

PAN GLOBAL



RESOURCES INC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)

For the three and nine months ended October 31, 2022

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of Pan Global Resources Inc. for the three and nine months ended October 31, 2022 and 2021 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

PAN GLOBAL RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT OCTOBER 31, 2022 AND JANUARY 31, 2022

(Unaudited - Expressed in thousands of Canadian dollars unless otherwise noted)

	October 31, 2022	January 31, 2022
ASSETS		
Current assets		
Cash	\$ 11,204	\$ 15,499
Receivables (Note 3)	438	519
Prepaid expenses	55	93
Total current assets	11,697	16,111
Non-current assets		
Exploration and evaluation assets (Note 4)	2,776	2,776
Reclamation deposits (Note 5)	68	29
Right-of-use assts	-	7
Total non-current assets	2,844	2,812
TOTAL ASSETS	\$ 14,541	\$ 18,923
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 880	\$ 773
Lease liabilities	-	7
Total liabilities	880	780
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	47,070	43,684
Reserves (Note 7)	6,693	7,421
Accumulated deficit	(40,103)	(32,963)
Total shareholders' equity	13,661	18,143
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 14,541	\$ 18,923

Subsequent event (Note 11)

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on December 12, 2022.

Approved on behalf of the Board of Directors

 "Robert Parsons" Director

 "Patrick Evans" Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PAN GLOBAL RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS

FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021

(Unaudited - Expressed in thousands of Canadian dollars unless otherwise noted)

	Three months ended		Nine months ended	
	October 31,		October 31,	
	2022	2021	2022	2021
Exploration expenditures (Note 4)	\$ 1,833	\$ 1,549	\$ 5,757	\$ 4,633
General and administrative expenses				
Accounting, tax, and audit	42	20	60	45
Consulting fees	8	-	137	-
Depreciation	2	2	7	8
Directors' fees	-	-	43	43
Investor relations	196	99	337	199
Management fees	146	57	294	182
Office and rent	27	3	68	17
Regulatory and transfer agent	4	15	65	46
Share-based compensation (Note 7)	122	2,192	131	2,192
Travel and related	10	14	71	16
	557	2,402	1,213	2,748
Loss from operations	(2,390)	(3,951)	(6,970)	(7,381)
Interest income	61	9	93	22
Foreign exchange and other	19	(13)	(263)	(154)
LOSS AND COMPREHENSIVE LOSS	\$ (2,310)	\$ (3,955)	\$ (7,140)	\$ (7,513)
Loss per common shares - basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.04)
Weighted average number of common shares - basic and diluted	209,658,056	193,182,912	207,974,552	173,762,105

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PAN GLOBAL RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021
(Unaudited - Expressed in thousands of Canadian dollars unless otherwise noted)

	Nine months ended	
	October 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (7,140)	\$ (7,513)
Items not affecting cash:		
Depreciation	7	8
Share-based compensation	131	2,192
Interest income	(93)	(22)
Unrealized foreign exchange effect	2	5
Changes in non-cash working capital items:		
Receivables	81	(229)
Prepaid expenses	38	(36)
Accounts payable and accrued liabilities	107	662
Net cash used in operating activities	(6,867)	(4,933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	93	22
Reclamation deposits	(40)	-
Net cash provided by investing activities	53	22
CASH FLOWS FROM FINANCING ACTIVITIES		
Brokered private placement	-	14,950
Exercise of stock options	-	9
Exercise of warrants	2,532	3,290
Share issue costs	(5)	(1,103)
Lease payments	(7)	(8)
Net cash provided by financing activities	2,520	17,138
Change in cash during the period	(4,294)	12,227
Cash, beginning of period	15,499	3,897
Cash, end of period	\$ 11,205	\$ 16,124

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PAN GLOBAL RESOURCES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021**

(Unaudited - Expressed in thousands of Canadian dollars unless otherwise noted)

	Number of common shares	Share capital	Reserves	Accumulated deficit	Total
Balance, January 31, 2021	153,430,635	\$ 22,980	\$ 6,580	\$ (23,904)	\$ 5,656
Brokered private placement	24,917,050	14,950	-	-	14,950
Share issue costs	-	(1,103)	-	-	(1,103)
Exercise of stock options (Note 7)	29,000	18	(9)	-	9
Exercise of warrants (Note 7)	15,407,344	3,959	(669)	-	3,290
Share-based compensation	-	-	2,192	-	2,192
Loss for the period	-	-	-	(7,513)	(7,513)
Balance, October 31, 2021	193,784,029	\$ 40,804	\$ 8,094	\$ (31,417)	\$ 17,481
Balance, January 31, 2022	203,101,114	\$ 43,684	\$ 7,421	\$ (32,963)	\$ 18,143
Share issue costs	-	(5)	-	-	(5)
Exercise of warrants (Note 7)	9,043,386	3,391	(858)	-	2,532
Share-based compensation	-	-	131	-	131
Loss for the period	-	-	-	(7,140)	(7,140)
Balance, October 31, 2022	212,144,500	\$ 47,070	\$ 6,694	\$ (40,103)	\$ 13,661

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

PAN GLOBAL RESOURCES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian dollars unless otherwise noted, tabular amounts are expressed in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

Pan Global Resources Inc. (hereafter referred to as the “Company”) was incorporated under the laws of the Province of British Columbia and was established as a legal entity on February 1, 2006.

The Company’s principal business activities are the acquisition of rights to explore for minerals and the exploration of acquired rights. The Company is primarily focused on the early-stage exploration through to development of resources of copper, tin and other metals in Spain.

The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “PGZ”. The Company’s principal office is located at 1150 - 355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

These condensed consolidated interim financial statements do not include any adjustments to amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company estimates that it has sufficient working capital to continue operations for the next twelve months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company continues to evaluate the potential impacts arising from COVID-19 on all aspects of its business. For the three and nine months ended October 31, 2022, there were no significant financial impacts on the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Measurement

The condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements have been prepared on a historical cost basis. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual audited consolidated financial statements, except as described below, and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended January 31, 2022.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars unless otherwise noted, tabular amounts are expressed in thousands of Canadian dollars)

3. RECEIVABLES

The Company's receivables consist of the following:

	October 31, 2022	January 31, 2022
VAT recoverable	\$ 339	\$ 467
GST recoverable	99	72
	\$ 438	\$ 519

4. EXPLORATION AND EVALUATION ASSETS AND DEFERRED ACQUISITION COSTS**Exploration and Evaluation Assets**

	October 31, 2022	Additions	January 31, 2022
Escacena Project, Spain	\$ 795	\$ -	\$ 795
Aguilas Project, Spain	1,465	-	1,465
Aguilas Project, Spain - advance	516	-	516
	\$ 2,775	\$ -	\$ 2,775

Escacena Project, Spain

In December 2018, EVALAM 2003 S.L. ("EVALAM") was granted the Escacena Investigation Permit located in the Iberian Pyrite Belt in southern Spain, which is the subject of an agreement between EVALAM and the Company, which had an option to acquire 100% of the Escacena Investigation Permit for the following consideration: (a) \$350,000 in cash (paid) and (b) \$1,000,000 in exploration work commitments over a three-year period (spent). The Company exercised its option to acquire the permit. EVALAM retains a net smelter return ("NSR") of 0.5% on the first 12,500 tonnes of copper equivalent and 0.75% on any amount in excess of 12,500 tonnes of copper equivalent. The NSR has a lifetime cap of \$5,000,000.

In fiscal 2020, the Company completed the acquisition of the rights to the Al Andalus Investigation Permit, covering an area adjacent to the Company's Escacena Project, for aggregate cash payments totaling €300,000 or (\$444,621).

Aguilas Project, Spain

In August 2020, the Company completed the acquisition of MASL, a Spanish exploration company, from a related party, which had been granted two mineral exploration licenses, and applied for the issuance of an additional seven mineral exploration licenses in the Provinces of Cordoba and Ciudad Real, Spain, collectively referred to as the "Aguilas Project".

In January 2022, the Company made an advance payment of €363,000 (or \$516,469) for the acquisition of three additional permits, where the closing is subject to approval from the mining authorities.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars unless otherwise noted, tabular amounts are expressed in thousands of Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Exploration Expenditures**

Nine months ended October 31, 2022	Escacena	Aguilas	Total
Drilling	\$ 2,072	\$ 322	\$ 2,394
License fees	317	43	360
Professional fees	415	76	491
Technical consulting	56	56	112
Technical services	2,230	105	2,335
Travel and other	51	14	65
	\$ 5,141	\$ 616	\$ 5,757

Nine months ended October 31, 2021	Escacena	Aguilas	Total
Drilling	\$ 2,402	\$ 15	\$ 2,417
License fees	347	1	348
Professional fees	358	114	472
Technical consulting	45	45	90
Technical services	1,280	-	1,280
Travel and other	21	5	26
	\$ 4,453	\$ 180	\$ 4,633

5. RECLAMATION DEPOSITS

As at October 31, 2022, the Company held reclamation deposits totaling \$68,022 or €50,300 (January 31, 2022 - \$29,290 or €20,566) in connection to the exploration and investigation permits in Spain.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consist of the following:

	October 31, 2022	January 31, 2022
Accounts payable	\$ 831	\$ 684
Accrued liabilities	49	89
	\$ 880	\$ 773

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars unless otherwise noted, tabular amounts are expressed in thousands of Canadian dollars)

7. SHARE CAPITAL**Authorized Share Capital**

Authorized share capital consists of:

- unlimited number of common shares without par value
- unlimited class "A" common shares with a par value of \$1 per share
- unlimited class "B" common shares with a par value of \$5 per share

In July 2021, the Company completed an underwritten private placement issuing 24,917,050 common shares at a price of \$0.60 per share for aggregate gross proceeds of \$14,950,230. The Company paid cash commission of \$897,014.

During the nine months ended October 31, 2022, the Company reallocated \$858,384 and \$Nil (2021 - \$668,947 and \$8,796) from reserves for exercise of warrants and stock options, respectively.

Stock Options

The movements in stock options for the nine months ended October 31, 2022 and year ended January 31, 2022 are summarized as follows:

	Number	Weighted average exercise price
Balance, January 31, 2021	11,030,000	\$ 0.21
Granted	3,840,000	0.60
Exercised	(1,700,000)	0.21
Expired/cancelled	(90,000)	0.16
Balance, January 31, 2022	13,080,000	\$ 0.32
Granted	1,000,000	0.45
Expired/cancelled	(20,000)	0.60
Balance, October 31, 2022	14,060,000	\$ 0.33

As at October 31, 2022, the weighted average remaining life of the stock options outstanding was 6.82 (January 31, 2022 - 7.73) years. The Company's outstanding stock options as at October 31, 2022 are as follows:

Expiry date	Exercise price	Outstanding	Exercisable
April 18, 2027	\$ 0.10	1,810,000	1,810,000
July 5, 2027	\$ 0.40	250,000	-
August 16, 2027	\$ 0.47	750,000	-
December 1, 2027	\$ 0.20	2,250,000	2,250,000
June 20, 2028	\$ 0.215	125,000	125,000
April 16, 2029	\$ 0.10	1,455,000	1,455,000
July 31, 2030	\$ 0.31	3,650,000	3,650,000
August 31, 2031	\$ 0.60	3,770,000	3,770,000
		14,060,000	13,060,000

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars unless otherwise noted, tabular amounts are expressed in thousands of Canadian dollars)

7. SHARE CAPITAL (cont'd...)**Restricted share units**

The movements in restricted share units ("RSUs") for the nine months ended October 31, 2022 are summarized as follows:

	Number	Weighted average fair value
Balance, January 31, 2022	-	\$ -
Granted	200,000	0.45
Balance, October 31, 2022	200,000	\$ 0.45

The Company intends to settle all RSUs in equity.

Warrants

The movements in warrants for the nine months ended October 31, 2022 and year ended January 31, 2022 are summarized as follows:

	Number	Weighted average exercise price
Balance, January 31, 2021	32,371,815	\$ 0.24
Exercised	(23,053,429)	0.22
Balance, January 31, 2022	9,318,386	\$ 0.28
Exercised	(9,043,386)	0.28
Expired/cancelled	(275,000)	0.28
Balance, October 31, 2022	-	\$ -

As at January 31, 2022, the weighted average remaining life of warrants outstanding was 0.47 years. As at October 31, 2022, the Company did not have any warrants outstanding.

Share-based compensation

In August 2022, the Company granted 750,000 stock options to an officer of the Company with an exercise price of \$0.40 per option with an expiry date of August 16, 2027.

In August 2022, the Company granted 200,000 RSUs to an officer of the Company with a graded vesting schedule over an eighteen-month period and will be settled in equity upon vesting.

In July 2022, the Company granted 250,000 stock options to a consultant of the Company with an exercise price of \$0.40 per option with an expiry date of July 5, 2027.

In August 2021, the Company granted 3,840,000 stock options to directors, officers, and employees of the Company with an exercise price of \$0.60 per option with an expiry date of August 18, 2031.

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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7. SHARE CAPITAL (cont'd...)**Share-based compensation (cont'd...)**

Using the fair value method for share-based compensation, the Company determined the weighted average fair value of the options granted to be \$371,812 or \$0.37 (2021 - \$2,192,337 or \$0.57) per option using the Black-Scholes option pricing model with weighted average assumptions as follows:

For the nine months ended	October 31, 2022	October 31, 2021
Risk-free interest rate	2.95%	1.16%
Expected dividend yield	0%	0%
Expected stock price volatility	118%	134%
Expected life in years	5	10
Forfeiture rate	0%	0%

The associated compensation cost for RSUs, which is based on the underlying share price on the date of grant, is recorded as share-based compensation with an offsetting credit to reserves.

In accordance with the vesting terms of stock options and RSUs granted, the Company recorded share-based compensation of \$112,934 and \$17,749 (2021 - \$2,192,337 and \$Nil), respectively, with offsetting credits to reserves during the nine months ended October 31, 2022.

8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions relating to directors and key management personnel, including the Company's President & Chief Executive Officer, Chief Financial Officer, and Corporate Secretary, were as follows:

	Three months ended October 31, 2022	Three months ended October 31, 2021	Nine months ended October 31, 2022	Nine months ended October 31, 2021
Directors' fees	\$ -	\$ -	\$ 43	\$ 43
Management fees	183	87	407	271
Share-based compensation	92	1,912	92	1,913
	\$ 275	\$ 1,999	\$ 542	\$ 2,227

9. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the exploration and evaluation of mineral properties. Geographic information about the Company's non-current assets, as at October 31 and January 31, 2022 is as follows: Spain - \$2,843,674 (January 31, 2022 - \$2,811,822); Canada - \$Nil (January 31, 2022 - \$Nil).

PAN GLOBAL RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars unless otherwise noted, tabular amounts are expressed in thousands of Canadian dollars)

10. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	October 31, 2022	January 31, 2022
Financial assets - amortized costs:		
Cash	\$ 11,204	\$ 15,499
Reclamation deposits	68	29
Financial assets - amortized costs:		
Accounts payable and accrued liabilities	\$ (880)	\$ (773)

Fair Value

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of cash and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

11. SUBSEQUENT EVENT

Subsequent to October 31, 2022, the Company issued 350,000 stock options and 100,000 RSUs to a newly appointed Officer.