PAN GLOBAL

RESOURCES

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

January 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Pan Global Resources Inc.

We have audited the accompanying financial statements of Pan Global Resources Inc., which comprise the statements of financial position as at January 31, 2015 and 2014 and the statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Pan Global Resources Inc. as at January 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Pan Global Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Accountants

May 31, 2015

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

		January 31, 2015		January 31, 2014
ASSETS				
Current assets				
Cash (Note 3)	$	49,086	$	108,838
Receivables (Note 4)		19,303		80,744
Advances and prepaids (Note 5)		-		218,206
Total current assets		68,389		407,788
Non-current assets				
Exploration and evaluation assets (Note 6)		-		998,750
Total non-current assets		-		998,750
TOTAL ASSETS	$	68,389	$	1,406,538
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 7)	$	522,589	$	222,684
Total liabilities		522,589		222,684
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share capital (Note 8)		11,559,862		11,559,862
Reserves (Note 8)		1,512,865		1,512,865
Deficit		(13,526,927)		(11,888,873)
Total shareholders' equity (deficiency)		(454,200)		1,183,854
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	$	68,389	$	1,406,538

Nature of operations and going concern (Note 1)

These financial statements are authorized for issuance by the Board of Directors on May 29,2015.

Approved on behalf of the Board of Directors

______*"Brian Kerzner"*______________ 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)

	Year Ended January 31, 2015	2014
Exploration expenditures (Note 6)	$ 348,586	$ 1,460,431
General and administrative expenses		
Accounting, tax and audit (Note 9)	63,205	61,562
Consulting and management fees	250,000	253,522
Investor relations	-	141,227
Office and rent	23,910	29,489
Professional fees (Note 9)	34,872	37,879
Project evaluation	8,947	12,387
Regulatory and transfer agent	14,974	17,768
Travel	5,135	48,960
	401,044	602,794
Loss from operations	(749,630)	(2,063,225)
Write-off of exploration and evaluation assets	(998,750)	-
Foreign exchange gain/(loss)	11,417	(8,715)
Interest and other income	98,909	5,163
LOSS AND COMPREHENSIVE LOSS	$ (1,638,054)	$ (2,066,777)
Loss per common share - basic and diluted	$ (0.04)	$ (0.06)
Weighted average number of common shares outstanding - basic and diluted	38,480,187	34,554,567

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

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

	Year Ended January 31, 2015	2014
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Loss for the year	$ (1,638,054)	$ (2,066,777)
Items not affecting cash:		
Write-off of exploration and evaluation assets	998,750	-
Changes in non-cash working capital items:		
Receivables	61,441	(10,198)
Advances and prepaids	218,206	250,636
Accounts payable and accrued liabilities	299,905	148,084
Net cash used in operating activities	(59,752)	(1,678,255)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(300,000)
Net cash used in investing activities	-	(300,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued for cash, net of share issue costs	-	991,113
Net cash provided by financing activities	-	991,113
Decrease in cash during the year	(59,752)	(987,142)
Cash, beginning of year	108,838	1,095,980
Cash, end of year	$ 49,086	$ 108,838

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

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

	Number of common shares		Share capital		Reserves		Deficit		Total Equity (Deficiency)
Balance at January 31, 2013	31,535,521	$	10,526,249	$	1,512,865	$	(9,822,096)	$	2,217,018
Shares issued on private placements	6,694,666		1,004,200		-		-		1,004,200
Share issuance costs - cash	-		(13,087)		-		-		(13,087)
Shares issued on acquisition of mineral property	250,000		42,500		-		-		42,500
Loss for the year	-		-		-		(2,066,777)		(2,066,777)
Balance at January 31, 2014	38,480,187	$	11,559,862	$	1,512,865	$	(11,888,873)	$	1,183,854

	Number of common shares		Share capital		Reserves		Deficit		Total Equity (Deficiency)
Balance at January 31, 2014	38,480,187	$	11,559,862	$	1,512,865	$	(11,888,873)	$	1,183,854
Loss for the year	-		-		-		(1,638,054)		(1,638,054)
Balance at January 31, 2015	38,480,187	$	11,559,862	$	1,512,865	$	(13,526,927)	$	(454,200)

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

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 at700 – 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 January 31, 2015, 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 measurement and presentation

The financial statements have been prepared using accounting policies in compliance 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 financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Foreign currency

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.The functional currency was determined based on an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and/or with original maturities of three months or less.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of comprehensive loss.

Available-for-sale ("AFS") - Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement ofcomprehensive loss.

Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets described above.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in comprehensive income or loss are reclassified to profit or loss in the period. For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

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

Financial instruments (cont'd…)

Impairment of financial assets(cont'd…)

For all other financial assets objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or,
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liabilities were acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities - This category comprises non-derivative liabilities, which are recognized at amortized cost.

The Company has classified its cash as FVTPL and its receivables as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

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

Exploration and evaluation assets

Acquisition costs for mineral properties, net of recoveries, are capitalized on a property-by-property basis. Acquisition costs include cash consideration and the value of common shares, based on recent issue prices, issued for mineral properties pursuant to the terms of the agreement. Exploration expenditures, net of recoveries, are charged to operations as incurred. After a property is determined by management to be commercially feasible, exploration and development expenditures on the property will be capitalized. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount. The costs related to a property from which there is production, together with the costs of production equipment, will be depleted and amortized using the unit-of-production method.

A mineral property acquired under an option agreement where payments are made at the sole discretion of the Company, is capitalized at the time of payment. Option payments received are treated as a reduction of the carrying value of the related acquisition cost for the mineral property until the payments are in excess of acquisition costs, at which time they are then credited to operations. Option payments are at the discretion of the optionee and, accordingly, are accounted for when receipt is reasonably assured.

Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset, or a cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Decommissioning and restoration provision

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset. The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. As at January 31, 2015 and 2014, the Company has no known restoration, rehabilitation or environmental obligations.

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

Share capital and share purchase warrants

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to equity reserves and as a share issue cost.

When warrants are attached to common shares issued by the Company as part of a share unit, the proceeds from the unit sale are bifurcated first to the common shares at their fair market value on the date of issuance. Any excess in the purchase price of the unit as a whole and the fair market value of the common shares issued on the date of unit sales is attributed to the value of warrants. This fair value is recorded as an increase to equity reserves.

When share purchase warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Share-based compensation

The Company grants stock optionsto directors, officers, employees and consultants to acquire common shares of the Company. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period using the graded vesting method. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

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

Income taxes(cont'd…)

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Critical accounting estimates and judgments

The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

a)Valuation of share-based compensation

Share-based compensation is determined using the Black-Scholes option pricing model based on the estimated fair values of all share-based awards at the date of grant and is expensed to the statement of comprehensive loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

b)Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

c)Recoverability of exploration and evaluation assets

The Company undertakes a review of the carrying values of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things, commodity prices, foreign exchange rates, future operating and capital costs. An impairment loss is recognized when the carrying value of those assets is not recoverable.

(Expressed in Canadian dollars)

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

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Company's Chief Executive Officer.

New Accounting Standard

The Company has adoptedthe amended standard, IAS 32, Financial Instruments: Presentation ("IAS 32") that became effective for year ends beginning on or after January 1, 2014. IAS 32 was amended to clarify requirements for offsetting of financial assets and financial liabilities. There was no impact on the Company's financial statements after adopting this standard.

Accounting Pronouncement Not YetEffective

Accounting Standards Issued and effective for annual reporting periods beginning on or after January 1, 2018:

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.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the above new standards; however, enhanced disclosure requirements are expected.

3. CASH

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

4. RECEIVABLES

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

	January 31, 2015	January 31, 2014
GST receivable	$ 19,303	$ 80,744

(Expressed in Canadian dollars)

5. ADVANCES AND PREPAIDS

The Company's advances and prepaids include exploration funds advanced to an optionor.

	January 31, 2015	January 31, 2014
Exploration advances (Note 6)	$ -	$ 218,206

6. EXPLORATION AND EVALUATION ASSETS

The Company's unproven mineral interest consists of one early-stage exploration project, all of which was written off during the year ended January 31, 2015.

	January 31, 2015	January 31, 2014
Balkans Properties	$ -	$ 998,750

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 LithiumLi 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 commonshares to the current owner of Lithium Li, Mr. Petr Palkovsky, over a period of four years and linked to the Company's ability to raise financing in the future. Subsequent to January 31, 2015, the Company and Mr. Palkovsky amended the terms of the Purchase Agreement. Under the new amended agreement, all future cash and share considerations are replaced by the issue of additional common shares to Mr. Palkovsky. The amended agreement was approved by the TSX-V and 4,156,328 shares were issued to Mr. Palkovsky (Note 14).

(Expressed in Canadian dollars)

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

The Company anticipated that the amended agreement with Mr. Palkovsky would make the structure of its license holdings more attractive to investors. However, after restructuring the agreement, the Company could not attract partners to invest and advance the projects. Furthermore, the Company could not attract any additional investment from the financial markets. Based on these factors the Company has relinquished all licences and will seek other opportunities in the mineral sector going forward. As a result of this, the Company wrote-off $998,750 in capitalized exploration and evaluation assets at January 31, 2015.

For the years ended January 31, 2015 and 2014, the Company incurred the following exploration expenses on the properties, as follows:

	Year Ended January 31,	
Balkan Properties	2015	2014
Drilling and related supplies	$ 13,854	$ 393,688
Field costs	8,740	56,510
Field office costs	89,071	232,743
Salaries and consultants	236,176	706,389
Travel and related costs	745	71,101
	$ 348,586	$ 1,460,431

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

	January 31, 2015	January 31, 2014
Unspent cash	$ -	$ 17,138
Reclamation bond	-	201,068
	$ -	$ 218,206

(Expressed in Canadian dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

		January 31, 2015		January 31, 2014
Accounts payable	$	442,089	$	200,684
Accrued liabilities		80,500		22,000
	$	522,589	$	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

On August 28, 2013, the Company completed a private placement of 6,694,666 units at a price of $0.15 per unit for gross proceeds of $1,004,200. Each unit consisted of one common share and oneshare purchase warrant with each whole warrant entitling the holder to purchase another share for $0.20 for a two year period.

The shares and warrants issued in the private placement completed during the year ended January 31, 2014 were valued using the residual value method which resulted in the full amount of their fair value being allocated to the common shares.

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. The Company’s Board of Directors has the ability to set the vesting terms for any stock options granted.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd…)

Stock Options (cont'd…)

The continuity of stock options for the years ended January 31, 2015 and 2014 is as follows:

Expiry Date	Exercise Price	**Outstanding January 31, 2014**	Granted	Exercised	Expired/ Cancelled	**Outstanding January 31, 2015**	Exercisable January 31, 2015
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
Total		2,972,000	-	-	-	2,972,000	2,972,000
Weighted average exercise price		$ 0.64	$ -	$ -	$ -	$ 0.64	$ 0.64

Expiry Date	Exercise Price	**Outstanding January 31, 2013**	Granted	Exercised	Expired/ Cancelled	**Outstanding January 31, 2014**	Exercisable January 31, 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
Total		2,972,000	-	-	-	2,972,000	2,972,000
Weighted average exercise price		$ 0.64	$ -	$ -	$ -	$ 0.64	$ 0.64

The weighted average remaining contractual life of the stock options outstanding at January 31, 2015 is 1.8 years (2014 – 2.8 years).

(Expressed in Canadian dollars)

8. SHARE CAPITAL (cont'd…)

Share Purchase Warrants

The continuity of share purchase warrants for the years endedJanuary 31, 2015and 2014 is as follows:

Expiry Date	Exercise Price	Balance, January 31, 2014	Issued	Exercised	Expired/ Cancelled	Balance, January 31, 2015
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
Total		12,750,496	-	-	6,055,830	6,694,666
Weighted average exercise price		$ 0.44	$ -	$ -	$ 0.70	$ 0.20

Expiry Date	Exercise Price	Balance, January 31, 2013	Issued	Exercised	Expired/ Cancelled	Balance, January 31, 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
Total		6,055,830	6,694,666	-	-	12,750,496
Weighted average exercise price		$ 0.70	$ 0.20	$ -	$ -	$ 0.44

The weighted average remaining contractual life of the share purchase warrants outstanding at January 31, 2015 is 0.5 years (2014 – 1.0 year).

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel including the Company's CEO, CFO, and Corporate Secretary were as follows:

	Year Ended January 31, 2015	2014
Management, accounting and legal fees	$ 314,500	$ 326,430

Included in accounts payable and accrued liabilities was an aggregate of $352,166 (2014 - $46,666) 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. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended January 31, 2014, the Company issued 250,000 common shares valued at $42,500 pursuant to its Purchase Agreement for Lithium Li (Note 6).

The Company did not pay cash for income taxes or interest during the years ended January 31, 2015 and 2014.

12. FINANCIAL INSTRUMENTS,RISK AND CAPITAL MANAGEMENT

Financial Instruments

The Company classified its financial instruments as follows:

As at January 31, 2015	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
Cash	$ 49,086	$ -	$ -
Receivables	-	19,303	-
Accounts payable and accrued liabilities	-	-	522,589
	$ 49,086	$ 19,303	$ 522,589

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, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

As at January 31, 2015, the Company's financial instruments measured at fair value are as follows:

Financial Assets	Level 1	Level 2	Level 3	**Total**
Cash	$ 49,086	$ -	$ -	$ 49,086

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 year ended January 31, 2015.

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 goods and services 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 the issuance of shares and warrants to fund exploration programs and will 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.

(Expressed in Canadian dollars)

13. INCOME TAXES

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

	2015	2014
Earnings (loss) for the year	$ (1,638,054)	$ (2,066,777)
Expected income tax (recovery)	$ (426,000)	$ (534,000)
Change in statutory, foreign tax, foreign exchange rates and other	85,000	(87,000)
Permanent Difference	91,000	377,000
Change in unrecognized deductible temporary differences	250,000	244,000
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2015	2014
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	$ 949,000	$ 774,000
Share issue costs	26,000	53,000
Non-capital losses available for future period	810,000	708,000
Unrecognized deferred tax assets	$ 1,785,000	1,535,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2015	Expiry Date Range	2014	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$ 7,301,000	No expiry date	$ 5,954,000	No expiry date
Share issue costs	102,000	2036 to 2038	203,000	2035 to 2038
Non-capital losses available for future period	3,114,000	2027 to 2035	2,723,000	2027 to 2034

Tax attributes are subject to review, and potential adjustment, by tax authorities.

14. EVENTS AFTER REPORTING DATE

The Company and Mr. Palkovsky amended the terms of the Purchase Agreement (Note 6). Under the new amended agreement, all future cash and share considerations are replaced by the issue of additional common shares to Mr. Palkovsky. The terms of the agreement are detailed in the Company's news release dated February 16, 2015 (www.panglobalresources.com). The amended agreement was approved by the TSX-Venture and 4,156,328 common shares were issued subsequently.

Also subsequent to January 31, 2015, the Company relinquished all licences. The Company could not attract partners to invest or advance the projects. Furthermore the company could not attract any additional investment from the financial markets. The Company will seek other opportunities in the mineral sector going forward.