



# **PAN GLOBAL**

## *RESOURCES*

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)

**Three Months Ended April 30, 2014**

## **NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of Pan Global Resources Inc. for the three months ended April 30, 2014 and 2013 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

**PAN GLOBAL RESOURCES INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	April 30, 2014	January 31, 2014
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 3)	\$ 142,337	\$ 108,838
Receivables (Note 4)	10,636	80,744
Advances and prepaids (Note 5)	28,622	218,206
<b>Total current assets</b>	<b>181,595</b>	<b>407,788</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (Note 6)	998,750	998,750
<b>Total non-current assets</b>	<b>998,750</b>	<b>998,750</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,180,345</b>	<b>\$ 1,406,538</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 256,037	\$ 222,684
<b>Total liabilities</b>	<b>256,037</b>	<b>222,684</b>
<b>EQUITY</b>		
Share capital (Note 8)	11,559,862	11,559,862
Reserves (Note 8)	1,512,865	1,512,865
Deficit	(12,148,419)	(11,888,873)
<b>Total equity</b>	<b>924,308</b>	<b>1,183,854</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,180,345</b>	<b>\$ 1,406,538</b>

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

These financial statements are authorized for issuance by the Board of Directors on June 27, 2014.

**Approved by the Board of Directors**

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*"Julian Bavin"* Director                      \_\_\_\_\_  
*"Robert Baxter"* Director

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

**PAN GLOBAL RESOURCES INC.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

	<b>Three Months Ended</b>	
	<b>April 30, 2014</b>	<b>April 30, 2013</b>
<b>Exploration expenditures (Note 6)</b>	\$ 171,287	\$ 425,788
<b>General and administrative expenses</b>		
Accounting, tax and audit	11,600	18,000
Consulting and management fees	62,499	64,146
Investor relations	-	36,543
Office and rent	4,037	6,580
Professional fees	4,250	14,940
Project evaluation	-	12,687
Regulatory and transfer agent	5,873	6,448
Travel	-	6,415
	<b>88,259</b>	<b>165,759</b>
<b>Loss before other items</b>	<b>(259,546)</b>	<b>(591,547)</b>
<b>Other items</b>		
Interest income	-	5,161
<b>LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ (259,546)</b>	<b>\$ (586,386)</b>
Loss per common share - basic and diluted	\$ (0.01)	\$ (0.02)
<b>Weighted average number of common shares outstanding and diluted - basic</b>	<b>38,480,187</b>	<b>31,535,521</b>

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

**PAN GLOBAL RESOURCES INC.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	Three Months Ended April 30,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (259,546)	\$ (586,386)
Items not affecting cash:		
Stock based compensation	-	-
<b>Changes in non-cash working capital items:</b>		
Receivables	70,108	(4,175)
Advances and prepaids	189,584	29,188
Accounts payable and accrued liabilities	33,353	9,153
<b>Net cash used in operating activities</b>	<b>33,499</b>	<b>(552,220)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued for cash, net of share issue costs	-	-
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>33,499</b>	<b>(552,220)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>108,838</b>	<b>1,095,980</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 142,337</b>	<b>\$ 543,760</b>

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

**PAN GLOBAL RESOURCES INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

	Number of common shares	Share capital	Reserves	Deficit	Total Equity
<b>Balance at January 31, 2013</b>	31,535,521	\$ 10,526,249	\$ 1,512,865	\$ (9,822,096)	\$ 2,217,018
Shares issued on private placements	-	-	-	-	-
Share issuance costs	-	-	-	-	-
Stock based compensation	-	-	-	-	-
Loss for the year	-	-	-	(586,386)	(586,386)
<b>Balance at April 30, 2013</b>	31,535,521	\$ 10,526,249	\$ 1,512,865	\$ (10,408,482)	\$ 1,630,632

	Number of common shares	Share capital	Reserves	Deficit	Total Equity
<b>Balance at January 31, 2014</b>	38,480,187	\$ 11,559,862	\$ 1,512,865	\$ (11,888,873)	\$ 1,183,854
Shares issued on private placements	-	-	-	-	-
Share issuance costs	-	-	-	-	-
Shares issued on acquisition of mineral properties	-	-	-	-	-
Stock based compensation	-	-	-	-	-
Loss for the year	-	-	-	(259,546)	(259,546)
<b>Balance at April 30, 2014</b>	38,480,187	\$ 11,559,862	\$ 1,512,865	\$ (12,148,419)	\$ 924,308

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

**PAN GLOBAL RESOURCES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
FOR THE THREE MONTHS ENDED APRIL 30, 2014

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

Pan Global Resources Inc. (hereafter referred to as the “Company”) is 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’s unproven mineral interests are located in the Republic of Serbia and Republic of Bosnia. The Company’s continuing operations and the ability of the Company to meet its mineral property commitments are dependent upon the ability of the Company to raise additional equity and debt financing and seeking joint venture partners.

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

These 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 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. At April 30, 2014, the Company has not achieved profitable operations and has accumulated losses since inception. There is material uncertainty that may cast significant doubt upon the ability of the Company to continue as a going concern.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation and measurement**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements for the year ended January 31, 2014, except as described below. These condensed interim financial statements should be read in conjunction with the annual audited financial statements.

**PAN GLOBAL RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 (Expressed in Canadian dollars)  
 FOR THE THREE MONTHS ENDED APRIL 30, 2014

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Accounting Pronouncements Not Yet Effective**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

*Accounting Standards Issued and Effective January 1, 2015*

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

**3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consists of cash on hand and deposits at banks earning interest at floating rates based on daily bank deposit rates:

	April 30, 2014		January 31, 2014	
Cash in bank	\$	142,337	\$	108,838
	\$	142,337	\$	108,838

**4. RECEIVABLES**

The Company's receivables arise from GST due from government taxation authorities.

	April 30, 2014		January 31, 2014	
GST receivable	\$	10,636	\$	80,744
	\$	10,636	\$	80,744



**PAN GLOBAL RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
**FOR THE THREE MONTHS ENDED APRIL 30, 2014**

**5. ADVANCES AND PREPAIDS**

The Company's advances and prepaids include funds advanced to optionor and other prepaid expenses.

	April 30, 2014	January 31, 2014
Prepaid expenses	\$ -	\$ -
Exploration advances (Note 6)	28,622	218,206
	\$ 28,622	\$ 218,206

**6. EXPLORATION AND EVALUATION ASSETS**

The Company's unproven mineral interests consist of one early-stage exploration project as follows:

	April 30, 2014	January 31, 2014
Balkans Properties	\$ 998,750	\$ 656,250
	\$ 998,750	\$ 656,250

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Balkans Properties

On February 14, 2011 the Company signed a definitive option agreement (“Option Agreement”) with Lithium Li Holdings Inc. (“Lithium Li”) to earn an undivided 51% interest, with further options to earn an undivided 65% or 80% interest, in Lithium Li. Lithium Li, through wholly-owned subsidiaries in the Balkans, has been granted exploration licenses in the Republic of Serbia and in Bosnia and Herzegovina. This Option Agreement was superseded on August 28, 2013 when the Company completed a share purchase agreement (“Purchase Agreement”) to purchase a 100% interest in Lithium Li and all its current and future licenses for consideration of cash payments totaling \$5,800,000, and the issuance of a total of 7,000,000 Pan Global shares to the current owner of Lithium Li, over a period of four years and linked to the Company’s ability to raise financing in the future.

Under the terms of the Purchase Agreement, the Company is required to make the following payments and issue the following common shares:

*Cash Consideration*

- a) on execution of the Purchase Agreement, the sum of \$150,000 (paid);
- b) upon completion of debt or equity financing in an amount not less than \$800,000, the additional sum of \$150,000 (paid);
- c) upon completion of debt or equity financing in an amount not less than \$4,000,000, the additional sum of \$400,000;
- d) upon completion of debt or equity financing in an amount not less than \$9,000,000 (cumulative), the additional sum of \$650,000;
- e) upon completion of debt or equity financing in an amount not less than \$15,000,000 (cumulative), the additional sum of \$1,250,000;
- f) on August 28, 2016, the additional sum of \$1,600,000; and
- g) on August 28, 2017, the additional sum of \$1,600,000;

The Company may, at its sole option, provide up to 50% of any cash payment in the equivalent value of its common shares, issued at a discount of 20% (or such lesser discount as is allowable pursuant to the corporate finance policies of the TSX Venture Exchange) to the volume weighted average closing price of the common shares for the 10 day period ending five days before the date of issuance.

**PAN GLOBAL RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
**FOR THE THREE MONTHS ENDED APRIL 30, 2014**

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

*Share Consideration*

- a) on execution of the Purchase Agreement, 250,000 common shares (issued);
- b) upon completion of debt or equity financing in an amount not less than \$4,000,000, an additional 500,000 common shares;
- c) upon completion of debt or equity financing in an amount not less than \$9,000,000 (cumulative), an additional 1,000,000 common shares;
- d) upon completion of debt or equity financing in an amount not less than \$15,000,000 (cumulative), an additional 1,250,000 common shares;
- e) on August 28, 2016, an additional 2,000,000 common shares;
- f) on August 28, 2017 an additional 2,000,000 common shares;

The Company may defer the issuance of any common shares if the issuance of such shares will result in the seller owning or controlling 20% or more of the then issued and outstanding number of the Company's common shares.

For the three months ended April 30, 2014 and 2013, the Company incurred the following exploration expenses on the properties, as follows:

Balkan Properties	Three Months Ended April 30,	
	2014	2013
Drilling and related supplies	\$ -	\$ -
Field costs	4,671	60,045
Geophysical surveys	-	-
Office, administration, and overhead	62,489	122,416
Salaries and consultants	104,127	192,715
Travel and related costs	-	50,612
	\$ 171,287	\$ 425,788

Included in advances and prepaids (Note 5) are funds advanced to Lithium Li:

	April 30, 2014	January 31, 2014
Unspent cash	\$ 28,622	\$ 17,138
Reclamation bond	-	201,068
	\$ 28,622	\$ 218,206

**PAN GLOBAL RESOURCES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
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FOR THE THREE MONTHS ENDED APRIL 30, 2014

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**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	April 30, 2014	January 31, 2014
Accounts payable	\$ 236,037	\$ 200,684
Accrued liabilities	20,000	22,000
	\$ 256,037	\$ 222,684

**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

**Stock Options**

The Company has adopted a stock option plan pursuant to the policies of the TSX-V that has been approved by the Company's shareholders. The maximum number of shares that may be reserved for issuance under the plan is limited to 10% of the issued common shares of the Company at any time. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

**PAN GLOBAL RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
**FOR THE THREE MONTHS ENDED APRIL 30, 2014**

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

The continuity of stock options for the period ended April 30, 2014 is as follows:

Expiry Date	Exercise Price	Outstanding January 31, 2014	Granted	Exercised	Expired/Cancelled	Outstanding April 30, 2014	Exercisable April 30, 2014
30-Nov-16	\$ 0.20	87,000	-	-	-	87,000	87,000
8-Jul-15	0.25	250,000	-	-	-	250,000	250,000
10-Dec-15	0.32	200,000	-	-	-	200,000	200,000
15-Apr-16	1.03	525,000	-	-	-	525,000	525,000
28-Mar-17	0.65	1,660,000	-	-	-	1,660,000	1,660,000
28-Mar-17	0.70	150,000	-	-	-	150,000	150,000
12-Sep-17	0.38	100,000	-	-	-	100,000	100,000
<b>Total</b>		<b>2,972,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,972,000</b>	<b>2,972,000</b>
Weighted average exercise price		\$ 0.64	\$ -	\$ -	\$ -	\$ 0.64	\$ 0.64

**Share Purchase Warrants**

The continuity of share purchase warrants for the period ended April 30, 2014 is as follows:

Expiry Date	Exercise Price	Balance, January 31, 2014	Issued	Exercised	Expired/Cancelled	Balance, April 30, 2014
24-Feb-14	0.80	3,143,480	-	-	3,143,480	-
11-Dec-14	0.40	164,850	-	-	-	164,850
11-Dec-14	0.60	2,747,500	-	-	-	2,747,500
28-Aug-15	0.20	6,694,666	-	-	-	6,694,666
<b>Total</b>		<b>12,750,496</b>	<b>-</b>	<b>-</b>	<b>3,143,480</b>	<b>9,607,016</b>
Weighted average exercise price		\$ 0.44	\$ -	\$ -	\$ 0.80	\$ 0.32

**PAN GLOBAL RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
**FOR THE THREE MONTHS ENDED APRIL 30, 2014**

**9. RELATED PARTY TRANSACTIONS**

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	Three Months Ended April 30,	
	2014	2013
Management, accounting and legal fees	\$ 74,249	\$ 71,499
Stock-based compensation	-	544,197
	<b>\$ 74,249</b>	<b>\$ 615,696</b>

Included in accounts payable and accrued liabilities was an aggregate of \$120,915 payable to related parties.

**10. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment, being the exploration and development of mineral properties. Except for mineral property interests and exploration expenditures, substantially all of the Company's assets and expenditures are located and incurred in Canada. The mineral property interests are located in Serbia and all of the exploration expenditures are incurred in Serbia (Note 6).

**11. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT**

**Financial Instruments**

The Company classified its financial instruments as follows:

	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
<b>As at April 30, 2014</b>			
Cash and cash equivalents	\$ 142,337	\$ -	\$ -
Receivables	-	10,636	-
Advances	-	28,622	-
Accounts payable and accrued liabilities	-	-	256,037
	<b>\$ 142,337</b>	<b>\$ 39,258</b>	<b>\$ 256,037</b>

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

**Fair Value**

Financial instruments recorded at fair value on the 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 receivables, advances, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

As at April 30, 2014, the Company's financial instruments measured at fair value are as follows:

<b>Financial Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	\$ 142,337	\$ -	\$ -	\$ 142,337

**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.

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.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

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

**Credit Risk**

Credit risk arises from cash and deposits with banks, as well as credit exposure to customers, including 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 Government of Canada pursuant to sales tax 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.

**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 issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

**Currency Risk**

The Company has identified its functional currency as the Canadian dollar. Certain of the Company's exploration expenditures are denominated in Serbian Dinar (RSD) and United States dollars (USD). The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and those two 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 are minimal.