

# PAN GLOBAL



# BAL

— RESOURCES INC —

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

**July 31, 2020**

**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of Pan Global Resources Inc. for the six months ended July 31, 2020 and 2019 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

**PAN GLOBAL RESOURCES INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited - Expressed in Canadian dollars)

	<b>July 31, 2020</b>	<b>January 31, 2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 4,209,477	\$ 1,119,914
Receivables (Note 3)	336,920	450,225
Prepaid expenses	60,785	2,413
<b>Total current assets</b>	<b>4,607,182</b>	<b>1,572,552</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 4)	1,909,183	1,871,547
Reclamation deposits	77,373	106,971
Right-of-use assets (Note 5)	25,580	34,398
<b>Total non-current assets</b>	<b>2,012,136</b>	<b>2,012,916</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,619,318</b>	<b>\$ 3,585,468</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 192,577	\$ 207,269
Lease liabilities (Note 7)	15,195	17,155
<b>Total current liabilities</b>	<b>207,772</b>	<b>224,424</b>
<b>Non-current liabilities</b>		
Lease liabilities (Note 7)	13,032	17,273
<b>Total liabilities</b>	<b>220,804</b>	<b>241,697</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	20,204,838	17,895,123
Reserves (Note 8)	7,554,007	4,549,299
Deficit	(21,038,857)	(18,790,711)
<b>Total shareholder's equity attributable to equity holders of the Company</b>	<b>6,719,988</b>	<b>3,653,711</b>
Non-controlling interest (Note 9)	(321,474)	(309,940)
<b>Total shareholders' equity</b>	<b>6,398,514</b>	<b>3,343,771</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 6,619,318</b>	<b>\$ 3,585,468</b>

**Nature of operations and going concern (Note 1)**

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

**Approved on behalf of the Board of Directors**

\_\_\_\_\_ *"Timothy Moody"* Director

\_\_\_\_\_ *"Robert Baxter"* Director

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

**PAN GLOBAL RESOURCES INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian dollars)

	Three months ended July 31,		Six months ended July 31,	
	2020	2019	2020	2019
<b>Exploration expenditures</b> (Note 4)	\$ 265,664	\$ 341,626	\$ 749,409	\$ 931,384
<b>General and administrative expenses</b>				
Accounting, tax, and audit (Note 10)	16,000	16,000	31,106	31,000
Depreciaton (Note 5)	4,409	4,409	8,818	8,818
Consulting and management fees (Note 10)	82,000	70,000	112,000	101,622
Investor relations	49,369	38,307	121,096	58,917
Office and rent	321	1,130	2,845	3,558
Professional fees (Note 10)	15,350	23,245	23,540	29,249
Regulatory and transfer agent	5,851	12,372	13,650	19,875
Share-based compensation (Notes 8, 10)	1,273,845	-	1,273,845	156,338
Travel and related	20	12,688	2,209	41,820
	1,447,165	178,151	1,589,109	451,197
<b>Loss from operations</b>	(1,712,829)	(519,777)	(2,338,518)	(1,382,581)
Accretion expense (Note 7)	(454)	(693)	(964)	(1,454)
Foreign exchange and other	40,884	(18,228)	79,802	(18,494)
<b>LOSS AND COMPREHENSIVE LOSS</b>	\$ (1,672,399)	\$ (538,698)	\$ (2,259,680)	\$ (1,402,529)
Loss and comprehensive loss attributable to:				
Equity holders of the Company	\$ (1,667,600)	\$ (488,857)	\$ (2,248,146)	\$ (1,213,024)
Non-controlling interest (Note 9)	(4,799)	(49,841)	(11,534)	(189,505)
	\$ (1,672,399)	\$ (538,698)	\$ (2,259,680)	\$ (1,402,529)
<b>Loss per common share - basic and diluted</b>	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	125,201,233	94,293,387	123,787,836	94,293,387

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

**PAN GLOBAL RESOURCES INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited - Expressed in Canadian dollars)

	<b>Six months ended July 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (2,259,680)	\$ (1,402,529)
Items not affecting cash:		
Depreciaton	8,818	8,818
Share-based compensation	1,273,845	156,338
Accretion expense	964	1,454
Unrealized foreign exchange effect	9,764	-
Changes in non-cash working capital items:		
Receivables	113,305	19,864
Prepaid expenses	(58,372)	263
Accounts payable and accrued liabilities	(14,692)	143,886
<b>Net cash used in operating activities</b>	<b>(926,048)</b>	<b>(1,071,906)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(37,636)	-
Reclamation deposits	22,412	-
<b>Net cash used in investing activities</b>	<b>(15,224)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Private placement financing	4,095,719	-
Share issue costs	(194,999)	-
Exercise of share purchase warrants	139,858	-
Lease payments	(9,743)	(10,790)
<b>Net cash provided by (used in) financing activities</b>	<b>4,030,835</b>	<b>(10,790)</b>
<b>Change in cash during the period</b>	<b>3,089,563</b>	<b>(1,082,696)</b>
<b>Cash, beginning of period</b>	<b>1,119,914</b>	<b>1,485,441</b>
<b>Cash, end of period</b>	<b>\$ 4,209,477</b>	<b>\$ 402,745</b>

Supplemental disclosure with respect to cash flows (Note 11)

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

**PAN GLOBAL RESOURCES INC.**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian dollars)

	Number of common shares	Share capital	Reserves	Deficit	Non-controlling interest	Total
<b>Balance at January 31, 2019</b>	94,293,387	\$ 16,185,929	\$ 3,236,968	\$ (16,535,071)	\$ 35,698	\$ 2,923,524
Share-based compensation	-	-	156,338	-	-	156,338
Loss for the period	-	-	-	(1,213,024)	(189,505)	(1,402,529)
<b>Balance at July 31, 2019</b>	94,293,387	\$ 16,185,929	\$ 3,393,306	\$ (17,748,095)	\$ (153,807)	\$ 1,677,333

	Number of common shares	Share capital	Reserves	Deficit	Non-controlling interest	Total
<b>Balance at January 31, 2020</b>	121,828,903	\$ 17,895,123	\$ 4,549,299	\$ (18,790,711)	\$ (309,940)	\$ 3,343,771
Shares issued on private placement	22,753,997	2,421,485	1,674,234	-	-	4,095,719
Share issue costs	-	(194,999)	-	-	-	(194,999)
Finders' warrants issued	-	(79,529)	79,529	-	-	-
Exercise of share purchase warrants	994,190	162,758	(22,900)	-	-	139,858
Share-based compensation	-	-	1,273,845	-	-	1,273,845
Loss for the period	-	-	-	(2,248,146)	(11,534)	(2,259,680)
<b>Balance at July 31, 2020</b>	145,577,090	\$ 20,204,838	\$ 7,554,007	\$ (21,038,857)	\$ (321,474)	\$ 6,398,514

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

## **PAN GLOBAL RESOURCES INC.**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

---

#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Pan Global Resources Inc. (hereafter referred to as the “Company”) was incorporated under the laws of the Province of British Columbia and was established as a legal entity on February 1, 2006. 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. The Company is primarily focused on the early stage exploration through to development of resources of copper and other metals in Spain. In addition to exercising its first option to acquire a 70% interest in Minera Aguila S.L.U. (“MASL”) (Note 4), the Company has also signed a Letter of Intent (“LOI”) with EVALAM2003 S.L. (“EVALAM”) to acquire the Escacena Investigation Permit (Note 4). The Company is continuing to review a number of other opportunities.

The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “PGZ”. The Company’s principal office is located at 700 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

As at July 31, 2020, the Company had a working capital of \$4,399,410, recorded a net loss of \$2,259,680 for the six months then ended, and had accumulated a total deficit of \$21,038,857. These condensed interim consolidated financial statements are prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and develop profitable operations. These condensed interim consolidated financial statements do not include any adjustments to amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. As at July 31, 2020, the Company has not achieved profitable operations and has accumulated losses since inception. The Company will need to raise additional funds to further its exploration and development programs.

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.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of preparation and measurement**

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

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as our most recent annual consolidated financial statements, except as described below, and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended January 31, 2020.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

**3. RECEIVABLES**

The Company's receivables arise from GST and VAT due from the Canadian and Spanish taxation authorities.

**4. EXPLORATION AND EVALUATION ASSETS**

	July 31, 2020	Additions	January 31, 2020
Aguilas Project, Spain	\$ 1,464,562	\$ -	\$ 1,464,562
Escacena Project, Spain	444,621	37,636	406,985
	\$ 1,909,183	\$ 37,636	\$ 1,871,547

**Aguilas Project, Spain**

In November 2016, the Company entered into a share option agreement with a related party (Note 10) for an option to acquire up to a 100% interest of a Spanish exploration company, MASL, who has been granted two mineral exploration licenses, and applied for the issuance of an additional seven mineral exploration licenses in the Provinces of Cordoba and Ciudad Real, Kingdom of Spain, collectively referred to as the "Aguilas Project". 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. The Company has agreed to the aggregate consideration of 4,700,000 common shares of the Company, cash payments 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 Company may pay \$100,000 (or issue 1,000,000 common shares the Company, at the election of the optionor) 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 optionor to remove this term of the agreement.

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 optionor. In addition, net advances of \$341,466 from the Company, representing unspent funds held by MASL, remained in MASL.

In September 2018, the Company paid \$150,000 and issued 2,500,000 common shares of the Company, valued at \$425,000.

The final payment was been temporarily deferred and final payment for the remaining 30% equity was completed subsequently.



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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

**4. EXPLORATION AND EVALUATION ASSETS (cont'd...)****Escacena Project**

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

In November 2019, the Company entered into an agreement, through its subsidiary, with Strategic Minerals Spain, S.L. to acquire all rights to the Al Andalus Investigation Permit, covering an area adjacent to the Company's Escacena Project. The Company paid €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.

**Exploration Expenditures**

<b>For the six months ended July 31, 2020</b>	<b>Aguilas</b>	<b>Escacena</b>	<b>Total</b>
Drilling	\$ -	\$ 201,046	\$ 201,046
License fees	25,168	50,356	75,524
Professional fees	21,659	78,343	100,002
Technical consulting	30,000	30,000	60,000
Technical services	18,523	289,335	307,858
Travel	255	4,724	4,979
	\$ 95,605	\$ 653,804	\$ 749,409

<b>For the six months ended July 31, 2019</b>	<b>Aguilas</b>	<b>Escacena</b>	<b>Total</b>
Drilling	\$ 196,509	\$ 79,405	\$ 275,914
License fees	75,221	89,946	165,167
Professional fees	38,566	32,417	70,983
Technical consulting	30,000	30,000	60,000
Technical services	225,587	88,698	314,285
Travel	42,132	2,903	45,035
	\$ 608,015	\$ 323,369	\$ 931,384

**5. RIGHT-OF-USE ASSETS**

	<b>Amount</b>
As at January 31, 2020, net	\$ 34,398
Depreciation	(8,818)
<b>As at July 31, 2020, net</b>	<b>\$ 25,580</b>

**PAN GLOBAL RESOURCES INC.**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	July 31, 2020	January 31, 2020
Accounts payable	\$ 38,077	\$ 138,769
Accrued liabilities	129,500	68,500
	\$ 167,577	\$ 207,269

**7. LEASE LIABILITIES**

As at July 31, 2020, the Company's lease liabilities are as follows:

	Amount
As at January 31, 2020	\$ 34,428
Accretion expense	964
Lease payments made	(9,743)
Currency translation	2,578
As at July 31, 2020	28,227
<b>Less: current portion</b>	<b>15,195</b>
<b>Long-term portion</b>	<b>\$ 13,032</b>

**8. SHARE CAPITAL****Authorized Share Capital**

Authorized share capital consists of:

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

In July 2020, the Company completed a non-brokered private placement issuing 22,753,997 units at a price of \$0.18 per unit for aggregate gross proceeds of \$4,095,719, where each unit is comprised of one common share and one-half share purchase warrant, where each full warrant is exercisable at \$0.28 per share for two years. The Company paid finders' fees of \$96,300 and issued 535,000 finders' warrants valued at \$79,529, where each warrant is exercisable at \$0.28 per share for two years. The share purchase warrants and finders' warrants issued may be subject to acceleration. The units, common shares, share purchase warrants, finders' warrants and shares issued upon exercise of the share purchase warrants and/or the finders' warrants are subject to a four-month holding period. In accordance with the Company's accounting policy, \$1,674,234 of the gross proceeds were allocated to its reserves.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

**8. SHARE CAPITAL (cont'd...)****Stock Options**

The continuity of stock options for the six months ended July 31, 2020 are as follows:

Expiry date	Exercise price	Balance January 31, 2020	Granted	Exercised	Expired	Balance July 31, 2020
Apr 18, 2027	\$ 0.10	2,425,000	-	-	-	2,425,000
Dec 01, 2027	\$ 0.20	2,775,000	-	-	-	2,775,000
Jun 20, 2028	\$ 0.215	125,000	-	-	-	125,000
Apr 16, 2029	\$ 0.10	1,745,000	-	-	-	1,745,000
Jul 31, 2030	\$ 0.31	-	4,200,000	-	-	4,200,000
<b>Total and exercisable</b>		<b>7,070,000</b>	<b>4,200,000</b>	<b>-</b>	<b>-</b>	<b>11,270,000</b>
Weighted average						
exercise price	\$	0.14	\$	0.31	\$	-
					\$	-
						\$ 0.20

As at July 31, 2020, the weighted average remaining life of the stock options outstanding is 8.42 (January 31, 2020 - 7.97) years.

**Share Purchase Warrants**

The continuity of share purchase warrants for the six months ended July 31, 2020 are as follows:

Expiry date	Exercise price	Balance January 31, 2020	Issued	Exercised	Expired/ cancelled	Balance July 31, 2020
Mar 06, 2020	\$ 0.10	640,200	-	(640,200)	-	-
Aug 20, 2021	\$ 0.20	13,652,240	-	(227,990)	-	13,424,250
Dec 16, 2021	\$ 0.24	14,775,111	-	(126,000)	-	14,649,111
Jul 20, 2022 <sup>(1)</sup>	\$ 0.28	-	11,911,999	-	-	11,911,999
<b>Total</b>		<b>29,067,551</b>	<b>11,911,999</b>	<b>(994,190)</b>	<b>-</b>	<b>39,985,360</b>
Weighted average						
exercise price	\$	0.22	\$	0.28	\$	0.14
					\$	-
						\$ 0.24

<sup>(1)</sup> Expiry may be accelerated, if the volume weighted average trading price of the Company's common shares on the TSX-V was greater than \$0.32 for 20 consecutive trading days.

As at July 31, 2020, the weighted average remaining life of the share purchase warrants outstanding is 1.45 (January 31, 2020 - 1.69) years.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

**8. SHARE CAPITAL (cont'd...)****Share-based Compensation**

In July 2020, the Company granted 4,200,000 stock options to directors, officers, and employees of the Company with an exercise price of \$0.31 per option with an expiry date of April 31, 2030. Using the fair value method for share-based payments, the Company determined the weighted average fair value of the options granted to be \$1,273,845 or \$0.30 per share.

In April 2019, the Company granted 1,745,000 stock options to directors, officers, and employees of the Company with an exercise price of \$0.10 per option with an expiry date of April 16, 2029. Using the fair value method for share-based payments, the Company determined the weighted average fair value of the options granted to be \$156,338 or \$0.09 per share.

The fair value of the stock options granted and share purchase warrants issued was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows:

<b>For the six months ended</b>	<b>July 31, 2020</b>	<b>July 31, 2019</b>
Risk free interest rate	0.28%	1.78%
Expected dividend yield	0%	0%
Expected stock price volatility	153%	100%
Expected life in years	4	10
Forfeiture rate	0%	0%

For the six months ended July 31, 2019, in accordance with the vesting terms of stock options granted, the Company recorded a charge to share-based compensation expense of \$1,267,780 with the offsetting credit to reserves.

**9. NON-CONTROLLING INTEREST**

MASL is a 70%-owned subsidiary of the Company and is 30%-owned by a minority shareholder. For the six months ended July 31, 2020, loss of \$11,534 (2019 - \$189,505) has been allocated to the non-controlling interest of MASL. Summarized financial information about MASL is as follows:

<b>For the six months ended</b>	<b>July 31, 2020</b>	<b>July 31, 2019</b>
Current assets	\$ 336,455	\$ 338,735
Non-current assets	1,567,515	1,464,562
Current liabilities	36,469	94,854
Net loss and comprehensive loss	\$ 38,446	\$ 631,683

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

**10. RELATED PARTY TRANSACTIONS**

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

<b>For the six months ended July 31, 2020</b>	<b>Fees or salaries</b>	<b>Share-based compensation</b>	<b>Total</b>
President & CEO	\$ 120,000	\$ 242,637	\$ 362,637
Corporate Secretary	48,540	30,330	78,870
CFO	12,000	15,165	27,165
Directors	52,000	879,560	931,560
	\$ 232,540	\$ 1,167,692	\$ 1,400,232

<b>For the six months ended July 31, 2019</b>	<b>Fees or salaries</b>	<b>Share-based compensation</b>	<b>Total</b>
President & CEO	\$ 120,000	\$ 26,878	\$ 146,878
Corporate Secretary	29,249	4,480	33,729
CFO	12,000	4,480	16,480
Directors	41,622	98,551	140,173
	\$ 202,871	\$ 134,389	\$ 337,260

As at July 31, 2020, included in accounts payable and accrued liabilities is \$82,500 (January 31, 2020 - \$15,500) owing to the related parties as follows: \$20,000 (January 31, 2020 - \$Nil) to the CEO, \$24,000 (January 31, 2020 - \$12,000) to the CFO, and \$38,500 (January 31, 2020 - \$3,500) to the Corporate Secretary of the Company.

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

During the six months ended July 31, 2020, the Company:

- reallocated \$1,674,234 of gross proceeds to reserves on the closing of its private placement (Note 8);
- issued 535,000 finders' warrants, valued at \$79,529, as finders' fees (Note 8); and
- reallocated \$22,900 from reserves for exercise of share purchase warrants.

During the six months ended July 31, 2019, the Company recognized ROU assets and lease liabilities of \$52,034 on the initial application of IFRS 16.

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

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

**12. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment: the exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

<b>As at July 31, 2020</b>	<b>Canada</b>	<b>Spain</b>	<b>Total</b>
Exploration and evaluation assets	\$ -	\$ 1,909,183	\$ 1,909,183
Reclamation deposits	-	77,373	77,373
Right-of-use assets	-	25,580	25,580
<b>Total</b>	\$ -	\$ 2,012,136	\$ 2,012,136

<b>As at January 31, 2020</b>	<b>Canada</b>	<b>Spain</b>	<b>Total</b>
Exploration and evaluation assets	\$ -	\$ 1,871,547	\$ 1,871,547
Reclamation deposits	-	106,971	106,971
Right-of-use assets	-	34,398	34,398
<b>Total</b>	\$ -	\$ 2,012,916	\$ 2,012,916

**13. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT****Financial Instruments**

The Company classified its financial instruments as follows:

<b>As at July 31, 2020</b>	<b>Amortized cost</b>
<b>Financial assets</b>	
Cash	\$ 4,209,477
<b>Financial liabilities</b>	
Accounts payable and accrued liabilities	\$ 192,577

  

<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

**PAN GLOBAL RESOURCES INC.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

---

**13. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)**

**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.

**Risk and Capital 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 six months ended July 31, 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 and VAT credits.

**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.

**PAN GLOBAL RESOURCES INC.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited - Expressed in Canadian dollars)

FOR THE SIX MONTHS ENDED JULY 31, 2020

---

**13. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd...)**

**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 ("USD"). 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 shares and warrants to fund exploration programs and will require doing so again in the future.