

Corporate Reorganization to Optimize Santa Cruz Operations

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VANCOUVER, Jan. 15, 2020 - [Patagonia Gold Corp.](#) ("Patagonia" or the "Company") (TSXV: PGDC) announces that it has initiated a corporate reorganization (the "Reorganization"), which will result in Patagonia Gold SA ("PGSA") and Cerro Cazador SA ("CCSA") merging and continuing as one legal entity. The Reorganization will facilitate the development of the Cap Oeste gold / silver underground project ("Cap Oeste"), with Cap Oeste and the Martha processing plant being held by the same legal entity, PGSA. It is also expected to facilitate the development of an exploration program for the La Josefina and La Valenciana gold / silver projects. The Reorganization is expected to be completed by the end of the first quarter 2020 and be effective as of January 1, 2020.

Following completion of the reverse-takeover between Patagonia Gold plc and Hunt Mining Corp. on July 26, 2019, two of the Company's subsidiaries, PGSA and CCSA, held properties and operations in the Province of Santa Cruz, Argentina. The Company is completing the Reorganization to have these subsidiaries merged and continue as Patagonia Gold SA. In connection with this Reorganization, the Company also renegotiated the agreement between PGSA and the Provincial State owned Mining Company, Fomento Minero de Santa Cruz Sociedad del Estado ("Fomicruz"), pursuant to which Fomicruz held a 10% interest in PGSA, and the farm-in agreement between CCSA and Fomicruz regarding the La Josefina and the La Valenciana properties. Accordingly, Fomicruz agreed to reduce its interest in PGSA to 5% and to hold a 2% royalty on the properties it contributed to PGSA, with the exception of the La Josefina and La Valenciana properties, where Fomicruz will retain a 5% royalty.

Christopher van Tienhoven, Chief Executive Officer of Patagonia, noted: "The Reorganization will permit the Company to capture efficiencies of its operations in Santa Cruz, with a view to optimizing and reducing costs. In addition, the renegotiation of the agreement with Fomicruz is important in terms of securing the prospective La Josefina and La Valenciana properties, as well as aligning shareholder interests."

About Patagonia Gold

[Patagonia Gold Corp.](#) is a mining and development company listed on the TSX Venture Exchange. The Company seeks to grow shareholder value through exploration and development of gold and silver projects in the Patagonia region of Argentina. The Company is primarily focused on the Calcatreu project in Rio Negro and the development of the Cap-Oeste underground project. Patagonia, indirectly through its subsidiaries or under option agreements, has mineral rights to over 350 properties in several provinces of Argentina and Chile and is one of the largest landholders in the Province of Santa Cruz, Argentina.

For more information, please contact:

Dean Stuart
T: 403 617 7609
E: dean@boardmarker.net

Christopher van Tienhoven, Chief Executive Officer
[Patagonia Gold Corp.](#)
T: +54 11 5278 6950
E: cvantienhoven@patagoniagold.com

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FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking statements, including, but not limited to, statements about the timing of the completion of the corporate reorganization, the impacts of the corporate reorganization including the agreements with Fomicruz and capturing efficiencies, the Company's focus on growing shareholder value and the development of the Cap Oeste underground project, advancement of the Calcatreu project, preparation of the Calcatreu feasibility study and the Company's future plans and intentions. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict" or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

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