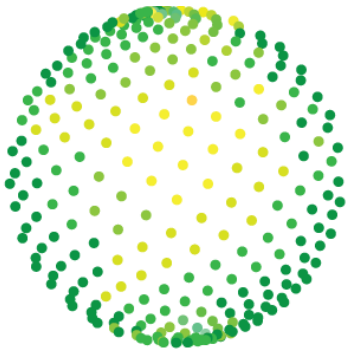

PAN GLOBAL
RESOURCES

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

Three and Six Months Ended July 31, 2016

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of Pan Global Resources Inc. for the three and six months ended July 31, 2016 and 2015 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)

		July 31, 2016		January 31, 2016
ASSETS				
Current assets				
Cash (Note 3)	$	19,990	$	13,948
Receivables (Note 4)		6,039		20,861
Total current assets		26,029		34,809
TOTAL ASSETS	$	26,029	$	34,809
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (Note 6)	$	257,612	$	682,737
Total liabilities		257,612		682,737
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 7)		11,601,425		11,601,425
Reserves (Note 7)		1,512,865		1,512,865
Deficit		(13,345,873)		(13,762,218)
Total shareholders' deficiency		(231,583)		(647,928)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	$	26,029	$	34,809

Nature of operations and going concern (Note 1)

These financial statements are authorized for issuance by the Board of Directors on September 29, 2016.

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 INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)
(Expressed in Canadian dollars)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2016	**2015**	**2016**	**2015**
Exploration expenditures (Note 5)	$ -	$ -	$ -	$ 20,352
General and administrative expenses				
Accounting, tax and audit (Note 8)	8,750	6,000	14,750	12,000
Consulting and management fees (Note 8)	-	-	-	62,500
Office and rent	59	3,625	132	7,346
Professional fees (Note 8)	6,000	4,453	8,000	19,453
Regulatory and transfer agent	398	4,744	9,417	11,500
Travel	-	-	-	4,542
	15,207	18,823	32,299	117,342
Loss from operations	(15,207)	(18,823)	(32,299)	(137,694)
Reversal of previously accrued amounts	73,650	-	73,650	-
Gain from forgiveness of debt	-	-	374,994	-
INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)	$ 58,443	$ (18,823)	$ 416,345	$ (137,694)
Gain/(loss) per common share - basic and diluted	$ 0.00	$ (0.00)	$ 0.01	$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	42,636,515	38,480,187	42,636,515	38,480,187

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

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

	Six Months Ended July 31,	
	2016	2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Income/(loss) for the period	$ 416,345	$ (137,694)
Items not affecting cash:		
Changes in non-cash working capital items:		
Receivables	14,822	(310)
Accounts payable and accrued liabilities	(425,125)	104,237
Net cash used in operating activities	6,042	(33,767)
Decrease in cash during the period	6,042	(33,767)
Cash, beginning of period	13,948	49,086
Cash, end of period	$ 19,990	$ 15,319

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, 2015	38,480,187	$ 11,559,862	$ 1,512,865	$ (13,526,927)	$ (454,200)
Loss for the period	-	-	-	(137,694)	(137,694)
Balance at July 31, 2015	38,480,187	$ 11,559,862	$ 1,512,865	$ (13,664,621)	$ (591,894)

	Number of common shares	Share capital	Reserves	Deficit	Total Equity (Deficiency)
Balance at January 31, 2016	42,636,515	$ 11,601,425	$ 1,512,865	$ (13,762,218)	$ (647,928)
Income for the period	-	-	-	416,345	416,345
Balance at July 31, 2016	42,636,515	$ 11,601,425	$ 1,512,865	$ (13,345,873)	$ (231,583)

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 held mineral interests located in the Republic of Serbia but has returned the licenses and is currently seeking a suitable project. The Company's continuing operations and the ability of the Company to meet its commitments are dependent upon the ability of the Company to find a suitable project and to raise additional equity and debt financing.

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 July 31, 2016, 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. Management is currently looking at several options to move the Company forward and expects to make a final decision in the next few months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

These condensed interim financial statements have been prepared 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"), including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed interim financial statements have been prepared on a historical cost basis. 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, except as described below, and should be read in conjunction with the annual audited financial statements of the Company for the year ended January 31, 2016.

Accounting pronouncements not yet effective:

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The effective date for IFRS 9 is January 1, 2018. The Company is currently evaluating the impact that the final standard is expected to have on its consolidated financial statements.

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.

	July 31, 2016	January 31, 2016
GST receivable	$ 6,039	$ 20,861

5. EXPLORATION AND EVALUATION ASSETS

The Company's held mineral interests located in the Republic of Serbia but has returned the licenses and is currently seeking a suitable project. Subsequent to July 31, 2016, The Company has entered into a Letter of Intent (LOI) with Mr. Timothy Moody (the "Vendor") to purchase 100% of the Vendor's Spanish exploration company Minera Águila S.L. Minera Águila has applied for three exploration licenses in Central-Southern Spain comprising a total area of approximately 21,580 hectares. The proposed transaction is subject to a number of conditions, including TSXV approval.

The target is high grade copper, silver and lead mineralization along major structures. The exploration concession is approximately 50km west of the Linares-La Carolina lead district – once Europe's largest lead producer.

The terms of the LOI provide for the issuance of 4.7 million Company shares, and the payment of CAD$450,000 to the Vendor under the following conditions:

Issuance of Company shares to the Vendor

Date	Number of Shares	Cumulative
Upon the day that is six (6) months following receipt of final TSXV approval	2,200,000	2,200,000
Upon the day that is eighteen (18) months following receipt of final TSXV approval	2,500,000	4,700,000

Cash Payments to the Vendor:

Date	Amount ($CDN)	Cumulative
Upon the day that is six (6) months following receipt of final TSXV approval	50,000	50,000

Upon the day that is eighteen (18) months following receipt of final TSXV approval	150,000	200,000
Upon the day that is thirty six (36) months following receipt of final TSXV approval	250,000	450,000

Exploration Expenditures and Work Commitments

In addition to the cash and share payments detailed above, the Company will fund exploration expenditures of $1,000,000 on the Property over a period of three (3) years commencing on the date of closing of this transaction, of which not less than $250,000 shall be completed notwithstanding any decision by the Company not to proceed with further exploration.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	July 31, 2016	January 31, 2016
Accounts payable	$ 133,113	$ 568,237
Accrued liabilities	124,500	114,500
	$ 257,613	$ 682,737

In order to assist the Company with moving forward, the former CEO agreed to forgive the debt owing to him for management fees in the amount of $374,994.

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

The continuity of stock options for the year ended July 31, 2016 is as follows:

Expiry Date	Exercise Price	**Outstanding January 31, 2016**	Granted	Exercised	Expired/ Cancelled	**Outstanding July 31, 2016**	Exercisable July 31, 2016
30-Nov-16	$ 0.20	87,000	-	-	-	87,000	87,000
15-Apr-16	1.03	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		2,522,000	-	-	525,000	1,997,000	1,997,000
Weighted average exercise price		$ 0.64	$ -	$ -	$ -	$ 0.62	$ 0.62

Share Purchase Warrants

There are no share purchase warrants outstanding at July 31, 2016.

8. RELATED PARTY TRANSACTIONS

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

		Six Months Ended July 31,	
		2016	2015
Former President & CEO	Management fees	$ -	$ 62,500
Corporate Secretary	Legal fees	8,000	19,453
Chief Financial Officer	Accounting services	12,000	12,000
		$ 20,000	$ 93,953

Included in accounts payable and accrued liabilities	Items or Services	July 31, 2016	January 31, 2016
Former President & CEO	Management fees	$ -	$ 374,994
Corporate Secretary	Legal fees	67,500	59,500
Chief Financial Officer	Accounting services	57,000	45,000

9. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the exploration and development of mineral properties. Substantially all of the Company's assets and expenditures are located and incurred in Canada.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

None.

11. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT

Financial Instruments

The Company classified its financial instruments as follows:

As at July 31, 2016	Financial Instruments at FVTPL	Loans and Receivables	Other Financial Liabilities
Cash	$ 19,990	$ -	$ -
Receivables	-	6,039	-
Accounts payable and accrued liabilities	-	-	257,612
	$ 19,990	$ 6,039	$ 257,612

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 July 31, 2016, the Company's financial instruments measured at fair value are as follows:

Financial Assets	Level 1	Level 2	Level 3	**Total**
Cash	$ 19,990	$ -	$ -	$ 19,990

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 July 31, 2016.

11. FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT (cont'd…)

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.

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 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 have been 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 is minimal.

12. EVENTS AFTER REPORTING DATE

On September 13, 2016 the Company announced a new focus and restructuring of its board of directors as follows: The Company has entered into a Letter of Intent (LOI) with Mr. Timothy Moody (the "Vendor") to purchase 100% of the Vendor's Spanish exploration company Minera Águila S.L. Minera Águila has applied for three exploration licenses in Central-Southern Spain comprising a total area of approximately 21,580 hectares. The proposed transaction is subject to a number of conditions, including TSXV approval.

The target is high grade copper, silver and lead mineralization along major structures. The exploration concession is approximately 50km west of the Linares-La Carolina lead district – once Europe's largest lead producer.

The terms of the LOI provide for the issuance of 4.7 million Company shares, and the payment of CAD$450,000 to the Vendor under the conditions outline in Note 5, above.

Private Placement

The Company announced a non-brokered private placement of a minimum of 10,000,000 units (the "Units") at a price of $0.05 per Unit for aggregate gross proceeds of not less than $500,000.00 (the "Offering"). Each Unit will be comprised of one common share and one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.10 for three years from closing of the Offering. The expiry date of the warrants may be accelerated by the Company if the common shares of the Company achieve a volume weighted average trading price greater than $0.13 for twenty (20) consecutive trading days. Finders' fees of up to 6.0% cash and up to 6.0% Units may be payable on a portion of the Offering.

Update on Balkan Exploration

The Company has entered into an agreement with former director and Operations Manager Mr. Petr Palkovsky pursuant to which Mr. Palkovsky has agreed to surrender for cancellation 4,781,328 common shares of the Company. The Company and Mr. Palkovsky have entered into a mutual release of claims. These shares were issued to a company controlled by Mr. Palkovsky as partial consideration for Serbian and Bosnian exploration properties acquired by the Company from Mr. Palkovsky. The Company is not proceeding with any further exploration of the Serbian and Bosnian properties.

Corporate Update

The Company made several changes to the board of directors and management. Mr. Julian Bavin, Mr. Petr Palkovsky and Mr. Bill Pennell have resigned as directors of the Company. Mr. Bavin has also resigned as President and CEO of the Company. Mr. Brian Kerzner, a director of the Company, has been appointed President and CEO in place of Mr. Bavin. The Company appointed Mr. Bob Parsons as a director. Mr. Parsons is a Chartered Professional Accountant (CPA, CA) and retired PricewaterhouseCoopers (PwC) partner where his career spanned 34 years.