, on a reasonable basis, be sold for the benefit of the Scheme Shareholders. The equivalent of the net proceeds of such sale of New Hunt Shares (after deduction of brokerage charges and associated expenses) will be paid to the Scheme Shareholders pro-rated to their holdings of Patagonia Gold Shares at the Scheme Record Time as soon as practicable after receipt, except that if the aggregate amount due to any Scheme Shareholder in respect of the amounts due to him/it in respect of fractional entitlements to New Hunt Shares is less than £5.00 such sum will not be distributed but will instead be aggregated and accrued to the benefit of Hunt. Neither Hunt nor any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the sales or the sales or any failure to sell fractional entitlements to New Hunt Shares.
18. Under Rule 13.5 of the Code, Hunt may not invoke a condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to Hunt in the context of the Offer. Conditions 1, 2 and 3.1 are not subject to this provision of the Code.
19. Each of the Conditions will be regarded as a separate condition and will not be limited by reference to any other Condition.

PART FOUR : THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR – 2019 – 003283

IN THE MATTER OF PATAGONIA GOLD PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between

PATAGONIA GOLD PLC

AND

THE HOLDERS OF THE SCHEME SHARES

(as hereinafter defined)

PRELIMINARY

Definitions

In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“Business Day”	a day (other than Saturdays, Sundays and public holidays in London, and/or Canada, as applicable) on which banks are open for general commercial business;
“certificated form” or “in certificated form”	the description of a share or other security which is not in uncertificated form (that is, not in CREST);
“Code”	the City Code on Takeovers and Mergers in the UK;
“Companies Act”	the Companies Act 2006 as amended from time to time;
“Connected Adviser”	has the meaning given in the Code;
“Court”	the High Court of Justice in England and Wales;
“Court Hearing”	the hearing by the Court to consider whether to sanction the Scheme under Part 26 of the Companies Act;
“CREST”	the computerised settlement system (as defined in the Uncertificated Securities Regulations 2001 (SI2001/3755) (as amended)) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
“Depository Interest”	means a depository interest issued by Computershare Investor Services PLC whereby Computershare Company Nominees Limited, as the nominated custodian, will hold overseas securities

	on trust for the CREST member to whom it has issued a depositary interest;
“DRS Advice”	a direct registration system advice evidencing the electronic registration of ownership of the Hunt Shares;
“Effective”	in the context of the Offer: <ul style="list-style-type: none"> (i) if the Offer is implemented by way of the Scheme, means the Scheme having become Effective pursuant to its terms; or (ii) if the Offer is implemented by way of a Takeover Offer, such offer having become or been declared unconditional in all respects in accordance with its terms;
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms or, if Hunt elects and the Panel consents to implement the Offer by way of a Takeover Offer, the date on which the Takeover Offer is declared or becomes unconditional in all respects in accordance with the requirements of the Code;
“Euroclear”	Euroclear UK & Ireland Limited;
“Exchange Ratio”	10.7619163630636 New Hunt Shares for each Scheme Share;
“Excluded Share”	any Patagonia Gold Share which is controlled by or registered in the name of or is beneficially owned by any member of the Hunt Group at the Scheme Record Time;
“Holder”	a registered holder and includes any person entitled by transmission;
“Hunt”	Hunt Mining Corp.;
“Hunt Shares”	the allotted and issued and fully paid and non-assessable common shares in the capital of Hunt;
“Longstop Date”	30 November 2019 or such later date (if any) as Hunt and Patagonia Gold may agree and (if required) the Court and the Panel may allow;
“New Hunt Shares”	the new Hunt Shares proposed to be allotted and issued to Scheme Shareholders in connection with the Offer, being 254,355,192 Hunt Shares;
“Offer”	the recommended share for share exchange offer being made by Hunt to acquire the entire issued and to be issued ordinary share capital of Patagonia Gold to be implemented by means of the Scheme and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
“Panel”	the Panel on Takeovers and Mergers in the UK;
“Restricted Overseas Shareholder”	Patagonia Gold Shareholders resident in, or nationals or citizens of, Restricted Jurisdictions, or who are nominees or custodians, trustees or guardians for, citizens, residents or nationals of such Restricted Jurisdictions;
“Restricted Jurisdiction”	any jurisdiction where the extension or availability of the Offer to Patagonia Gold Shareholders generally in such jurisdiction would contravene any applicable law, including, without limitation, Australia, Japan, the Republic of South Africa and the United States;

“Scheme”	the scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Hunt and Patagonia Gold;
“Scheme Document”	this document;
“Scheme Record Time”	6.00 p.m. on the Business Day in London immediately prior to the Effective Date;
“Scheme Shareholders”	the holders of the Scheme Shares;
“Scheme Shares”	<p>the Patagonia Gold Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of this Scheme Document and which remain in issue at the Scheme Record Time; (ii) if any, issued after the date of this Scheme Document but before the Scheme Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) if any, issued at or after the Scheme Voting Record Time but at or before the Scheme Record Time on terms that the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time, <p>in each case, other than any Excluded Shares or any Patagonia Gold Shares held in treasury;</p>
“Scheme Voting Record Time”	6.00 p.m. on the day which is two days before the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned Court Meeting;
“Takeover Offer”	as defined in section 974 of the Companies Act;
“Patagonia Gold”	Patagonia Gold plc;
“Patagonia Gold Shares”	the existing unconditionally allotted and issued and fully paid ordinary shares of 1 penny each in the capital of Patagonia Gold and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes effective; and
“uncertificated form” or “in uncertificated form”	a share or other security recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.

References to clauses and sub-clauses are to clauses and sub-clauses of this Scheme.

- (A) The issued share capital of Patagonia Gold as at the close of business on 19 June 2019 (being the latest practicable date prior to the publication of this Scheme Document) was 23,634,749 ordinary shares of one penny each, none of which were held in treasury.
- (B) As at 19 June 2019 (being the latest practicable date prior to the publication of this Scheme Document), Hunt owned no Patagonia Gold Shares.
- (C) Hunt has agreed to undertake to the Court to be bound by the provisions of this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.
- (D) Hunt will advise the Court through counsel that it will rely upon the Court’s sanctioning of this Scheme for the purpose of qualifying for the exemption from the registration requirements of the US Securities

Act of 1933, as amended, afforded by section 3(a)(10) thereunder with respect to the New Hunt Shares to be issued in the United States pursuant to this Scheme.

(E) References to times are to London time.

1. Transfer of Scheme Shares

- 1.1 Upon and with effect from the Effective Date, Hunt shall acquire all the Scheme Shares fully paid up and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever (except arising by operation of law) and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made on or after the Effective Date.
- 1.2 For such purposes, the Scheme Shares shall be transferred to Hunt (and/or its nominee(s)) and to give effect to such transfer any person may be appointed by Hunt as agent and will be authorised as such agent on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer or procure the transfer by means of CREST of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.
- 1.3 Pending the registration of Hunt (and/or its nominee(s)) as the holder of the Scheme Shares pursuant to clauses 1.1 and 1.2 of the Scheme each Scheme Shareholder irrevocably:
 - (i) appoints Hunt (or its nominee(s)) as its attorney to exercise any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares;
 - (ii) appoints Hunt (or its nominee(s)) as its attorney to sign any consent to short notice of any general meeting of Patagonia Gold and on their behalf to execute a form of proxy in respect of such Scheme Shares appointing any person nominated by Hunt to attend general meetings of Patagonia Gold;
 - (iii) agrees to hold any distribution or other benefit accruing or payable on the Scheme Shares on trust for Hunt; and
 - (iv) authorises and instructs Patagonia Gold to send to Hunt any notice, circular, warrant or other document or communication which Patagonia Gold sends to its shareholders.

2. Consideration for the transfer of the Scheme Shares

- 2.1 In consideration for the transfer of the Scheme Shares to Hunt as contemplated in clause 1 of this Scheme, Hunt shall, subject as hereinafter provided, allot and issue to or for the benefit of each Scheme Shareholder, New Hunt Shares on the following basis:

for each Scheme Share held by such person approximately 10.76 New Hunt Shares

(with 6 August 2019 being the latest date for the settlement of New Hunt Shares under clause 4 of the Scheme, assuming that the Scheme becomes Effective on 22 July 2019).

- 2.2 Hunt reserves the right to reduce the consideration payable under the Offer in respect of a Scheme Share by making an adjustment to the Exchange Ratio so as to reduce the implied value under the terms of the Offer by an amount up to the amount of any dividend or distribution. To the extent that such a dividend or distribution has been declared, paid, made or is payable or will be: (i) transferred pursuant to the Offer on a basis which entitles Hunt to receive the dividend or distribution and to retain it; or (ii) cancelled, the Exchange Ratio will not be subject to any such change.
- 2.3 Fractional entitlements to New Hunt Shares for each Scheme Shareholder will be rounded down to an integral number and will not be allotted or issued to holders of Scheme Shares pursuant to the Scheme. These fractional entitlements will be aggregated and shall, on a reasonable basis, be sold for the benefit of the Scheme Shareholders. The equivalent of the net proceeds of such sale of New Hunt Shares (after deduction of brokerage charges and associated expenses) will be paid to the Scheme

Shareholders pro-rated to their holdings of Patagonia Gold Shares at the Scheme Record Time as soon as practicable after receipt, except that if the aggregate amount due to any Scheme Shareholder in respect of the amounts due to him/it in respect of fractional entitlements to New Hunt Shares is less than £5.00 such sum will not be distributed but will instead be aggregated and accrued to the benefit of Hunt. Neither Hunt nor any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the sales or the sales or any failure to sell fractional entitlements to New Hunt Shares.

3. Share certificates and cancellation of CREST entitlements

With effect from and including the Effective Date:

- (i) all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound, at the request of Hunt, to deliver up the same to Hunt, or, as it may direct, to destroy the same;
- (ii) Euroclear shall be instructed to cancel the entitlements to Scheme Shares of Scheme Shareholders in uncertificated form; and
- (iii) appropriate entries shall be made in the register of members of Patagonia Gold on the Effective Date to reflect the transfer pursuant to Clause 1.

4. Settlement

4.1 Settlement of the consideration due to Scheme Shareholders under Clause 2.1 shall be effected as follows:

- (A) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, Hunt shall procure that the entitlement to New Hunt Shares will be effected by the despatch of DRS Advices representing the New Hunt Shares to which the relevant Scheme Shareholder is entitled, by first class post as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date;
- (B) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of entitlements to New Hunt Shares will be effected through CREST by way of Depositary Interests. Hunt shall procure that Computershare Company Nominees Limited as Depositary is issued the New Hunt Shares to which such Scheme Shareholders are entitled and shall procure that Computershare Company Nominees Limited is instructed to credit the appropriate stock accounts in CREST of the relevant Scheme Shareholder with Depositary Interests representing the New Hunt Shares to which each such Scheme Shareholder is entitled as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, provided that Hunt reserves the right to settle all or part of such consideration in the manner set out in Clause 4.1(A) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 4.1(B).

5. Overseas Shareholders

The provisions of Clauses 2, 3 and 4 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if in the case of any Scheme Shareholder, Hunt is advised that the law of a country or territory outside the United Kingdom precludes the allotment, issue or delivery to it of New Hunt Shares under Clause 4 except after compliance by Patagonia Gold or Hunt (as the case may be) with any governmental or other consent or any registration, filing or other formality with which Patagonia Gold or Hunt (as the case may be) is unable to comply or compliance with which Hunt regards as unduly onerous, then:

- (i) Hunt may, in its sole discretion, determine that the New Hunt Shares shall not be allotted and issued to a Scheme Shareholder to whom Clause 5 applies; and
- (ii) Hunt shall be entitled to treat such Scheme Shareholder as a Restricted Overseas Shareholder.

In such case, and in the case of any Scheme Shareholder determined by Hunt to be a Restricted Overseas Shareholder, the New Hunt Shares which would have been issued to such Scheme Shareholder shall instead be issued to a nominee appointed by Hunt on behalf of such Scheme

Shareholder on terms that the nominee shall, as soon as reasonably practicable following the Effective Date, sell those New Hunt Shares so issued with the net proceeds of such sale being remitted to the Restricted Overseas Shareholder.

6. Dividend mandates

All mandates relating to the payment of dividends on any Scheme Shares and other instructions given to Patagonia Gold by Scheme Shareholders in force at the Scheme Record Time shall, as from the Effective Date, cease to be valid, except to the extent that a Scheme Shareholder already holds Hunt Shares at the Scheme Record Time (and the registrars of Hunt are able to match such holdings), in which case any mandates and instructions in relation to those existing Hunt Shares will also apply to the New Hunt Shares issued to that Scheme Shareholder.

7. Operation of the Scheme

- (i) Once sanctioned by the Court pursuant to Part 26 of the Companies Act at the Court Hearing, this Scheme will become effective on the Effective Date.
- (ii) Unless this Scheme has become effective on or before 5.00 p.m. on the Longstop Date, this Scheme shall never become effective.

8. Modification

Patagonia Gold and Hunt may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose. Any such modification or addition may require the consent of the Panel.

9. Governing law

This Scheme is governed by English law, specifically, Part 26 of the Companies Act, and is subject to the jurisdiction of the courts of England and Wales. The rules of the Code will also apply to this Scheme on the basis provided in the Code.

Dated: 20 June 2019

PART FIVE : FINANCIAL INFORMATION

1. Patagonia Gold financial information

The following table sets out financial information in respect of Patagonia Gold as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof), the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into, and form part of, this Scheme Document in accordance with Rule 24.15 of the Code.

- (i) the consolidated audited accounts for the Company for the financial year ended 31 December 2018 (as revised on 17 June 2019) are set out on pages 35 to 84 (both inclusive) of Patagonia Gold's Annual Report 2018 available from Patagonia Gold's website at <http://www.patagoniagold.com/wp-content/uploads/2019/04/20802-Patagonia-Annual-Report-CL.pdf>; and
- (ii) the consolidated audited accounts for the Company for the financial year ended 31 December 2017 are set out on pages 32 to 74 (both inclusive) of Patagonia Gold's Annual Report 2017 available from Patagonia Gold's website at <http://www.patagoniagold.com/wp-content/uploads/2018/04/20170-Patagonia-Annual-Report.pdf>.

All documents referred to above are available in "read only" format for printing, reviewing and downloading free of charge on Patagonia Gold's website at www.patagoniagold.com.

Patagonia Gold will provide without charge to each person to whom a copy of this Scheme Document has been delivered (upon the written or oral request of such person) a hard copy of any document relating to it which is incorporated by reference into this Scheme Document. You may request a hard copy of any such documents by contacting Computershare on +44 (0) 370 873 5856 between 8.30 a.m. to 5.30 p.m., Monday to Friday (except for public holidays in England and Wales) or by submitting a request in writing to Computershare at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Copies of any document or information incorporated by reference into this Scheme Document will not be provided unless such a request is made.

2. Hunt financial information

The following table sets out financial information in respect of Hunt as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof) are incorporated by reference into, and form part of, this Scheme Document in accordance with Rule 24.15 of the Code.

- (i) the audited consolidated financial statements of Hunt for the financial year ended 31 December 2018 are set out on pages 33 to 54 (both inclusive) in the Form 10-K Year End Financial Statement available from Hunt's website at <http://www.huntmining.com/sites/default/files/2019-06/Financial%20Statements%20and%20Notes%2010-K%203-29-19.pdf>;
- (ii) the audited consolidated financial statements of Hunt for the financial year ended 31 December 2017 are set out on pages 36 to 63 (both inclusive) in the Form 10-K Year End Financial Statement available from Hunt's website at http://www.huntmining.com/sites/default/files/2018-04/Year%20End%20Financial%20Statements%20and%20Notes%20-%20April%2016%202018_0.pdf; and
- (iii) the unaudited consolidated financial statements of Hunt for the quarterly period ended 31 March 2019 are set out on pages 3 to 30 (both inclusive) in the Form 10-Q Quarterly Report available from Hunt's website at: <http://www.huntmining.com/sites/default/files/2019-05/10-Q%20Q1%202019%20Reviewed%20Financial%20Statement.pdf>.

All documents referred to above are available in "read only" format for printing, reviewing and downloading free of charge on Hunt's website at www.huntmining.com.

Hunt will provide without charge to each person to whom a copy of this Scheme Document has been delivered (upon the written or oral request of such person) a hard copy of any document relating to it which is incorporated by reference into this Scheme Document. You may request a hard copy of any such documents by contacting Hunt's company secretary, Bob Little, on +1 (0) 509 252 8885. Calls are charged

at the standard geographic rate and will vary by provider. Calls from the United Kingdom will be charged at the applicable international rate. Copies of any document or information incorporated by reference into this Scheme Document will not be provided unless such a request is made.

Effect of the Scheme becoming Effective on Hunt

Following the Scheme becoming Effective, the earnings, assets, and liabilities of the Patagonia Gold Group will be fully consolidated into the Hunt Group.

3. Incorporation of website information

Save as expressly referred to in this Scheme Document, neither the content of the Patagonia Gold website nor the Hunt website, nor the content of any website accessible from hyperlinks on the Patagonia Gold website or the Hunt website, is incorporated into, or forms part of, this Scheme Document.

PART SIX : ADDITIONAL INFORMATION ON PATAGONIA GOLD AND HUNT

1. Responsibility

- 1.1 The Patagonia Gold Directors, whose names are set out in section 2.1 below, each accept responsibility for the information contained in this Scheme Document (including the statements of facts and expressions of opinion, belief, expectation or intention), other than information for which responsibility is taken by others pursuant to section 1.2 below. To the best of the knowledge and belief of the Patagonia Gold Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Scheme Document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Hunt Directors, whose names are set out in section 2.2 below, each accept responsibility for the information contained in this Scheme Document (including the statements of facts and expressions of opinion, belief, expectation or intention) relating to the Hunt Group, the directors of Hunt and members of their immediate families and related trusts. To the best of the knowledge and belief of the Hunt Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Scheme Document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Patagonia Gold Directors and their respective positions are:

<i>Name</i>	<i>Position</i>
Carlos J. Miguens	Non-Executive Chairman
Christopher van Tienhoven	Executive Director and CEO
Gonzalo Tanoira	Non-Executive Director
Manuel de Prado	Non-Executive Director

The business address of each of the Patagonia Gold Directors and the registered office of Patagonia Gold is at: 11-12 St. James's Square, London, England, SW1Y 4LB.

- 2.2 The Hunt Directors and their respective positions are:

<i>Name</i>	<i>Position</i>
Tim Hunt	Chairman and CEO
Darrick Hunt	Director
Alastair Summers	Director
Alan Chan	Director

The business address of each of the Hunt Directors is 23800 E Appleway Avenue, Liberty Lake, Washington, 99019 USA.

Hunt is a company incorporated in British Columbia, Canada and whose registered office is at 25th Floor, 700 West Georgia Street, Vancouver, B.C. V7Y 1B3 Canada.

3. Stock exchange quotations

The following table sets out the closing prices for Hunt Shares as derived from Bloomberg and the closing middle market quotations for Patagonia Gold Shares as derived from the AIM Appendix to the Daily Official List for the first dealing day in each of the six months immediately prior to the date of this Scheme Document, for 30 May 2019 (being the last dealing day prior to the commencement of the offer period) and for 19 June 2019 (being the latest practicable date prior to the publication of this Scheme Document):

<i>Date</i>	<i>Hunt share price (C\$)</i>	<i>Patagonia Gold share price (£)</i>
2 January 2019	0.155	0.650
1 February 2019	0.170	0.975
1 March 2019	0.125	0.435
1 April 2019	0.110	0.315
1 May 2019	0.130	0.490
30 May 2019	0.115	0.535
3 June 2019	0.115*	0.555
19 June 2019	0.115*	0.410

* The Hunt Shares were halted from trading on the TSX-V with effect from market open on the Announcement Date pending completion of the Offer.

4. Interests and dealings in shares and persons acting in concert

4.1 *Definitions and references*

For the purposes of this section 4:

“**acting in concert**” has the meaning given to it in the Code;

“**arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to securities which may be an inducement to deal or refrain from dealing;

“**connected adviser**” has the meaning given to it in the Code;

“**dealing**” has the meaning given to it in the Code;

“**derivative**” has the meaning given to it in the Code;

“**disclosure date**” means 19 June 2019, being the Business Day in London immediately preceding the date of this Scheme Document;

“**disclosure period**” means the period beginning on 31 May 2018, being the date 12 months prior to the commencement of the Offer Period, and ending on the disclosure date;

“**interest**” or “**interests**” in relevant securities shall have the meaning given to it in the Code and references to interests of the Hunt Directors or interests of the Patagonia Gold Directors in relevant securities shall include all interests of any other person whose interests in shares the Hunt Directors or, as the case may be, the Patagonia Gold Directors, are taken to be interested in pursuant to Part 22 of the Companies Act;

“**offer period**” means the period commencing on 31 May 2019 and ending on the Effective Date;

“**relevant Hunt securities**” means relevant securities (such term having the meaning given to it in the Code in relation to an offeror) of Hunt including equity share capital in Hunt (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

“**relevant Patagonia Gold securities**” means relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of Patagonia Gold including equity share capital of Patagonia Gold (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof.

4.2 *Persons acting in concert*

(A) In addition to the directors of Hunt, the following persons are acting in concert (as defined in paragraph 4.1 of Part Six (*Additional Information on Patagonia Gold and Hunt*) of this Scheme Document) with Hunt:

<i>Name</i>	<i>Type of company</i>	<i>Registered office</i>	<i>Relationship with Hunt</i>
Charles Russell	Limited Liability	5 Fleet Place,	Connected Adviser
Speechlys	Partnership	London, EC4M 7RD	pursuant to the Code

- (B) In addition to the directors of Patagonia Gold, the following persons are acting, or deemed to be acting, in concert with Patagonia Gold in respect to the Offer:

<i>Name</i>	<i>Type of company</i>	<i>Registered office</i>	<i>Relationship with Patagonia Gold</i>
Strand Hanson	Financial Institution	26 Mount Row, London W1K 3SQ	Financial Adviser to Patagonia Gold

4.3 **Interests and Dealings in Patagonia Gold Shares**

- (A) As at close of business on the disclosure date, the directors of Patagonia Gold were interested in or had a right to subscribe for the following relevant securities of Patagonia Gold:

<i>Name</i>	<i>Number of Patagonia Gold Shares</i>	<i>Percentage of Patagonia Gold's existing ordinary share capital</i>
Carlos Miguens*	12,741,212	53.91%
Christopher van Tienhoven	23,290	0.10%
Gonzalo Tanoira**	174,028	0.74%
Manuel de Prado	40,357	0.17%
Total	12,978,887	54.91%

* Includes 12,570,437 shares held by Cantomi.

** Includes 67,112 shares held by Capifox S.A. (a company owned and controlled by Mr Tanoira).

Patagonia Gold Directors' interests in options granted under the Patagonia Gold Share Plans:

<i>Name</i>	<i>Number of Patagonia Gold Shares Under Option</i>	<i>Vesting Date</i>	<i>Expiry Date</i>	<i>Exercise Price</i>
C J Miguens*	45,000	23 June 2009	22 June 2019	1,225p
C J Miguens*	11,000	17 June 2010	16 June 2020	1,500p
C J Miguens*	20,000	10 February 2011	9 February 2021	1,100p
C J Miguens*	9,000	13 May 2011	12 May 2021	1,100p
C J Miguens*	20,000	31 January 2012	30 January 2022	1,100p
C J Miguens*	90,000	9 January 2013	8 January 2023	2,275p
C J Miguens*	50,000	19 September 2013	18 September 2023	1,175p
C J Miguens*	50,000	17 December 2018	17 December 2027	100p
G Tanoira**	17,190	23 June 2009	22 June 2019	1,225p
G Tanoira**	5,000	17 June 2010	16 June 2020	1,500p
G Tanoira**	5,000	13 May 2011	12 May 2021	1,100p
G Tanoira**	10,000	9 January 2013	8 January 2023	2,275p
G Tanoira**	50,000	17 December 2018	17 December 2027	100p
C van Tienhoven	100,000	31 March 2015	30 March 2025	250p
C van Tienhoven	150,000	17 December 2018	17 December 2027	100p
M de Prado	7,500	12 September 2013	11 September 2023	1,100p
M de Prado	50,000	17 December 2018	17 December 2027	100p

* Held by Cantomi

** Held by Capifox S.A.

- (B) At the close of business on the disclosure date, the following persons acting in concert with Patagonia Gold (other than the Patagonia Gold Directors) were interested in the following relevant securities of Patagonia Gold:

<i>Name</i>	<i>Number of Patagonia Gold Shares</i>	<i>Percentage of Patagonia Gold's existing ordinary share capital</i>
Strand Hanson	17,778	0.08%

- (C) At the close of business on the disclosure date, neither Hunt, nor the directors of Hunt, nor any person acting in concert with Hunt held any interests in, or rights to subscribe in respect of relevant Patagonia Gold securities.
- (D) During the disclosure period, no dealings in relevant Patagonia Gold securities by the Patagonia Gold Directors and persons acting in concert with Patagonia Gold have taken place.
- (E) No dealings in relevant Patagonia Gold securities by Hunt, the directors of Hunt or persons with whom Hunt, or any person acting in concert with Hunt, has an arrangement have taken place during the disclosure period.
- (F) Save as disclosed in this section 4.3 and for the irrevocable undertakings given by the Patagonia Gold Directors, as described in section 6 below, as at the disclosure date, no person acting in concert with Patagonia Gold and no person with whom Patagonia Gold or a person acting in concert with Patagonia Gold has an arrangement relating to relevant Patagonia Gold securities was interested in or had a right to subscribe for any relevant Patagonia Gold securities nor has any such person dealt therein in the period commencing on 31 May 2019 (being the first day of the Offer Period) and ending on the disclosure date.
- (G) As at the disclosure date neither Hunt nor any person acting in concert with Hunt, nor Patagonia Gold, nor any person acting in concert with Patagonia Gold had borrowed or lent any relevant Patagonia Gold securities.
- (H) Patagonia Gold has not redeemed or purchased any relevant Patagonia Gold securities in the period commencing on 31 May 2019 (being the first day of the Offer Period) and ending on the disclosure date.

4.4 **Interests and Dealings in Hunt Shares**

- (A) As at close of business on the disclosure date, the directors of Hunt were interested in or had rights to subscribe for the following relevant securities of Hunt:

Hunt Shares held by the Hunt Directors

<i>Name</i>	<i>Number of Hunt Shares</i>	<i>Percentage of existing issued Hunt Shares</i>	<i>Nature of interest</i>
Tim Hunt	53,653,625	84.376%	Beneficial
Darrick Hunt*	200,743	0.316%	Registered
Alan Chan	14,000	0.022%	Registered
Alistair Summers	1,229	0.002%	Registered

* Darrick Hunt is Tim Hunt's son.

Hunt Directors' interests in warrants:

<i>Name</i>	<i>Number of Hunt Shares Under Warrant</i>	<i>Expiry Date*</i>	<i>Exercise Price</i>
Tim Hunt**	22,500,000	20 July 2020	C\$0.075
Tim Hunt**	25,000,000	13 October 2020	C\$0.050

* The warrants will be cancelled on the Effective Date.

** Warrants held by the Hunt Family Limited Partnership, a company which is majority owned and controlled by Tim Hunt.

- (B) At the close of business on the disclosure date, none of the persons noted at paragraph 4.2(A) above as acting in concert with Hunt was interested in relevant Hunt securities.
- (C) At the close of business on the disclosure date, neither Patagonia Gold, nor the directors of Patagonia Gold nor any person acting in concert with Patagonia Gold held any interests in, or rights to subscribe in respect of, the relevant Hunt securities.
- (D) Hunt Shares were halted from trading on the TSX-V with effect from market open on the Announcement Date pending completion of the Offer. During the disclosure period, there were no dealings in relevant Hunt securities by the Hunt Directors and persons acting in concert with Hunt.
- (E) No dealings in relevant Hunt securities by Patagonia Gold, the directors of Patagonia Gold or any persons with whom Patagonia Gold, or any person acting in concert with Patagonia Gold, has an arrangement have taken place during the disclosure period.
- (F) Save as disclosed in this section 4.4 of this Part Six, as at the disclosure date, no person acting in concert with Hunt and no person with whom Hunt or a person acting in concert with Hunt has an arrangement relating to relevant Hunt securities was interested in or had any rights to subscribe for any relevant Hunt securities nor has any such person dealt therein in the period commencing on 31 May 2019 (being the first day of the Offer Period) and ending on the disclosure date.
- (G) As at the disclosure date neither Patagonia Gold nor any person acting in concert with Patagonia Gold, nor Hunt, nor any person acting in concert with Hunt had borrowed or lent any relevant Hunt securities.
- (H) Hunt has not redeemed or purchased any relevant Hunt securities during the period commencing on 31 May 2019 (being the first day of the Offer Period) and ending on the disclosure date.

5. General

Save as disclosed in this Scheme Document:

- (A) during the disclosure period, save for the irrevocable undertakings referred to in section 6 of this Part Six, neither Patagonia Gold nor any person acting in concert with Patagonia Gold has any arrangement with any person relating to the relevant securities of Patagonia Gold or Hunt;
- (B) during the disclosure period, neither Hunt nor any person acting in concert with Hunt has any arrangement with any person relating to the relevant securities of Patagonia Gold or Hunt.

6. Irrevocable Undertakings

Irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and in favour of the special resolution to be proposed at the Patagonia Gold General Meeting have been received by Hunt from the following persons in respect of the following holdings of Patagonia Gold Shares:

<i>Name of Patagonia Gold Director</i>	<i>Number of Patagonia Gold Shares in respect of which undertaking is given</i>	<i>Percentage of Patagonia Gold's issued share capital</i>
Carlos Miguens*	12,741,212	53.91%
Christopher van Tienhoven	23,290	0.10%
Gonzalo Tanoira**	174,028	0.74%
Manuel de Prado	40,357	0.17%
Total:	12,978,887	54.91%

* Separate irrevocable undertakings have been provided by Mr Miguens in respect of the 170,775 Patagonia Gold Shares held directly by him and by Cantomi (a company owned and controlled by Mr Miguens) in respect of the 12,570,437 Patagonia Gold Shares registered in its name.

** Separate irrevocable undertakings have been provided by Mr Tanoira in respect of the 106,916 Patagonia Gold Shares held directly by him and by Capifox S.A. (a company owned and controlled by Mr Tanoira) in respect of the 67,112 Patagonia Gold Shares registered in its name.

These irrevocable undertakings cease to be binding and will lapse if:

- the Scheme is withdrawn or lapses in accordance with its terms; or
- if the Scheme has not become Effective by 30 November 2019.

7. Material contracts

Patagonia Gold

(A) The Offer related arrangements (as further described in section 13 of Part Two (*Explanatory Statement*) of this Scheme Document):

- Confidentiality Agreement; and
- Resulting Issuer Escrow Agreement.

(B) Save as disclosed below, there have been no material contracts entered into by Patagonia Gold or any of its subsidiaries during the period commencing on 31 May 2017 (being the date falling two years before the commencement of the Offer Period) and ended on 19 June 2019, being the Business Day in London immediately preceding the date of this document otherwise than in the ordinary course of business:

On 24 April 2017, Patagonia Gold S.A. and Minera Triton Argentina S.A. ("**Minera Triton**") (a wholly owned subsidiary of Pan American Silver Corp.) entered into an asset purchase agreement, whereby Minera Triton agreed to acquire 100 per cent. of the Cap-Oeste Sur Este project located near to the Company's Cap-Oeste project in Santa Cruz Province, Argentina (the "**COSE Disposal**"). The asset purchase agreement contains customary warranties, covenants and undertakings for an acquisition agreement of this nature. In connection with the COSE Disposal, Patagonia was granted an option (the "**Calcatreu Option**") dated 24 April 2017 to purchase from Minera Aquiline Argentina S.A. (a wholly owned subsidiary of Pan American Silver Corp.) the Calcatreu gold-silver asset in Rio Negro Province, Argentina (the "**Calcatreu Deposit**") for US\$15 million plus a 1.5 per cent. net smelter returns royalty. The Calcatreu Option was originally due to expire on 24 October 2017, but both parties agreed to extend the agreement for a further 45 days, expiring on 8 December 2017.

On 22 December 2017, in accordance with the Calcatreu Option, Patagonia Gold Canada Inc. ("**Patagonia Canada**") (a wholly owned subsidiary of Patagonia entered into a definitive agreement to acquire the Calcatreu Deposit, by way of acquiring the entire issued share capital of Minera Aquiline

Argentina S.A for US\$15 million pursuant to the terms of the definitive agreement. The definitive agreement contains customary warranties, covenants and undertakings for an acquisition agreement of this nature. Under the terms of the agreement, the sellers indemnified Patagonia Canada against certain material contracts and certain labour claims. Patagonia Canada indemnified the sellers for labour claims (save those which the sellers were obligated to provide indemnification for) and certain other acts and omissions of Patagonia Canada. The acquisition completed on 31 January 2018.

On 7 December 2018, Patagonia Gold S.A. sold the Cap-Oeste Sur Este 1.5 per cent. net smelter returns royalty to Metalla Royalty & Streaming Ltd. ("**Metalla**") for a total consideration of US\$1.5 million. Under the terms of the sale and purchase agreement, Metalla and Patagonia Gold S.A. mutually indemnified each other for breaches of any representation or warranty in, and any breach or non-fulfilment of, any covenant or agreement executed or delivered pursuant to the sale and purchase agreement.

On 26 December 2018, Minera Minamalú S.A ("**Minamalú**") entered into an agreement to acquire four exploration property blocks from Oroplata S.A. ("**Oroplata**") (a wholly owned subsidiary of Goldcorp Inc.) located in the Province of Santa Cruz, Argentina. Pursuant to the terms of the agreement, and in accordance with the public deed executed on 27 February 2019, Oroplata transferred ownership of the four property blocks, comprising 20 mineral tenements, to Minamalú in exchange for a 1 per cent. net smelter royalty of any future production, if and when the properties are put into production. Minamalú may, at its sole discretion, relinquish the properties, by giving forty-five days' written notice. Such transfer of ownership is in the process of registration with the Secretary of Mines of the Province of Santa Cruz.

On 27 February 2019, Patagonia Gold (as borrower) and Cantomi Uruguay S.A. ("**Cantomi**") (as lender), a company owned and controlled by Patagonia's Non-Executive Chairman, Carlos Miguens, entered into a facility agreement pursuant to which Cantomi agreed to make available to Patagonia Gold an amount of up to US\$15 million, which can be drawn down in one or more tranches of not less than US\$100,000 at Patagonia Gold's election. The facility matures on 31 March 2021 and interest is payable on any amounts drawn down, accruing at a rate of 5 per cent. per annum. All drawn down principal amounts and accrued interest are payable at maturity. At any time prior to maturity, Patagonia Gold can elect to prepay all or any portion drawn down and/or interest accrued without incurring any early repayment penalty. The facility agreement contains customary warranties, undertakings and events of default. On 13 June 2019, Patagonia Gold announced that it had entered into a supplementary agreement with Cantomi to increase the maximum aggregate amount of the Cantomi Loan Facility to US\$15.5 million until 31 July 2019.

Hunt

- (C) Save as disclosed below, there have been no material contracts entered into by Hunt or any of its subsidiaries during the period commencing on 31 May 2017 (being the date falling two years before the commencement of the Offer Period) and ended on 19 June 2019, being the Business Day in London immediately preceding the date of this document otherwise than in the ordinary course of business:

On 26 May 2017, Hunt and its wholly owned subsidiary Cerro Cazador SA, extended an offtake agreement with Ocean Partners USA, Inc. for the delivery of Silver-Gold concentrate from the Martha mine. This was an extension to an initial November 2016 agreement that had been fulfilled. Hunt received US\$1,500,000 as a result of the agreement for the delivery of concentrate from the Martha mine and receives a further provisional payment of 90 per cent. of the estimated price in respect of each shipment of concentrate upon shipment of the concentrate from the loading port. The contract period was initially to end in September 2017, but this agreement was amended on 4 December 2018 to extend the period to June 2019.

On 25 April 2018, Hunt and its wholly owned subsidiary Cerro Cazador SA, signed an offtake agreement with Ocean Partners USA, Inc. for the delivery of Gold-Silver concentrate from the La Josefina Project, in relation to low lead content concentrate. As part of this agreement, Hunt received a US\$700,000 advance for the delivery of Gold-Silver concentrate from the La Josefina Project and received a further provisional payment of 90 per cent. of the estimated price in respect of each shipment of concentrate upon shipment of the concentrate from the loading port. The contract period ended in April 2019. A similar agreement in relation to high lead content concentrate was entered into on 20 June 2018, with the contract period ending in June 2019.

On 24 April 2019, Hunt's wholly owned subsidiary Cerro Cazador SA, and Fomicruz SE established a schedule of works to advance the La Josefina and La Valenciana projects to form an autonomous corporation framework and proceed towards production.

8. Patagonia Gold Directors' service contracts, appointment letters and emoluments

Save as set out below, there are no service contracts or appointment letters between any Patagonia Gold Director and Patagonia Gold and no such contract or appointment letter has been entered into or amended or any Patagonia Gold Director's remuneration increased within the six months immediately prior to the date of publication of this Scheme Document.

(A) Executive Director

Christopher van Tienhoven entered into an executive service agreement with Patagonia Gold dated 31 March 2015, for his services as Chief Executive Officer of Patagonia Gold. The agreement is terminable on three months' written notice by either party. The remuneration for the services provided by Mr van Tienhoven under the agreement comprises an annual salary of i) US\$120,000 for his services as Chief Executive Officer; and ii) US\$130,000 for his services in Argentina. Subject to achieving his personal targets, together with the Patagonia Gold Group achieving its corporate targets, he is entitled to participate, at the discretion of the Patagonia Gold Board, in a bonus scheme where he shall be paid up to 50 per cent. of his total base salary.

(B) Non-Executive Directors

Carlos J. Miguens was appointed to the Patagonia Gold Board on 19 December 2003. As at 19 June 2019 (being the latest practicable date prior to the publication of this Scheme Document), no letter of appointment had been entered into between the Company and Carlos J. Miguens in relation to his appointment as Non-Executive Chairman of the Company.

Gonzalo Tanoira entered into a service agreement with Patagonia Gold dated 14 April 2004 for his services as a Director, which was subsequently amended to reduce the fees to which Mr Tanoira is entitled for his services. The agreement can be terminated on six months' written notice by either party. The remuneration for the services provided by Mr Tanoira under the amended agreement is a fee of £12,000 per annum. Dependant on his performance during each calendar year, Mr Tanoira is entitled to receive a bonus, at the discretion of the Patagonia Gold Board, of a payment of up to a maximum amount of 40 per cent. of his fees. Mr Tanoira is also entitled to participate in a private medical insurance scheme, at Patagonia Gold's expense, and to receive a contribution of 15 per cent. of his annual fee into a pension plan.

Manuel de Prado entered into an appointment letter with Patagonia Gold on 21 March 2013 for his services as a non-executive director of Patagonia Gold, which was subsequently amended to reduce the fees to which Mr de Prado is entitled for his services. The agreement evidenced by the appointment letter can be terminated on three months' written notice by either party and Mr de Prado is currently entitled to receive £12,000 per annum as fees in respect of his appointment as a non-executive director of Patagonia Gold.

Each of Gonzalo Tanoira and Manuel de Prado have agreed to resign as Non-Executive Directors of Patagonia Gold with effect from the Effective Date and they will each receive remuneration in line with the termination provisions of their respective service agreement and letter of appointment by way of compensation.

9. Ratings and outlooks

There are no current credit ratings or outlooks by any ratings agencies that have been publicly accorded to either Patagonia Gold or Hunt.

10. Hunt's fees and expenses

The aggregate fees and expenses to be incurred by Hunt in connection with the Offer (excluding any applicable VAT) are expected to be:⁽¹⁾

<i>Category</i>	<i>Amount (£m)</i>
Legal advice ⁽²⁾	0.31
Other professional services	0.01
Other costs and expenses	0.26
Total	0.58

⁽¹⁾ Based on C\$1.69/£1 as of 19 June 2019. These figures are based on Hunt's current expectations as to the likely date of completion of the Offer.

⁽²⁾ The figures included are based on time charged up to the latest practicable date prior to the publication of this Scheme Document, together with an estimate of time to completion of the Offer.

11. Patagonia Gold's fees and expenses

The aggregate fees and expenses to be incurred by Patagonia Gold in connection with the Offer (excluding any applicable VAT) are expected to be:

<i>Category</i>	<i>Amount (£m)</i>
Financial and corporate broking advice ⁽¹⁾	0.30
Legal advice ⁽²⁾	0.46
Accounting advice	0.01
Other costs and expenses	0.04
Total	0.81

⁽¹⁾ The costs for financial and corporate broking advice includes the expenses of Strand Hanson incurred in connection with the Offer.

⁽²⁾ An element of these costs is based on time spent and hourly rates. The figures included are based on time charged up to the latest practicable date prior to the publication of this Scheme Document, together with an estimate of time to completion of the Offer.

12. Other information

- (A) No agreement, arrangement or understanding (including any compensation arrangement) exists between Hunt or any party acting in concert with Hunt and any of the directors, recent directors, shareholders or recent shareholders of Patagonia Gold which has any connection with, or dependence on, or which is conditional upon the outcome of the Offer.
- (B) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Patagonia Gold Shares to be acquired pursuant to the Offer will be transferred to any person, but Hunt reserves the right to transfer any such shares to any member of the Hunt Group.
- (C) Save as disclosed in this Scheme Document, there have been no significant changes in the financial or trading position of the Patagonia Gold Group since 31 December 2018 (the date to which the last audited accounts of the Patagonia Gold Group have been prepared).
- (D) Save as disclosed in this Scheme Document, there have been no material changes in the financial or trading position of the Hunt Group since 31 March 2019 (the date to which the last unaudited quarterly results of the Hunt Group have been prepared).
- (E) The emoluments of the directors of Hunt will not be varied as a consequence of the Offer or by any other associated transaction.
- (F) Strand Hanson has given and has not withdrawn its written consent to the publication of this Scheme Document with the inclusion of the references to its name in the form and context in which they appear.
- (G) Save with the consent of the Panel, settlement of the consideration to which any Patagonia Gold Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of

the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Hunt may otherwise be, or claim to be, entitled as against such Patagonia Gold Shareholder.

(H) As at 19 June 2019, Patagonia Gold held no Patagonia Gold Shares as treasury shares.

13. Documents published on a website

Copies of the following documents will be made available on Patagonia Gold's website at www.patagoniagold.com and Hunt's website at www.huntmining.com from not later than 12.00 p.m. (London time) on 21 June 2019 up to and including the Effective Date or the date the Scheme lapses or is withdrawn, whichever is earlier:

- (A) the current articles of association of Patagonia Gold and the articles of Patagonia Gold as proposed to be amended in connection with the Scheme;
- (B) the articles of incorporation of Hunt;
- (C) the Announcement;
- (D) the audited financial statements of the Hunt Group for the 12 months ended 2017 and 2018 and unaudited quarterly statement of the Hunt Group for the quarter ended 31 March 2019;
- (E) the material contracts referred to in section 7 above which have been entered into in connection with the Offer;
- (F) the written consent provided by Strand Hanson referred to in section 12(F) above;
- (G) the irrevocable undertakings referred to in section 6 above;
- (H) this Scheme Document and the accompanying Forms of Proxy;
- (I) the Confidentiality Agreement;
- (J) the Filing Statement; and
- (K) Tim Hunt and the Hunt Family Limited Partnership's irrevocable written consent approving Hunt's reverse takeover.

Save as expressly referred to herein, neither the content of any website referred to in this Scheme Document nor the content of any website accessible from hyperlinks is incorporated into, or forms part of, this Scheme Document.

14. Sources of information and bases of calculations

In this Scheme Document, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

1. The value attributed to the Offer is based on:
 - (a) The value of C\$0.115 per Hunt Share, being the closing price on the TSX-V on 30 May 2019 (being the last trading day in Canada prior to the Announcement Date) and applying an exchange rate of C\$1.7024/£1;
 - (b) multiplying by the number of Patagonia Gold Shares in issue, being 23,634,749; and
 - (c) multiplying by the Exchange Ratio.
2. Unless otherwise stated, all prices for Patagonia Gold Shares are closing middle market quotations derived from the AIM Appendix to the London Stock Exchange's Daily Official List for the particular date(s) concerned.
3. Unless otherwise stated all prices for Hunt Shares are closing prices derived from Bloomberg.
4. Unless otherwise stated all exchange rates are the average of the "best ask" and "best bid" C\$/£ or US\$/£ cross rate sourced from Bloomberg on 30 May 2019 (being the last Business Day in Canada or the United States prior to the Announcement Date).

5. Volume weighted average prices are derived from Bloomberg for the time periods stipulated.
6. Hunt's market capitalisation is calculated by multiplying the Existing Hunt Share Capital by C\$0.115 per Hunt Share, being the closing price on the TSX-V on 30 May 2019 (being the last Business Day in Canada prior to the Announcement Date and applying an exchange rate of C\$1.7024/£1).
7. The 80:20 proportionate ownership of the Combined Group between the Scheme Shareholders and the Hunt Shareholders respectively is based on the existing issued Patagonia Gold Shares, as set out in 1(b) above, and the Existing Hunt Share Capital and assumes that no outstanding Patagonia Gold share options are exercised prior to the Effective Date.
8. Unless otherwise stated, the financial information relating to Patagonia Gold has been extracted or derived (without any adjustment) from the audited consolidated accounts of the Patagonia Gold Group for the financial year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union.
9. Unless otherwise stated, the financial information relating to Hunt has been extracted or derived (without any adjustment) from the audited consolidated financial statements of the Hunt Group for the financial year ended 31 December 2018 and the quarterly unaudited consolidated financial statements for the quarter ended 31 March 2019 prepared in accordance with generally accepted accounting principles of the United States of America (US GAAP) and available on Hunt's website at www.huntmining.com.
10. All information relating to Patagonia Gold and Hunt has been provided by persons duly authorised by the Patagonia Gold Board and the Hunt Board respectively.

PART SEVEN : UNITED KINGDOM TAXATION

Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her professional advisers.

The comments set out below refer to certain limited aspects of the United Kingdom taxation treatment of Scheme Shareholders resident in the United Kingdom and do not purport to be either (i) a complete analysis of all tax considerations relating to the Scheme and their holding of New Hunt Shares or (ii) an analysis of the tax position of Patagonia Gold or Hunt. The following statements do not constitute tax advice and are intended only as a general guide to current UK tax law and published practice of HMRC, both of which are subject to change at any time, possibly with retrospective effect.

The comments are intended as a general guide and apply only to Scheme Shareholders who are resident for tax purposes in the UK, who hold their Scheme Shares and will hold their New Hunt Shares as an investment and who are the absolute beneficial owners of their Scheme Shares and will be the absolute beneficial owners of their New Hunt Shares (other than under a Self Invested Personal Pension or through an Individual Savings Account). These comments may not apply to certain classes of Scheme Shareholders who are subject to different tax rules, such as charities, dealers in securities, persons holding or acquiring shares in the course of a trade, persons who have or could be treated for tax purposes as having acquired their Scheme Shares or New Hunt Shares by reason of their employment, collective investment schemes, persons subject to UK tax on the remittance basis and insurance companies. Scheme Shareholders are encouraged to consult an appropriate independent professional tax adviser in respect of their personal tax position.

1. Taxation of Chargeable Gains

1.1 *The Scheme*

The Scheme Shareholders will receive New Hunt Shares as consideration for the transfer of their Scheme Shares.

1.2 *New Hunt Shares*

Subject to the comments made below, the receipt of New Hunt Shares by Scheme Shareholders pursuant to the Scheme should be treated as an exchange of securities for the purposes of section 135 of the Taxation of Chargeable Gains Act 1992 ("**TCGA**"). This means that the Scheme Shareholders should not be treated as disposing of the proportion of their Scheme Shares which are exchanged for New Hunt Shares and, instead, the New Hunt Shares received by them should be treated for UK tax purposes as the same asset, acquired at the same time as the Scheme Shares in respect of which they are issued as consideration.

In the case of Scheme Shareholders who alone, or together with persons connected with them, hold 5 per cent. or more of the Scheme Shares, such "rollover" treatment will only apply if the provisions of section 137(1) of the TCGA do not prevent it (exchange must be for *bona fide* commercial purposes and not as part of a scheme for the avoidance of UK tax). No clearance has been sought from HMRC confirming that section 137(1) TCGA should not prevent the rollover treatment. If the Scheme is not treated as an exchange of securities, UK resident Scheme Shareholders who alone, or together with persons connected with them, hold 5 per cent. or more of the Scheme Shares would be treated for the purposes of taxation on chargeable gains as having disposed of their holding of Scheme Shares in consideration of the issue to them of the New Hunt Shares pursuant to the Scheme.

1.3 *Future disposals*

A disposal or deemed disposal of New Hunt Shares by a Scheme Shareholder, who is (at any time in the relevant tax year in the UK) resident in the UK for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of taxation of chargeable gains in the UK, depending on the Scheme Shareholder's circumstances and subject to any available exemption or relief. The gain will be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the base cost of the New Hunt Shares (which would equal the original base cost in the Scheme Shares where rollover treatment applies).

Scheme Shareholders who are not resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a branch, agency or fixed place of business in the UK may be liable to UK taxation on chargeable gains on any gain on a disposal or deemed disposal of their New Hunt Shares, if those New Hunt Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that branch, agency or fixed place of business.

1.4 **Individuals**

The amount of capital gains tax, if any, payable by a Scheme Shareholder who is an individual resident in the United Kingdom for tax purposes will depend on his or her own personal tax position. No tax should be payable on any gain realised on the disposal if the amount of the net chargeable gains realised by a Scheme Shareholder, when aggregated with other net gains realised by that Scheme Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (the annual exemption for the tax year ending 5 April 2020 is £12,000). Broadly, at current rates, any gains in excess of this amount will be taxed at a rate of 10 per cent. for a taxpayer paying tax at the basic rate and 20 per cent. for higher and additional rate taxpayers. Where the gains of a basic rate taxpayer subject to capital gains tax exceed the unused part of their basic rate band, that excess will be subject to tax at the higher (currently 20 per cent.) rate.

A Scheme Shareholder who is an individual and who acquires New Hunt Shares whilst a resident of the UK but who subsequently ceases to be resident for tax purposes in the UK for a period of five years or less and who disposes of the New Hunt Shares during that period may be liable, on his or her return to the UK, to capital gains tax (subject to any available exemption or relief).

1.5 **Corporation tax payers**

A gain on the disposal or deemed disposal of New Hunt Shares by a Scheme Shareholder within the charge to UK corporation tax will form part of the Scheme Shareholder's profits chargeable to corporation tax (the rate of which is currently 19 per cent., although the UK Government has announced its intention to reduce the rate to 17 per cent. for financial years beginning on or after 1 April 2020).

2. **Taxation of Dividends on New Hunt Shares**

Hunt will not be required to withhold UK tax at source from dividend payments it makes to Scheme Shareholders in respect of the New Hunt Shares.

2.1 **Individuals**

UK resident individuals are granted an annual tax-free dividend allowance, which is currently £2,000. References to "£2,000" below are to the current dividend allowance, which is subject to change. Accordingly, a Scheme Shareholder who is an individual resident in the UK for tax purposes and who receives a dividend from Hunt will not pay any income tax on the first £2,000 of dividend income they receive (whether from Hunt or elsewhere). Any dividend income received (including the first £2,000) will be treated as the top slice of the Scheme Shareholder's income.

A Scheme Shareholder who (taking account of dividend receipts) is not liable to UK income tax at either the higher or the additional rate will be subject to UK income tax on any dividend income in excess of £2,000 at the rate of 7.5 per cent.

A Scheme Shareholder who is liable to UK income tax at the higher rate will be subject to UK income tax on any dividend income in excess of £2,000 at the rate of 32.5 per cent. to the extent that the dividend income in excess of £2,000 falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax.

A Scheme Shareholder who is liable to UK income tax at the additional rate will be subject to UK income tax on any dividend income in excess of £2,000, at the rate of 38.1 per cent. to the extent that the dividend income in excess of £2,000 falls above the threshold for the additional rate of UK income tax.

2.2 **Companies**

Scheme Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends paid on the New Hunt Shares, provided certain conditions are met.

Other Scheme Shareholders within the charge to UK corporation tax will not be subject to tax on dividends on the New Hunt Shares so long as (i) the dividends fall within an exempt class and (ii) do not fall within certain specified anti-avoidance provisions and (iii) the Scheme Shareholder has not elected for the dividends not to be exempt. Each Scheme Shareholder’s position will depend on its own individual circumstances, although it would normally be expected that dividends paid on the New Hunt Shares would fall within an exempt class. Examples of dividends that are within an exempt class include dividends paid on shares that are non-redeemable ordinary shares and dividends in respect of portfolio holdings where the recipient owns less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) and is entitled to less than 10 per cent. of the profits available for distribution and less than 10 per cent. of assets available for distribution on a winding up in either case to holders of the issued share capital of the payer (or of any class of that share capital). The exemptions are not comprehensive and are subject to anti-avoidance rules. If the conditions for exemption are not, or cease to be, satisfied, or such a Scheme Shareholder elects for an otherwise exempt dividend to be taxable, the Scheme Shareholder will be subject to corporation tax in the UK on dividends received from the Company. Corporation tax is charged on dividends at the rate applicable to that company. Scheme Shareholders will need to ensure that they satisfy the requirements of an exempt class before treating any dividend as exempt, and seek appropriate professional advice where necessary.

2.3 **Other Shareholders**

UK registered pension schemes and charities are generally exempt from tax on dividends which they receive but they are not entitled to claim repayment of the tax credit.

Trustees who are liable to income tax at the rate applicable to trusts (currently 45 per cent.) will pay tax on the dividend at the dividend trust rate (38.1 per cent. for the tax year ending 5 April 2020). The annual tax-free dividend allowance applies to individuals only, and there is no equivalent allowance for trusts.

3. **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

Scheme Shareholders should not be required to pay UK stamp duty or stamp duty reserve tax as a result of a transfer of their Scheme Shares under the Scheme.

The issue of the New Hunt Shares will not give rise to a liability to UK stamp duty or SDRT.

On subsequent transfers of New Hunt Shares, UK stamp duty will generally be payable (at the rate of 0.5 per cent. of the value of the consideration paid, rounded up where necessary to the next £5) if an instrument of transfer is executed in the UK or, in certain cases, is brought into the UK. Transfers of shares for less than £1,000 are not generally subject to UK stamp duty, provided that they are not part of a wider transaction or series of transactions.

An agreement to transfer certificated New Hunt Shares (including New Hunt Shares held in DRS (book-entry form)) will not be subject to UK stamp duty reserve tax provided that the New Hunt Shares are not registered in any register kept in the UK by or on behalf of Hunt and the New Hunt Shares are not paired with shares issued by any company incorporated in the UK.

Dealings in Depositary Interests issued in respect of New Hunt Shares and held within CREST should not attract stamp duty, as there will be no instrument of transfer on which the charge could fall. Agreements to transfer such Depositary interests should not be subject to SDRT provided that Hunt is not centrally managed and controlled in the UK, the New Hunt Shares are not registered in any register kept in the UK for or on behalf of Hunt and the New Hunt Shares continue to be listed on a recognised stock exchange (which the TSX-V currently is).

PART EIGHT : DEFINITIONS

The following definitions apply throughout this document (with the exception of Part Four) unless the context requires otherwise:

“Ag”	silver;
“AIM”	AIM, a market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time);
“Announcement”	the announcement of a firm intention to make the Offer pursuant to Rule 2.7 of the Code made on the Announcement Date;
“Announcement Date”	31 May 2019;
“Au”	gold;
“AuEq”	gold equivalent;
“Authorisations”	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals;
“Bloomberg”	Bloomberg L.P., a financial software services, news and data company;
“Board”	the board of directors of Hunt or Patagonia Gold (as applicable) with the terms “Hunt Board” and “Patagonia Gold Board” being construed accordingly;
“Business Day”	a day (other than Saturdays, Sundays and public holidays in London, and/or Canada, as applicable) on which banks are open for general commercial business;
“Cantomi”	Cantomi Uruguay S.A., a company owned and controlled by Carlos Miguens;
“Cantomi Loan Facility”	the loan facility between Cantomi and the Company, pursuant to which the Company can draw down up to US\$15.5 million, further details of which are set out in section 7(B) of Part Six (<i>Additional information on Patagonia Gold and Hunt</i>);
“Cap-Oeste Underground Mine”	the development of an underground mining facility beneath the current open pit at the Company’s Cap-Oeste property;
“CCSA”	Cerro Cazador SA, a wholly-owned subsidiary of Hunt;
“CDS”	The Canadian Depository for Securities Limited;
“certificated” or “in certificated form”	the description of a share or other security which is not in uncertificated form (that is, not in CREST);
“Code”	the City Code on Takeovers and Mergers in the UK;
“Combined Group”	the combined Patagonia Gold Group and Hunt Group following completion of the Offer;
“Companies Act”	the Companies Act 2006 as amended from time to time;

“Computershare”	Computershare Investor Service PLC;
“Computershare Canada”	Computershare Trust Company of Canada;
“Conditions”	the conditions to the implementation of the Offer, as set out in Part Three (<i>Conditions to the Scheme and to the Offer</i>) of this Scheme Document;
“Connected Adviser”	has the meaning given to it in the Code;
“Court”	the High Court of Justice in England and Wales;
“Court Hearing”	the hearing by the Court to consider whether to sanction the Scheme under Part 26 of the Companies Act;
“Court Meeting”	the meeting (or any adjournment thereof) of Scheme Shareholders (or any relevant class or classes thereof) to be convened pursuant to an order of the Court pursuant to section 896 of the Companies Act, for the purpose of considering and, if thought fit, approving the Scheme (with or without modification), notice of which is set out in Part Nine (<i>Notice of Court Meeting</i>) of this Scheme Document;
“Court Order(s)”	the order(s) of the Court sanctioning the Scheme;
“CREST”	the computerised settlement system (as defined in the Uncertified Securities Regulations 2001 (SI2001/3755)) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, 166 Daily Timetable, CREST Application Procedure, CREST Glossary of Terms and CREST Terms and Conditions (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since);
“Daily Official List”	the Daily Official List published by the London Stock Exchange;
“dealing day”	a day on which dealing in domestic securities may take place on, and with the authority of, the London Stock Exchange;
“Dealing Disclosure”	has the same meaning as in Rule 8 of the Code;
“Depository”	Computershare;
“Depository Agreement”	the depository agreement relating to the issue of the Depository Interests and to be entered into between Hunt and the Depository;
“Depository Deed Poll”	the deed poll relating to the holding of Hunt Shares and the issue of the Depository Interests made by the Depository in favour of the DI Holders;
“DI” or “Depository Interest”	means a depository interest issued by Computershare whereby Computershare Company Nominees Limited, as the nominated custodian, will hold overseas securities on trust for the CREST member to whom it has issued a depository interest;
“DI Holder(s)”	the holder(s) of a Depository Interest, from time to time, pursuant to the Depository Deed Poll;

“Disclosed”	the information disclosed by, or on behalf of Patagonia Gold, (i) in the audited results of the Patagonia Gold Group for the financial year ended 31 December 2018; (ii) in the annual report and accounts of the Patagonia Gold Group for the financial year ended 31 December 2018; (iii) in the Announcement; (iv) in any other announcement to a Regulatory Information Service by, or on behalf of, Patagonia Gold prior to the Announcement Date; or (v) as otherwise fairly disclosed to Hunt (or its respective officers, employees, agents or advisers) prior to the Announcement Date;
“Disclosure Table”	details of offeree companies and offerors currently in an offer period published by the Panel under Rule 8 of the Code;
“DRS”	the Canadian Direct Registration System, whereby securities are held in “book-entry” (registered) form without having a physical security certificate issued as evidence of ownership;
“DRS Advice”	a direct registration system advice evidencing the electronic registration of ownership of the Hunt Shares;
“Effective”	in the context of the Offer: <ul style="list-style-type: none"> (i) if the Offer is implemented by way of the Scheme, means the Scheme having become Effective pursuant to its terms; or (ii) if the Offer is implemented by way of a Takeover Offer, such offer having become or been declared unconditional in all respects in accordance with its terms;
“Effective Date”	the date on which the Scheme becomes Effective in accordance with its terms or, if Hunt elects and the Panel consents to implement the Offer by way of a Takeover Offer, the date on which the Takeover Offer is declared or becomes unconditional in all respects in accordance with the requirements of the Code;
“Euroclear”	Euroclear UK & Ireland Limited;
“Exchange Ratio”	10.7619163630636 New Hunt Shares for each Scheme Share;
“Excluded Share”	any Patagonia Gold Share which is controlled by or registered in the name of or is beneficially owned by any member of the Hunt Group at the Scheme Record Time;
“Existing Hunt Share Capital”	the existing issued and outstanding share capital in Hunt, excluding those shares held in treasury by Hunt, comprising 63,588,798 Hunt Shares as at 30 May 2019 (being the latest practicable date prior to the Announcement Date);
“Explanatory Statement”	the explanatory statement set out in Part Two of this Scheme Document;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000 (as amended);
“Filing Statement”	means the Filing Statement of Hunt prepared in accordance with Form 3D2 of the TSX-V in respect of the Offer;
“Forms of Proxy”	the forms of proxy for use at the Court Meeting and the Patagonia Gold General Meeting, which accompany this Scheme Document;

“HMRC”	Her Majesty’s Revenue & Customs;
“holder”	a registered holder and includes any person entitled by transmission;
“Hunt”	Hunt Mining Corp.;
“Hunt Directors”	the directors of Hunt;
“Hunt Group”	Hunt and its subsidiaries and, where the context permits, each of them;
“Hunt Shareholders”	the holders of Hunt Shares;
“Hunt Shares”	the allotted and issued and fully paid and non-assessable common shares in the capital of Hunt;
“Indicated Resource”	that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered;
“Inferred Resource”	that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes;
“Locked-in Parties”	the Principals and Resa Hunt;
“London Stock Exchange”	London Stock Exchange plc;
“Longstop Date”	30 November 2019 or such later date (if any) as Hunt and Patagonia Gold may agree and (if required) the Court and the Panel may allow;
“Martha mine”	Martha mine, which is located in the province of Santa Cruz, Argentina and which is owned by Hunt;
“Martha Processing Plant”	the processing facilities located at the Martha mine owned by Hunt;
“Meetings”	the Court Meeting and the Patagonia Gold General Meeting and the singular “Meeting” shall be construed accordingly;
“Mineral Resource”	a concentration or occurrence of material of economic interest in or on the earth’s crust in such form, grade or quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling;

“New Hunt Shares”	the new Hunt Shares proposed to be allotted and issued to Scheme Shareholders in connection with the Offer, being 254,355,192 Hunt Shares;
“Offer”	the recommended share for share exchange offer being made by Hunt to acquire the entire issued and to be issued ordinary share capital of Patagonia Gold to be implemented by means of the Scheme and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
“Offer Period”	the offer period (as defined by the Code) relating to Patagonia Gold, which commenced on 31 May 2019 and which will end on the Effective Date;
“Opening Position Disclosure”	an announcement pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer if the person concerned has such a position;
“Overseas Shareholders”	Patagonia Gold Shareholders (or nominees of, or custodians or trustees for, Patagonia Gold Shareholders) not resident in, or nationals or citizens of, the United Kingdom;
“Panel”	the Panel on Takeovers and Mergers in the UK;
“Patagonia Gold” or the “Company”	Patagonia Gold plc;
“Patagonia Gold Directors”	the board of directors of Patagonia Gold, as at the date of this Scheme Document;
“Patagonia Gold General Meeting”	the general meeting of Patagonia Gold Shareholders (including any adjournment thereof) to be convened in connection with the Scheme, notice of which is set out in Part Ten (<i>Notice of the Patagonia Gold General Meeting</i>) of this Scheme Document;
“Patagonia Gold Group”	Patagonia Gold and its subsidiaries and, where the context permits, each of them;
“Patagonia Gold Shareholders”	the holders of Patagonia Gold Shares;
“Patagonia Gold Share Plans”	the Share Option Plan and any deed or agreement, pursuant to which a right to acquire ordinary shares in the capital of the Company has been granted by the Company to any individual or entity other than under the terms of the Share Option Plan;
“Patagonia Gold Shares” or “Ordinary Shares”	the existing unconditionally allotted and issued and fully paid ordinary shares of 1 penny each in the capital of Patagonia Gold and any further such ordinary shares which may be unconditionally allotted or issued before the Scheme becomes Effective;
“Principals”	those persons deemed by TSX-V Policy 1.1 to be “Principals” in relation to the Combined Group, being: (i) Tim Hunt; (ii) Hunt Family Limited Partnership; (iii) Carlos Miguens; and (iv) Cantomi;
“Registrar”	Computershare Investor Services PLC, a public limited company, with its registered address at The Pavilions, Bridgwater Road, Bristol, BS13 8AE;
“Registrar of Companies”	the Registrar of Companies in England and Wales within the meaning of the Companies Act;

“Regulatory Information Service”	a primary information provider which has been approved by the FCA to disseminate regulated information;
“Restricted Jurisdiction”	any jurisdiction where the extension or availability of the Offer to Patagonia Gold Shareholders generally in such jurisdiction would contravene any applicable law, including, without limitation, Australia, Japan, the Republic of South Africa and the United States;
“Restricted Overseas Person”	Patagonia Gold Shareholders resident in, or nationals or citizens of, Restricted Jurisdictions or who are nominees or custodians, trustees or guardians for, citizens, residents or nationals of such Restricted Jurisdictions;
“Resulting Issuer Escrow Agreement”	the escrow agreement to be entered into amongst Hunt, Computershare Canada, the Principals and Resa Hunt pursuant to which New Hunt Shares and Hunt Shares owned by such shareholders will initially be held in escrow in accordance with the requirements of the TSX-V;
“Scheme”	the scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Hunt and Patagonia Gold;
“Scheme Document”	this document;
“Scheme Record Time”	6.00 p.m. on the Business Day in London immediately prior to the Effective Date;
“Scheme Shareholders”	the holders of the Scheme Shares;
“Scheme Shares”	<p>the Patagonia Gold Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of this Scheme Document and which remain in issue at the Scheme Record Time; (ii) if any, issued after the date of this Scheme Document but before the Scheme Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) if any, issued at or after the Scheme Voting Record Time but at or before the Scheme Record Time on terms that the original or any subsequent holders thereof are, or shall have agreed in writing, to be bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time, <p>in each case, other than any Excluded Shares or any Patagonia Gold Shares held in treasury;</p>
“Scheme Voting Record Time”	6.00 p.m. on the day which is two days before the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned Court Meeting;
“SEDAR”	the System for Electronic Document Analysis and Retrieval, an electronic filing system for Canadian listed companies;
“Share Option Plan”	the Patagonia Gold plc Unapproved Executive Share Option Scheme, adopted by the Board on 1 December 2011;
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital of such undertaking;

“Strand Hanson”	Strand Hanson Limited;
“Takeover Offer”	as defined in section 974 of the Companies Act;
“Third Party”	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body or any other body or person whatsoever in any jurisdiction;
“tpd”	tonnes per day;
“TSX-V”	the TSX Venture Exchange;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;
“US Exchange Act”	the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“US Securities Act”	the US Securities Act of 1933;
“Wider Hunt Group”	the Hunt Group and its associates and any other body corporate, partnership, joint venture or person in which any member of the Hunt Group and such associated companies (aggregating their interests) have a Significant Interest;
“Wider Patagonia Gold Group”	the Patagonia Gold Group and its associates and any other body corporate, partnership, joint venture or person in which any member of the Patagonia Gold Group and such associated companies (aggregating their interests) have a Significant Interest; and
“uncertificated form”	a share or other security recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.

For the purposes of this Scheme Document, **“associate”**, **“associated undertaking”**, **“subsidiary”**, **“subsidiary undertaking”** and **“undertaking”** have the respective meanings given thereto by the Companies Act.

All references to **“GBP”**, **“pounds”**, **“pounds Sterling”**, **“Sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom.

All references to **“CAD”**, **“Canadian dollar”** or **“C\$”** are to the lawful currency of Canada.

All references to **“US\$”** and **“\$”** are to the lawful currency of the United States.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this Scheme Document.

All the times referred to in this Scheme Document are London times unless otherwise stated.

References to the singular include the plural and vice versa unless the context requires otherwise and words imparting the masculine gender shall include the feminine or neutral gender.

PART NINE : NOTICE OF THE COURT MEETING

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR – 2019 – 003283

Insolvency and Companies Court Judge Prentis

IN THE MATTER OF PATAGONIA GOLD PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an Order dated 19 June 2019 made in the above matters, the Court has given permission for a meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares (as defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made pursuant to Part 26 of the Companies Act 2006 (the “**Act**”) between Patagonia Gold plc (“**Patagonia Gold**” or the “**Company**”), and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) and that the Court Meeting will be held at the offices of Stephenson Harwood LLP at 1 Finsbury Circus, London EC2M 7SH on 12 July 2019 at 10.00 a.m., at which place and time all holders of Scheme Shares are requested to attend.

Copies of the Scheme of Arrangement and of the explanatory statement required to be published pursuant to section 897 of the Act are incorporated in the document of which this Notice forms part.

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

Right to Appoint a Proxy; Procedure for Appointment

Holders of Scheme Shares entitled to attend and vote at the Court Meeting may vote in person at such meeting or they may appoint another person or persons, whether a member of the Company or not, as their proxy or proxies, to exercise all or any of their rights to attend, speak and vote at the Court Meeting.

A Pink Form of Proxy, for use at the Court Meeting, is enclosed with this notice. Instructions for its use are set out on the form. It is requested that the Pink Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to the Company’s Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, by post or (during normal business hours only) by hand, so as to be received by the Registrars not later than 10.00 a.m. (London time) on 10 July 2019 or, in the case of an adjournment of the Court Meeting, 48 hours (excluding non-working days) before the time appointed for the adjourned meeting. However, if not so returned, Forms of Proxy (together with any such authority, if applicable) may be handed to the Registrar or the Chairman of the Court Meeting before the start of the Court Meeting.

As a member of the Company you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote on your behalf at the Court Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company but they must attend the Court Meeting to represent you. If you require additional proxy forms, please contact the Company’s Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY between 8.30 a.m. and 5.30 p.m. on Monday to Friday (except public holidays in England and Wales) on 0370 873 5856 (from within the UK) or +44 (0) 370 873 5856 (from outside the UK).

You may appoint a proxy electronically by logging on to the website of the Registrar at www.investorcentre.co.uk/eproxy and entering the Control ID, PIN and Shareholder Reference Number

shown in your Form of Proxy. Full details of the procedure for appointing a proxy electronically are on the website. Further information is also included on the Forms of Proxy.

Members who hold their shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual.

In order for a proxy appointment made using CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (under CREST participant ID 3RA50) by 10.00 a.m. (London time) on 10 July 2019 (or if the Court Meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned Court Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Completion and return of a Form of Proxy, the electronic appointment of a proxy or the appointment of a proxy electronically using CREST (or any other procedure described on pages 90 and 91 of the document of which this Notice forms part), will not prevent a holder of Scheme Shares from attending, speaking and voting in person at the Court Meeting, or any adjournment thereof, if such holder of Scheme Shares wishes and is entitled to do so.

Voting Record Time

Entitlement to attend, speak and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast at the Court Meeting, will be determined by reference to the register of members of the Company at the close of business (London time) on 10 July 2019 or, if the Court Meeting is adjourned, the close of business (London time) on the date which is two days (excluding non-working days) before the date fixed for the adjourned meeting. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

Joint Holders

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

Corporate Representatives

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a member, provided that if two or more corporate representatives purport to vote in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and in other cases the power is treated as not exercised.

By the said Order, the Court has appointed Christopher van Tienhoven or, failing him, any other director of the Company to act as chairman of the Court Meeting and has directed the chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 20 June 2019

Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

Solicitors for the Company

PART TEN : NOTICE OF THE PATAGONIA GOLD GENERAL MEETING

PATAGONIA GOLD PLC

(registered in England and Wales with company registration number 03994744)

NOTICE IS HEREBY GIVEN that a General Meeting of Patagonia Gold plc (the “**Company**”) will be held at the offices of Stephenson Harwood LLP at 1 Finsbury Circus, London EC2M 7SH on 12 July 2019 at 10.15 a.m. (London time) (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as a special resolution:

SPECIAL RESOLUTION

THAT, for the purpose of giving effect to the scheme of arrangement dated 20 June 2019 between the Company and the holders of Scheme Shares (as defined in the said scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman hereof, in its original form or subject to such modification, addition or condition as may be agreed between the Company and Hunt Mining Corp. (“**Hunt**”) and approved or imposed by the Court (the “**Scheme**”):

1. the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into full effect; and
2. with effect from the passing of this resolution, the articles of association of the Company be and are hereby amended by:

2.1 the inclusion of the following definitions as new definitions in article 2:

“**Acquisition**” the acquisition of the Company by the Purchaser pursuant to a scheme of arrangement sanctioned by the Court under Part 26 of the Act;

“**Effective**” has the meaning given to it in Part Eight (*Definitions*) of the scheme document issued by the Company on 20 June 2019 in connection with the Scheme;

“**Effective Date**” has the meaning given to it in Part Eight (*Definitions*) of the scheme document issued by the Company on 20 June 2019 in connection with the Scheme;

“**Hunt**” has the meaning given in article 64A.1;

“**Hunt Company**” has the meaning given in article 64A.2;

“**New Member**” has the meaning given in article 64A.3;

“**Post-Scheme Shares**” has the meaning given in article 64A.3;

“**Purchaser**” has the meaning given in article 64A.3;

“**Scheme**” has the meaning given in article 64A.1;

“**Scheme Shares**” has the meaning given to it in Part Eight (*Definitions*) of the scheme document issued by the Company on 20 June 2019 in connection with the Scheme;

“**Scheme Record Time**” has the meaning given to it in Part Eight (*Definitions*) of the scheme document issued by the Company on 20 June 2019 in connection with the Scheme;

“**Transfer Completion Date**” such date for the completion of the sale and purchase of the Post-Scheme Shares as the Purchaser may determine;

- 2.2 the adoption and inclusion of the following new article 64A after article 64 (and amending the remainder of the articles and any cross references thereto accordingly):

“**SCHEME OF ARRANGEMENT**”

64A.1 In this article 64A, references to the “**Scheme**” are to the Scheme of Arrangement under Part 26 of the Act between the Company and the holders of Scheme Shares (as defined in the Scheme) dated 20 June 2019 (with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company and Hunt Mining Corp. (“**Hunt**”)) which expression includes any other name which Hunt may

adopt from time to time) and (save as defined in this article) terms defined in the Scheme shall have the same meanings in this article.

- 64A.2 Notwithstanding any other provisions in these articles, if the Company issues any Shares (other than to Hunt, any subsidiary of Hunt, any parent undertaking of Hunt, or any nominee of Hunt (each a **"Hunt Company"**)) on or after the date of the insertion of this article and prior to the Scheme Record Time, such Shares shall be issued subject to the terms of the Scheme and the original holder or any subsequent holder or holders of such Shares shall be bound by the Scheme accordingly.
- 64A.3 Notwithstanding any other provision of these articles, subject to the Scheme becoming Effective, any shares issued to any person (other than a Hunt Company) after the Scheme Record Time (a **"New Member"**) (each a **"Post-Scheme Share"**) shall be issued on terms that, provided the Scheme has become Effective, they shall be immediately transferred to Hunt (or such person as it may direct) (the **"Purchaser"**) in consideration for, and conditional on, the allotment and issue free of all encumbrances of such number of fully paid and non-assessable common shares in the capital of Hunt as would have been allotted and issued to such New Member (or any subsequent holder or any nominee of such New Member or of any subsequent holder) under the Scheme had such Post-Scheme Shares been Scheme Shares, provided that:
- (a) if the Company is advised that the allotment and issue of any common shares in Hunt pursuant to this article would or may infringe the laws of a jurisdiction outside the United Kingdom or would or may require Hunt to comply with any governmental or other consent or any registration, filing or other formality or requirement with which Hunt is in its opinion unable to comply or compliance with which Hunt regards as unduly onerous, the Company may, in its sole discretion, determine that such common shares in Hunt shall be sold, in which event Hunt shall appoint a person to act pursuant to this article and such person shall be authorised on behalf of the New Member to procure that any common shares in respect of which Hunt has made such a determination, as soon as practicable following the allotment of such common shares, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any value added tax payable thereon), rounded down to the nearest penny, shall be paid to the New Member;
 - (b) the number of common shares in Hunt allotted and issued to a New Member pursuant to this article may be adjusted by the Directors on any reorganisation of or material alteration to the share capital of either the Company or Hunt (including, without limitation, any subdivision and/or consolidation) effected after the close of business on the Scheme Effective Date. References in this article to shares shall, following such adjustment, be construed accordingly; and
 - (c) no fraction of a common share in Hunt shall be allotted or issued pursuant to this article and the fractional entitlement of each New Member who would otherwise have been entitled to the beneficial interest in a fraction of such common share in Hunt shall be rounded down to the nearest whole number of shares.
- 64A.4 To give effect to any transfer of Post-Scheme Shares required pursuant to article 64A.3, the Company may appoint any person as attorney and/or agent for the New Member to transfer the Post-Scheme Shares to the Purchaser and/or its nominees and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct. If an attorney or agent is appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give good receipt for the consideration for the Post-Scheme Shares and may register the

Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. Hunt shall issue and allot any common shares in Hunt within 14 days of the issue of the Post-Scheme Shares to the New Member.

- 64A.5 If the Scheme shall not have become Effective by the applicable date referred to in (or otherwise set in accordance with) section 7(ii) of the Scheme, this article 64A shall cease to be of any effect.
- 64A.6 Notwithstanding any other provision of these Articles, both the Company and the board shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date other than to the Purchaser and/or its nominee(s) pursuant to the Scheme.

By order of the Board

Vistra Nominees (UK) Limited

Company Secretary

20 June 2019

Registered Office:

11-12 St. James's Square

London

SW1Y 4LB

Registered in England & Wales No. 03994744

NOTES:

1. To be entitled to attend and vote at the Patagonia Gold General Meeting (whether in person or by proxy), you must be registered in the register of members of the Company at 6.00 p.m. on 10 July 2019 (or, if the Patagonia Gold General Meeting is adjourned, at the close of business on the date that is two days immediately prior to the adjourned Patagonia Gold General Meeting, taking no account of any part of a day that is not a working day). Changes to entries on the register of members after this time will be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Patagonia Gold General Meeting or at any adjourned Patagonia Gold General Meeting.
2. You may appoint one or more persons (who need not be members) as your proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Patagonia Gold General Meeting. You can appoint more than one proxy in relation to the Patagonia Gold General Meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by you.
3. A proxy need not be a member of the Company but must attend the Patagonia Gold General Meeting in person in order to represent you. You can appoint the chairman, another director of the Company or another person who has agreed to attend to represent you. A proxy must vote as instructed by you and must attend the Patagonia Gold General Meeting in order to cast your vote. Unless you are appointing the chairman as your proxy, please check with your appointed proxy prior to appointing him/her that he/she intends to attend the Patagonia Gold General Meeting. Details of how to appoint the chairman or another person as your proxy using the form of proxy are set out on the form of proxy and in its notes. Proxies may also be appointed electronically or through CREST. Details are given in notes 4 to 8 below. Appointing a proxy or any CREST proxy instruction does not preclude you from attending the Patagonia Gold General Meeting and voting in person on any matters in respect of which the proxy or proxies is or are appointed but, in the event that and to the extent that you personally vote your shares, your proxy will not be entitled to vote and any vote cast by your proxy in such circumstances will be disregarded.
4. You may appoint a proxy electronically by logging on to the website of the Registrar at www.investorcentre.co.uk/eproxy and entering the Control ID, PIN and Shareholder Reference Number shown in your Form of Proxy. Full details of the procedure for appointing a proxy electronically are on the website. Further information is also included on the Forms of Proxy.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Patagonia Gold General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual (via www.euroclear.com/CREST) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's ("**Euroclear**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by 10.15 a.m. on 10 July 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. A form of proxy accompanies this notice. To be effective the form of proxy must:
 - (i) be in writing;
 - (ii) if you are an individual shareholder, be signed by you or your duly appointed and authorised attorney;
 - (iii) if you are a corporate shareholder, be duly executed under your common seal or under the hand of your officer, attorney or other person duly appointed and authorised for that purpose or in any other manner authorised by your constitution; and
 - (iv) be received (together with any power of attorney or other authority under which it is executed, or a certified copy of such authority or in some other way approved by the board) by the Company's Registrars, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, or via the electronic proxy appointment service, in each case not less than 48 hours before the time appointed for the Patagonia Gold General Meeting, being no later than 10.15 a.m. on 10 July 2019. If you are a CREST member, see the applicable notes above.
9. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Company's Registrars, Computershare on 0370 873 5856 (from within the UK) or +44 (0) 370 873 5856 (from outside the UK).
10. Should you wish to change your proxy instructions, you may do so by completing a new form of proxy. Additional forms of proxy may be obtained from the Company's Registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. The deadline for receipt of proxy appointments is set out above. The termination of a proxy appointment must be received by the Company's Registrars, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours before the time appointed for the Patagonia Gold General Meeting, being no later than, 10.15 a.m. on 10 July 2019. To appoint more than one proxy, you should contact Computershare Investor Services PLC.

11. Where two (or more) valid but differing appointments of proxy are received before the deadline in respect of the same share(s) for use at the Patagonia Gold General Meeting and in respect of the same matter, the one which is received last (regardless of its date or of the date of its execution or submission) will be given priority and will supersede the earlier one(s). If the Company is unable to determine which appointment was received last, none of them will be treated as valid in respect of the relevant share(s).
12. You may not use any electronic address provided in this notice of meeting to communicate with the Company for any purposes other than those expressly stated. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to a virus checking procedure prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.
13. Any member attending the Patagonia Gold General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Patagonia Gold General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the Patagonia Gold General Meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the Patagonia Gold General Meeting that the question be answered.
14. If you are a corporation you may appoint a person or persons to act as your representative(s) at the Patagonia Gold General Meeting. Each such representative may exercise on your behalf the same powers as you could exercise if you were an individual member of the Company, provided that they do not do so in relation to the same share(s).
15. Voting on the special resolution will be conducted by way of a poll. As soon as practicable after the Patagonia Gold General Meeting, the results of the voting at the Patagonia Gold General Meeting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of the resolution will be announced through a regulatory information service and also placed on the Company's website: www.patagoniagold.com.
16. A copy of this notice can be found at www.patagoniagold.com.
17. Copies of the Patagonia Gold Executive Director's service agreement and copies of the service agreement and letter of appointment of Patagonia Gold's Non-Executive Directors are available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the Patagonia Gold General Meeting from 15 minutes prior to the commencement of the Patagonia Gold General Meeting until the conclusion thereof.
18. As at 19 June 2019 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 23,634,749 ordinary shares of 1 penny each, carrying one vote each. The Company does not hold any shares in treasury. Therefore as at 19 June 2019 the total voting rights in the Company are 23,634,749.
19. The special resolution to be put to the Patagonia Gold General Meeting will be voted on by way of a poll and not by way of a show of hands. The Company believes that a poll is more representative of shareholders' voting intentions because shareholder votes are counted according to the number of shares held and all votes tendered are taken into account.

APPENDIX ONE

DESCRIPTION OF HUNT SHARES

Set out below is information concerning the Hunt Shares, including brief summaries of certain provisions of the articles of incorporation of Hunt and the Business Corporations Act (*British Columbia*) relating to limited companies and certain related legislation, all as currently in effect.

Voting

Holders of Hunt Shares are entitled to receive notice of any meetings of the shareholders of Hunt, and to attend in person or by proxy and to cast one vote per Hunt Share at all such meetings. Holders of Hunt Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Hunt Shares entitled to vote in any election of directors may elect all directors standing for election. Where there are joint holders of Hunt Shares, any one of such joint holders may vote and if more than one of such joint holders is present at any meetings of shareholders of Hunt in person or by proxy and more than one of them votes in respect of those Hunt Shares, only the vote of the joint shareholder of Hunt present whose name stands first on the central securities register of the Hunt Shares will be counted.

Under the Business Corporations Act (*British Columbia*), Hunt is required to hold an annual general meeting once each calendar year (which must be within 15 months of its last such annual general meeting).

Dividends

The New Hunt Shares to be issued to Scheme Shareholders pursuant to the Scheme will be issued credited as fully paid and non-assessable shares and will rank *pari passu* in all respects with the existing issued Hunt Shares. New Hunt Shares will carry the right to receive dividends and other distributions when, as and if declared by the Hunt Board on or after the Effective Date or by reference to a record date on or after the Effective Date (in each case whether or not wholly or partly in respect of a period which precedes the Effective Date). There are no fixed or specified dates on which entitlements to dividends payable in Hunt Shares shall arise.

Transfer of shares

No transfer of certificated Hunt Shares shall be registered unless the Company, transfer agent or registrar for the Hunt Shares so transferred has received a written instrument of transfer executed by or on behalf of the transferor.

Pre-emption rights

There are no pre-emption rights for existing holders of Hunt Shares either contained within Hunt's articles of incorporation or in the Business Corporations Act (*British Columbia*) and therefore shareholder approval is not required in order for Hunt to make any issue of Hunt Shares which is dilutive to existing holders of Hunt Shares.

Distribution of assets on a winding up

Upon the liquidation, dissolution or winding up of Hunt, holders of Hunt Shares are entitled to receive on a *pro rata* basis the net assets of Hunt after the payment of debts and other liabilities and all amounts due on any series or classes of shares in the authorised share structure of Hunt that rank superior to the Hunt Shares, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares that rank senior in priority to or on a *pro rata* basis with the holders of Hunt Shares with respect to dividends or liquidation.

