



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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)**

Pasofino Gold Limited
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at April 30, 2022	As at April 30, 2021
ASSETS		
Current assets		
Cash	\$ 1,861,010	\$ 1,925,956
Sales tax receivables	5,666	34,371
Marketable securities (note 8)	7,830	-
Prepaid expenses	131,993	123,411
Advance (note 7)	8,954	492,806
Deferred transaction costs	-	202,525
Total current assets	2,015,453	2,779,069
Non-current assets		
Property and equipment (note 9)	35,377	55,589
Total non-current assets	35,377	55,589
Total assets	\$ 2,050,830	\$ 2,834,658
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Amounts payable and other liabilities (note 14)	\$ 1,618,280	\$ 3,150,925
Share subscription liability (note 10(b)(i))	-	1,901,027
Total liabilities	1,618,280	5,051,952
Shareholders' Equity (Deficiency)		
Capital stock (note 10(b))	66,723,255	52,172,889
Contributed surplus (note 10(d)(e))	7,904,709	4,175,730
Deficit	(74,195,414)	(58,565,913)
Total shareholders' equity (deficiency)	432,550	(2,217,294)
Total liabilities and shareholders' equity (deficiency)	\$ 2,050,830	\$ 2,834,658

Nature of business and going concern (note 1)
Commitments and contingencies (notes 7, 12, 15)
Subsequent events (note 17)

These consolidated financial statements are authorized for issuance by the Board of Directors on August 26, 2022.

Approved on behalf of the Board of Directors:

(Signed) "Darryl Levitt"

Director

(Signed) "Krisztian Toth"

Director

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

Pasofino Gold Limited

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

	Year ended April 30,	
	2022	2021
Expenses		
Exploration expense (notes 7 and 12)	\$ 10,873,775	\$ 43,624,475
Share-based payments (note 10(d))	3,336,009	-
Management fees (note 14)	1,054,600	291,855
Professional fees (notes 13 and 14)	1,013,053	948,690
Office and general (note 13)	375,854	431,991
Director fees (note 14)	210,000	115,507
Investor relations	102,282	503,422
Depreciation (note 9)	20,212	5,053
Communications and travel	5,062	1,161
Loss before the undernoted	(16,990,847)	(45,922,154)
Foreign exchange (loss) gain	(77,143)	65,293
Unrealized gain on marketable securities (note 8)	768	-
Realized gain on sale of marketable securities (note 8)	196,221	-
Sale of property interest (note 12(a))	1,241,500	-
Net loss and comprehensive loss for the year	\$(15,629,501)	\$(45,856,861)
Basic and diluted loss per share (note 11)	\$ (0.45)	\$ (2.86)
Weighted average number of common shares outstanding - basic and diluted	34,615,454	16,006,596

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

Pasofino Gold Limited
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended April 30,	
	2022	2021
Operating activities:		
Net loss for the year	\$ (15,629,501)	\$ (45,856,861)
Adjustments for:		
Depreciation (note 9)	20,212	5,053
Share-based payments (note 10(d))	3,336,009	-
Unrealized gain on marketable securities (note 8)	(768)	-
Realized gain on marketable securities (note 8)	(196,221)	-
Shares issued to acquire ARX (note 7)	-	30,809,344
Shares issued to acquire mineral property (note 10(b))	-	7,222
Shares received in connection with sale of property interest (note 12(a))	(241,500)	-
Changes in non-cash working capital items:		
Sales tax receivables	28,705	(3,127)
Prepaid expenses	(8,582)	(94,565)
Advance	483,852	(492,806)
Amounts payable and other liabilities	(1,305,064)	2,911,150
Net cash used in operating activities	(13,512,858)	(12,714,590)
Investing activities:		
Advance to ARX prior to acquisition	-	(2,904,000)
Proceeds from sale of marketable securities	531,304	-
Purchase of marketable securities	(100,645)	-
Purchase of property and equipment	-	(60,642)
Cash acquired from the acquisition of ARX (note 7)	-	12,242
Net cash provided by (used in) investing activities	430,659	(2,952,400)
Financing activities:		
Shares issued for cash (note 10(b))	13,733,523	6,300,000
Special warrants (note 10(c))	-	10,020,000
Share issue costs	(716,270)	(1,120,384)
Exercise of warrants (note 10(b))	-	575,600
Share subscription liability (note 10(b))	-	1,901,027
Deferred transaction costs	-	(202,525)
Net cash provided by financing activities	13,017,253	17,473,718
Net change in cash	(64,946)	1,806,728
Cash, beginning of year	1,925,956	119,228
Cash, end of year	\$ 1,861,010	\$ 1,925,956
Supplemental information:		
Issuance of broker warrants (note 10(b))	\$ 392,970	\$ -
Shares issued as settlement of debt (note 10(b))	\$ 227,581	\$ -
Issuance of broker options (note 10(c))	\$ -	\$ 229,000

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

Pasofino Gold Limited

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

Equity attributable to shareholders

	Number of common shares	Capital stock	Special warrants	Contributed surplus	Deficit	Total
Balance, April 30, 2020	943,518	\$ 9,425,365	\$ -	\$ 3,237,903	\$ (12,709,052)	\$ (45,784)
Shares issued to acquire ARX (notes 7 and 10(b))	9,632,860	27,902,913	-	-	-	27,902,913
Issue of shares for cash (note 10(b))	8,766,234	6,300,000	-	-	-	6,300,000
Issue of special warrants for cash (note 10(c))	-	-	10,020,000	-	-	10,020,000
Share issue costs	-	(83,948)	(1,036,436)	-	-	(1,120,384)
Conversion of special warrants to shares (note 10(b)(c))	2,624,286	8,983,564	(8,983,564)	-	-	-
Warrants (note 10(b))	-	(826,345)	-	826,345	-	-
Broker warrants (note 10(c))	-	(229,000)	-	229,000	-	-
Shares issued to acquire mineral property (note 12)	3,968	7,222	-	-	-	7,222
Exercise of warrants (note 10(b))	342,619	693,118	-	(117,518)	-	575,600
Net loss and comprehensive loss for the year	-	-	-	-	(45,856,861)	(45,856,861)
Balance, April 30, 2021	22,313,485	52,172,889	-	4,175,730	(58,565,913)	(2,217,294)
Issue of shares for cash (note 10(b))	18,661,600	15,634,550	-	-	-	15,634,550
Shares issue costs	-	(918,795)	-	-	-	(918,795)
Broker warrants (note 10(b))	-	(392,970)	-	392,970	-	-
Shares issued as settlement of debt (note 10(b))	147,780	227,581	-	-	-	227,581
Share-based payments (note 10(d))	-	-	-	3,336,009	-	3,336,009
Net loss and comprehensive loss for the year	-	-	-	-	(15,629,501)	(15,629,501)
Balance, April 30, 2022	41,122,865	\$ 66,723,255	\$ -	\$ 7,904,709	\$ (74,195,414)	\$ 432,550

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

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

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

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 7.

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

On July 22, 2021, the Company completed a share consolidation of its share capital on the basis of fourteen (14) existing common shares for one (1) new common share consolidation. All common shares, per common share amounts, warrants and stock options in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

These consolidated 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 April 30, 2022, the Company had an accumulated deficit of \$74,195,414 (April 30, 2021 - \$58,565,913), expects to incur further losses in the development of its business, and had working capital of \$397,173 (April 30, 2021 – working capital deficit of \$2,272,883).

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 material uncertainties raise significant doubt regarding the Company's ability to continue as a going concern.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

1. Nature of Business and Going Concern (Continued)

These 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.

In March 2020, the outbreak of the novel strain of corona virus, specifically identified as “COVID-19”, 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. However, in spite of these challenges, COVID-19 has not negatively impacted the Company’s exploration programs, though it remains uncertain of what the future impact would be.

2. Basis of Preparation

These consolidated financial statements are prepared in accordance with IFRS, as issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee.

These consolidated financial statements have been prepared on a going concern basis, under historical cost convention. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements were approved by the Board of Directors on August 26, 2022.

3. Significant Accounting Policies

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ARX. ARX was incorporated in the British Virgin Islands. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

Functional and Presentation Currency

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 Company and its subsidiary have the Canadian dollar as their functional and presentation currency.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

Financial Instruments

Classification

On initial recognition, the Company determines the classification of financial instruments based on the following categories:

- Measured at amortized cost
- Measured at fair value through profit or loss ("FVTPL")
- Measured at fair value through other comprehensive income ("FVTOCI")

The classification under IFRS 9 is based on the business model under which a financial asset is managed and on its contractual cash flow characteristics. Assets held for the collection of contractual cash flows and for which those cash flows correspond solely to principal repayments and interest payments are measured at amortized cost. Contracts with embedded derivatives where the host is a financial instrument in the scope of the standard will be assessed as a whole for classification.

A financial asset is measured at amortized cost if both of the following criteria are met:

- Held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held-for-trading, the Company may irrevocably elect, on initial recognition, to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives), or if the Company has chosen to evaluate them at FVTPL.

Financial instruments	Classification
Cash	Amortized cost
Sales tax receivables	Amortized cost
Marketable securities	FVTPL
Amounts payable and other liabilities	Amortized cost
Share subscription liability	Amortized cost

Measurement

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a gain or loss at the time of initial recognition.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

Financial Instruments (continued)

Measurement (continued)

Amortized cost – The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

FVTPL – Changes in fair value after initial recognition, whether realized or not, are recognized through the consolidated statements of loss. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

FVTOCI – Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

The Company has applied the simplified approach to recognize lifetime expected credit losses for its amounts receivable. In general, the Company anticipates that the application of the expected credit loss model of IFRS 9 results in earlier recognition of credit losses for the respective items.

Derecognition

Financial assets – The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred. Gains and losses from the derecognition are recognized in the consolidated statements of loss.

Financial liabilities – The Company derecognizes a financial liability when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

Marketable securities

The Company's short-term investments are measured at FVTPL. Financial assets measured at FVTPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in the consolidated statements of loss and comprehensive loss. The marketable securities are classified as Level 1 in the fair value hierarchy.

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:

Motor vehicles	3 years
Computer equipment	3 years

Exploration Expenditures

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property and equipment.

Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All the Company's outstanding stock options and warrants were anti-dilutive for the years ended April 30, 2022 and 2021.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

Share-based Compensation

Share-based compensation transactions with employees are measured based on the fair value of the share-based compensation issued. The Company grants stock options to certain employees under the terms of the Company's Stock Option Plan or Share Awards Plan. Each tranche in an option award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires estimates for the expected life of options and stock price volatility which can materially affect the fair value estimate. Volatility and expected life of option is estimated based on an analysis of factors such as the Company's historical price trends, history of option holder activity, and peer and industry benchmarks for similar transactions.

Share-based compensation expense is recognized over the vesting period of the grant by increasing contributed surplus based on the number of awards expected to vest. This number is reviewed at least annually, with any change in estimate recognized immediately in share-based compensation expense with a corresponding adjustment to contributed surplus.

Share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used.

The determination of the ability of the Company to use tax loss carry-forwards to offset deferred tax payable involves judgment and certain assumptions about the future performance of the Company. Assessment is required about whether it is "probable" that the Company will benefit from the prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of using the losses.

Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

Rehabilitation Provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground / environment is disturbed at the production location. The liability is initially recognized at the present value of the estimated cost. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to rehabilitation liability when they occur. When applicable for closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss.

Critical Accounting Judgements and Estimates

The preparation of these consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge on the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the consolidated financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

Critical Accounting Judgements and Estimates (continued)

(ii) Estimation of restoration, rehabilitation and environmental obligation

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iii) Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment and warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumption about them, the assumptions and models used for estimating fair value for share-based payment and warrant transactions are disclosed in note 10.

(iv) Contingencies

Provisions for contingencies are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material. See notes 12 and 15.

(v) Business combination vs asset acquisition

Determination of whether a set of assets acquired and liabilities assumed constitute a business requires the Company to make certain judgments, taking into account all facts and circumstances. In making this determination, the Company considers items including, but not limited to: whether there are inputs and processes attributable to the set of assets and liabilities, the extent of the infrastructure in place, the work required to bring the acquired assets to production and whether the project has resources or reserves. Such judgments are inherently uncertain and could have a significant effect on the method of accounting for the acquisition and the disclosures required. See note 7.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

Future Policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact of these standards on the consolidated financial statements.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 16 - Property, Plant and Equipment was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IFRS 3 – Business Combinations (“IFRS 3”) was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

4. Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its capital stock, warrants, and contributed surplus components of its shareholders' equity. The properties in which the Company currently has an interest are in the early exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended April 30, 2022 and 2021.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

4. Capital Management (Continued)

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of April 30, 2022, the Company may not be compliant with the policies of the TSXV. The impact of non-compliance is currently unknown and is under the discretion of TSXV.

5. Financial Instruments

The Company's financial instruments consist of cash, sales tax receivable, marketable securities, amounts payable and other liabilities and share subscription liability. The carrying value of these instruments approximates their fair values due to their short-term nature. The three levels of fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Marketable securities are classified as Level 1.

6. Financial Risk Factors

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash consists of cash on deposits with banks and cash held in escrow with the Company's legal counsel. Included in sales tax receivables is \$5,666 (April 30, 2021 - \$34,371) relating to sales taxes refundable from various Canadian governments. Management believe that the credit risk concentration with respect to its financial instruments is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. As at April 30, 2022, the Company had cash and sales tax receivable balances of \$1,866,676 (April 30, 2021 - \$1,960,327) to settle current liabilities of \$1,618,280 (April 30, 2021 - \$5,051,952). All the Company's amounts payable and other liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company remains dependent upon financing from capital markets.

Market Risk

Market risk is the risk of loss that might arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to limited interest rate risk, as it only holds cash and does not have any interest-bearing debt.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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6. Financial Risk Factors (Continued)

Market Risk (Continued)

ii) Foreign Currency Risk:

The Company holds bank accounts denominated in United States dollars; therefore, it is subject to risk in fluctuations in the exchange rate of the United States dollar. As at April 30, 2022, the Company had cash of \$1,248,255 denominated in United States dollars (April 30, 2021 - minimal balance). Certain of the Company's expenses were incurred in US currency and are therefore subject to gains or losses due to fluctuations in this currency. As at April 30, 2022, the Company had current liabilities of \$1,009,593 denominated in United States dollars (April 30, 2021 - \$1,473,000).

iii) Price Risk:

The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

Sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash and amounts payable and other liabilities that are denominated in United States dollars. As at April 30, 2022, had the United States dollar weakened/strengthened by 10% against the Canadian dollar with all other variables held constant, the Company consolidated statement of loss for the year ended April 30, 2022 would have been approximately \$31,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at April 30, 2022, shareholders' equity would have been approximately \$31,000 higher/lower had the United States dollar weakened/strengthened by 10% against the Canadian dollar as a result of foreign exchange losses/gains on translation of non-Canadian denominated financial instruments.

The Company's marketable securities are denominated in Canadian dollars and are subject to fair value fluctuations. As at April 30, 2022, if the fair value of the Company's marketable securities had increased/decreased by 20% with all other variables held constant, profit and loss for the year ended April 30, 2022, would have been approximately \$2,000 lower/higher. Similarly, as at April 30, 2022, the Company's reported shareholders' equity would have been approximately \$2,000 higher/lower as a result of a 20% increase/decrease in marketable securities

7. 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 9,632,860 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, as amended (the "Option Agreement"), ARX is entitled to earn a 49% interest (prior to issuance of 10% carried interest 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. 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.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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7. Acquisition of ARX (Continued)

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 and cover the overhead and operating costs associated with the Dugbe Gold Project during the two year earn-in period. This work is estimated to be US\$10,000,000 (\$12,285,000) over the 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.

As at April 30, 2022, the Company has advanced \$8,954 (April 30, 2021 - \$492,806) to Hummingbird Liberia to be spent on exploration expenditures during the earn-in period.

The two-year period may be extended for up to twelve additional one month periods upon the payment of \$1,000,000 before the expiry of each previous period.

The Dugbe Gold 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

9,632,860 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
Mineral properties (note 12(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 \$3.71 per share, subject to an aggregate discount for the escrow conditions determined to be approximately 22% (\$7,835,000).

⁽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.

Subsequent to April 30, 2022, the Company announced that Hummingbird has confirmed that the option exercise conditions have been satisfied. Refer to note 17(iv).

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

8. Marketable Securities

	Number of shares	Cost	Unrealized gain	Fair market value
April 30, 2022				
QC Copper & Gold Inc. ("QC Copper") (i)	29,000	\$ 7,062	\$ 768	\$ 7,830
April 30, 2021				
QC Copper	-	\$ -	\$ -	\$ -

During the year ended April 30, 2022, the Company recorded an unrealized gain on marketable securities of \$768 (year ended April 30, 2021 - \$nil) in the consolidated statement of loss and comprehensive loss and recorded a realized gain on marketable securities of \$196,221 (year ended April 30, 2021 - \$nil).

(i) Refer to note 12(a).

9. Property and Equipment

Cost	Computer equipment	Motor vehicles	Total
Balance, April 30, 2020	\$ -	\$ -	\$ -
Additions	2,457	58,185	60,642
Balance, April 30, 2021 and April 30, 2022	\$ 2,457	\$ 58,185	\$ 60,642
Accumulated depreciation			
Balance, April 30, 2022	\$ -	\$ -	\$ -
Depreciation during the year	205	4,848	5,053
Balance, April 30, 2021	205	4,848	5,053
Depreciation during the year	820	19,392	20,212
Balance, April 30, 2022	\$ 1,025	\$ 24,240	\$ 25,265
Net value			
Balance, April 30, 2021	\$ 2,252	\$ 53,337	\$ 55,589
Balance, April 30, 2022	\$ 1,432	\$ 33,945	\$ 35,377

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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10. Capital Stock

On July 22, 2021, the Company completed a share consolidation of its share capital on the basis of fourteen (14) existing common shares for one (1) new common share consolidation. All common shares, per common share amounts, warrants and stock options in these consolidated financial statements have been retroactively restated to reflect the share consolidation.

- a) Authorized - Unlimited common shares without par value
- b) Issued - 41,122,865 common shares

Year ended April 30, 2022:

- (i) On May 6, 2021, the Company completed a marketed public offering of common shares in the capital of the Company, raising aggregate gross proceeds of \$9,000,005. The offering was conducted on a best-efforts agency basis by Stifel GMP as sole agent and book-runner (the "Agent"). Pursuant to the offering, the Company issued 9,183,679 common shares at a price of \$0.98 per common shares. As at April 30, 2021, \$1,901,027 in cash was received for this offering and was recorded as share subscription liability.

As consideration for its services in connection with the offering, the Agent received (i) a cash commission equal to 7% of the gross proceeds from the sale of the common shares, and (ii) non-transferable broker warrants as is equal to 7% of the aggregate number of common shares sold pursuant to the offering, with each broker warrant exercisable to purchase one common share in the capital of the Company at the issue price until November 6, 2022. Notwithstanding the foregoing, a reduced cash commission of 2% and a reduced number of broker warrants equal to 2% was paid in respect of sales to certain purchasers on the president's list.

The Company has estimated the fair value of the 515,534 broker warrants at \$392,970 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 138% (based on historical price data of the Company's common shares); risk-free interest rate of 0.30% and an expected life of 1.5 years.

Certain directors, and officers of the Company participated in the offering as to 428,584 common shares.

- (ii) On July 5, 2021, the Company issued 111,585 common shares at a price of \$1.54 to settle \$171,841 in indebtedness of the Company to a third party.
- (iii) On August 26, 2021, the Company agreed with the independent and non-executive directors to issue 36,195 common shares ("Debt Shares") to such directors in exchange for the cancellation of \$55,740 of director fees owing, after deduction of applicable withholding taxes. The Debt Shares were issued at a price of \$1.54.
- (iv) On January 14, 2022, the Company closed a non-brokered private placement of common shares at \$0.70 per share for gross proceeds of \$6,634,545 (the "Private Placement"). \$5,754,438 of the Private Placement (being 8,220,626 common shares) was subscribed for by Esan Eczacibasi Endustriyel Hammaddeler Sanayi ve Ticaret Anonim Sirketi ("ESAN"), a Turkish mining company. ESAN was granted the right to nominate one director to the Board of the Company and a right to maintain its shareholding interest in the Company should the Company raise additional funds in the future by way of private placement or prospectus offering. In addition, an officer of the Company subscribed for 42,858 common shares.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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10. Capital Stock (Continued)

b) Issued - 41,122,865 common shares (continued)

Year ended April 30, 2021:

- (v) 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 8,571,429 common shares at a price of \$0.70 per common share. Directors and officers of the Company have subscribed for 492,857 shares through payment of proceeds in the amount of \$345,000.
- (vi) 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 194,805 common shares at a price of \$1.54 per common share.
- (vii) On September 17, 2020, the Company completed the acquisition of ARX and issued 9,632,860 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 7.
- (viii) On January 25, 2021, the Company converted the 2,385,714 special warrants to 2,624,286 units. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share for \$5.60 until September 22, 2021. The Company has estimated the fair value of these warrants at \$826,345 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 113%; risk-free interest rate of 0.17% and an expected life of 0.66 years. See note 10(c) below.
- (ix) On March 8, 2021, the Company issued 3,968 common shares of the Company as a condition to earn its 50% ownership interest in the Roger Property (refer to note 12(a)).
- (x) During the year ended April 30, 2021, a total of 342,619 warrants were exercised for gross proceeds of \$575,600.

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 raising gross proceeds of \$10,020,000 (the "Offering").

Pursuant to the Offering, the Company issued 2,385,714 special warrants at a price of \$4.20 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 without payment of any additional consideration. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant being exercisable to acquire one common share of the Company at an exercise price of \$5.60 per warrant share for a period of 12 months following the closing of the Offering (the "Closing Date").

All unexercised special warrants were exercised on behalf of, and without any required action on the part of, the holders (including payment of additional consideration) on January 23, 2021.

As the Company did not obtain a final receipt for a (final) short form prospectus qualifying for distribution the unit shares and warrants underlying the special warrants by December 22, 2020, each special warrant was automatically exercised for 1.1 Units (rather than 1 Unit) (the "Penalty Provision").

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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10. 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 115,071 broker options (the "Broker Options") valued at \$229,000. Each Broker Option was automatically exercised on January 23, 2021 for one broker warrant of the Company (a "Broker Warrant"), without any additional consideration, with each whole Broker Warrant entitling the holder thereof, as a result of the Penalty Provision, to acquire, subject to adjustments in certain circumstances, 1.1 Units 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 \$229,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 113%; risk-free interest rate of 0.17% and an expected life of 0.66 years.

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. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12-month period to any one consultant of the Company. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12-month period to employees of the Company conducting investor relations activities. 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 years ended April 30, 2022 and 2021:

	Number of stock options	Weighted average exercise price
Balance, April 30, 2020 and April 30, 2021	19,643	\$ 0.70
Stock options granted (i)(ii)	4,144,278	1.16
Cancelled	(78,570)	1.40
Balance, April 30, 2022	4,085,351	\$ 1.16

(i) On June 24, 2021, the Company granted 2,664,278 stock options to directors and officers. The stock options have an exercise price of \$1.40 per share, are valid for a five-year period from the date of grant and are subject to regulatory approval. The options vest at one quarter every three months with the first quarter vesting on grant date. The fair value of the 2,664,278 stock options issued was estimated at \$2,731,400 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 135% (based on historical price data of the Company's common shares); risk-free interest rate of 0.97% and an expected life of five years. For the year ended April 30, 2022, the impact on the consolidated statement of loss and comprehensive loss was \$2,714,848 as 78,570 stock options were cancelled and \$16,552 was reversed from share-based payments.

Pasofino Gold Limited

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(Expressed in Canadian Dollars)

10. Capital Stock (Continued)

d) Stock options (continued)

(ii) On February 7, 2022, the Company granted 1,480,000 incentive stock options to directors and officers. The stock options have an exercise price of \$0.74 per share, are valid for a five-year period from the date of grant and are subject to regulatory approval. The options vest at one quarter every three months with the first quarter vesting on grant date. The fair value of the 1,480,000 stock options issued was estimated at \$938,491 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 129% (based on historical price data of the Company's common shares); risk-free interest rate of 1.68% and an expected life of five years. For the year ended April 30, 2022, the impact on the consolidated statement of loss and comprehensive loss was \$621,161.

The following table reflects the stock options issued and outstanding as of April 30, 2022:

Expiry date	Exercise price (\$)	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable	Valuation (\$)
April 29, 2024	0.70	19,643	2.00	19,643	17,000
June 24, 2026	1.40	2,585,708	4.15	2,585,708	2,650,851
February 7, 2027	0.74	1,480,000	4.78	370,000	938,491
	1.16	4,085,351	4.37	2,975,351	3,606,342

e) Warrants

The following table summarizes the warrant transactions during the years ended April 30, 2022 and 2021:

	Number of warrants	Weighted average exercise price
Balance, April 30, 2020	428,571	\$ 1.68
Issued (note 10(b)(viii))	1,467,214	5.45
Exercised (note 10(b)(x))	(342,619)	1.68
Balance, April 30, 2021	1,553,166	5.24
Issued (note 10(b)(i))	515,534	0.98
Expired	(1,553,166)	5.24
Balance, April 30, 2022	515,534	\$ 0.98

The following table reflects the warrants issued and outstanding as of April 30, 2022:

Expiry date	Exercise price (\$)	Warrants outstanding	Valuation (\$)
November 6, 2022	0.98	515,534	392,970
	0.98	515,534	392,970

11. Net Loss Per Share

The calculation of basic and diluted loss per share for the year ended April 30, 2022 was based on the loss attributable to common shareholders of \$15,629,501 (year ended April 30, 2021 - \$45,856,861) and the weighted average number of common shares outstanding of 34,615,454 (year ended April 30, 2021 - 16,006,596). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

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12. Mineral Properties

Exploration and evaluation expenditures incurred during the years ended April 30, 2022 and 2021 are as follows:

	Year ended April 30,	
	2022	2021
Properties		
Roger Property (a)		
Acquisition costs (note 10(b))	\$ -	\$ 7,222
Exploration expenditures	1,747	411,518
	\$ 1,747	\$ 418,740
Dugbe Gold Project (b)		
Acquisition costs (note 7)	\$ -	\$ 30,809,344
Camp and support costs	171,985	1,416,437
Community development funds	382,684	-
Customs fee	188,205	-
Drilling activities	311,971	3,158,745
Facility activities	257,346	225,445
Laboratory analysis	230,776	454,687
Project related costs	-	740,174
Professional fees	858,326	420,335
Road upgrades	1,077,451	2,011,878
Salaries and consultants	1,171,513	2,112,914
Study activities	5,736,047	1,512,827
Travel and accommodation	485,724	342,948
	\$ 10,872,028	\$ 43,205,734
Exploration and evaluation expenditures	\$ 10,873,775	\$ 43,624,474

(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 7,937 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 (incurred).

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12. Mineral Properties (Continued)

(a) Roger Property (continued)

Terms of the Agreement (continued)

(ii) Issuing a total of 7,937 common shares of Pasofino to SOQUEM as follows:

- 1,984 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);
- 1,984 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
- 3,968 on or before January 8, 2021 (issued during 2021 with an estimated value of \$7,222 based on the quoted market price of the Company's shares on the date of issuance).

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.

On March 8, 2021, the Company issued 3,968 common shares of the Company as a condition to earn its 50% ownership interest in the Roger Property (refer to note 10(b)).

On May 27, 2021, the Company announced that it closed a transaction pursuant to an agreement with QC Copper whereby Pasofino sold its 50% interest in the Roger Property.

Terms of the transaction:

- Pasofino transferred its 50% interest in the project to QC Copper.
- Pasofino received \$1 million in cash (received) and 1,150,000 common shares (received and valued at \$241,500 based on the quoted market price of the QC Copper shares on the date of receipt) of QC Copper (note 8).
- The other 50% interest will remain with SOQUEM Inc.

(b) Dugbe Gold Project

Refer to note 7.

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) subject to the satisfaction of the earn-in conditions.

See also note 17(iv).

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13. Supplementary Expense Information

Office and General:	Year ended April 30,	
	2022	2021
Administration and other expenses	\$ 291,999	\$ 216,167
Regulatory and shareholder filing fees	83,855	215,824
	\$ 375,854	\$ 431,991

Professional Fees:	Year ended April 30,	
	2022	2021
Accounting fees	\$ 193,869	\$ 150,188
Consulting fees	493,638	206,618
Corporate secretary fees	-	75
Legal and audit fees	256,198	591,809
	\$ 943,705	\$ 948,690

14. Related Party Transactions

During the year ended April 30, 2022 and 2021, the Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

Summary compensation of key management:

	Year ended April 30,	
	2022	2021
Legal fees ⁽¹⁾	\$ 195,467	\$ 686,791
Management fees	\$ 1,054,600	\$ 251,448
Director fees	\$ 210,000	\$ 115,507
Salaries included in exploration and evaluation expenditures	\$ 96,926	\$ 518,612
Share-based payments	\$ 2,569,814	\$ -

⁽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. During the year ended April 30, 2022, \$157,721 (year ended April 30, 2021 - \$269,315) of fees paid to this firm are included as professional fees and \$37,746 (year ended April 30, 2021 - \$417,476) as share issue costs. As at April 30, 2022, the Company has a balance payable for \$11,364 (April 30, 2021 - \$144,985) 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 April 30, 2022, the Company has a balance payable of \$116,000 to certain directors (April 30, 2021 - \$115,507) which is due on demand, unsecured and non-interest bearing.

See note 10(b)(i), note 10(b)(iii), note 10(b)(iv), note 10(b)(v), note 10(d)(i) and note 10(d)(ii).

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15. 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 \$528,000 due within one year and additional contingent payments of up to \$1,563,000 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 consolidated financial statements.

16. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended April 30,	
	2022	2021
Net loss for the year	\$(15,629,501)	\$(45,856,861)
Canadian statutory income tax rate	26.50%	26.50%
Income tax recovery computed at Canadian statutory rates	(4,142,000)	(12,151,000)
Non-deductible items	1,115,000	7,541,000
Difference in tax rates	2,865,000	3,824,000
Change in unrecorded deferred tax asset	162,000	786,000
Income tax recovery	\$ -	\$ -

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consists of the following amounts:

	2022	2021
Share issuance costs	\$ 1,724,000	\$ 900,000
Mineral properties	916,000	2,157,000
Non-capital losses	11,097,000	8,678,000
Other temporary differences	24,000	5,000
	\$ 13,761,000	\$ 11,740,000

The Company has accumulated non-capital losses for Canadian income tax purposes of approximately \$11,097,000 expiring between 2031 and 2042.

As at April 30, 2022, the Company had approximately \$916,000 of Canadian exploration and development expenditures which, under certain circumstances, may be utilized to reduce taxable income of future years.

The potential future benefit of these deferred tax assets has not been recognized in the consolidated financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

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17. Subsequent Events

(i) The Company agreed with the independent and non-executive directors to issue that number of common shares ("Debt Common Shares") that is equal to \$33,560 on account of director fees owing, after deduction of applicable withholding taxes. The Debt Common Shares will be issued at a deemed price of \$0.74. The issuance of Debt Common Shares is subject to the approval of the TSXV. All securities issued pursuant to the debt conversion are subject to a statutory four month hold period.

(ii) On June 13, 2022, the Company announced the results of the Dugbe Project Feasibility Study ("FS"), which is located in Southern Liberia. As per the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"), the FS will be filed by Pasofino at within 45 days of June 12, 2022. Subject to the filing by Pasofino of the FS and final administrative documentation, Hummingbird PLC has confirmed that the FS has been carried out to the agreed standards and will satisfy the technical requirements to allow Pasofino to earn its 49% economic interest in the Project (prior to the issuance of the Government of Liberia's 10% carried interest).

(iii) On June 20, 2022, the Company announced that it appointed Dr. Daniel Limpitlaw as President and Chief Executive Officer of the Company.

(iv) On August 1, 2022, the Company announced that it filed the Feasibility Study in respect of the Dugbe Gold Project in Liberia. Further, the Company also announced that Hummingbird has confirmed that the option exercise conditions have been satisfied such that the Company may within 120 days from the date of this press release deliver the option satisfaction notice ("Notice") to Hummingbird. Upon delivery of the option satisfaction notice the Company will acquire its 49% interest in the Dugbe Gold Project.

Following acquisition of its 49% interest in the Dugbe Gold Project, both Pasofino and Hummingbird will have the right to exercise the option to consolidate ownership by converting Hummingbird's 51% ownership of the Dugbe Gold Project for a 51% shareholding in Pasofino, such that Pasofino would own 100% of the Dugbe Gold Project (prior to the government of Liberia's 10% carried interest), subject to the receipt of all required approvals including the TSXV.

30 days after Pasofino provides the Notice it will be responsible for sole funding the first US\$4.71 million of expenditures and shall remain as operator during such sole funding period.

(v) On August 8, 2022, the Company announced a non-brokered private placement of up to 12,856,000 units of the Company at \$0.50 per unit for gross proceeds of up to \$6,428,000. Each unit will consist of one common share of the Company and one half of one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share of the Company at a price of \$0.65 for a period of 18 months following the issue date of the units. The Company may, in its sole discretion, increase the offering by up to an additional 2,571,200 units for additional gross proceeds of \$1,285,600. The offering is expected to close in mid to late September 2022 and is subject to certain closing conditions included, but not limited to, the receipt of all necessary approvals including the conditional listing approval of the TSXV and the applicable securities regulatory authorities. The securities issued under the offering will be subject to a hold period in Canada expiring four months and one day from the closing date of the offering. There is no guarantee that the private placement will close.