

Production Update

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

Production Update

Patagonia Gold Plc, the mining company with gold and silver projects in the Patagonia region of Argentina, Chile and Uruguay, is pleased to provide an update on production at Cap Oeste for Q4 2018.

Highlights:

- Production at Cap Oeste for Q4 2018 was 7,677 oz AuEq at an average cost of US\$580/oz AuEq
- Total production for year 2018 was 42,906 oz AuEq (2017: 20,088 oz AuEq, excluding production from Lomada de Leiva of 5,917 oz Au) at an average cost of US\$507
- Re-handling of the stockpiled ore at Lomada resumed as planned at the end of November 2018
- Planned production for 2019 is being reviewed and a guidance will be made during Q1 2019
- Total debt of US\$21.9 million as at 31 December 2018 (2017: US\$25.5 million)

Production at Cap Oeste for Q4 2018 totalled 7,677 oz AuEq (Q3 2018: 12,160 oz AuEq), at an average cash cost of US\$580/oz (Q3 2018: US\$360/oz) and US\$629/oz (Q3 2018: US\$396/oz), including depreciation and amortisation. Production from Cap Oeste was lower than in Q3 2018 as a result of lower than anticipated grades in the material being re-handled, repeated labour disruptions with the union (AOMA) in Santa Cruz and downtime of the crushing circuit.

Production for the year 2018 was 42,906 oz AuEq (2017: 20,088 oz AuEq, not considering production from Lomada de Leiva of 5,917 oz Au), approximately 5 per cent. below the guidance of 45,000 oz AuEq. This lower than anticipated production during Q4, primarily during the month of December 2018, was the main reason for not achieving guidance. The average cash cost for the year was US\$507/oz Au and US\$552/oz AuEq including depreciation and amortisation.

Re-handling and crushing of the stockpiled ore at Lomada resumed at the end of November 2018. Production for the month of operation was approximately 300 oz Au.

The net proceeds from the sales of Cap Oeste together with the proceeds from the sale of the COSE royalty announced on 21 December 2018 have been applied to overheads, exploration costs, capital expenditure and to reduce bank debt. The debt as at 31 December 2018 was US\$21.9 million (2017: US\$25.5 million).

The Company is currently reviewing the planned production from Cap Oeste and Lomada for 2019 and plans to announce this guidance by 31 March 2019.

The Company continues to review alternative opportunities to extract value from the COSE-style hypogene mineralisation, which lies below the completed open pit and which is estimated to hold approximately 300,000 oz AuEq at 20 g/t AuEq.

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 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.

For more information, please contact:

Christopher van Tienhoven, Chief Executive Officer
Patagonia Gold Plc
Tel: +54 11 5278 6950

James Spinney / James Dance / Frederick Twist
Strand Hanson Limited (Nominated Adviser and Broker)
Tel: +44 (0)20 7409 3494

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