



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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)**

Independent Auditor's Report

To the Shareholders of Pasofino Gold Limited

Opinion

We have audited the consolidated financial statements of Pasofino Gold Limited and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has an accumulated deficit as of April 30, 2023 and requires additional financing in order to continue operating. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

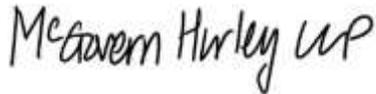
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

A handwritten signature in black ink that reads "McGovern Hurley LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
August 24, 2023

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

	As at April 30, 2023	As at April 30, 2022
ASSETS		
Current assets		
Cash	\$ 2,051,923	\$ 1,861,010
Sales tax receivables	8,097	5,666
Marketable securities (note 7)	4,785	7,830
Prepaid expenses	120,540	131,993
Advance (note 11(a))	18,944	8,954
Subscription receivable (note 9(b)(i))	110,000	-
Total current assets	2,314,289	2,015,453
Non-current assets		
Property and equipment (note 8)	15,165	35,377
Total non-current assets	15,165	35,377
Total assets	\$ 2,329,454	\$ 2,050,830
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (note 13)	\$ 1,723,265	\$ 1,618,280
Total liabilities	1,723,265	1,618,280
Shareholders' Equity		
Capital stock (note 9(b))	71,830,325	66,723,255
Contributed surplus (note 9(c)(d))	8,698,415	7,904,709
Deficit	(79,922,551)	(74,195,414)
Total shareholders' equity	606,189	432,550
Total liabilities and shareholders' equity	\$ 2,329,454	\$ 2,050,830

Nature of business and going concern (note 1)
 Commitments and contingencies (notes 11 and 14)
 Subsequent events (note 16)

These consolidated financial statements are authorized for issuance by the Board of Directors on August 24, 2023.

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,	
	2023	2022
Expenses		
Exploration expense (note 11)	\$ 3,547,460	\$ 10,873,775
Professional fees (notes 12 and 13)	482,192	1,013,053
Management fees (note 13)	649,214	1,054,600
Office and general (note 12)	379,191	375,854
Share-based payments (note 9(c))	281,661	3,336,009
Director fees (note 13)	210,000	210,000
Communications and travel	71,138	5,062
Investor relations	25,047	102,282
Depreciation (note 8)	20,212	20,212
Loss before the undernoted	(5,666,115)	(16,990,847)
Foreign exchange loss	(57,977)	(77,143)
Unrealized (loss) gain on marketable securities (note 7)	(3,045)	768
Realized gain on sale of marketable securities (note 7)	-	196,221
Sale of property interest (note 11(b))	-	1,241,500
Net loss and comprehensive loss for the year	\$ (5,727,137)	\$(15,629,501)
Basic and diluted loss per share (note 10)	\$ (0.12)	\$ (0.45)
Weighted average number of common shares outstanding - basic and diluted	46,790,983	34,615,454

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,	
	2023	2022
Operating activities:		
Net loss for the year	\$ (5,727,137)	\$ (15,629,501)
Adjustments for:		
Depreciation (note 8)	20,212	20,212
Share-based payments (note 9(c))	281,661	3,336,009
Unrealized loss (gain) on marketable securities (note 7)	3,045	(768)
Realized gain on marketable securities (note 7)	-	(196,221)
Shares received in connection with sale of property interest (note 11(b))	-	(241,500)
Changes in non-cash working capital items:		
Sales tax receivables	(2,431)	28,705
Prepaid expenses	11,453	(8,582)
Advance	(9,990)	483,852
Amounts payable and other liabilities	200,040	(1,305,064)
Net cash used in operating activities	(5,223,147)	(13,512,858)
Investing activities:		
Proceeds from sale of marketable securities	-	531,304
Purchase of marketable securities	-	(100,645)
Net cash provided by investing activities	-	430,659
Financing activities:		
Shares issued for cash (note 9(b))	5,458,436	13,733,523
Share issue costs	(44,376)	(716,270)
Net cash provided by financing activities	5,414,060	13,017,253
Net change in cash	190,913	(64,946)
Cash, beginning of year	1,861,010	1,925,956
Cash, end of year	\$ 2,051,923	\$ 1,861,010
Supplemental information:		
Issuance of broker warrants (note 9(b))	\$ 797	\$ 392,970
Shares issued as settlement of debt (note 9(b))	\$ 95,055	\$ 227,581

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

Pasofino Gold Limited

Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars)

Equity attributable to shareholders

	Number of common shares	Capital stock	Contributed surplus	Deficit	Total
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 9(b))	18,661,600	15,634,550	-	-	15,634,550
Share issue costs	-	(918,795)	-	-	(918,795)
Broker warrants (note 9(b))	-	(392,970)	392,970	-	-
Shares issued as settlement of debt (note 9(b))	147,780	227,581	-	-	227,581
Share-based payments (note 9(c))	-	-	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
Issue of shares for cash (note 9(b))	10,617,843	5,568,436	-	-	5,568,436
Shares issue costs	-	(44,376)	-	-	(44,376)
Warrants (note 9(b))	-	(511,248)	511,248	-	-
Broker warrants (note 9(b))	-	(797)	797	-	-
Shares issued as settlement of debt (note 9(b))	168,338	95,055	-	-	95,055
Share-based payments (note 9(c))	-	-	281,661	-	281,661
Net loss and comprehensive loss for the year	-	-	-	(5,727,137)	(5,727,137)
Balance, April 30, 2023	51,909,046	\$ 71,830,325	\$ 8,698,415	\$ (79,922,551)	\$ 606,189

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

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2023 and 2022

(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").

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.

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, 2023, the Company had an accumulated deficit of \$79,922,551 (April 30, 2022 - \$74,195,414), expects to incur further losses in the development of its business, and had working capital of \$591,024 (April 30, 2022 – working capital of \$397,173).

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, 2023 and 2022

(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.

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 ("IFRIC").

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 24, 2023.

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, 2023 and 2022

(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
Subscription receivable	Amortized cost
Amounts payable and other liabilities	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, 2023 and 2022

(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, 2023 and 2022

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

Marketable Securities

The Company's short-term investments in equity securities 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

Investment in associates

Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights, but can also arise where the Company holds less than 20 percent of the voting rights, but it has power to be actively involved and influential in policy decisions affecting the entity. The Company accounts for its investment in associates using the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's shares of profit or loss of the associate.

Dilution gains and losses arising from changes in interests in investments in associates where significant influence is retained are recognized in the statements of loss. At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired or if previously recorded impairment should be reversed. If impairment is determined to exist, the amount of the impairment is recognized in the statement of loss. The amount of impairment is calculated as the difference between the recoverable amount of the investment in the associate and its carrying value.

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.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

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, 2023 and 2022.

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.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2023 and 2022

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (Continued)

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.

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

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(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 9.

(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 11 and 14.

New Standards

These new standards and changes adopted on May 1, 2022 did not have any material impact on the Company's consolidated financial statements.

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.

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.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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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, 2023. 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 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.

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, 2023 and 2022.

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, 2023, the Company is compliant with the policies of the TSXV.

Pasofino Gold Limited

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5. Financial Instruments

The Company's financial instruments consist of cash, sales tax receivable, marketable securities and amounts payable and other liabilities. 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 \$8,097 (April 30, 2022 - \$5,666) 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, 2023, the Company had cash and sales tax receivable balances of \$2,060,020 (April 30, 2022 - \$1,866,676) to settle current liabilities of \$1,723,265 (April 30, 2022 - \$1,618,280). 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.

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, 2023, the Company had cash of \$1,036,465 denominated in United States dollars (April 30, 2022 - \$1,248,255). 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, 2023, the Company had current liabilities of \$935,400 denominated in United States dollars (April 30, 2022 - \$1,009,593).

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2023 and 2022

(Expressed in Canadian Dollars)

6. Financial Risk Factors (Continued)

Market Risk (Continued)

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, 2023, 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, 2023 would have been approximately \$14,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at April 30, 2023, shareholders' equity would have been approximately \$14,000 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, 2023, 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, 2023, would have been approximately \$1,000 lower/higher. Similarly, as at April 30, 2023, the Company's reported shareholders' equity would have been approximately \$1,000 higher/lower as a result of a 20% increase/decrease in marketable securities

7. Marketable Securities

	Number of shares	Cost	Cumulative Unrealized loss	Fair market value
April 30, 2023				
QC Copper & Gold Inc. ("QC Copper") (i)	29,000	\$ 7,062	\$ (2,277)	\$ 4,785
	Number of shares	Cost	Cumulative Unrealized gain	Fair market value
April 30, 2022				
QC Copper	29,000	\$ 7,062	\$ 768	\$ 7,830

During the year ended April 30, 2023, the Company recorded an unrealized loss on marketable securities of \$3,045 (year ended April 30, 2022 - unrealized gain of \$768) and recorded a realized gain on marketable securities of \$nil (year ended April 30, 2022 - \$196,221) in the consolidated statement of loss and comprehensive loss.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

8. Property and Equipment

Cost	Computer equipment	Motor vehicles	Total
Balance, April 30, 2021, April 30, 2022 and April 30, 2023	\$ 2,457	\$ 58,185	\$ 60,642
Accumulated depreciation			
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
Depreciation during the year	820	19,392	20,212
Balance, April 30, 2023	\$ 1,845	\$ 43,632	\$ 45,477
Net value			
Balance, April 30, 2022	\$ 1,432	\$ 33,945	\$ 35,377
Balance, April 30, 2023	\$ 612	\$ 14,553	\$ 15,165

9. Capital Stock

- a) Authorized - Unlimited common shares without par value
- b) Issued - 51,909,046 common shares

Year ended April 30, 2023:

- (i) On October 19, 2022, the Company completed a non-brokered private placement of 10,617,843 units of the Company for gross proceeds of \$5,568,436. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles 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 has estimated the fair value of these warrants at \$511,248 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 77% (based on historical price data of the Company's common shares); risk-free interest rate of 4.18% and an expected life of 1.5 years.

As consideration for its services in connection with the financing, the Company paid a finder's fee of \$1,750 in cash and 3,500 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.50 for a period of 18 months. The Company has estimated the fair value of these broker warrants at \$797 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 77% (based on historical price data of the Company's common shares); risk-free interest rate of 4.18% and an expected life of 1.5 years.

Certain directors, and officers of the Company participated in the offering as to 2,976,434 units.

As at April 30, 2023, there is a subscription receivable of \$110,000 related to this offering which was received subsequent to year end.

- (ii) On November 25, 2022, the Company agreed with the independent and non-executive directors to issue 45,349 common shares to such directors in exchange for the cancellation of \$33,560 of director fees owing, after deduction of applicable withholding taxes. These common shares were issued at a price of \$0.74.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2023 and 2022

(Expressed in Canadian Dollars)

9. Capital Stock (Continued)

b) Issued - 51,909,046 common shares (continued)

Year ended April 30, 2023 (continued):

- (iii) On January 18, 2023, the Company agreed with the independent and non-executive directors to issue 122,989 common shares to such directors in exchange for the cancellation of \$61,495 of director fees owing, after deduction of applicable withholding taxes. These common shares were issued at a price of \$0.50.

Year ended April 30, 2022:

- (iv) 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.

- (v) 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.
- (vi) 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.
- (vii) 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 Directors 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

April 30, 2023 and 2022

(Expressed in Canadian Dollars)

9. Capital Stock (Continued)

c) 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, 2023 and 2022:

	Number of stock options	Weighted average exercise price
Balance, April 30, 2021	19,643	\$ 0.70
Stock options granted (i)(ii)	4,144,278	1.16
Stock options forfeited	(78,570)	1.40
Balance, April 30, 2022	4,085,351	1.16
Stock options forfeited	(657,144)	1.17
Balance, April 30, 2023	3,428,207	\$ 1.15

(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.

(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.

(iii) The portion of the estimated fair value of options granted in the current and prior years and vested during the year ended April 30, 2023 amounted to \$281,661 (year ended April 30, 2022 - \$3,336,009).

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

9. Capital Stock (Continued)

c) Stock options (continued)

The following table reflects the stock options issued and outstanding as of April 30, 2023:

Expiry date	Exercise price (\$)	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable	Valuation (\$)
April 29, 2024	0.70	19,643	1.00	19,643	17,000
June 24, 2026	1.40	2,153,564	3.15	2,153,564	2,650,850
February 7, 2027	0.74	1,255,000	3.78	1,255,000	902,822
	1.15	3,428,207	3.37	3,428,207	3,570,672

d) Warrants

The following table summarizes the warrant transactions during the years ended April 30, 2023 and 2022:

	Number of warrants	Weighted average exercise price
Balance, April 30, 2021	1,553,166	\$ 5.24
Issued (note 9(b)(iv))	515,534	0.98
Expired	(1,553,166)	5.24
Balance, April 30, 2022	515,534	0.98
Issued (note 9(b)(i))	4,068,832	0.65
Expired	(515,534)	0.98
Balance, April 30, 2023	4,068,832	\$ 0.65

The following table reflects the warrants issued and outstanding as of April 30, 2023:

Expiry date	Exercise price (\$)	Warrants outstanding	Valuation (\$)
April 19, 2024	0.65	4,065,332	511,248
April 19, 2024	0.50	3,500	797
	0.65	4,068,832	512,045

10. Net Loss Per Share

The calculation of basic and diluted loss per share for the year ended April 30, 2023 was based on the loss attributable to common shareholders of \$5,727,137 (year ended April 30, 2022 - \$15,629,501) and the weighted average number of common shares outstanding of 46,790,983 (year ended April 30, 2022 - 34,615,454). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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11. Mineral Properties

Exploration and evaluation expenditures incurred during the years ended April 30, 2023 and 2022 are as follows:

	Year ended April 30,	
	2023	2022
Properties		
Dugbe Gold Project (a)		
Camp and support costs	\$ 44,066	\$ 171,985
Community development funds	392,262	382,684
Customs fee	1,430,838	188,205
Drilling activities	1,576	311,971
Facility activities	213,605	257,346
Laboratory analysis	3,560	230,776
Professional fees	471,262	858,326
Road upgrades	-	1,077,451
Salaries and consultants	419,831	1,171,513
Study activities	446,315	5,736,047
Travel and accommodation	124,145	485,724
	\$ 3,547,460	\$ 10,872,028
Roger Property (b)		
Exploration expenditures	\$ -	\$ 1,747
	\$ -	\$ 1,747
Exploration and evaluation expenditures	\$ 3,547,460	\$ 10,873,775

(a) Dugbe Gold Project

On September 17, 2020, the Company completed the acquisition of ARX. 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 intercompany 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 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 (\$12,462,000) 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.

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.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

11. Mineral Properties (Continued)

(a) Dugbe Gold Project (continued)

As at April 30, 2023, the Company advanced \$18,944 (April 30, 2022 - \$8,954) to Hummingbird Resources (Liberia) Inc. to be spent on exploration expenditures during the earn-in period.

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 (filed on August 1, 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).

On August 1, 2022, the Company announced that it filed the FS 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.

On September 20, 2022, the Company exercised its option to acquire its 49% interest in the Dugbe Gold Project. The shares of Hummingbird Liberia have not yet been issued to the Company.

Following acquisition of its 49% interest in the Dugbe Gold Project, both Pasofino and Hummingbird PLC have the right to exercise the option to consolidate ownership by converting Hummingbird PLC'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 of the first US\$4.71 million of expenditures and shall remain as operator during such sole funding period. As of April 30, 2023, Pasofino funded US\$3.4 million of expenditures.

On November 1, 2022, the Company announced that it provided Notice to Hummingbird PLC that it is exercising its right under the option agreement to cause Hummingbird PLC to sell to Pasofino, Hummingbird PLC's 51% interest in the issued and outstanding shares of Hummingbird Liberia and all shareholder loans made by Hummingbird PLC to Hummingbird Liberia to Pasofino in order for Pasofino to become owner of 100% of the Dugbe Gold Project (prior to giving effect to the 10% carried interest of the Government of Liberia).

In connection with the sale by Hummingbird PLC, Pasofino will issue to Hummingbird PLC that number of common shares of Pasofino that results in Hummingbird PLC owning 51% of the outstanding common shares of Pasofino at such time. In addition Hummingbird PLC has an anti-dilution right that provides that if, as and when any warrants outstanding as at the date the option satisfaction notice was issued by Pasofino are exercised Pasofino shall issue to Hummingbird PLC one common share for each common share issued in connection with such exercise.

The completion of the purchase and sale is subject to the receipt of all required government, TSXV and shareholder approvals.

On February 13, 2023, the Company announced that Pasofino and Hummingbird have commenced on a joint strategic review process in order to maximize value for 100% (prior to giving effect to the Government of Liberia's 10% carried interest) of the Dugbe Gold Project.

The Dugbe Gold Project is subject to net smelter return royalties totaling 5%.

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11. Mineral Properties (Continued)

(b) 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).
- (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.

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 7).
- The other 50% interest will remain with SOQUEM Inc.

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12. Supplementary Expense Information

Office and General:	Year ended April 30,	
	2023	2022
Administration and other expenses	\$ 315,425	\$ 291,999
Regulatory and shareholder filing fees	63,766	83,855
	\$ 379,191	\$ 375,854

Professional Fees:	Year ended April 30,	
	2023	2022
Accounting fees	\$ 132,864	\$ 193,869
Consulting fees	148,700	562,986
Legal and audit fees	200,628	256,198
	\$ 482,192	\$ 1,013,053

13. Related Party Transactions

During the year ended April 30, 2023 and 2022, 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,	
	2023	2022
Legal fees ⁽¹⁾	\$ 145,877	\$ 195,467
Management fees	\$ 649,214	\$ 1,054,600
Director fees	\$ 210,000	\$ 210,000
Salaries included in exploration and evaluation expenditures	\$ -	\$ 96,926
Share-based payments	\$ 255,150	\$ 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, 2023, \$134,925 (year ended April 30, 2022 - \$157,721) of fees paid to this firm are included as professional fees and \$10,951 (year ended April 30, 2022 - \$37,746) as share issue costs. As at April 30, 2023, the Company has a balance payable for \$65,297 (April 30, 2022 - \$11,364) 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, 2023, the Company has a balance payable of \$185,077 to certain directors (April 30, 2022 - \$116,000) and \$215,347 (April 30, 2022 - \$nil) to management which is due on demand, unsecured and non-interest bearing.

See note 9(b)(i)(ii)(iii)(iv)(vi)(vii) and note 9(c)(i)(ii).

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14. 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 US\$158,000 (\$214,000) due within one year and additional contingent payments of up to US\$1,104,000 (\$1,499,000) 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.

15. Income Taxes

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

	Year ended April 30,	
	2023	2022
Net loss for the year	\$ (5,727,137)	\$ (15,629,501)
Canadian statutory income tax rate	26.50%	26.50%
Income tax recovery computed at Canadian statutory rates	(1,518,000)	(4,142,000)
Non-deductible items	359,000	1,115,000
Difference in tax rates	1,112,000	2,865,000
Change in unrecorded deferred tax asset	47,000	162,000
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:

	2023	2022
Share issuance costs	\$ 1,272,000	\$ 1,724,000
Mineral properties	916,000	916,000
Non-capital losses carry-forwards	11,748,000	11,097,000
Other temporary differences	48,000	24,000
	\$ 13,984,000	\$ 13,761,000

The Company has accumulated non-capital losses for Canadian income tax purposes of approximately \$11,748,000 expiring between 2031 and 2043.

As at April 30, 2023, 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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16. Subsequent Events

(i) Subsequent to year end, the subscription receivable of \$110,000 was received.

(ii) On August 23, 2023, the shareholders of the Company approved Hummingbird PLC becoming a control person of Pasofino in connection with Pasofino's exercise of its right under the Option Agreement Hummingbird PLC to sell to Pasofino, Hummingbird PLC's 51% interest in the issued and outstanding shares of Hummingbird Liberia and all shareholder loans made by Hummingbird PLC to Hummingbird Liberia to Pasofino in order for Pasofino to become owner of 100% of the Dugbe Gold project (prior to giving effect to the 10% carried interest of the Government of Liberia) (the "Project Consolidation"). In consideration for the Project Consolidation, Hummingbird PLC will receive a 51% shareholding interest in Pasofino, as such interest is calculated and determined in accordance with the Option Agreement.

The completion of the purchase and sale is subject to the receipt of all required government, TSXV and shareholder approvals.