

Operations Update

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Patagonia Gold Plc
("Patagonia Gold" or the "Company")

Operations Update

Patagonia Gold Plc, the mining company with gold and silver projects in the southern Patagonia region of Argentina, Chile and Uruguay, is pleased to provide an updated resource estimate for the Calcatreu project in the Province of Rio Negro

Highlights

- Increase in total AuEq contained ounces to 1.17 Moz
- Resource update confirms potential to increase resource
- Geophysics programme underway to be completed in May 2018
- Drilling targeted for September 2018

Resource Update

CUBE Consulting Ltd were contracted to prepare an updated JORC-43-101 compliant resource estimate for the Calcatreu project. A full reinterpretation and analysis of all available drill data and existing geological modelling data was undertaken. The updated resource model is tabled below

Zone	INDICATED RESOURCES						
	kTonnes	Grade (g/t)			Contained Metal (kOz)		
		Au	Ag	AuEq	Au	Ag	AuEq
Vein 49	5,688	2.9	26.8	3.2	528	4,893	592
Nelson	1,400	1.6	18.6	1.9	74	839	85
Belen	-	-	-	-	-	-	-
Castro Sur	1,728	1.6	18.1	1.8	88	1,008	101
TOTAL-Indicated	8,816	2.43	23.78	2.75	690	6,740	778
Zone	INFERRED RESOURCES						
	kTonnes	Grade (g/t)			Contained Metal (kOz)		
		Au	Ag	AuEq	Au	Ag	AuEq
Vein 49	2,198	1.8	17	2	128	1,201	144
Nelson	1,477	1.5	15.5	1.7	70	736	80
Belen	681	1.6	22.1	1.9	35	483	41
Castro Sur	3,215	1.1	9.8	1.2	110	1,018	123
TOTAL-Inferred	7,571	1.41	14.12	1.59	343	3,438	388
<i>NOTES: Gold equivalent (AuEq) values are calculated at a ratio of 76.5:1 Au/Ag.</i>							
<i>Rounding errors for totals may occur. Not depleted by Mineral Reserves.</i>							

Indicated resources remained unchanged from 2008 with an increase of approximately 130 koz reported in the Inferred category. The opportunity exists to convert a portion of the existing Inferred resources into a higher category through additional drilling and studies to elevate the current level of confidence in the interpretation. The main focus of Patagonia Gold over the next 12 month period will be to add to this resource base before commencing a feasibility study for the project.

Global Net Attributable resources for the Group are shown below,

Net Attributable Resources (PGSA)							
MEASURED RESOURCES							
Area Name	Measured	Grade (g/t)			Metal (oz)		
	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq ³
Cap-Oeste	1,723,000	2.89	47.84	3.58	160,000	2,649,000	198,000
TOTAL Measured	1,723,000	2.89	47.84	3.58	160,000	2,649,000	198,000
INDICATED RESOURCES							
Area Name	Indicated	Grade (g/t)			Metal (oz)		
	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq ³
Calcatreu	8,816,000	2.43	23.78	2.75	690,000	6,740,000	778,000
La Manchuria	383,135	2.95	135	4.07	36,342	1,663,390	50,116
Cap-Oeste ¹	9,500,167	2.07	62.85	2.97	631,658	19,197,239	908,108
Lomada	3,600,419	0.48	NA	NA	55,727	NA	55,727
TOTAL Indicated	22,299,721	1.97	38.50	2.50	1,413,727	27,600,629	1,791,951
INFERRED RESOURCES							
Area Name	Inferred	Grade (g/t)			Metal (oz)		
	Tonnes	Au	Ag	AuEq	Au	Ag	AuEq ³
Calcatreu ²	7,571,000	1.41	14.12	1.59	343,000	3,438,000	388,000
La Manchuria	1,322,118	1.53	49.4	1.92	65,102	2,101,712	81,614
Cap-Oeste	4,405,277	1.37	34.74	1.87	193,857	4,919,962	264,714
Lomada	3,071,043	0.672	NA	NA	66,353	NA	66,353
Total Inferred	16,369,438	1.27	19.87	1.52	668,312	10,459,674	800,681

¹ Included within Cap-Oeste indicated resource Category material 425kt @ 12.63g/t Au and 496.96 g/t Ag for 265,136 AuEq oz @ 19.4 g/t AuEq

² Calcatreu is 100% owned by Patagonia Gold Plc

³ AuEq calculations varying for each deposit depending upon the prevailing metal prices at the time of calculations of the resources
Cap-Oeste resources are depleted for mining as of end of December 2017

Exploration commenced at Calcatreu

An Induced Polarization survey has commenced on along the 3 km of strike between Vein 49 and Castro Sur to better delineate existing chargeability and resistivity anomalies from previous surveys. Approximately 27 line kilometres of survey is being completed in the first stage of the programme before moving focus to the southern area of Vein 49 and Belen-Nelson vein area. To date, only outcropping veins have been drill tested and the Company believes that there is a good opportunity to discover further resources blind to the surface.

The objective of this first pass survey is to have a drill programme designed and permitted to commence in September 2018, predominantly on concealed targets proximal to the main existing resource at Vein 49. In conjunction with the ongoing geophysical surveys, a team of geologists will be carrying out updated field recognisance and mapping study and geochemical rock chip sampling for the remainder of the land package. Calcatreu will be the primary exploration focus for the Company during 2018

Glossary of technical terms

Ag	the chemical symbol for Silver
Au	the chemical symbol for Gold
AuEq	gold equivalent, taking into account the amount of AG, calculated at a ratio of 76.5:1 Ag to Au for the Calcatreu resources
g/t	grammes per tonne
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 and is sufficient to assume geological and grade or quality continuity between points of observation
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
JORC	the Joint Ore Reserves Committee: The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, as published by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
LUK/OK	Localised uniform conditioning/Ordinary Kriging
Measured Resource	that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation where data and samples are gathered
Mineral Resource	a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling
Moz	million ounces
Oz	ounces
T	tonnes

Matthew Boyes, (BSc. Geology, Fellow AusIMM) Chief Operating Officer for the Company and a qualified person as defined in Canadian National Instrument 43-101, has reviewed and verified all scientific or technical mining disclosure contained in this announcement.

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About Patagonia Gold

Patagonia Gold Plc is a mining company that seeks to grow shareholder value through exploration, development and production of gold and silver projects in the southern Patagonia region of Argentina. The Company is primarily focused on its flagship Cap Oeste project in Santa Cruz and the recently acquired Calcatreu project in Rio Negro. In addition, it is carrying out exploration in Manchuria and Sarita in Argentina and San Jose in Uruguay. Patagonia Gold, indirectly through its subsidiaries or under option agreements, has mineral rights to over 220 properties in several provinces of Argentina, Chile and Uruguay and is one of the largest landholders in the province of Santa Cruz, Argentina.

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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