

PACTON GOLD INC.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended February 28, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

PACTON GOLD INC.

February 28, 2023 and 2022

<u>INDEX</u>	<u>Page</u>
Condensed Consolidated Interim Financial Statements	
Notice of No Auditor Review	1
Condensed Consolidated Interim Statements of Financial Position	2
Condensed Consolidated Interim Statements of Comprehensive Loss	3
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	4
Condensed Consolidated Interim Statements of Cash Flows	5
Notes to the Condensed Consolidated Interim Financial Statements	6-27

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

April 20, 2023

PACTON GOLD INC.

Condensed Consolidated Interim Statements of Financial Position (Expressed in Canadian Dollars)

	February 28, 2023	November 30, 2022
	(unaudited)	
Assets		
Current		
Cash and cash equivalents	\$ 1,528,486	\$ 2,484,656
Marketable securities (note 7)	752,347	1,044,329
Receivables (note 14)	422,060	334,104
Prepaid expenses	132,712	197,507
	2,835,605	4,060,596
Equipment (note 8)	24,606	18,286
Exploration and Evaluation Assets (notes 8, 9 and 14)	15,891,376	15,580,362
Right-of-use Asset (note 10)	235,666	253,794
	\$ 18,987,253	\$ 19,913,038
Liabilities		
Current		
Accounts payable and accrued liabilities (note 14)	\$ 172,334	\$ 272,520
Corporate taxes payable	88,978	88,222
Lease obligation – current portion (note 11)	208,194	218,870
Other liabilities (note 12)	396,214	459,716
	865,720	1,039,328
Non-current		
Lease obligation – non-current portion (note 11)	-	40,432
	865,720	1,079,760
Shareholders' Equity		
Capital Stock (note 13)	56,727,314	56,727,314
Share-based Payments Reserve (note 13)	1,779,194	1,795,901
Deficit	(40,227,839)	(39,535,063)
Accumulated Other Comprehensive Loss – Cumulative Translation Adjustments	(157,136)	(154,874)
	18,121,533	18,833,278
	\$ 18,987,253	\$ 19,913,038

Going Concern (note 2)

Commitments (note 17)

Subsequent Event (note 18)

Approved on behalf of the Board:

“Richard Boulay”

..... Director

Richard Boulay

“Alec Pismiris”

..... Director

Alec Pismiris

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

PACTON GOLD INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
For the Three Months Ended February 28,
(Unaudited – Expressed in Canadian Dollars)

	2023	2022
Expenses		
Consulting fees (note 14)	\$ 230,227	\$ 146,706
Depreciation (note 10)	18,128	-
Foreign exchange loss	403	13
General exploration	7,924	-
Lease interest accretion (note 11)	9,993	-
Management fees (note 14)	22,500	22,500
Office and miscellaneous (note 14)	64,130	22,246
Professional fees (note 14)	128,537	39,337
Rent (recovery) (note 14)	(28,155)	24,000
Shareholder communications and investor relations	20,898	37,535
Transfer agent and filing fees	13,694	10,784
	(488,279)	(303,121)
Other Items		
Part XII.6 tax	(3,559)	-
Interest income	10,835	-
Other income (note 12)	63,502	7,513
Loss on marketable securities (note 7)	(291,982)	(1,121,479)
Net Loss for the Period	(709,483)	(1,417,087)
Other Comprehensive Income (Loss)		
Exchange difference on translating foreign operations	(2,262)	5,152
Comprehensive Loss for the Period	\$ (711,745)	\$ (1,411,935)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.03)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	54,497,310	41,318,977

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

PACTON GOLD INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited – Expressed in Canadian Dollars)

	Capital Stock				Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Number of Shares	Capital Stock	Share-based Payments Reserve				
Balance, November 30, 2021	41,318,977	\$ 52,811,277	\$ 3,028,323	\$ (32,239,593)	\$ (153,440)	\$ 23,446,567	
Expiry of warrants	-	-	(13,053)	13,053	-	-	
Net loss for the period	-	-	-	(1,417,087)	-	(1,417,087)	
Exchange difference on translating foreign operations	-	-	-	-	5,152	5,152	
Balance, February 28, 2022	41,318,977	52,811,277	3,015,270	(33,643,627)	(148,288)	22,034,632	
Private placements	13,163,333	4,464,000	-	-	-	4,464,000	
Share issuance costs	-	(36,113)	6,443	-	-	(29,670)	
Flow-through liability	-	(515,000)	-	-	-	(515,000)	
Shares issued for exploration and evaluation assets	15,000	3,150	-	-	-	3,150	
Expiry of stock options	-	-	(1,225,812)	1,225,812	-	-	
Net loss for the period	-	-	-	(7,117,248)	-	(7,117,248)	
Exchange difference on translating foreign operations	-	-	-	-	(6,586)	(6,586)	
Balance, November 30, 2022	54,497,310	56,727,314	1,795,901	(39,535,063)	(154,874)	18,833,278	
Expiry of warrants	-	-	(16,707)	16,707	-	-	
Net loss for the period	-	-	-	(709,483)	-	(709,483)	
Exchange difference on translating foreign operations	-	-	-	-	(2,262)	(2,262)	
Balance, February 28, 2023	54,497,310	\$ 56,727,314	\$ 1,779,194	\$ (40,227,839)	\$ (157,136)	\$ 18,121,533	

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

PACTON GOLD INC.

Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended February 28,
(Unaudited – Expressed in Canadian Dollars)

	2023	2022
Operating Activities		
Net loss	\$ (709,483)	\$ (1,417,087)
Items not involving cash		
Depreciation	18,128	-
Other income	(63,502)	(7,513)
Foreign exchange loss (gain)	(2,371)	13
Lease interest accretion	9,993	-
Loss on marketable securities	291,982	1,121,479
Changes in non-cash working capital		
Receivables	(87,956)	890
Prepaid expenses	64,795	14,938
Accounts payable and accrued liabilities	(12,850)	(50,675)
Cash Used in Operating Activities	(491,264)	(337,955)
Investing Activities		
Proceeds on sale of marketable securities	-	30,877
Exploration and evaluation assets, net of recoveries	(397,250)	(330,967)
Purchases of equipment	(7,420)	-
Cash Used in Investing Activities	(404,670)	(300,090)
Financing Activity		
Repayment of lease obligation	(61,101)	-
Cash Used in Financing Activity	(61,101)	-
Outflow of Cash and Cash Equivalents	(957,035)	(638,045)
Effect of Foreign Exchange on Cash and Cash Equivalents	865	7
Cash and Cash Equivalents, Beginning of Period	2,484,656	2,088,868
Cash and Cash Equivalents, End of Period	\$ 1,528,486	\$ 1,450,830

Supplemental Disclosure with Respect to Cash Flows (note 15)

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

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Pacton Gold Inc. (the “Company” or “Pacton”) was incorporated pursuant to the British Columbia *Business Corporations Act* on December 15, 2010. The address of the Company's corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6. The Company's registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5. The Company operates in Canada and Australia. On July 17, 2012, the Company's stock was listed on the TSX Venture Exchange (“TSX-V”) trading under the symbol “NX”. On April 27, 2017, the Company changed its name to Pacton Gold Inc. and began trading under the symbol “PAC”. The Company’s shares also trade on the OTC Exchange in the United States under the symbol “PACXF” and on the Frankfurt Stock Exchange under the symbol “2NKN”. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company is an exploration stage company and is in the process of acquiring and exploring its mineral property interests.

2. GOING CONCERN

These condensed consolidated interim financial statements (the “financial statements”) have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred a loss during the three months ended February 28, 2023 of \$709,483 (2022 - \$1,417,087) and as at February 28, 2023 has a deficit of \$40,227,839 (November 30, 2022 - \$39,535,063), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue-producing operations.

In March 2020, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations.

The Company’s business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. In response to the military action by Russia, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the hostilities and sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets and on various sectors, industries, and markets for securities and commodities globally. While the Company expects any direct impacts to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could impact the Company’s cash flows and liquidity.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

PACKTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

2. GOING CONCERN (Continued)

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful.

If the going concern assumption were not appropriate for these financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements of the Company should be read in conjunction with the Company's 2022 annual consolidated financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 20, 2023.

b) Basis of measurement

These financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the significant accounting policies (note 4). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

c) Subsidiaries

These financial statements include all subsidiaries in the accounts of the Company for the periods presented. These subsidiaries are listed as follows:

Subsidiary	Ownership February 28, 2023	Ownership November 30, 2022	Incorporated	Nature
Pacton Pilbara Pty. Ltd.	100%	100%	Australia	Mineral exploration
Drummond East Pty. Ltd. ("Drummond East")	100%	100%	Australia	Mineral exploration
Arrow (Pilbara) Pty. Ltd. ("Arrow Pilbara")	100%	100%	Australia	Mineral exploration

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (Continued)

c) Subsidiaries (continued)

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in note 4 to the audited consolidated financial statements for the year ended November 30, 2022.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

a) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

b) Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The financial statements have been prepared on the basis of accounting principles applicable to a going concern, as disclosed in note 2.

PACKTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires assumptions about future events or circumstances and whether it is likely that future economic benefits will flow to the Company. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available. In the current year, estimates were involved in determining the carrying value of exploration and evaluation assets. These estimates and the related uncertainty could impact the carrying value of exploration and evaluation assets in the next year.

b) Credit risk

The Company's determination of whether the credit risk for the proceeds receivable for the sale of the Arrow Pilbara, Yandicoogina and Boodalyerrie properties (note 9(a) – Pilbara Project) has increased significantly since its initial recognition and requires judgment regarding the ability of other parties to discharge financial obligations. In the current year, expected credit loss is estimated to be \$nil. These estimates and the related uncertainty could impact the carrying value of receivables next year.

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash and cash equivalents and marketable securities, as fair value through profit or loss ("FVTPL"); receivables, as amortized cost; and accounts payable and accrued liabilities, and lease obligation, as amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

February 28, 2023	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,528,486	\$ -	\$ -	\$ 1,528,486
Marketable securities	752,347	-	-	752,347
	\$ 2,280,833	\$ -	\$ -	\$ 2,280,833
November 30, 2022	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,484,656	\$ -	\$ -	\$ 2,484,656
Marketable securities	1,044,329	-	-	1,044,329
	\$ 3,528,985	\$ -	\$ -	\$ 3,528,985

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash and cash equivalents, by placing it at major Canadian financial institutions. Included in receivables is \$137,610 (November 30, 2022 - \$89,154) owing from the Canada Revenue Agency and the Australian Taxation Office. Of the remaining \$284,450 (November 30, 2022 - \$244,950), \$225,000 (November 30, 2022 - \$225,000) is owing from the purchaser of the 75% interest in the Arrow Pilbara property and the Yandicoogina and Boodalyerrie property (note 9(a) – Pilbara Project), \$46,200 (November 30, 2022 - \$19,950) is due from other companies for rental recoveries and the remaining \$13,250 (November 30, 2022 - \$nil) is due for an overpayment of filing fees. The Company has minimal credit risk.

b) 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of February 28, 2023 equal \$469,506 (November 30, 2022 - \$620,044). All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of February 28, 2023.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

- i) *Currency risk* – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company has operations in Canada and Australia and incurs operating and exploration expenditures in both currencies. The fluctuation of the Canadian dollar in relation to the Australian dollar ("AUD") will have an impact upon the results of the Company. The Company holds a material amount of marketable securities, a small amount of cash, accounts payable and accrued liabilities, and corporate taxes payable denominated in AUD. A fluctuation in the exchange rate between the Canadian and Australian dollars of 10% would result in a \$9,100 change in the Company's cash, \$700 change in accounts payable and accrued liabilities, \$8,900 change in corporate taxes payable, \$75,200 change in marketable securities and \$612,300 change in other comprehensive income (loss). The Company does not use any techniques to mitigate currency risk.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

c) Market risk (continued)

ii) *Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is exposed to price risk on its marketable securities.

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three months ended February 28, 2023. The Company is not subject to externally imposed capital requirements.

7. MARKETABLE SECURITIES

During the year ended November 30, 2021, the Company sold a 75% interest in the Arrow Pilbara property and the Yandicoogina and Boodalyerrie property (note 9(a) – Pilbara Project) and received 129,721,250 common shares of Raiden Resources Limited ("Raiden"), a company listed on the Australian Securities Exchange, (valued at \$2,327,503 based on the trading price on February 19, 2021 and net of their put option value for a six-month hold period).

During the year ended November 30, 2021, the Company sold the remaining 25% interest in the Arrow Pilbara property and the Yandicoogina and Boodalyerrie property (note 9(a) – Pilbara Project) and received 36,338,315 common shares of Raiden (valued at \$723,695 based on the trading price on June 18, 2021 and net of their put option value for a six-month hold period).

Following the sale, a director of the Company was appointed as a director of Raiden.

During the three months ended February 28, 2023, the Company did not sell any (2022 - 1,582,088 shares for a realized loss of \$6,785) shares of Raiden. During the year ended November 30, 2022, the put option expired resulting in a realized gain of \$223,979.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

7. MARKETABLE SECURITIES (Continued)

The Company recorded a loss on investments of \$291,982 (year ended November 30, 2022 - \$2,492,533) during the three months ended February 28, 2023, which is included in the consolidated statement of comprehensive loss and is inclusive of the realized loss and gain noted above. The marketable securities are carried at FVTPL. The market value is based on the quoted closing price of the securities at period-end, less their put option value for any remaining hold period.

Marketable securities at February 28, 2023 consisted of the following:

	Shares	Cost	Market Value
Raiden Resources Limited	164,035,075	\$ 3,987,572	\$ 752,347

Marketable securities at November 30, 2022 consisted of the following:

	Shares	Cost	Market Value
Raiden Resources Limited	164,035,075	\$ 3,987,572	\$ 1,044,329

8. EQUIPMENT

	Furniture and Equipment
Cost	
Balance, November 30, 2021 and November 30, 2022	\$ 51,692
Additions	7,420
Balance, February 28, 2023	\$ 59,112
Accumulated Depreciation	
Balance, November 30, 2021	\$ 28,835
Depreciation*	4,571
Balance, November 30, 2022	33,406
Depreciation*	1,100
Balance, February 28, 2023	\$ 34,506
Net Book Value, November 30, 2022	\$ 18,286
Net Book Value, February 28, 2023	\$ 24,606

* capitalized to exploration and evaluation assets

PACKTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS

a) Pilbara Project

Arrow Pilbara

On May 11, 2018, the Company entered into a share purchase and option agreement whereby the Company could earn up to an 80% interest in Arrow Pilbara, an Australian proprietary limited exploration company. Arrow Pilbara holds two granted tenement licenses and two applications for licenses in the Pilbara Region of Western Australia.

Under the terms of the agreement, the Company was required to make cash payments and issue common shares and common share purchase warrants of the Company to acquire a 51% interest in Arrow Pilbara as follows:

- Issue 108,695 common shares (issued and valued at \$695,652) and 108,695 common share purchase warrants (issued and valued at \$583,761) exercisable into one share at \$3.50 for three years and pay \$500,000 (paid \$400,000), with remaining due upon grant of application. On January 7, 2020, the outstanding \$100,000 payment was renegotiated down to \$45,995 and paid.

To acquire a further 29% interest in Arrow Pilbara, the Company was required to:

- Pay \$250,000 or an equivalent number of common shares based on the five-day trailing volume-weighted average price at the time of issue, subject to a floor price of no lower than \$1.90 per common share; and
- Fund exploration expenditures up to a maximum of \$500,000.

The vendor retains a right to explore for, mine and extract lithium, caesium and tantalum from the property.

A discovery bonus of \$500,000 cash is payable if the Company reports a National Instrument (“NI”) 43-101-defined “measured mineral resource” or “inferred mineral resource” of at least 100,000 ounces of gold on the property.

The Company also issued 22,794 common shares valued at \$58,125 as a finder’s fee on the transaction.

The acquisition of 51% of Arrow Pilbara has been accounted for as an acquisition of assets and liabilities, as Arrow Pilbara does not meet the definition of a business under IFRS 3 *Business Combinations*. The acquisition of the net assets of Arrow Pilbara was recorded at the fair value of the consideration transferred of \$1,637,538, as detailed above. The net assets acquired were as follows:

Net Assets Acquired	
Exploration and evaluation assets	\$ 3,210,860
Non-controlling interest	(1,573,322)
	<hr/>
	\$ 1,637,538

On August 20, 2018, the Company entered into a share purchase agreement to acquire the remaining ownership interest in Arrow Pilbara. Under the terms of the agreement, the Company acquired the remaining 49% ownership interest in Arrow Pilbara by paying \$1,000,000 (paid) and issuing 200,000 common shares (issued and valued at \$820,000).

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Pilbara Project (continued)

Arrow Pilbara (continued)

The purchase of the remaining 49% interest was accounted for as follows:

Acquisition of 49% Interest	
Additional consideration paid	\$ 1,820,000
Elimination of non-controlling interest	(1,573,322)
Loss on acquisition	\$ 246,678

On January 6, 2020, the Company surrendered two tenement licenses, which resulted in an impairment charge of \$636,906 for the year ended November 30, 2019.

On February 16, 2021, the Company sold a 75% interest in the Arrow Pilbara property and the Yandicoogina and Boodalyerrie property. The Company received \$500,000 and 129,721,250 common shares of Raiden, a company listed on the Australian Securities Exchange (valued at \$2,327,503 based on the trading price on February 19, 2021 and net of their put option value for a six-month hold period). The Company will receive a further \$500,000 by the following schedule:

- \$100,000 by March 21, 2022 (received);
- \$125,000 by May 31, 2022 (received);
- \$50,000 by November 7, 2022 (received);
- \$10,000 by March 30, 2023 (received subsequent to February 28, 2023);
- \$15,000 by April 30, 2023;
- \$75,000 by September 30, 2023; and
- \$125,000 by November 30, 2023.

On March 29, 2021, the Company issued 100,000 common shares valued at \$139,000 as a finder's fee for the sale of a 75% interest in the Arrow Pilbara property and the Yandicoogina and Boodalyerrie property. The finder's fee was recorded as a transaction cost during the year ended November 30, 2021.

The Company retained a 25% carried interest in the Arrow Pilbara property and the Yandicoogina and Boodalyerrie property until the delineation of a mineral resource in accordance with the Joint Ore Reserves Committee 2012 guidelines (or other globally recognized code) of at least 250,000 ounces gold at a minimum grade of one gram per tonne gold across any of the properties. Following that, the parties would be required to enter into a joint venture, under which the Company could contribute proportional to its respective equity interest or dilute.

On June 18, 2021, the Company sold its remaining 25% interest in the Arrow Pilbara property and the Yandicoogina and Boodalyerrie property, along with certain equipment owned by the Company. The Company received \$115,625 and 36,338,315 common shares of Raiden (valued at \$723,695 based on the trading price on June 18, 2021 and net of their put option value for a six-month hold period).

During the year ended November 30, 2021, the Company recorded a loss on the sale of the properties of \$379,328, including the finder's fee of \$139,000.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Pilbara Project (continued)

Friendly Creek

On August 11, 2018, the Company entered into a tenement sale agreement to acquire 100% of the Friendly Creek exploration license and mining leases in the Pilbara Region of Western Australia.

Under the terms of the agreement, the Company purchased a 100% interest in Friendly Creek by paying the vendors a total of \$25,000 (paid) and issuing to the vendors 250,000 common shares of the Company (issued and valued at \$562,500).

During the year ended November 30, 2021, the Company decided not to pursue further exploration on the project. An impairment charge of \$594,472 has been recorded effective November 30, 2021.

For the year ended November 30, 2022, the Company recorded an impairment charge of \$474,135.

Yandicoogina and Boodalyerrie

On September 25, 2018, the Company entered into a tenement sale agreement to acquire 100% of both the Yandicoogina and Boodalyerrie exploration licenses and mining leases from Gardner Mining Pty. Ltd. (“Gardner Mining”), an Australian proprietary limited exploration company.

Under the terms of the agreement, the Company purchased a 100% ownership interest in the projects by paying Gardner Mining \$25,000 (paid) and issuing to Gardner Mining 300,000 common shares of the Company (issued and valued at \$720,000).

On February 16, 2021, the Company sold a 75% interest in Yandicoogina and Boodalyerrie. See “Arrow Pilbara”.

On June 18, 2021, the Company completed the sale of its remaining 25% interest in the Arrow Pilbara property and the Yandicoogina and Boodalyerrie property. See “Arrow Pilbara”.

Golden Palms Project

On November 5, 2018, the Company entered into a tenement sale agreement to acquire the Golden Palms tenement license in Western Australia.

Under the terms of the agreement, Pacton can purchase 100% of the property by paying a total of \$100,000 (paid) and issuing 40,000 common shares on completion of the transaction (issued on February 18, 2020 and valued at \$40,000).

During the year ended November 30, 2021, the Company decided not to pursue further exploration on the project. An impairment charge of \$67,459 has been recorded effective November 30, 2021.

For the year ended November 30, 2022, the Company recorded an impairment charge of \$66,049.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Pilbara Project (continued)

Hong Kong Project

On November 23, 2018, the Company entered into a tenement sale agreement to acquire a 70% interest in the Hong Kong project from Clancy Exploration Ltd. (“Clancy”), an Australian Securities Exchange-listed exploration company.

Under the terms of the agreement, the Company purchased a 70% interest in the Hong Kong project by paying Clancy \$200,000 (paid) and issuing to Clancy 378,061 common shares of the Company (issued and valued at \$1,323,215). In addition, the Company issued 30,000 common shares valued at \$82,500 as a finder’s fee on the project.

Upon completion of the acquisition, the Company and Clancy will enter into a joint venture, with Pacton acting as operator of the Hong Kong project. A minimum of AUD \$520,000 must be spent by the Company within two years of completion of the transaction. Clancy will be free carried with respect to expenditures until a decision to mine is made unanimously by both parties.

At November 30, 2020, the Company decided not to complete expenditure on the tenement license. An impairment charge of \$1,624,322 has been recorded effective November 30, 2020.

For the year ended November 30, 2022, the Company recorded an impairment charge of \$1,850.

Tardarina Project

On March 22, 2019, the Company entered into a tenement sale agreement to acquire the Tardarina tenement license in Western Australia.

Under the terms of the agreement, the Company acquired a 100% interest in the property by issuing 125,000 common shares on completion of the transaction (issued on August 27, 2019 and valued at \$281,250).

During the year ended November 30, 2021, the Company decided not to pursue further exploration on the project. An impairment charge of \$336,929 has been recorded effective November 30, 2021 to reduce the carrying amount to \$nil.

During the year ended November 30, 2022, the Company surrendered the tenement license and recorded a further impairment of \$1,264 to reduce the carrying amount to \$nil.

Sandstorm Royalties

On May 25, 2020, the Company entered into an agreement with Sandstorm Gold Ltd. (“Sandstorm”), whereby the Company granted Sandstorm a 1% NSR on all the tenements owned by Pacton in Australia for \$81,819. The tenements covered are part of Arrow Pilbara, Friendly Creek, Yandicoogina and Boodalyerrie, Golden Palms Project, Hong Kong Project and Tardarina Project above. The Company also assigned its royalty buyback on Drummond East to Sandstorm.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Red Lake Project

On May 23, 2017, the Company entered into an option agreement to earn a 100% interest in 14 mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Issue 30,000 common shares of the Company (issued and valued at \$42,000) and pay \$16,000 (paid) within five days of approval by the TSX-V, which was received on May 26, 2017;
- Pay \$12,000 on or before May 26, 2018 (paid);
- Pay \$16,000 on or before May 26, 2019 (paid); and
- Pay \$26,000 on or before May 26, 2020 (paid).

The claims are subject to an underlying 2% NSR.

On May 23, 2017, and as amended November 23, 2017, June 14, 2018 and May 22, 2019, the Company entered into an additional option agreement to earn a 100% interest in 30 additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Issue 250,000 common shares of the Company (issued and valued at \$350,000) within five days of approval by the TSX-V, which was received on May 26, 2017;
- Pay \$20,000 on or before June 30, 2018 (paid);
- Pay \$80,000 on or before January 31, 2019 (paid); and
- Pay \$150,000 on or before June 30, 2019 (paid).

The vendors retain a 2.5% NSR, of which two-fifths (1%) can be repurchased by the Company for \$1,500,000. On October 25, 2018, one of the vendors became a director of the Company.

On November 1, 2018, the Company entered into an option agreement to earn a 100% interest in 12 mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Pay \$15,000 on or before November 6, 2018 (paid);
- Pay \$15,000 (paid) and issue 10,000 common shares of the Company (issued and valued at \$25,500) within five days of approval by the TSX-V, which was received November 19, 2018;
- Pay \$40,000 (paid) and issue 7,500 common shares of the Company on or before November 19, 2019 (issued and valued at \$7,875); and
- Pay \$40,000 (paid) and issue 7,500 common shares of the Company on or before November 19, 2020 (issued and valued at \$7,425).

The vendors retain an NSR that ranges from 0.25% to 2.25%, of which one-half can be repurchased by the Company for \$250,000.

On January 29, 2019, the Company entered into an agreement to acquire a 100% interest in additional mineral claims in the Red Lake Mining District, located in Ontario. The Company issued 19,231 common shares on February 6, 2019 valued at \$48,077. The claims are subject to a 0.25% to 2.25% NSR, of which a portion can be repurchased by the Company for \$250,000.

On February 12, 2019, the Company entered into an agreement to acquire a 100% interest in additional mineral claims in the Red Lake Mining District, located in Ontario. The Company paid \$15,000 and on February 28, 2019 issued 7,500 common shares valued at \$19,125. The claims are subject to a 2% NSR, of which one-half can be repurchased by the Company for \$200,000.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Red Lake Project (continued)

On February 20, 2019, the Company entered into an option agreement to acquire a 100% interest in additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Pay up to \$30,000 on behalf of the vendor for exploration expenditures (paid);
- Issue 12,500 common shares of the Company within five days of approval by the TSX-V, which was received March 5, 2019 (issued and valued at \$31,250);
- Pay \$50,000 (paid) and issue 10,000 common shares of the Company on or before March 5, 2020 (issued and valued at \$8,500); and
- Pay \$50,000 (paid) and issue 12,500 common shares of the Company on or before March 5, 2021 (issued and valued at \$9,750).

The claims are subject to a 0.25% to 1.75% NSR, of which a portion can be repurchased by the Company at a rate of \$250,000 for each 0.25% portion that is repurchased.

On March 13, 2019, the Company entered into an option agreement to acquire a 100% interest in additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Pay up to \$40,000 on behalf of the vendor for exploration expenditures (paid);
- Issue 10,000 common shares of the Company within five days of approval by the TSX-V, which was received March 21, 2019 (issued and valued at \$23,000);
- Pay \$50,000 (paid) and issue 10,000 common shares of the Company on or before March 21, 2020 (issued and valued at \$6,000); and
- Pay \$50,000 (paid) and issue 12,500 common shares of the Company on or before March 21, 2021 (issued and valued at \$10,875).

The claims are subject to a 2.5% NSR, of which one-half can be repurchased by the Company for \$2,000,000.

On April 23, 2019, the Company entered into an option agreement to acquire a 100% interest in additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company was required to make cash payments and issue common shares of the Company as follows:

- Pay \$30,000 (paid) and issue 10,000 common shares of the Company (issued and valued at \$16,500) within five days of approval by the TSX-V, which was received on May 6, 2019;
- Pay \$30,000 (paid) and issue 15,000 common shares of the Company on or before May 6, 2020 (issued and valued at \$11,250); and
- Pay \$30,000 (paid) on or before May 6, 2021.

On July 23, 2019, the Company entered into two agreements to acquire 100% interests in additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of each agreement, the Company must make a cash payment of \$100,000 and issue 40,000 common shares of the Company upon approval by the TSX-V. A total of \$200,000 was paid and 80,000 common shares were issued on August 12, 2019 and valued at \$140,000.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Red Lake Project (continued)

On October 22, 2019, the Company entered into an option agreement to acquire a 100% interest in additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Pay \$35,000 (paid) and issue 15,000 common shares of the Company within five days of approval by the TSX-V, which was received November 6, 2019 (issued and valued at \$16,500);
- Pay \$22,500 (paid) and issue 15,000 common shares of the Company on or before November 6, 2020 (issued and valued at \$14,850);
- Pay \$22,500 (paid) and issue 15,000 common shares of the Company on or before November 6, 2021 (issued and valued at \$7,800);
- Pay \$22,500 (paid) and issue 15,000 common shares of the Company on or before November 6, 2022 (issued and valued at \$3,150); and
- Pay \$22,500 and issue 15,000 common shares of the Company on or before November 6, 2023.

The claims are subject to a 0.25% to 2.25% NSR, of which one-half may be repurchased by the Company for \$1,000,000.

On April 23, 2020, the Company entered into an option agreement to acquire a 100% interest in additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Pay \$15,000 (paid) and issue 25,000 common shares of the Company on or before April 30, 2020 (issued and valued at \$20,000);
- Pay \$15,000 (paid) and issue 15,000 common shares (issued and valued at \$13,950) of the Company on or before April 30, 2021; and
- Pay \$25,000 (paid) and issue 15,000 common shares (issued and valued at \$13,950) of the Company on or before April 30, 2022.

The claims are subject to a 1.5% NSR, of which one-half may be repurchased by the Company for \$500,000.

On April 24, 2020, the Company entered into an option agreement to acquire a 100% interest in additional mineral claims in the Red Lake Mining District, located in Ontario. Under the terms of the agreement, the Company must make cash payments and issue common shares of the Company as follows:

- Pay \$6,000 (paid) and issue 10,000 common shares of the Company on or before April 30, 2020 (issued and valued at \$8,000);
- Pay \$10,000 (paid) and issue 10,000 common shares of the Company on or before April 30, 2021 (issued and valued at \$7,900); and
- Pay \$20,000 and issue 10,000 common shares of the Company on or before April 30, 2022.

The claims are subject to a 1.5% NSR, of which one-half may be repurchased by the Company for \$400,000.

On March 3, 2021, the Company entered into an amendment agreement to acquire one additional mineral claim for the Red Lake Project through its April 24, 2020 option agreement. As consideration, the Company paid \$500 and issued 30,000 common shares valued at \$22,500.

On April 7, 2022, the Company terminated the April 24, 2020 option agreement and recorded an impairment charge of \$54,900 on the project during the year ended November 30, 2022.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Red Lake Project (continued)

On May 25, 2020, the Company entered into an agreement with Sandstorm, whereby the Company granted Sandstorm a 0.5% to 1% NSR on certain mineral claims owned by the Company in Red Lake, and certain mineral claims in which the Company was currently earning an interest in Red Lake. As of November 30, 2022 and 2021, the Company has received \$190,911 for the mineral claims it owns. Sandstorm has agreed to pay an additional \$27,273 once the Company has earned a 100% interest in the remaining Red Lake mineral claims. The Company also assigned its royalty buybacks on all Red Lake agreements to Sandstorm.

c) Red Lake – Sidace

On April 1, 2020, the Company accepted a purchase agreement with TomaGold Corporation (“TomaGold”), whereby the Company will acquire all of TomaGold’s interest in a joint venture with Evolution Mining and Newmont Corporation (formerly GoldCorp Inc. when TomaGold entered into the joint venture) on the Sidace Property, located in the Red Lake Mining District in Ontario.

Under the terms of the agreement, the Company must pay and issue the following to TomaGold:

- Upon final acceptance of the transaction by the TSX-V, pay \$250,000 (paid) and issue 1,000,000 common shares (issued and valued at \$750,000);
- Within six months of TSX-V acceptance, pay \$250,000 (paid) and issue \$800,000 worth of common shares at a price per share equal to the greater of \$1.60 and the five-day volume weighted average price of the Company’s shares immediately preceding the date of issuance (issued 500,000 common shares valued at \$800,000); and
- Upon the Company filing a NI 43-101 technical report on the property showing a gold resource estimate of 750,000 ounces or greater of gold, issue 416,666 common shares or pay \$500,000.

The initial joint venture interest was 39.5%. During the year ended November 30, 2021, the Company increased its interest to 46.7% as a result of expenditures made on behalf of the joint venture.

For the year ended November 30, 2022, the Company recorded an impairment charge of \$3,711,388 as a result of a lack of exploration plans on this property in the near future.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended February 28, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION ASSETS (Continued)

	Pilbara	Red Lake	Red Lake – Sidace	Total
Balance, November 30, 2021	\$ 500,000	\$ 13,184,358	\$ 3,711,389	\$ 17,395,747
Property Acquisition Costs				
Acquisition and option payments	-	25,650	-	25,650
Claim costs	43,757	-	-	43,757
Impairment	(186,872)	(54,900)	(2,049,999)	(2,291,771)
Currency translation difference	(188)	-	-	(188)
Total Additions to Acquisition Costs	(143,303)	(29,250)	(2,049,999)	(2,222,552)
Property Exploration Costs				
Assays	-	209,918	-	209,918
Camp and other	-	123,927	-	123,927
Depreciation	-	4,571	-	4,571
Drilling	-	1,016,152	-	1,016,152
Environmental	300	-	-	300
Geological and field staff	-	942,065	-	942,065
Geophysics	-	103,333	-	103,333
Travel	-	25,287	-	25,287
Impairment	(356,526)	-	(1,661,389)	(2,017,915)
Currency translation difference	(471)	-	-	(471)
Total Additions to Exploration Costs	(356,697)	2,425,253	(1,661,389)	407,167
Balance, November 30, 2022	-	15,580,361	1	15,580,362
Property Exploration Costs				
Camp and other	-	30,121	-	30,121
Depreciation	-	1,100	-	1,100
Drilling	-	15,989	-	15,989
Geological and field staff	-	263,804	-	263,804
Total Additions to Exploration Costs	-	311,014	-	311,014
Balance, February 28, 2023	\$ -	\$ 15,891,375	\$ 1	\$ 15,891,376

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

10. RIGHT-OF-USE ASSET

The Company entered into operating leases to use certain office space for its operations. The Company is required to recognize right-of-use assets representing its right to use this underlying leased asset over the lease term.

	Right-of-use Asset
Cost	
Balance, November 30, 2021	\$ -
Addition	308,178
Balance, November 30, 2022 and February 28, 2023	\$ 308,178
Accumulated Depreciation	
Balance, November 30, 2021	\$ -
Depreciation	54,384
Balance, November 30, 2022	54,384
Depreciation	18,128
Balance, February 28, 2023	\$ 72,512
Net Book Value, November 30, 2022	\$ 253,794
Net Book Value, February 28, 2023	\$ 235,666

11. LEASE OBLIGATION

The Company entered into an office lease expiring in 2024 with an interest rate of 18% per annum.

	February 28, 2023	November 30, 2022
Balance, beginning of period	\$ 259,302	\$ -
Addition	-	308,178
Lease interest accretion	9,993	12,225
Lease payments	(61,101)	(61,101)
Balance, end of period	208,194	259,302
Current portion	(208,194)	(218,870)
Non-current portion	\$ -	\$ 40,432

12. OTHER LIABILITIES

	February 28, 2023	November 30, 2022
Balance, beginning of period	\$ 459,716	\$ 37,470
Liability incurred on flow-through shares issued March 30, 2022	-	515,000
Settlement of flow-through share liability by incurring expenditures	(63,502)	(92,754)
Balance, end of period	\$ 396,214	\$ 459,716

PACKTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

12. OTHER LIABILITIES (Continued)

On March 30, 2022, the Company issued 8,583,333 flow-through shares at a price of \$0.36 per share. The premium paid by investors was calculated as \$0.06 per share. Accordingly, \$515,000 was recorded as other liabilities.

At February 28, 2023, the Company had a remaining commitment to incur exploration expenditures of \$2,377,285 (November 30, 2022 - \$2,758,296) in relation to its March 30, 2022 flow-through share financing.

13. CAPITAL STOCK

a) Authorized

Unlimited number of common voting shares without par value

b) Issued

During the three months ended February 28, 2023

There were no capital stock transactions during the three months ended February 28, 2023.

During the year ended November 30, 2022

On March 30, 2022 and April 6, 2022, the Company closed a private placement for gross proceeds of \$4,464,000. The Company issued 4,580,000 common shares at a price of \$0.30 per share for gross proceeds of \$1,374,000. The Company also issued 8,583,333 flow-through common shares at a price of \$0.36 per share for gross proceeds of \$3,090,000. The premium paid by investors on the flow-through shares was calculated as \$0.06 per share. Accordingly, \$515,000 was recorded as other liabilities. The Company paid finders' fees of \$5,400 and issued 33,000 agent warrants with an exercise price of \$0.40 per unit and a term to expiry of two years (note 13(d)). The Company also incurred other share issuance costs of \$24,270.

On November 4, 2022, the Company issued 15,000 common shares valued at \$3,150 for the Red Lake Project (note 9(b) – Red Lake Project).

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Three Months Ended February 28, 2023		Year Ended November 30, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	1,807,778	\$ 1.25	3,130,510	\$ 1.48
Expired	(1,807,778)	1.25	(1,322,732)	1.80
Outstanding, end of year	-	\$ -	1,807,778	\$ 1.25

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

13. CAPITAL STOCK (Continued)

d) Agent warrants

Agent warrant transactions and the number of agent warrants outstanding are summarized as follows:

	Three Months Ended February 28, 2023		Year Ended November 30, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	75,000	\$ 0.88	58,254	\$ 1.40
Issued	-	-	33,000	0.40
Expired	(42,000)	1.25	(16,254)	1.80
Outstanding, end of period	33,000	\$ 0.40	75,000	\$ 0.88

The following agent warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	February 28, 2023
April 6, 2024	1.10	\$ 0.40	33,000

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its agent warrants granted. There were no agent warrants issued during the three months ended February 28, 2023 (year ended November 30, 2022 - 33,000 with a fair value of \$6,433).

The fair value of each agent warrant issued was calculated using the following weighted average assumptions:

	Three Months Ended February 28, 2023	Year Ended November 30, 2022
Expected life (years)	N/A	2.00
Risk-free interest rate	N/A	2.37%
Annualized volatility	N/A	88%
Dividend yield	N/A	0.00%
Stock price at issue date	N/A	\$ 0.30
Exercise price	N/A	\$ 0.40
Weighted average issue date fair value	N/A	\$ 0.20

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

During the three months ended February 28, 2023, the Company transferred \$16,707 (year ended November 30, 2022 - \$13,053) from the share-based payments reserve to deficit on the expiry of 42,000 (November 30, 2022 - 16,254) agent warrants.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

13. CAPITAL STOCK (Continued)

e) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless otherwise specified by the Board of Directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Three Months Ended February 28, 2023		Year Ended November 30, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,724,500	\$ 1.33	2,769,500	\$ 1.44
Expired	-	-	(1,045,000)	1.63
Outstanding, end of period	1,724,500	\$ 1.33	1,724,500	\$ 1.33

The following stock options were outstanding and exercisable at February 28, 2023:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
July 24, 2023	0.40	\$ 1.33	1,724,500	1,724,500

During the three months ended February 28, 2023, the Company did not transfer any amounts (year ended November 30, 2022 - \$1,225,812) from the share-based payments reserve to deficit on the expiry of stock options (year ended November 30, 2022 - 1,045,000 stock options).

14. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss:

	Three Months Ended February 28, 2023		Three Months Ended February 28, 2022	
Short-term compensation	\$	218,500	\$	148,500

During the three months ended February 28, 2023, short-term compensation to related parties consisted of \$45,000 (2022 - \$30,000) in consulting fees, \$22,500 (2022 - \$22,500) in management fees, \$21,000 (2022 - \$21,000) in professional fees and \$130,000 (2022 - \$75,000) in geological fees included in exploration and evaluation assets.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss as follows:

	Three Months Ended February 28, 2023	Three Months Ended February 28, 2022
Related company with a common officer (rent)	\$ -	\$ 24,000
Related companies with a common officer (rent recovery)	\$ 58,000	\$ -
Related company controlled by officer and director (consulting fees)	\$ 7,500	\$ 10,000
Related company controlled by officer and director (office and miscellaneous)	\$ 15,000	\$ 15,000

As at February 28, 2023, the Company has outstanding amounts payable to officers and directors of the Company of \$7,840 (November 30, 2022 - \$34,226) for outstanding fees and expenses. The amounts payable are non-interest-bearing, uncollateralized and repayable on demand.

As at February 28, 2023, the Company has receivables with related companies with a common officer of \$46,200 (November 30, 2022 - \$19,950) for rent recovery.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three Months Ended February 28, 2023	Three Months Ended February 28, 2022
Cash and Cash Equivalents		
Cash	\$ 523,134	\$ 1,200,830
Term deposits	1,005,352	250,000
	\$ 1,528,486	\$ 1,450,830
Supplemental Disclosure with Respect to Cash Flows		
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Proceeds receivable from sale of exploration and evaluation assets	\$ 225,000	\$ 500,000
Exploration and evaluation expenditures in accounts payable (opening)	\$ 92,110	\$ 55,471
Exploration and evaluation expenditures in accounts payable (closing)	\$ 4,774	\$ 132,804
Fair value of warrants expired	\$ 16,707	\$ 13,053

16. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. All of the Company's non-current assets are located in Canada.

PACTON GOLD INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months Ended February 28, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

17. COMMITMENTS

The Company entered into an office lease agreement that commenced September 1, 2022 and expires January 31, 2024 with basic rent per fiscal year approximately as follows:

Fiscal 2023	\$	183,000
Fiscal 2024		41,000
	\$	224,000

18. SUBSEQUENT EVENT

- a) On March 15, 2023, the Company entered into an arrangement agreement with Trillium Gold Mines Inc. (“Trillium”) to combine the two companies. Under the terms of the agreement, Trillium and the Company will merge, with each common shareholder of the Company entitled to receive 1.275 common shares of Trillium per each share held. Upon completion, existing Trillium shareholders will own 53% of the combined company and existing shareholders of the Company will own 47% of the combined company. In addition, Trillium will issue stock options and warrants to existing stock option and warrant holders of the Company. It is intended that, upon closing, the Board of Directors of the combined company will consist of six members, of which two members shall be selected by the Company and four members shall be selected by Trillium.

The arrangement agreement is subject to approval from the Company’s shareholders, court approval and regulatory approval, all of which are outstanding as of April 20, 2023.