

# PAN GLOBAL



## RESOURCES INC

**MANAGEMENT DISCUSSION AND ANALYSIS**

**THREE MONTHS ENDED APRIL 30, 2020**

## **GENERAL**

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the condensed interim consolidated financial statements of Pan Global Resources Inc. (the "Company" or "Pan Global" or "PGZ") for the three months ended April 30, 2020. The following information, prepared as of June 24, 2020 should be read in conjunction with the condensed interim consolidated financial statements for the three months ended April 30, 2020 and the related notes therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.panglobalresources.com](http://www.panglobalresources.com).

## **COMPANY OVERVIEW**

The Company was incorporated under the provisions of the Business Corporations Act (British Columbia) on February 1, 2006 and is classified as a Tier II mining company, effective June 8, 2009 and trades on the TSX Venture Exchange ("TSX-V"). On December 21, 2009, the Company changed its name from Mosam Capital Corp. to Pan Global Resources Inc.

The Company's principal business activities are the acquisition of rights to explore for minerals and the exploration of acquired rights. Pan Global is primarily focused on early stage exploration through to development of resources of copper and other metals in Spain. In September 2016, the Company announced a shift in focus from lithium and borate exploration in Serbia to copper exploration in Spain and restructuring of its Board of Directors, including the resignation of several directors of the Company, and the appointment of Mr. Patrick Evans as Chairman of the Board of Directors, Mr. Bob Parsons as a Director, Mr. Tim Moody as President and CEO, and Mr. Jim Royall as VP - Exploration.

## **FORWARD LOOKING STATEMENTS**

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include but are not limited to:

- estimates and their underlying assumptions;
- statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations, and market opportunities;
- general industry and macroeconomic growth rates;
- expectations related to possible joint or strategic ventures; and
- statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to: unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

## HIGHLIGHTS FOR THE QUARTER

During the three months ended April 30, 2010 and subsequently, the Company:

- reported results from seven reconnaissance drill holes completed at the Torrubia North target of the Aguilas Project;
- reported results from three drill holes completed as part of the follow-up drill program at the Escacena Project; and
- completed the final option payment for Al Andalus Investigation Permit.

## QUARTERLY EXPLORATION OVERVIEW

### Aguilas Project

In November 2016, the Company entered into a share option agreement with Mr. Tim Moody (the "Vendor") to acquire up to 100% of a Spanish exploration company, Minera Aguila S.L.U ("Minera Aguila" or "MASL"). Minera Aguila has been granted four mineral exploration licenses covering an area of 13,563 hectares and has applications for additional an additional area of approximately 2,803 hectares in the Provinces of Cordoba and Ciudad Real, Kingdom of Spain (collectively referred to as the "Aguilas Project"). The Company agreed to the aggregate consideration of 4,700,000 common shares of the Company, cash payment of \$450,000, and exploration expenditure commitments as follows:

	Cash payments	Common shares	Exploration expenditures <sup>(2)</sup>
6-month anniversary of final TSX-V approval <sup>(1)</sup>	\$ 50,000	2,200,000	\$ -
18-month anniversary of final TSX-V approval <sup>(1)</sup>	150,000	2,500,000	-
36-month anniversary of final TSX-V approval	250,000	-	-
36-month anniversary of agreement closing date <sup>(1)</sup>	-	-	1,000,000
	\$ 450,000	4,700,000	\$ 1,000,000

<sup>(1)</sup> Cash paid and common shares issued; expenditure requirement completed

<sup>(2)</sup> No less than \$250,000 have been completed notwithstanding any decision by the Company not to proceed with further exploration.

Furthermore, the agreement to acquire MASL included an \$100,000 (or 1,000,000 common shares the Company, at the election of the Vendor) if the Company acquires additional exploration rights in the area of 10 kilometers surrounding the boundaries of the three exploration licenses. In November 2017, the Company paid \$50,000 to the Vendor to remove this term of the agreement.

For the duration of the agreement, MASL shall act as the operator of the exploration program and the related exploration expenditures shall be funded by the Company.

In April 2018, the Company exercised its first option to acquire a 70% equity interest in MASL. The Company paid \$50,000 and issued 2,200,000 common shares (valued at \$440,000) to the Vendor. In addition, the Company has incurred exploration expenditures in excess of \$250,000 on the license areas and reimbursed the optionor all costs incurred to acquire the mineral rights. In September 2018, the Company made its second cash and share payments. The final payment has been temporarily deferred until a new settlement date has been determined.

As at December 2019, a total of 27 drill holes have been completed at the Torrubia and Torrubia North copper targets and Zumajo polymetallic lead, zinc, silver targets in the Aguilas Project.

Drilling on the Torrubia trend included best intervals of 16 meters at 0.30% Cu, 30.5ppm Co, 0.6 g/t Ag, 0.05 g/t Au in drill hole TOR-01, including 0.8 meters at 2.65% Cu, 125ppm Co, 3 g/t Ag, 0.004 g/t Au and 0.7 meters at 1.85% Cu, 240ppm Co, 2.1 g/t Ag, 0.02 g/t Au, and 0.7 meters at 0.55 g/t Au, and TN-06: 3 meters at 1.16 g/t Au, 0.6g/t Ag from 74 meters depth in hole TN-06, including 0.8 meters at 3.48 g/t Au, 1.5g/t Ag.

On the Zumajo trend, significant drill results were reported along approximately 1.5 kilometers of strike extending from the San Juan, San Rafael and Dos Centimos mine workings. This includes high grade polymetallic mineralization (Pb, Zn, Ag ± Cu, Au) within an 8 to 20 meter-wide, steeply dipping zone of multi-stage breccia and veins. Best interval included 17.7 meters at 0.84% Pb, 0.48% Zn, 5.1 g/t Ag in hole VAC-06, including 8.6 meters at 1.72% Pb, 0.94% Zn, 0.15% Cu, 10.2g/t Ag and up to 16.85% Pb, 1.9% Zn, 85 g/t Ag over 0.6 metres. The drilling also indicates that Pb and Ag mineralization near the San Luis and San Cayetano mine workings is open along strike and at depth. Other targets are identified along the Zumajo trend where further work is planned to advance to drill stage.

On February 5, 2020, the Company reported results for a further 7 reconnaissance drill holes completed in late November 2019 at the Torrubia North target with the following highlights:

- Torrubia North drilling confirmed wide zones of breccia and alteration:
    - Strong copper mineralization in breccia fragments
    - Narrow drill intervals with anomalous copper and gold, including peak assay values up to 0.78% Cu and 3.48 g/t Au
- The drilling program was designed to test a 1.9km long copper anomaly with up to 1,980 ppm Cu in soils, 8.4% Cu in boulders, up to 1.2% Cu in outcrop and evidence of ancient shallow mine works. This includes seven wide-spaced diamond drill holes (TN-01 to TN-07) for a total of 964.4m. The drill holes were spread over approximately 1.6 km of strike with hole spacing from 150 to 600 m and average hole length of approximately 138 m (range from 106.3 to 162.1m). See Table 1 and Figure 2 for drill hole locations and collar details. Best results include;
- TN-01: 2.7m @ 0.4% Pb, 1.3g/t Ag from 74m and 7.5m @ 0.13% Cu from 124.5m
  - TN-02: 1.3m @ 0.22% Cu, 0.24% Pb, 2.4g/t Ag from 90.8m
  - TN-05: 2.4m @ 0.23% Cu from 45m, including 0.4m @ 0.78% Cu
  - TN-06: 3m @ 1.16 g/t Au, 0.6g/t Ag from 74m, including 0.8m @ 3.48 g/t Au, 1.5g/t Ag

The drill holes extend the Torrubia trend and confirm a steep west-dipping zone of multi-stage breccia over 10 to 68 meters thick with strong hematite, quartz and carbonate alteration. The breccia is weakly anomalous in Cu in each drill hole reflecting potential dilution by later quartz-carbonate breccia events and more recent faulting. Several drill holes intersected strongly clasts within the breccia. These provide evidence of an early copper-rich stage and exploration potential along the Torrubia structure and at depth. High gold values in hole TN-06 are associated with quartz pyrite veins, indicating a separate gold stage.

Less than 25% of the Torrubia trend has been investigated to date and additional work is required to determine local scale controls on the Cu mineralization. Further investigation of the Au potential is also required

### **Escacena Project**

In May 2017, the Company entered into a Letter of Intent ("LOI") with Evalam 2003 S.L. ("Evalam"), a private Spanish company, to purchase 100% interest of Evalam's Au/Cu/Zn mineral prospect in Spain, subject to a net smelter returns ("NSR") royalty as described below. Evalam applied for an exploration license in the provinces of Seville and Huelva, Kingdom of Spain, to conduct evaluation and mineral exploration on a mineral prospect known as the "Escacena Property".

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The terms of the LOI provide for payment of \$350,000 to Evalam and funding by the Company of \$1,000,000 in exploration expenditures (\$462,998 as at April 30, 2020) under the following conditions (subject to TSX-V approval):

	Cash payments	Exploration expenditures <sup>(2)</sup>
The Issuance Date <sup>(1)</sup>	\$ 30,000	\$ -
12-month anniversary of the Issuance Date	50,000	200,000
24-month anniversary of the Issuance Date	100,000	300,000
36-month anniversary of the Issuance Date	170,000	500,000
	350,000	\$ 1,000,000

<sup>(1)</sup> The later of (a) receipt of final TSX-V approval and (b) granting of the Escacena mineral rights.

Upon commencement of commercial production, Pan Global shall pay to Evalam a NSR royalty in an amount as follow: (a) 0.50% on the first 12,500 tonnes of Cu equivalent, and (b) 0.75% on any amount in excess of 12,500 tonnes of Cu equivalent, which will be calculated quarterly based on production from the Escacena Property for the most recently completed calendar quarter. This NSR royalty is subject to an aggregate lifetime maximum cap of \$5,000,000.

Following the signing of the LOI, permitting of the Escacena Mineral Rights advanced resulting in the mineral rights or Permiso de Investigacion (Investigation Permit) being granted in December 2018. The Escacena Project targets volcanic-hosted massive sulphide ("VMS") and stockwork copper, zinc, and precious metal mineralization in the Iberian Pyrite Belt, which is considered to be the most prolific VMS mining district in the world.

This project includes a large untested gravity anomaly at La Cañada and the La Romana gravity anomaly, where historical drill holes confirmed copper mineralization, including hole PR5 with 4.68 m of 2.94% Cu in massive sulphide. The targets are along strike from the giant Aznalcollar and Los Frailes massive sulphide deposits and the Las Cruces mine which is one of the highest grade open pit copper mines in the world.

In October 2019, the Company completed an initial three drill holes for an aggregate total of 556.05 meters at the Escacena Project with the target being VMS associated mineralization. Drill holes (LRD-01 and LRD-02) tested a shallow IP target on the edge of the La Romana gravity target with drill hole (CHD-01) testing a shallow IP anomaly to the southeast and updip from the Cañada Honda gravity target. Downhole electromagnetic ("DHEM") surveys were also completed in all three drill holes. Highlights of exploration results included:

- Drill holes LRD-01 and LRD-02, approx. 360 meters apart, at the La Romana gravity target intersected shallow volcanic associated copper stock work, semi massive and massive sulphide.
- LRD-02 returned
  - 20.55 meters at 1.5% Cu equivalent<sup>1</sup> (eq) (1.02% Cu, 0.11% Sn, 4.7 g/t Ag) including
    - 14.9 meters at 1.97% Cu eq (1.34% Cu, 0.15% Sn, 5.9g/t Ag, 0.011 g/t Au) from 43.1 meters,
      - including 7 meters at 3.43% Cu eq (2.50% Cu, 0.23% Sn, 10.1 g/t Ag, 0.014 g/t Au, 0.11% Zn, 133ppm Co).
- LRD-01 returned
  - 10.1 meters at 0.72% Cu eq (0.64% Cu, 2.2 g/t Ag) from 73.9 meters, including
    - 1.6 meters at 1.38% Cu eq (1.26% Cu, 4.6 g/t Ag, 0.012 g/t Au) and
    - 3 meters at 1.53% Cu eq (1.38% Cu, 4.5 g/t Ag, 0.05 g/t Au, 114 ppm Co);
  - 48.35 meters at 0.21% Cu eq (0.14% Cu, 2.2 g/t Ag) from 140 meters to end of hole, including
    - 7.8 meters at 0.60% Cu eq (0.5% Cu, 2.7 g/t Ag)
  - hole ends in 0.59% Cu eq (0.24% Cu, 0.10% Sn, 1.4 g/t Ag).

On February 5, 2020, the Company reported new geophysics and geochemistry results showing several new targets with the following highlights:

- A large zinc plus lead soil anomaly and coincident North-dipping IP plus EM conductor anomaly at Cañada Alta
- Multiple IP chargeability and low resistivity responses on 3 lines and continuous over 800m of strike at the Cañada Honda gravity anomaly

The new ground gravity surveys include 120 stations on a 200-by-200-meter grid in the Northwest of the permit area and 115 stations every 50 meters along lines 250 meters apart over Cañada Honda and Cañada Alta targets. The results were integrated with historical gravity data. The results enhance the Cañada Honda target and indicate several additional untested gravity anomalies. Further modelling and investigation of these targets is required.

A 1.4 kilometer line of dipole-dipole IP and adjacent 1.4 km line of TEM were completed over the western peak of the Cañada Honda gravity target. The results include three separate East-West oriented IP chargeability and resistivity-low anomalies across all three IP lines completed to-date, indicating potential continuity over approximately 800 meters of strike. The new results highlight a strong chargeability anomaly (>25 mV/V) coincident with a shallow TEM conductor and lead and zinc soil anomaly at the Encina target. The conductor is interpreted as a tabular North-dipping body some tens of meters deep, representing potential metal sulphide mineralization. The low resistivity anomalies on the two eastern-most IP lines represent potential deep semi-massive to massive sulphide.

On February 13, 2020, the Company announced commencement of a follow-up drill program to test for extensions to the copper mineralization encountered in drill hole LRD-02 at the La Romana target. The follow-up drill program included a total of 6 drill holes (LRD03 to LRD08) for a total of 889.85 meters. Down hole electro-magnetic surveys were completed in each drill hole except LRD05. Drill holes LRD-03 and LRD-07 are located approximately 50 and 100 meters West of hole LRD-02, respectively; holes LRD-04 and LRD-08 are approximately 50 and 200 meters East from LRD 2, respectively; hole LRD-05 is 25 meters up-dip and LRD-06 is 50 meters down-dip from LRD2. Each drill hole intersected similar style copper mineralization to that encountered in hole LRD02.

Results for the first three drill holes (LRD-03, LRD-04 and LRD-05) were reported on April 22, 2020 with the following highlights:

- LRD-03 intersected
  - 21.3m at 1.03% Cu eq<sup>1</sup> (0.73% Cu, 0.055 % Sn, 4.1 g/t Ag) from 47.3m, including
  - 6.6m @ 2.05% Cu eq (>1% Cu) combined thickness
- LRD-04 intersected
  - 20m at 0.77% Cu eq (0.57% Cu, 0.039% Sn, 2.3 g/t Ag) from 59m, including
    - 9m at 1.47% Cu eq (1.13% Cu, 0.073% Sn, 4.4 g/t Ag) from 59m, including
      - 5m at 2.23% Cu eq (1.75% Cu, 0.102% Sn, 6.6 g/t Ag) from 63m
- LRD-05 intersected
  - 29.5m at 1.29% Cu eq (0.92% Cu, 0.08% Sn, 4.7 g/t Ag) from 7.5m, including
    - 21m at 1.55% Cu eq (1.19% Cu, 0.069% Sn, 5.8g/t Ag) from 16m, including
      - 11m at 2.60% Cu eq (>1% Cu or 0.5% Sn) combined thickness

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The drill results and drill hole collar information are summarized below:

Hole	From	To	Width	Cu	Pb	Zn	Ag	Au	Co	Sn	CuEq <sup>1</sup>
	m			%	ppm	ppm	g/t	g/t	ppm	ppm	%
<b>LRD-03</b>	<b>47.3</b>	<b>68.6</b>	<b>21.3</b>	<b>0.73</b>	<b>162</b>	<b>508</b>	<b>4.1</b>	<b>0.008</b>	<b>82</b>	<b>550</b>	<b>1.03</b>
<i>including</i>	48	50	2	1.43	185	598	6.8	0.012	85	1090	1.92
<i>including</i>	52	57	5	1.24	196	554	6.5	0.010	104	757	1.64
<i>including</i>	66	68.6	2.6	1.21	248	998	6.0	0.014	104	1051	1.72
<i>LRD03 &gt;1%Cu</i>											
<i>including</i>	49	50	1	1.94	252	770	8.2	0.013	98	1360	2.55
<i>including</i>	52	54	2	1.13	334	638	6.1	0.011	107	547	1.48
<i>including</i>	55	57	2	1.59	96	537	8.2	0.012	120	1217	2.15
<i>including</i>	67	68.6	1.6	1.64	387	1287	8.1	0.019	123	1479	2.33
<b>Total</b>			<b>6.6</b>	<b>1.52</b>	<b>262</b>	<b>785</b>	<b>7.5</b>	<b>0.014</b>	<b>113</b>	<b>1099</b>	<b>2.05</b>
<b>LRD-04</b>	<b>59</b>	<b>79</b>	<b>20</b>	<b>0.57</b>	<b>69</b>	<b>361</b>	<b>2.1</b>	<b>0.004</b>	<b>70</b>	<b>388</b>	<b>0.77</b>
<i>including</i>	59	68	9	1.13	92	418	4.4	0.007	92	731	1.47
<b>including</b>	<b>63</b>	<b>68</b>	<b>5</b>	<b>1.75</b>	<b>92</b>	<b>504</b>	<b>6.6</b>	<b>0.009</b>	<b>111</b>	<b>1016</b>	<b>2.23</b>
<b>LRD-05</b>	<b>7.5</b>	<b>37</b>	<b>29.5</b>	<b>0.92</b>	<b>105</b>	<b>446</b>	<b>4.7</b>	<b>0.008</b>	<b>89</b>	<b>803</b>	<b>1.29</b>
<i>including</i>	16	37	21	1.19	85	528	5.8	0.009	105	692	1.55
<i>LRD05 &gt;1%Cu/0.5%Sn</i>											
<i>including</i>	9	10	1	0.66	651	144	5.9	0.009	29	7130	2.91
<i>including</i>	16	17	1	1.45	105	523	9.5	0.010	120	1170	2.00
<i>including</i>	20	22	2	1.68	107	652	7.6	0.008	130	2090	2.50
<i>including</i>	24	26	2	2.49	36	933	12.1	0.017	196	557	2.96
<i>including</i>	32	37	5	2.07	162	733	8.7	0.014	128	875	2.55
<b>Total</b>			<b>11</b>	<b>1.89</b>	<b>168</b>	<b>682</b>	<b>8.9</b>	<b>0.013</b>	<b>131</b>	<b>1634</b>	<b>2.60</b>

<sup>1</sup> Copper equivalent (eq): Metal prices used: Copper US\$ 5700 per tonne, Lead US\$ 2100 per tonne, Zinc US\$ 2320 per tonne, Silver USD 17 per ounce, Gold US\$1480 per ounce, Cobalt US\$ 36000 per tonne and Tin US\$ 17000 per tonne. No recoveries were applied

Each of the follow-up drill holes confirm copper mineralization at shallow depths, including stock work, semi-massive and locally massive style chalcopyrite-pyrite, with locally appreciable levels of tin and silver, and elevated zinc, lead, cobalt and gold associated with strong chlorite alteration.

Drill hole LRD-05 commenced in copper mineralization immediately beneath a thin sediment cover sequence at approximately 4.5 meters vertical depth (7.5 meters down-hole). All the drill holes ended in a wide zone, tens of meters thick, of mainly pyritic stock work with levels of banded massive sulphide and local chalcopyrite.

Downhole EM in holes LRD- 02 to LRD-08 shows an upper conductor in two-parts over approximately 550-by-300 meters and dipping approximately 30° North. Downhole EM in hole LRD-08 also highlights a deeper, north-dipping conductor, approximately 450 x 300 meters, that extends the off-hole conductor previously detected beneath hole LRD-01.

The upper conductor is coincident with the high-grade copper intervals reported in holes LRD- 02 to LRD-05, with only the shallow southeast portion of the conductor tested so-far and with increasing intensity towards the West following the gravity peak. To date, only drill hole LRD-08 has intersected the upper southwestern portion of the deeper conductor with the strongest part of the conductor untested and open to the East and down-dip beneath hole LRD-01.

Results for holes LRD06, LRD07 and LRD08 are expected to be available in the next quarter.

#### *Al Andalus*

In November 2019, the Company, through its subsidiary Minera Sabina S.L., announced it had entered into an agreement with Strategic Minerals Spain, S.L. to acquire all rights to the Al Andalus Investigation Permit (the "Al Andalus Property"), covering an area of approximately 3,367 hectares adjacent to the Company's Escacena Project. Al Andalus will form part of the companies Escacena Project exploration program.

The Al Andalus Property is highly prospective and remains mostly unexplored since the mid-1980's, which includes:

- potential eastern extensions to Company's La Romana target, where the Company recently reported initial drill results;
- the historical mining areas of El Pozo and La Zarcita, and several un-tested gravity targets;
- the La Jarosa prospect where drill hole PJ-2 by Exxon in 1995/6 intersected 9.5m at 1.42% Cu (semi-massive sulphide); and is
- adjacent to Grupo Mexico's Aznalcollar and Los Frailes mine area and along strike from First Quantum's Las Cruces mine

The terms of the agreement with Strategic Minerals included a total purchase price of €300,000, consisting of an initial payment of €275,000 and a final payment of €25,000 not more than six months after the signing date. The purchase is not subject to a royalty and is not dilutive of the Company's share capital. The Al Andalus Property is an advanced exploration permit application and currently in the public information and consultation stage.

On April 29, 2020, the Company completed the final payment to Strategic Minerals and acquired all rights to the Al Andalus property. Exploration will commence in the property once the Investigation Permit is granted.

#### **OUTLOOK**

The primary goal of the Company's exploration program is to discover and develop new mineral resources and to establish a pipeline of opportunities.

The Company has an active exploration program underway on the Aguilas Project, where early stage results are very encouraging, indicating IOCG and polymetallic (Cu, Pb, Zn, Ag) vein and breccia styles of mineralization. Drilling and sampling is expected to continue in the Aguilas Project in 2020 testing copper targets on the Torrubia trend and Zumajo polymetallic trend.

Exploration on the Escacena Property includes an expanded geophysics and drilling program in 2020, including follow-up of the La Romana and Cañada Honda targets and exploration elsewhere in the property. Exploration is not expected to commence in the Al Andalus property until the second half of 2020 once the mineral rights are permitted.

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The Company manages the Aguilas Project through its 70%-owned Spanish subsidiary, Minera Aguila S.L.U., with a total area covering approximately 16,366 hectares, including granted mineral rights and mineral rights under application. At the Escacena Project, the Company replaced the LOI with Evalam with a definitive agreement, which provides Pan Global an option to acquire 100% of the Escacena Investigation Permit in Spain.

The Company is continuing to review other exploration opportunities.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. Therefore, there is uncertainty that may cast doubt on the Company's ability to continue as a going concern.

**SUMMARY OF QUARTERLY RESULTS**

The results for the quarters shown below are consistent with a return to exploration activity resulting from the Company's new focus and projects in Spain. Prior quarters were consistent with minimal exploration activities as the Company sought a new project. Regulatory, legal, accounting and audit expenses were kept to a minimum.

	<b>April 30,</b>		<b>January 31,</b>		<b>October 31,</b>		<b>July 31,</b>
	<b>2020</b>		<b>2020</b>		<b>2019</b>		<b>2019</b>
Exploration expenditures	\$ 483,745	\$	398,506	\$	491,188	\$	341,626
Net income (loss) for the period <sup>(1)</sup>	(580,546)		(529,319)		(518,206)		(488,857)
Earnings (loss) per share - basic and diluted	\$ (0.01)	\$	(0.00)	\$	(0.00)	\$	(0.01)

  

	<b>April 30,</b>		<b>January 31,</b>		<b>October 31,</b>		<b>July 31,</b>
	<b>2019</b>		<b>2019</b>		<b>2018</b>		<b>2018</b>
Exploration expenditures	\$ 589,758	\$	580,833	\$	339,638	\$	226,533
Net income (loss) for the period <sup>(1)</sup>	(724,167)		(583,990)		(367,434)		(357,524)
Earnings (loss) per share - basic and diluted	\$ (0.01)	\$	(0.01)	\$	(0.00)	\$	(0.00)

<sup>(1)</sup> Attributable to equity holders of the Company

**RESULTS OF OPERATIONS**

**For the three months ended April 30, 2020**

The net loss for the three months ended April 30, 2020 was \$587,281 compared to \$863,831 for the same quarter in the prior year. The loss for the quarter is primarily comprised of \$483,745 of exploration expenditures related to the Aguilas and Escacena Projects and \$141,944 of general and administrative expenses. During the same quarter in the prior year, net loss was primarily due to \$589,758 of exploration expenditures related to the Aguilas Project and \$273,046 of general and administrative expenses, which included share-based compensation of \$156,338.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Operating Activities**

For the three months ended April 30, 2020, the Company used \$559,507 its operating activities, primarily related to its exploration expenditures on its Aguilas and Escacena Projects, offset by a net change in non-cash working capital items of \$14,441.

### **Investing Activities**

For the three months ended April 30, 2020, the Company used \$37,636 in its investing activities, related to the final option payment on the Al Andalus option agreement.

### **Financing Activities**

For the three months ended April 30, 2020, the Company received \$64,020 from exercise of share purchase warrants. In addition, the Company paid \$4,828 towards its lease liabilities.

### **Requirement of Additional Equity Financing**

The Company has relied entirely on equity financings for all funds raised to date for its operations. Additional funds will be needed in the future to facilitate the Company's business plans and any future potential property acquisitions. Capital markets may not be receptive to offerings of new equity, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

## **RELATED PARTY TRANSACTIONS**

Key management positions are filled by directors and officers of the Company. The terms of conditions of the transactions with key management personnel were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to directors and key management personnel, including the President & Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Corporate Secretary and entities over which they have control or significant influence were as follows:

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	<b>Fees or</b>	<b>Share-based</b>	
<b>For the three months April 30, 2020</b>	<b>salaries</b>	<b>compensation</b>	<b>Total</b>
President & CEO	\$ 60,000	\$ -	\$ 60,000
Corporate Secretary	8,190	-	8,190
CFO	6,000	-	6,000
Directors	-	-	-
	\$ 74,190	\$ -	\$ 74,190

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**PAN GLOBAL RESOURCES INC.**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED APRIL 30, 2020  
(Expressed in Canadian dollars)

<b>For the three months April 30, 2019</b>	<b>Fees or salaries</b>	<b>Share-based compensation</b>	<b>Total</b>
President & CEO	\$ 60,000	\$ 26,878	\$ 86,878
Corporate Secretary	13,504	4,480	17,984
CFO	6,000	4,480	10,480
Directors	1,622	98,551	100,173
	\$ 81,126	\$ 134,389	\$ 215,515

As at April 30, 2020, included in accounts payable and accrued liabilities is \$41,500 (January 31, 2020 - \$15,500) owing to the related parties as follows: \$20,000 (January 31, 2020 - \$Nil) to the CEO, \$18,000 (January 31, 2020 - \$12,000) to the CFO, and \$3,500 (January 31, 2020 - \$3,500) to the Corporate Secretary of the Company.

**FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT**

The Company classified its financial instruments as follows:

<b>As at April 30, 2020</b>	<b>Amortized cost</b>
<b>Financial assets</b>	
Cash	\$ 581,963
<b>Financial liabilities</b>	
Accounts payable and accrued liabilities	\$ 314,934

<b>As at January 31, 2020</b>	<b>Amortized cost</b>
<b>Financial assets</b>	
Cash	\$ 1,119,914
<b>Financial liabilities</b>	
Accounts payable and accrued liabilities	\$ 207,269

**Fair Value**

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

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

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

### **Financial Instrument Risk Exposure and Risk Management**

The Company's capital includes share capital and the cumulative deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. There was no change in the Company's approach to managing capital during the three months ended April 30, 2020. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. This note presents information about the Company's exposure to each of these risks, the Company's objectives and processes for measuring and managing risk, and the Company's management of capital.

#### **Credit Risk**

Credit risk arises from cash and deposits with banks, as well as credit exposure on outstanding receivables and committed transactions. There is no significant concentration of credit risk. The Company's cash deposits are primarily held with a Canadian chartered bank. The Company has minimal accounts receivable exposure as it relates to amounts due from the governments of Canada and Spain pursuant to goods and services tax credits.

#### **Currency Risk**

The Company has identified its functional currency as the Canadian dollar. Certain of the Company's exploration expenditures have been denominated in Euros and United States dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and those currencies. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. Management believes the foreign exchange risk related to currency conversions is minimal.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on the issuance of common shares and share purchase warrants to fund exploration programs and will require doing so again in the future.

#### **Interest Rate Risk**

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not significantly affected by changes in market interest rates.

#### **OFF BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements or obligations that are not disclosed in the condensed interim consolidated financial statements.

## **RISKS AND UNCERTAINTIES**

In addition to the usual risks associated with an investment in an exploration-stage company, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

### **No Assurance of Titles or Borders**

The acquisition of the right to exploit mineral properties is a very detailed and time-consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's surface or mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third-party claims could have a material adverse impact on the Company's operations.

### **Competition**

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

### **Mineral Property Exploration and Mining Risks**

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. The main operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The Company may earn an interest in certain properties through option agreements and acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the properties and can include the satisfactory completion of prefeasibility studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property. The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

### **Financing and Share Price Fluctuation Risks**

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. The Company's ability to secure a new project is dependent upon the Company's ability to obtain financing through equity or debt financing or other means. The securities markets can experience a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, may experience wide fluctuations in share prices which will not necessarily be related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

### **Insured and Uninsured Risks**

In the course of exploration, development and production of mineral properties, the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability. Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company. Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

### **Environmental Risks and Hazards**

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present.

### **Conflicts of Interest**

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### **OUTSTANDING SHARE DATA**

As at the date of this MD&A, the Company had 122,469,103 common shares issued and outstanding. There were also 7,070,000 options and 28,427,351 share purchase warrants outstanding with expiry dates ranging from August 20, 2021 to April 16, 2029.