



P A S O F I N O G O L D

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS OF
PASOFINO GOLD LIMITED
FOR THE THREE AND SIX MONTHS ENDED
OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Pasofino Gold Limited

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	As at October 31, 2020	As at April 30, 2020
ASSETS		
Current assets		
Cash	\$ 8,605,427	\$ 119,228
Taxes and other receivables	141,911	31,244
Prepaid expenses	224,711	1,279
Total current assets	8,972,049	151,751
Non-current assets		
Property and equipment (note 5)	452,874	-
Total non-current assets	452,874	-
Total assets	\$ 9,424,923	\$ 151,751
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Amounts payable and other liabilities (note 10)	\$ 904,263	\$ 197,535
Total liabilities	904,263	197,535
Shareholders' Equity (Deficiency)		
Capital stock (note 6(b))	44,237,448	9,425,365
Special Warrants (note 6(c))	9,042,861	-
Contributed surplus (note 6(d)(e))	3,120,385	3,237,903
Deficit	(47,880,034)	(12,709,052)
Total equity	8,520,660	(45,784)
Total liabilities and shareholders' equity (deficiency)	\$ 9,424,923	\$ 151,751

Nature of business and going concern (note 1)
Commitments and contingencies (notes 8 and 11)
Subsequent events (note 12)

These unaudited condensed consolidated interim financial statements are authorized for issuance by the Board of Directors on December 29, 2020.

Approved on behalf of the Board of Directors:

(Signed) "*Robert Metcalfe*"
Director

(Signed) "*Krisztian Toth*"
Director

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

Pasofino Gold Limited

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended October 31,		Six months ended October 31,	
	2020	2019	2020	2019
Expenses				
Exploration expense (note 8)	\$ 33,950,009	\$ -	\$ 34,120,096	\$ -
Professional fees (note 9)	282,475	92,838	337,474	119,719
Investor relations	261,967	-	261,967	-
Office and general (note 9)	121,214	2,225	260,097	30,715
Depreciation (note 5)	23,837	-	23,837	-
Management fees (note 10)	37,000	15,000	52,000	33,000
Communications and travel	1,793	1,580	1,793	1,815
Loss before the undernoted	(34,678,295)	(111,643)	(35,057,264)	(185,249)
Finance expense	-	(1,426)	-	(10,142)
Foreign exchange loss	(70,872)	-	(113,718)	(5)
Net loss and comprehensive loss for the period	\$(34,749,167)	\$ (113,069)	\$(35,170,982)	\$ (195,396)
Basic and diluted loss per share (note 7)	\$ (0.17)	\$ (0.01)	\$ (0.23)	\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	205,879,423	10,377,730	155,217,298	8,779,904

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

Pasofino Gold Limited

Condensed Consolidated Interim Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

	Six months ended October 31,	
	2020	2019
Operating activities:		
Net loss for the period	\$(35,170,982)	\$ (195,396)
Adjustments for:		
Depreciation (note 5)	23,837	7,289
Shares issued to acquire ARX (note 4)	30,809,344	-
Changes in non-cash working capital items:		
Taxes and other receivables	(110,667)	96,053
Prepaid expenses	(195,865)	(32,499)
Accounts payable and accrued liabilities	674,534	(301,173)
Net cash used in operating activities	(3,969,799)	(425,726)
Investing activities:		
Advance to ARX prior to acquisition (note 4)	(2,914,046)	-
Purchase of property and equipment (note 5)	(476,711)	-
Cash acquired from the acquisition of ARX (note 4)	12,242	-
Net cash (used in) investing activities	(3,378,515)	-
Financing activities:		
Shares issued for cash (note 6(b))	6,300,000	450,000
Special warrants (note 6(c))	10,020,000	-
Share issue costs	(1,061,087)	(4,702)
Exercise of warrants	575,600	-
Net cash provided by financing activities	15,834,513	445,298
Net change in cash	8,486,199	19,572
Cash, beginning of period	119,228	146,606
Cash, end of period	\$ 8,605,427	\$ 166,178
Supplemental information:		
Issuance of broker options	\$ 340,000	\$ -

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

Pasofino Gold Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

(Unaudited)

Equity attributable to shareholders

	Common shares	Capital Stock	Special warrants	Contributed surplus	Deficit	Total
Balance, April 30, 2019	7,182,078	\$ 9,123,733	\$ -	\$ 3,073,904	\$(12,369,349)	\$ (171,712)
Issue of shares for cash (note 6(b))	6,000,000	450,000	-	-	-	450,000
Share issuance costs	-	(4,703)	-	-	-	(4,703)
Warrants issued (note 6(e))	-	(521,754)	-	521,754	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(195,396)	(195,396)
Balance, October 31, 2019	13,182,078	\$ 9,047,276	\$ -	\$ 3,595,658	\$(12,564,745)	\$ 78,189
Balance, April 30, 2020	13,209,856	\$ 9,425,365	\$ -	\$ 3,237,903	\$(12,709,052)	\$ (45,784)
Shares issued to acquire						
ARX (notes 4 and 6(b))	134,860,049	27,902,913	-	-	-	27,902,913
Issue of shares for cash (note 6(b))	122,727,272	6,300,000	-	-	-	6,300,000
Issue of special warrants for cash (note 6(c))	-	-	10,360,000	-	-	10,360,000
Shares issue costs	-	(83,948)	(1,317,139)	-	-	(1,401,087)
Exercise of warrants (note 6(b))	4,796,667	693,118	-	(117,518)	-	575,600
Net loss and comprehensive loss for the period	-	-	-	-	(35,170,982)	(35,170,982)
Balance, October 31, 2020	275,593,844	\$ 44,237,448	\$ 9,042,861	\$ 3,120,385	\$(47,880,034)	\$ 8,520,660

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

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Business and Going Concern

Pasofino Gold Limited, (the "Company" or "Pasofino") was incorporated on August 18, 2010 under the Business Corporations Act of British Columbia. On April 19, 2013, the Company completed its Qualifying Transaction, and as a result, the Company ceased to be a CPC and commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange ("TSXV") under the new trading symbol "NRL.V". In early 2017, the ticker was changed to "VEIN".

The principal business of the Company is the acquisition, exploration and development of mineral properties. On September 17, 2020, the Company completed the acquisition of ARX Resources Limited ("ARX"). Refer to note 4.

The Company's head office, and registered and records office is 366 Bay Street, Suite 200, Toronto, Ontario, M5H 4B2.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These unaudited condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis, which assumes the Company will be able to meet its obligations and continue its operations for the next 12 months. At October 31, 2020, the Company had an accumulated deficit of \$47,880,034 (April 30, 2020 - \$12,709,052), expects to incur further losses in the development of its business, and had a net working capital of \$8,067,786 (April 30, 2020 – deficiency of \$45,784).

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from raising equity capital and/or borrowing sufficient funds to meet current and future obligations. In order to continue as a going concern and meet its corporate objective, the Company will require additional financing through debt or equity issuances or other available means. However, there is no assurance that the Company will continue to be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These unaudited consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Business and Going Concern (Continued)

In March 2020, the outbreak of the novel strain of corona virus, specifically identified as “COVID19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

2. Basis of Preparation

These unaudited condensed consolidated interim financial statements are prepared in accordance with IFRS, including International Accounting Standards (“IAS”) 34, Financial Reporting, as issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, under historical cost convention. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on December 29, 2020.

3. Significant Accounting Policies

These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies, critical estimates and judgements used in the preparation of the audited consolidated financial statements of the Company for the year ended April 30, 2020, which are available on SEDAR at www.sedar.com. In addition, the Company has used the following accounting policies in the preparation of these unaudited condensed consolidated interim financial statements:

New Accounting Standards Adopted

Foreign Currency Translations

Foreign currency transactions are translated into the functional currency of each consolidated entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The subsidiary has the Canadian dollar as its functional currency, and its operations have been translated into Canadian dollars as follows: assets and liabilities have been translated at the closing rate at the reporting date; expenses have been translated at the average rate over the reporting period. Exchange differences are recognized in profit or loss.

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. Significant Accounting Policies (Continued)

New Accounting Standards Adopted (Continued)

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Field equipment	20%	Declining balance

New Standards

These new standards and changes adopted on May 1, 2020 did not have any material impact on the Company's unaudited condensed consolidated interim financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

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4. Acquisition of ARX

On September 17, 2020, the Company announced that it had completed its acquisition of all the issued and outstanding shares of ARX. Pursuant to the transaction, Pasofino issued an aggregate of 134,860,049 shares (the "Consideration Shares") to the shareholders of ARX (the "Vendors"). The Consideration Shares issued to the Vendors will be subject to a two-year contractual lock-up, released in 25% installments every six months, with the release of the first 25% of the Consideration Shares to occur six months from September 17, 2020.

ARX is party to an earn-in agreement with Hummingbird Resources PLC ("Hummingbird PLC") in respect of the Dugbe Gold Project in Liberia (the "Dugbe Gold Project") whereby, in accordance with the earn-in agreement (the "Option Agreement"), ARX is entitled to earn a 49% interest (not including the 10% carried interest issuable to the Government of Liberia) in Hummingbird Resources (Liberia) Inc. ("Hummingbird Liberia"), which owns 100% of the Dugbe Gold Project and is subject to various conditions. These include the payment by ARX to Hummingbird Liberia of a non-refundable deposit of US\$2 million ("Deposit") with the Deposit funds to be used in connection with the Dugbe Gold Project. When the 10% carried interest is issued by Hummingbird Liberia to the Government of Liberia, the interest earned or held by ARX will be a 44.1% economic interest (consisting of a 39% shareholding interest in Hummingbird Liberia and economic rights in 5.1% of the equity securities of Hummingbird Liberia held by Hummingbird PLC). In addition, Hummingbird PLC will transfer to ARX 49% of the inter-company loans owing by Hummingbird Liberia to Hummingbird PLC.

In order to earn its interest under the Option Agreement, ARX is required to complete a Feasibility Study, under joint management committee oversight, on the Dugbe Gold Project, undertake the mutually agreed exploration program; and cover the overhead and operating costs associated with the Dugbe Gold Project during the two year earn-in period. In addition, ARX is required to fund during the term of the Option Agreement approximately US\$700,000 of the payment obligations of Hummingbird Liberia under the Mineral Development Agreement with the Government of Liberia. ARX, or an affiliate, is also required to complete a debt or equity financing within 3 months such that the total available cash to ARX and its affiliates is not less than \$10,000,000. The Company satisfied the last condition with the offering completed on September 22, 2020 (refer to note 6(c)).

The Project is subject to a net smelter return royalty of 5% - 5.5%.

In accordance with IFRS 3 - Business Combinations, the Transaction does not meet the definition of a business combination as ARX has not yet commenced principal operations and is in the exploration stage. Consequently, the transaction has been recorded as an acquisition of an asset in accordance with IFRS 2 - Share-based Payment.

Purchase Price Consideration

134,860,049 common shares of Pasofino ⁽¹⁾	\$ 27,902,913
Total	\$ 27,902,913

Net Assets Acquired (Estimated Fair Value)

Cash	\$ 12,242
Prepaid expenses	27,567
Mining properties (note 8(b))	30,809,344
Amounts payable and other liabilities	(42,240)
Loan payable ⁽²⁾	(2,904,000)
Total net assets	\$ 27,902,913

(1) As the shares issued to the Vendors are subject to an escrow agreement with timed releases over a two-year period, a discount was applied to the quoted market price of the Company's shares. The valuation was based on the September 17, 2020 quoted market price of \$0.265 per share, subject to an aggregate discount for the escrow conditions determined to be approximately 22% (\$7,835,000).

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

4. Acquisition of ARX (Continued)

⁽²⁾ Prior to the acquisition of ARX, the Company advanced to ARX a total of \$2,904,000 (US\$2,200,000). The loans were due on demand with interest at 7%. Security was provided by ARX upon written request from the Company. On September 17, 2020, the Company completed the acquisition of all the issued and outstanding shares of ARX.

5. Property and Equipment

<u>Cost</u>	<u>Field equipment</u>
Balance, April 30, 2020	\$ -
Additions	476,711
Balance, October 31, 2020	\$ 476,711
Accumulated depreciation	
Balance, April 30, 2020	\$ -
Depreciation during the period	23,837
Balance, October 31, 2020	\$ 23,837
Net value	
Balance, April 30, 2020	\$ -
Balance, October 31, 2020	\$ 452,874

6. Capital Stock

- a) Authorized - Unlimited common shares without par value
- b) Issued - 275,593,844 common shares

Six months ended October 31, 2020:

- (i) On May 25, 2020, the Company completed a non-brokered private placement for aggregate gross proceeds of \$6,000,000 comprised of the sale of 120,000,000 common shares at a price of \$0.05 per common share. A director of the Company subscribed for 100,000 shares for gross proceeds of \$5,000. Another director of the Company subscribed for 3,000,000 shares for gross proceeds of \$150,000.
- (ii) On June 8, 2020, the Company completed a follow-on non-brokered private placement for aggregate gross proceeds of \$300,000 comprised of the sale of 2,727,272 common shares at a price of \$0.11 per common share.
- (iii) On September 17, 2020, the Company completed the acquisition of ARX and issued 134,860,049 common shares which were valued at the quoted market price of the Company's shares less a discount related to the escrow release conditions on the shares issued. Refer to note 4.
- (iv) During the six months ended October 31, 2020, a total of 4,796,667 warrants were exercised for gross proceeds of \$575,600.

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

6. Capital Stock (Continued)

b) Issued - 275,593,844 common shares (continued)

Six months ended October 31, 2019:

- (i) On July 25, 2019, the Company consolidated its outstanding common shares on a one-for-three basis. All share and per share figures in these consolidated financial statements have been presented on a retroactive basis showing the effect of the share-consolidation.
- (ii) On September 13, 2019 the Company closed a non-brokered private placement of 6,000,000 units of the Company at a price of \$0.075 per unit for gross proceeds of \$450,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for \$0.12 until the date that is twenty-four months from the closing of the offering. In connection with the offering, the Company has agreed to pay commissions in the aggregate amount of \$4,703 to eligible finders, in accordance with the rules of the TSXV.

c) Special Warrants

On September 22, 2020, the Company announced that it had completed a bought deal private placement of special warrants of the Company (the "Special Warrants") raising gross proceeds of \$10,020,000 (the "Offering").

Pursuant to the Offering, the Company issued 33,400,000 Special Warrants at a price of \$0.30 per Special Warrant. Each Special Warrant, subject to the Penalty Provision (as defined below) and subject to adjustments in certain circumstances, will be exercisable into one unit of the Company (each, a "Unit") without payment of any additional consideration. Each Unit consists of one common share of the Company, (each, a "Unit Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"), with each whole Warrant being exercisable to acquire one common share of the Company (a "Warrant Share") at an exercise price of \$0.40 per Warrant Share for a period of 12 months following the closing of the Offering (the "Closing Date").

All unexercised Special Warrants shall be deemed exercised on behalf of, and without any required action on the part of, the holders (including payment of additional consideration) on the earlier of (the "Automatic Exercise Date"):

(a) The second business day following the date on which a final receipt is obtained from the British Columbia Securities Commission, as principal regulator on behalf of the securities regulatory authorities in each of the qualifying jurisdictions (the "Final Receipt"), for a (final) short form prospectus (the "Qualifying Prospectus") qualifying for distribution the Unit Shares and Warrants underlying the Special Warrants (the "Qualification Date"); and

(b) 4:59 p.m. (Vancouver time) on January 23, 2021.

The Company has agreed to use its commercially reasonable efforts to qualify in Canada the distribution of (i) the Unit Shares and Warrants issuable upon exercise of the Special Warrants, and (ii) the Broker Warrants issuable upon exercise of the Broker Options (each as defined below) and to obtain the Final Receipt therefor, on or prior to December 22, 2020. As the Qualification Date has not occurred on or before December 22, 2020, each Special Warrant and Broker Warrant shall now entitle the holder to receive, upon the exercise or deemed exercise thereof, as applicable, 1.1. Units (the "Penalty Provision").

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

6. Capital Stock (Continued)

c) Special Warrants (continued)

As consideration for its services in connection with the Offering, the Company has paid to the Underwriters a cash commission and advisory fee equal to \$646,799 and issued to the Underwriters a total of 2,171,000 broker options (the "Broker Options") valued at \$340,000. Each Broker Option will entitle the holder thereof to automatically receive one broker warrant of the Company (a "Broker Warrant"), without any additional consideration, on the Automatic Exercise Date, with each Broker Warrant entitling the holder thereof to acquire, subject to the Penalty Provision and subject to adjustments in certain circumstances, one Unit at a price of \$0.40 per Unit for a period of 12 months following the Closing Date. The Company has estimated the fair value of these Broker Options at \$340,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 162%; risk-free interest rate of 0.23% and an expected life of one year.

The securities issued in connection with the Offering (including the underlying securities) are subject to a hold period under Canadian securities laws until January 23, 2021, unless the Final Receipt (as defined above) is obtained prior to that time.

d) Stock options

The Company has adopted a stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may, from time to time, grant to directors, officers, employees and technical consultants of the Company, non-transferable options to purchase common shares. The expiry date for each option shall be set by the Board of Directors at the time of issue and shall not exceed ten years. A vesting schedule may be imposed at the discretion of the Board of Directors at the time of issue. During any twelve-month period, the number of shares issuable to any one optionee shall not exceed 5% of the total number of issued and outstanding shares of the Company. The number of shares that may be reserved for issuance shall not exceed 20% of the total number of issued and outstanding shares of the Company.

The following table summarizes the stock option transactions during the periods ended October 31, 2020 and 2019:

	Number of stock options	Weighted average exercise price
Balance, April 30, 2019	463,888	\$ 2.70
Stock options cancelled	(463,888)	2.70
Balance, October 31, 2019	-	\$ -
<hr/>		
Balance, April 30, 2020 and October 31, 2020	275,000	\$ 0.05

The following table reflects the stock options issued and outstanding as of October 31, 2020:

Expiry date	Exercise price (\$)	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable	Valuation (\$)
April 29, 2024	0.05	275,000	3.50	275,000	17,000

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

6. Capital Stock (Continued)

e) Warrants

The following table summarizes the warrant transactions during the periods ended October 31, 2020 and 2019:

	Number of warrants	Weighted average exercise price
Balance, April 30, 2019	275,170	\$ 1.80
Expired	(275,170)	1.80
Issued (note 6(b))	6,000,000	0.12
Balance, October 31, 2019	6,000,000	\$ 0.12
Balance, April 30, 2020	6,000,000	\$ 0.12
Exercised (note 6(b))	(4,796,667)	0.12
Balance, October 31, 2020	1,203,333	\$ 0.12

The following table reflects the warrants issued and outstanding as of October 31, 2020:

Expiry date	Exercise price (\$)	Warrants outstanding	Valuation (\$)
September 9, 2021	0.12	1,203,333	29,481

7. Net Loss Per Share

The calculation of basic and diluted loss per share for the three and six months ended October 31, 2020 was based on the loss attributable to common shareholders of \$34,749,167 and \$35,170,982, respectively (three and six months ended October 31, 2019 - \$113,069 and \$195,396, respectively) and the weighted average number of common shares outstanding of 205,879,423 and 155,217,298, respectively (three and six months ended October 31, 2019 - 10,377,730 and 8,779,904, respectively). Diluted loss per share did not include the effect of stock options, warrants and special warrants as they are anti-dilutive.

Pasofino Gold Limited

Notes to Condensed Consolidated Interim Financial Statements

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Mineral Properties

Exploration and evaluation expenditures incurred during the three and six months ended October 31, 2020 and 2019 are as follows:

	Three months ended October 31,		Six months ended October 31,	
	2020	2019	2020	2019
Properties				
Roger Property				
Exploration and evaluation expenditures	\$ 69,842	\$ -	\$ 239,929	\$ -
Dugbe Gold Project				
Acquisition costs (note 4)	30,809,344	-	30,809,344	-
Exploration and evaluation expenditures	3,070,823	-	3,070,823	-
Exploration and evaluation expenditures	\$ 33,950,009	\$ -	\$ 34,120,096	\$ -

(a) Roger Property

On January 11, 2018, the Company announced that it had entered into an option and joint venture agreement with SOQUEM Inc. ("SOQUEM") to acquire a 50% interest in the Roger Property 5 km from Chibougamau, Quebec.

Terms of the Agreement

Under the terms of the option agreement (the "Option"), the Company can earn a 50% undivided interest in the property after an investment of \$2,000,000 is made in a work program over 3 years and 111,111 common shares of the Company are issued to SOQUEM as follows:

- (i) Financing \$2,000,000 in work program as follows:
- \$500,000 on or before January 8, 2019 (incurred);
 - \$750,000 on or before January 8, 2020 (incurred); and
 - \$750,000 on or before January 8, 2021.
- (ii) Issuing a total of 111,111 common shares of Pasofino to SOQUEM as follows:
- 27,778 on or before January 8, 2019 (issued during 2019 with an estimated value of \$4,166 based on the quoted market price of the Company's shares on the date of issuance);
 - 27,778 on or before January 8, 2020 (issued during 2020 with an estimated value of \$3,334 based on the quoted market price of the Company's shares on the date of issuance); and
 - 55,555 on or before January 8, 2021.

The option can be earned prior to the end of the 3-year period if the Company completes the work requirement and issues the common shares earlier.

Pasofino Gold Limited

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October 31, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Mineral Properties (Continued)

(a) Roger Property (Continued)

Terms of the Agreement (Continued)

SOQUEM will act as the sole manager of the Property prior to the exercise of the Option and will add a 10% management fee to the funds they manage, or in the case of third party work a 5% management fee. Upon exercise of the Option, a joint venture (the "Joint Venture") will be established to continue the exploration and potential development, construction, commercial production, mine closure and rehabilitation. Prior to the establishment of the Joint Venture, it is deemed that each party has contributed \$2,000,000 to the Property.

Subsequent contributions to the Property will determine the interest of each party moving forward. If both parties agree to spend their relative proportion, the Joint Venture will continue as a 50-50 basis.

(b) Dugbe Gold Project

Refer to note 4.

9. Supplementary Expense Information

Office and General:	Three months ended October 31,		Six months ended October 31,	
	2020	2019	2020	2019
Administration and other expenses	\$ 49,395	\$ (4,257)	\$ 134,124	\$ 6,441
Regulatory and shareholder filing fees	71,819	6,482	125,973	24,274
	\$ 121,214	\$ 2,225	\$ 260,097	\$ 30,715

Professional Fees:	Three months ended October 31,		Six months ended October 31,	
	2020	2019	2020	2019
Accounting fees	\$ 41,930	\$ -	\$ 41,930	\$ -
Consulting fees	106,166	79,604	115,666	98,604
Corporate secretary fees	-	1,840	75	4,765
Legal and audit fees	134,379	11,394	179,803	16,350
	\$ 282,475	\$ 92,838	\$ 337,474	\$ 119,719

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(Unaudited)

10. Related Party Transactions

During the three and six months ended October 31, 2020 and 2019, the Company entered into the following transactions with related parties, not disclosed elsewhere in these unaudited condensed consolidated interim financial statements:

Summary compensation of key management:

	Three months ended October 31,		Six months ended October 31,	
	2020	2019	2020	2019
Legal fees ⁽¹⁾	\$ 253,421	\$ -	\$ 253,421	\$ -
Management fees	\$ 37,000	\$ 15,000	\$ 52,000	\$ 33,000
Professional fees	\$ -	\$ 16,000	\$ -	\$ 31,000
Salaries included in exploration and evaluation expenditures	\$ 77,604	\$ -	\$ 77,604	\$ -

⁽¹⁾ A firm provides to the Company legal services of which a member of the Board of Director of the Company is also a partner of the firm. Fees paid to this firm are included as professional fees and shares issue costs. As at October 31, 2020, the Company has a balance payable for \$33,845 to this firm. The amounts payable are unsecured, non-interest bearing and have no fixed terms of repayment.

Related parties include the Board of Directors and management, close family and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at October 31, 2020, the Company has a balance payable of \$42,000 to certain directors (April 30, 2020 - \$27,000) which is due on demand, unsecured and non-interest bearing.

See note 6(b)(i).

11. Commitments and Contingencies

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder because of the Company not meeting its expenditure commitments.

The Company is party to certain contracts for the provision of management services to the Company. These contracts contain minimum commitments of \$235,000 due within one year and additional contingent payments of up to \$1,272,000 upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these unaudited condensed consolidated interim financial statements.

12. Subsequent Events

(i) On November 10, 2020, the Company announced that Hummingbird Liberia has exercised its option to acquire the "Central License" located and encompassed centrally within the Dugbe Gold Project. The Company has an earn-in option for a 49% economic interest into the Dugbe Gold Project (prior to the issuance of the Government of Liberia's 10% carried interest) once defined feasibility studies and exploration commitments have been met.

(ii) On November 19, 2020, the Company announced the appointment of Lincoln Greenidge as Chief Financial Officer of the Company.

(iii) On December 8, 2020, the Company announced that its common shares commenced trading on the OTCQB Venture Market ("OTCQB") in the United States. The Pasofino ticker is (OTCQB: EFRGF).

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12. Subsequent Events (Continued)

(iv) On December 22, 2020, the Company announced that at its annual general and special meeting held on December 21, 2020, shareholders of the Company approved all matters brought before them, including: (i) the fixing of the number of Directors of the Company at five (5) and the election of Robert Metcalfe to the board of directors; (ii) the appointment of McGovern Hurley LLP, Chartered Professional Accountants, as auditors of the Company; (iii) the reapproval of the Company's stock option plan; and (iv) the consolidation of the issued and outstanding common shares in the capital of the Company (the "Common Shares") on the basis of one (1) post-consolidation Common Share for every fifteen (15) preconsolidation Common Shares.

(v) As the Qualification Date has not occurred on or before December 22, 2020, each Special Warrant and Broker Warrant shall now entitle the holder to receive, upon the exercise or deemed exercise thereof, as applicable, 1.1 Units. Refer to note 6(c).