



P A S O F I N O G O L D

**CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30 2024 AND 2023
(EXPRESSED IN CANADIAN DOLLARS)**

Independent Auditor's Report

To the Shareholders of Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Opinion

We have audited the consolidated financial statements of Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2024 and 2023, and the consolidated statements of loss, consolidated statements of comprehensive loss, consolidated statements of changes in shareholders' deficit and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of April 30, 2024, the Company has an accumulated deficit and its current liabilities exceed its current assets. The Company expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<i>Fair value measurement of royalty liability</i> As described in Note 11, the Company has granted a royalty on the Dugbe Gold Project in exchange for US\$15,000,000 cash, which is repayable under certain circumstances, such as upon a change of control. The royalty liability is recorded at its estimated fair value which requires valuation techniques that include complex models and non-observable inputs. This requires management's estimation and judgment. The fair value measurement of the royalty liability was a key audit matter because the valuation required the application of significant judgment and involvement of a valuation specialist in assessing the complex models and non-observable inputs used, including any significant valuation adjustments. The valuation of the royalty liability is sensitive to certain inputs as they are forward-looking and could be affected by future economic and market conditions.	In this regard, our audit procedures included, but were not limited to: Reviewed the underlying agreement and evaluated management's accounting analysis associated with the Agreement Evaluating the methodologies and significant inputs used by the Company. Performing an independent valuation through the use of a valuation specialist to assess the modelling assumptions and significant inputs used to estimate the fair value, which involved independently obtaining significant inputs from external sources. Reviewing the note disclosures included in the notes to the accompanying consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

A handwritten signature in black ink that reads "McGovern Hurley LLP". The script is cursive and fluid, with the letters "M", "H", and "L" being particularly prominent.

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
August 22, 2024

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	As at April 30, 2024	As at April 30, 2023
ASSETS		
Current assets		
Cash	\$ 1,582,819	\$ 48,385
Amounts receivable	9,471	64,122
Marketable securities (note 8)	3,770	-
Prepaid expenses	441,335	23,399
Total current assets	2,037,395	135,906
Non-current assets		
Property, plant and equipment (note 9)	94,959	1,187,164
Total non-current assets	94,959	1,187,164
Total assets	\$ 2,132,354	\$ 1,323,070
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Amounts payable and other liabilities (notes 10, 14 and 16)	\$ 5,121,977	\$ 55,609,625
Total current liabilities	5,121,977	55,609,625
Non-current liabilities		
Royalty liability (note 11)	8,914,236	6,829,739
Total non-current liabilities	8,914,236	6,829,739
Total liabilities	14,036,213	62,439,364
Shareholders' Deficit		
Capital stock (note 12(b))	38,692,218	16,627,231
Contributed surplus (note 12(c)(d))	814,960	-
Accumulated other comprehensive loss	(3,592,573)	(3,420,788)
Accumulated deficit	(47,818,464)	(74,322,737)
Total shareholders' deficit	(11,903,859)	(61,116,294)
Total liabilities and shareholders' deficit	\$ 2,132,354	\$ 1,323,070

Nature of business and going concern (note 1)

Commitments and contingencies (note 17)

These consolidated financial statements are authorized for issuance by the Board of Directors on August 22, 2024.

Approved on behalf of the Board of Directors:

(Signed) "Dan Betts"
Director

(Signed) "Robert Metcalfe"
Director

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

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)**Consolidated Statements of Loss****(Expressed in Canadian Dollars)**

	Year ended April 30,	
	2024	2023
Expenses		
Exploration expense (note 14)	\$ 3,047,451	\$ 2,373,883
Management fees (note 16)	484,007	349,073
Professional fees (note 15)	209,553	-
Office and general (note 15)	173,474	69,713
Director fees (note 16)	14,114	-
Investor relations	34,515	-
Communications and travel	24,286	-
Loss before the undernoted	(3,987,400)	(2,792,669)
Foreign exchange gain (loss)	15,317	(2,617)
Unrealized gain on marketable securities (note 8)	145	-
Change in fair value of royalty liability (note 11)	(1,964,637)	(295,286)
Listing expense (note 7)	(20,111,910)	-
Gain on settlement of debt (note 7)	594,213	-
Other income	7,683	13,189
Net loss for the year	\$(25,446,589)	\$ (3,077,383)
Basic and diluted loss per share (note 13)	\$ (0.34)	\$ (0.06)
Weighted average number of common shares outstanding - basic and diluted	75,920,289	54,027,783

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

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)**Consolidated Statements of Comprehensive Loss****(Expressed in Canadian Dollars)**

	Year ended April 30,	
	2024	2023
Net loss for the year	\$(25,446,589)	\$ (3,077,383)
Other comprehensive loss		
Items that will be reclassified subsequently to profit and loss		
Exchange difference on translating foreign operations	(171,785)	(3,420,788)
Total comprehensive loss for the year	\$(25,618,374)	\$ (6,498,171)

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

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year ended April 30,	
	2024	2023
Operating activities:		
Net loss for the year	\$ (25,446,589)	\$ (3,077,383)
Adjustments for:		
Depreciation (note 9)	1,084,515	1,569,355
Unrealized gain on marketable securities (note 8)	(145)	-
Gain on settlement of debt (note 7)	(594,213)	-
Change in fair value of royalty liability (note 11)	1,964,637	295,286
Foreign exchange	13,856	4,378
Listing expense (note 7)	20,111,910	-
Changes in non-cash working capital items:		
Amounts receivable	62,469	-
Prepaid expenses	(368,178)	24,752
Amounts payable and other liabilities	1,036,210	559,277
Net cash used in operating activities	(2,135,528)	(624,335)
Investing activities:		
Purchase of property, plant and equipment (note 9)	(4,254)	-
Cash acquired from the acquisition of Pasofino (note 7)	610,338	-
Net cash provided by investing activities	606,084	-
Financing activities:		
Private placement (note 12(b))	3,120,687	-
Share issue costs (note 12(b))	(57,713)	-
Advances from shareholder loan	-	624,127
Net cash provided by financing activities	3,062,974	624,127
Net change in cash	1,533,530	(208)
Effect of exchange rate changes on cash held in foreign currencies	904	2,809
Cash, beginning of year	48,385	45,785
Cash, end of year	\$ 1,582,819	\$ 48,386
Supplemental information:		
Capital contribution (note 7)	\$ 51,827,558	\$ -
Issuance of shares for acquisition (note 7)	\$ 19,465,892	\$ -
Issuance of warrants for acquisition (note 7)	\$ 93,402	\$ -
Issuance of stock options for acquisition (note 7)	\$ 380,983	\$ -

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

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Consolidated Statements of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)

	Number of common shares	Capital stock	Contributed surplus	Accumulated Other comprehensive loss	Accumulated Deficit	Total
Balance, April 30, 2022	54,027,783	\$ 16,627,231	\$ -	\$ -	\$ (71,245,354)	\$ (54,618,123)
Other comprehensive loss	-	-	-	(3,420,788)	-	(3,420,788)
Net loss for the year	-	-	-	-	(3,077,383)	(3,077,383)
Balance, April 30, 2023	54,027,783	16,627,231	-	(3,420,788)	(74,322,737)	(61,116,294)
Capital contributions (notes 7 and 10)	-	-	-	-	51,827,558	51,827,558
Conversion of Pasofino Gold Limited for reverse acquisition (note 7)	51,909,046	19,465,892	474,385	-	-	19,940,277
Private placement (note 12(b))	6,291,000	3,120,687	-	-	-	3,120,687
Warrants (note 12(b))	-	(463,879)	463,879	-	-	-
Share issue costs (note 12(b))	-	(57,713)	-	-	-	(57,713)
Warrants expired	-	-	(93,402)	-	93,402	-
Stock options cancelled/expired	-	-	(29,902)	-	29,902	-
Other comprehensive loss	-	-	-	(171,785)	-	(171,785)
Net loss for the year	-	-	-	-	(25,446,589)	(25,446,589)
Balance, April 30, 2024	112,227,829	\$ 38,692,218	\$ 814,960	\$ (3,592,573)	\$ (47,818,464)	\$ (11,903,859)

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

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

1. Nature of Business and Going Concern

Pasofino Gold Limited, ("Pasofino" or the "Company") was incorporated on August 18, 2010 under the Business Corporations Act of British Columbia. On April 19, 2013, the Company completed its Qualifying Transaction, and as a result, the Company ceased to be a CPC and commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange ("TSXV") under the new trading symbol "NRL.V". In early 2017, the ticker was changed to "VEIN". On December 8, 2020, the Company's common shares commenced trading on the OTCQB Venture Market ("OTCQB") in the United States. The Pasofino ticker is (OTCQB: EFRGF).

The principal business of the Company is the acquisition, exploration, and development of mineral properties.

On December 8, 2023, all common shares of Hummingbird Resources (Liberia) Inc. ("Hummingbird Liberia") were exchanged for common shares of the Company (the "Transaction"). Refer to note 7. Hummingbird Liberia was identified as the accounting acquirer in the Transaction and as such, these consolidated financial statements present the continuation of Hummingbird Liberia and constituted a reverse acquisition of Pasofino by Hummingbird Liberia. As a result of the Transaction, Hummingbird Resources PLC ("Hummingbird PLC") is the ultimate parent of the Company.

The Company's head office, and registered and records office is 366 Bay Street, Suite 200, Toronto, Ontario, Canada, M5H 4B2.

The Company engages in exploration, evaluation and development of mineral exploration targets, principally for gold, within Liberia.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a going concern basis, which assumes the Company will be able to meet its obligations and continue its operations for the next 12 months. At April 30, 2024, the Company had an accumulated deficit of \$47,818,464 (April 30, 2023 - \$74,322,737), expects to incur further losses in the development of its business, and had working capital deficit of \$3,084,582 (April 30, 2023 – working capital deficit of \$55,473,719).

The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from raising equity capital and/or borrowing sufficient funds to meet current and future obligations. In order to continue as a going concern and meet its corporate objective, the Company will require additional financing through debt or equity issuances or other available means. However, there is no assurance that the Company will continue to be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties raise significant doubt regarding the Company's ability to continue as a going concern.

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

1. Nature of Business and Going Concern (Continued)

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of Preparation

These consolidated financial statements are prepared in accordance with IFRS as issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a going concern basis, under historical cost convention. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements were approved by the Board of Directors on August 22, 2024.

3. Material Accounting Policies

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

- (i) ARX Resources Limited ("ARX") was incorporated in the British Virgin Islands; and
- (ii) Hummingbird Liberia was incorporated in Liberia

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiary after eliminating inter-entity balances and transactions.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian Dollars ("CAD"), which is the parent Company's presentation and functional currency.

Items included in the financial statements of each of the Company's operating subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Hummingbird Liberia is the United States Dollar ("US"). The functional currency of the subsidiary ARX is the CAD.

Assets and liabilities of entities with functional currencies other than CAD are translated at the year-end closing rate of exchange, and the results of their operations are translated at average rates of exchange for the period unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the results of their operations are translated at the rate prevailing on the dates of the transactions. The resulting translation adjustments are recognized in other comprehensive income and as a separate component of equity.

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. Material Accounting Policies (Continued)

Functional and Presentation Currency (Continued)

Foreign currency transactions are translated into the functional currency of each consolidated entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not re-translated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Financial Instruments

Classification

On initial recognition, the Company determines the classification of financial instruments based on the following categories:

- Measured at amortized cost
- Measured at fair value through profit or loss ("FVTPL")
- Measured at fair value through other comprehensive income ("FVTOCI")

The classification under IFRS 9 is based on the business model under which a financial asset is managed and on its contractual cash flow characteristics. Assets held for the collection of contractual cash flows and for which those cash flows correspond solely to principal repayments and interest payments are measured at amortized cost. Contracts with embedded derivatives where the host is a financial instrument in the scope of the standard will be assessed as a whole for classification.

A financial asset is measured at amortized cost if both of the following criteria are met:

- Held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Equity investments held-for-trading are classified as FVTPL. For all other equity investments that are not held-for-trading, the Company may irrevocably elect, on initial recognition, to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives), or if the Company has chosen to evaluate them at FVTPL.

Financial instruments	Classification
Cash	Amortized cost
Amounts receivable	Amortized cost
Marketable securities	FVTPL
Amounts payable and other liabilities	Amortized cost
Royalty liability	FVTPL

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. Material Accounting Policies (Continued)

Financial Instruments (continued)

Measurement

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a gain or loss at the time of initial recognition.

Amortized cost – The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

FVTPL – Changes in fair value after initial recognition, whether realized or not, are recognized through the consolidated statements of loss. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

FVTOCI – Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

The Company has applied the simplified approach to recognize lifetime expected credit losses for its amounts receivable. In general, the Company anticipates that the application of the expected credit loss model of IFRS 9 results in earlier recognition of credit losses for the respective items.

Derecognition

Financial assets – The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred. Gains and losses from the derecognition are recognized in the consolidated statements of loss.

Financial liabilities – The Company derecognizes a financial liability when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss.

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. Material Accounting Policies (Continued)

Marketable Securities

The Company's short-term investments in equity securities are measured at FVTPL. Financial assets measured at FVTPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in the consolidated statements of loss. The marketable securities are classified as Level 1 in the fair value hierarchy.

Property, plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized on a straight line basis based on the cost of an item of property, plant and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Plant and machinery	3 years
Motor vehicles - light vehicles	3 years
Computer equipment	3 years
Exploration equipment	3 years
Road upgrades	3 years
New camp	3 years
Other	3 years

Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there are any indications that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use, which is determined using discounted estimated future net cash flows. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

Exploration Expenditures

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property and equipment.

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. Material Accounting Policies (Continued)

Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All the Company's outstanding stock options and warrants were anti-dilutive for the years ended April 30, 2024 and 2023.

Share-based Compensation

Share-based compensation transactions with employees are measured based on the fair value of the share-based compensation issued. The Company grants stock options to certain employees under the terms of the Company's Stock Option Plan or Share Awards Plan. Each tranche in an option award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires estimates for the expected life of options and stock price volatility which can materially affect the fair value estimate. Volatility and expected life of option is estimated based on an analysis of factors such as the Company's historical price trends, history of option holder activity, and peer and industry benchmarks for similar transactions.

Share-based compensation expense is recognized over the vesting period of the grant by increasing contributed surplus based on the number of awards expected to vest. This number is reviewed at least annually, with any change in estimate recognized immediately in share-based compensation expense with a corresponding adjustment to contributed surplus.

Share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the consolidated financial statement carrying values of assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used.

The determination of the ability of the Company to use tax loss carry-forwards to offset deferred tax payable involves judgment and certain assumptions about the future performance of the Company. Assessment is required about whether it is "probable" that the Company will benefit from the prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of using the losses.

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. Material Accounting Policies (Continued)

Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Rehabilitation Provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, dismantling operating facilities, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground / environment is disturbed at the production location. The liability is initially recognized at the present value of the estimated cost. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to rehabilitation liability when they occur. When applicable for closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss.

Critical Accounting Judgments and Estimates

The preparation of these consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge on the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the consolidated financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

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Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

3. Material Accounting Policies (Continued)

Critical Accounting Judgments and Estimates (Continued)

(ii) Estimation of restoration, rehabilitation and environmental obligation

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

(iii) Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment and warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumption about them, the assumptions and models used for estimating fair value for share-based payment and warrant transactions are disclosed in note 12.

(iv) Contingencies

Provisions for contingencies are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material. See notes 14 and 17.

(v) Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss are based on judgments made by management. These include expected useful life of the items and their estimated residual values, if any.

(vi) Impairment of property, plant and equipment

The Company reviews the carrying amounts of its property, plant and equipment, carried at cost to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

(vii) Fair valuation of royalty liability

The Company values the royalty liability using a combination of valuation techniques, including the Monte Carlo simulation methodology and discounted cash flow approach. The key estimates in these models relate to the discount rate, the future price of gold, the timing of gold sales and future volatility assumptions. In valuing the royalty liability, the Company also makes estimates around the probability of certain events occurring. These estimates require management to make judgments given the uncertainty surrounding the occurrence of certain events. See note 11. Changes in assumptions can materially affect the fair value estimate of the royalty liability.

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Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. Material Accounting Policies (Continued)

Critical Accounting Judgments and Estimates (Continued)

(viii) Determination of the acquirer of the Transaction

Determination of the acquirer requires the Company to make certain judgments, taking into account all facts and circumstances. In making this determination, the Company considers items including, but not limited to: the relative voting rights in the combined entity after the Transaction, the existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest, the composition of the governing body of the combined entity, the composition of the senior management of the combined entity and the terms of the exchange of equity interests.

Future Policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact of these standards on the consolidated financial statements.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. In the current circumstances, the Company does not expect any of these to have a material impact on the consolidated financial statements.

4. Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its capital stock and contributed surplus components of its shareholders' equity. The properties in which the Company currently has an interest are in the early exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended April 30, 2024 and 2023.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of April 30, 2024, the Company is not compliant with the policies of the TSXV. The impact of non-compliance is currently unknown and is under the discretion of TSXV.

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

5. Fair Value

The Company's financial instruments consist of cash, amounts receivable, marketable securities, amounts payable and other liabilities and royalty liability. The carrying value of these instruments, except for marketable securities and royalty liability, approximates their fair values due to their short-term nature.

The three levels of fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

When one is available, the Company measured the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The following table provides information about how the fair values the Company's other financial instruments are determined:

April 30, 2024	Level 1	Level 2	Level 3	Total
Marketable securities	\$ 3,770	\$ -	\$ -	\$ 3,770
Royalty liability	-	-	8,914,236	8,914,236
	\$ 3,770	\$ -	\$ 8,914,236	\$ 8,918,006

April 30, 2023	Level 1	Level 2	Level 3	Total
Royalty liability	\$ -	\$ -	\$ 6,829,739	\$ 6,829,739
	\$ -	\$ -	\$ 6,829,739	\$ 6,829,739

Royalty liability

The fair value of the Royalty liability was estimated using probability-weighted scenarios with respect to discounted cash flow models for a potential change of control event and repayment from future production of the Dugbe Gold Project through royalty payments. See note 11.

Repayments from future production were determined using a Monte Carlo model, taking into account assumptions with respect to gold prices, discount rates, and production estimates. Based on the various scenarios considered, the fair value of the Royalty liability was calculated to be \$8,914,236 (2023 - \$6,829,739).

Significant inputs into the model are as follows:

	April 30, 2024	April 30, 2023
Probability of:		
A change of control event occurring	33%	33%
Repayment through royalty payments	67%	67%
Gold price	\$2,296	\$1,990
Volatility of gold	14.97%	13.83%
Discount rate	31.52%	29.94%

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Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

5. Fair Value (Continued)

Royalty liability (continued)

The most significant inputs which are unobservable are the probabilities of each scenario and the discount rate. The overall valuation is sensitive to the discount rate assumption as the estimated fair value decreases if the discount rate increases with an equal but opposite effect if the discount rate increases. The estimated fair value decreases if the change of control scenario is more probable by 10% and increases with an equal but opposite effect if that scenario is less probable. A 10% change in each of these inputs will have the following impact on the fair value of the Royalty liability at April 30, 2024 and 2023:

April 30, 2024	Original	10%	(10%)
Change in discount rate	\$ 8,914,236	\$ 8,358,304	\$ 9,537,387
Change in probabilities	\$ 8,914,236	\$ 8,237,913	\$ 9,590,558

April 30, 2023	Original	10%	(10%)
Change in discount rate	\$ 6,829,739	\$ 6,259,198	\$ 7,480,968
Change in probabilities	\$ 6,829,739	\$ 6,306,452	\$ 7,353,026

There were no transfers between Level 1, Level 2 or Level 3 during the years ended April 30, 2024 and 2023.

6. Financial Risk Factors

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash consists of cash on deposits with reputable financial institutions. Included in amounts receivable is \$6,913 (April 30, 2023 - \$nil) relating to sales taxes refundable from various Canadian governments. Management believe that the credit risk concentration with respect to its financial instruments is remote. The carrying amount of cash and amounts receivable represent the maximum exposure to credit risk and at April 30, 2024, this amounted to \$1,592,290 (2023 - \$112,507).

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. As at April 30, 2024, the Company had cash and sales tax receivable balances of \$1,589,732 (April 30, 2023 - \$48,385) to settle current liabilities of \$5,121,977 (April 30, 2023 - \$55,609,625). All the Company's amounts payable and other liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company remains dependent upon financing from capital markets.

The royalty liability is recorded as a non-current liability as a change of control event has not occurred and the Company is not currently in production therefore repayment is not expected within the next 12 months.

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Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

6. Financial Risk Factors (Continued)

Market Risk

Market risk is the risk of loss that might arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to limited interest rate risk, as it only holds cash and does not have any interest-bearing debt.

ii) Foreign Currency Risk:

Exposures to currency exchange rates arise from the Company's expenses in foreign currency, which are primarily denominated in US dollars since a portion of the Company's expenditures related to exploration and evaluation activities are incurred in US dollars. The Company does not enter into arrangements to hedge its foreign exchange risk.

The following are the Canadian Dollar equivalent balances for items denominated in foreign currencies:

April 30,	2024	2023
Cash	\$ 1,371,119	\$ -
Amounts payable and other liabilities	129,762	-

iii) Price Risk:

The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

Sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash, amounts receivable and amounts payable and other liabilities that are denominated in United States dollars. As at April 30, 2024, had the United States dollar weakened/strengthened by 10% against the Canadian dollar with all other variables held constant, the Company comprehensive loss for the year ended April 30, 2024 would have been approximately \$124,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at April 30, 2024, comprehensive loss would have been approximately \$124,000 higher/lower had the United States dollar weakened/strengthened by 10% against the Canadian dollar as a result of foreign exchange losses/gains on translation of non-Canadian denominated financial instruments.

The Company's marketable securities are denominated in Canadian dollars and are subject to fair value fluctuations. As at April 30, 2024, if the fair value of the Company's marketable securities had increased/decreased by 20% with all other variables held constant, profit and loss for the year ended April 30, 2024, would have been approximately \$1,000 lower/higher. Similarly, as at April 30, 2024, the Company's reported shareholders' equity would have been approximately \$1,000 higher/lower as a result of a 20% increase/decrease in marketable securities.

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(Expressed in Canadian Dollars)

7. Reverse Acquisition

On September 20, 2022, Pasofino exercised its option to acquire a 49% interest in Hummingbird Liberia pursuant to an earn-in agreement in respect of the Dugbe Gold Project in Liberia (the "Option Agreement"). These shares were issued concurrently with the closing of the acquisition of the remaining 51% discussed below.

On August 23, 2023, the shareholders of Pasofino approved Hummingbird PLC becoming the parent of Pasofino. In connection with Pasofino's exercise of its right under the Option Agreement, Hummingbird PLC sold to Pasofino, Hummingbird PLC's 51% interest in the issued and outstanding shares of Hummingbird Liberia and all shareholder loans made by Hummingbird PLC to Hummingbird Liberia in order for Pasofino to become owner of 100% of the Dugbe Gold project (prior to giving effect to the 10% carried interest of the Government of Liberia). In consideration for the Transaction, Hummingbird PLC will receive a 51% shareholding interest in Pasofino, as such interest is calculated and determined in accordance with the Option Agreement.

On December 8, 2023, the Company completed the Transaction and as consideration for the Transaction, Pasofino issued to Hummingbird PLC 54,027,783 common shares in the capital of the Company.

For accounting purposes, Hummingbird Liberia was treated as the accounting parent company (legal subsidiary) and Pasofino was treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Hummingbird Liberia was deemed to be the acquirer for accounting purposes, its assets, liabilities and results of operations since incorporation are included in these consolidated financial statements at their historical carrying value. Pasofino's results of operations have been included from the Transaction date, December 8, 2023. As Pasofino did not qualify as a business according to the definition in IFRS 3 Business Combinations, this reverse acquisition does not constitute a business combination and has been accounted for in accordance with IFRS 2 Share-based Payments, such that Hummingbird Liberia is deemed to have issued shares in exchange for the net assets and listing status of Pasofino. Upon completion of the Transaction, Hummingbird PLC, the former parent of Hummingbird Liberia, became the ultimate parent of the Company. The difference between the consideration given to acquire Pasofino and the fair value of Pasofino's net assets was recorded as a listing expense in the consolidated statement of loss.

Prior to the Transaction, Pasofino had 51,909,046 issued and outstanding common shares. All issued and outstanding common shares of Hummingbird Liberia were exchanged for 54,027,783 common shares of Pasofino. As part of the acquisition, the Company acquired a net liabilities of \$171,633 and incurred listing expense of \$20,111,910.

Prior to the acquisition of the Company, Hummingbird Liberia had a shareholder loan balance of \$51,827,558 (US\$38,142,153) payable to Hummingbird PLC. As agreed in the Option Agreement, ARX assumed the pre-existing shareholder loan payable to Hummingbird PLC, which resulted in a capital contribution recorded, directly to accumulated deficit in the consolidated statements of changes in shareholders' deficit.

Prior to the acquisition of the Company, Hummingbird Liberia owed a balance of \$594,213 (US\$437,500) to ARX for management fees payable under the Option Agreement. Upon completion of the Transaction, a gain on settlement of debt of \$594,213 was recorded in the consolidated statement of loss.

The Company expensed \$75,223 of acquisition-related costs to the consolidated statement of loss during the year ended April 30, 2024 which consisted of legal fees, professional fees and filing fees.

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

7. Reverse Acquisition (Continued)

Details of the allocation of the estimated fair values of identifiable assets acquired and liabilities assumed, and price consideration are as follows:

Purchase Price Consideration

51,909,046 common shares ⁽¹⁾	\$ 19,465,892
4,068,832 warrants ⁽²⁾	93,402
3,285,350 stock options ⁽³⁾	380,983
Total	\$ 19,940,277

Net Assets (Liabilities) Acquired (Estimated Fair Value)

Cash	\$ 610,338
Accounts receivable	7,010
Prepaid expenses	44,134
Marketable securities	3,625
Property, plant and equipment	3,375
Amounts payable and other liabilities	(840,115)
Total net (liabilities)	\$ (171,633)

Listing expense **\$ 20,111,910**

⁽¹⁾ The value of the shares was based on the December 8, 2023 quoted market price of \$0.375 per share.

⁽²⁾ The fair value of the warrants was estimated at \$93,402 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.375 (based on December 8, 2023 quoted market price); expected dividend yield of 0%; expected volatility of 91% (based on historical price data of the Company's common shares); risk-free interest rate of 4.16% and an expected life of 0.36 years. All outstanding warrants were fully vested at the Transaction date. Refer to note 12.

⁽³⁾ The fair value of the stock options was estimated at \$380,983 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.375 (based on December 8, 2023 quoted market price); expected dividend yield of 0%; expected volatility of 85% to 93% (based on historical price data of the Company's common shares); risk-free interest rate of 3.56% to 4.16% and an expected life of 0.39 to 3.17 years. All outstanding stock options were fully vested at the Transaction date. Refer to note 12.

8. Marketable Securities

	Number of shares	Cost	Cumulative unrealized gain	Fair market value
April 30, 2023				
QC Copper & Gold Inc. ("QC Copper")	-	\$ -	\$ -	\$ -
	Number of shares	Cost	Cumulative unrealized gain	Fair market value
April 30, 2024				
QC Copper	29,000	\$ 3,625	\$ 145	\$ 3,770

During the year ended April 30, 2024, the Company recorded an unrealized gain on marketable securities of \$145 (year ended April 30, 2023 - unrealized gain of \$nil) in the consolidated statement of loss and comprehensive loss.

Pasofino Gold Limited

Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

9. Property, Plant and Equipment

Cost	Plant and machinery	Motor vehicles - light vehicles	Computer equipment	Exploration equipment	Road upgrades	New Camp	Other	Total
Balance, April 30, 2022	\$ 699,649	\$ 2,046,724	\$ 73,477	\$ 158,787	\$ 3,104,566	\$ 615,401	\$ 259,107	\$ 6,957,711
Disposal	-	-	-	-	-	(4,256)	-	(4,256)
Foreign exchange adjustment	42,990	125,760	4,515	9,757	190,759	37,723	15,921	427,425
Balance, April 30, 2023	742,639	2,172,484	77,992	168,544	3,295,325	648,868	275,028	7,380,880
Acquired in the Transaction (note 7)	-	3,239	136	-	-	-	-	3,375
Additions	3,511	-	743	-	-	-	-	4,254
Retirements	-	-	-	-	-	(7,062)	-	(7,062)
Foreign exchange adjustment	9,252	23,641	842	2,085	40,773	7,901	3,403	87,897
Balance, April 30, 2024	\$ 755,402	\$ 2,199,364	\$ 79,713	\$ 170,629	\$ 3,336,098	\$ 649,707	\$ 278,431	\$ 7,469,344

Accumulated depreciation

Balance, April 30, 2022	\$ 599,286	\$ 1,850,255	\$ 49,928	\$ 83,213	\$ 1,198,069	\$ 311,700	\$ 232,968	\$ 4,325,419
Depreciation	64,155	131,947	15,581	55,012	1,075,602	210,107	16,951	1,569,355
Foreign exchange adjustment	38,179	116,477	3,397	6,276	96,345	23,592	14,676	298,942
Balance, April 30, 2023	701,620	2,098,679	68,906	144,501	2,370,016	545,399	264,595	6,193,716
Depreciation	41,311	73,382	9,151	23,738	831,786	95,825	9,322	1,084,515
Foreign exchange adjustment	9,409	27,303	1,017	2,215	44,293	8,473	3,444	96,154
Balance, April 30, 2024	\$ 752,340	\$ 2,199,364	\$ 79,074	\$ 170,454	\$ 3,246,095	\$ 649,697	\$ 277,361	\$ 7,374,385

Carrying value

Balance, April 30, 2023	\$ 41,019	\$ 73,805	\$ 9,086	\$ 24,043	\$ 925,309	\$ 103,469	\$ 10,433	\$ 1,187,164
Balance, April 30, 2024	\$ 3,062	\$ -	\$ 639	\$ 175	\$ 90,003	\$ 10	\$ 1,070	\$ 94,959

Geographic information

	Liberia	Canada	Total
Balance, April 30, 2023	\$ 1,187,164	\$ -	\$ 1,187,164
Balance, April 30, 2024	\$ 94,959	\$ -	\$ 94,959

Pasofino Gold Limited (formerly Hummingbird Resources (Liberia) Inc.)

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10. Amounts Payable and Other Liabilities

	As at April 30, 2024	As at April 30, 2023
Amounts payables	\$ 41,781	\$ 65,525
Accrued liabilities	5,080,196	3,398,262
Loan to ARX (unsecured, non-interest bearing and due on demand)	-	356,423
Loan to Hummingbird PLC (unsecured, non-interest bearing and due on demand)	-	51,789,415
	\$ 5,121,977	\$ 55,609,625

11. Royalty liability

On December 17, 2012, Hummingbird Liberia entered into a royalty financing agreement with Ecora Resources PLC ("Ecora") in relation to Dugbe Gold Project. Under the terms of the agreement, Ecora advanced US\$15,000,000 to Hummingbird Liberia.

In 2016, when the Mineral Development Agreement ("MDA") had been approved by the Liberian government, the advances were converted into a 2% net smelter return royalty from any sales of product mined within a 20km radius of the Dugbe Gold Project. After an initial grace period of six months following the commencement of commercial production, in the event that quarterly sales of gold produced are less than 50,000 ounces, additional quarterly payments will be required until such time as the cumulative royalty paid is US\$15,000,000 (the maximum total payment in any such quarter is equivalent to the royalty that would have arisen on sales of 50,000 ounces of gold).

Following this period the royalty is 2% except where both the average gold price is above US\$1,800 and sales of gold are less than 50,000 ounces, in which case it increases to 2.5% in respect of that quarter.

The amount advanced of US\$15,000,000 is repayable in cash in certain limited circumstances, such as upon a change in control and through repayment from future production of the Dugbe Gold Project via quarterly royalty payments and therefore is treated as a financial liability.

The Company made an irrevocable election to classify the Royalty liability at fair value through profit and loss. Therefore, the Royalty liability is measured at its fair value at each reporting date. See note 5 for fair value. The fair value of the Royalty liability is determined to be \$8,914,236 (US \$8,484,967) at April 30, 2024 (2023 - \$6,829,739 (US \$5,030,004)). For the year ended April 30, 2024, the Company recorded a change in fair value of \$1,964,638 (US \$1,454,963) (2023 - \$295,286 (US \$222,053)).

The Royalty liability is non-interest bearing and is secured by legal charges over the assets of Hummingbird Liberia and certain other subsidiaries of Hummingbird PLC, and a legal charge over the shares of Hummingbird Liberia and certain other subsidiaries of Hummingbird PLC.

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12. Capital Stock

a) Authorized - Unlimited common shares without par value

b) Issued - 112,227,829 common shares

Year ended April 30, 2024:

(i) On February 8, 2024, the Company closed a non-brokered private placement of 6,291,000 units at \$0.50 (US\$0.37) per unit for gross proceeds of approximately \$3,120,687 (US\$2,327,670).

Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at a price of \$0.65 for a period of 18 months following the issue date of the units. The Company has estimated the fair value of these warrants at \$463,879 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.42 (based on the implied share price in the unit financing); expected dividend yield of 0%; expected volatility of 97.34% (based on historical price data of the Company's common shares); risk-free interest rate of 4.32% and an expected life of 1.5 years.

A total of 6,291,000 common shares and 3,145,500 warrants were issued pursuant to the financing. All securities issued are subject to a 4 month hold period expiring June 9, 2024. There was no finder's fee paid in connection with the financing.

Share issue costs related to the offering amounted to \$57,713.

All 6,291,000 units in the offering were subscribed by insiders. Hummingbird PLC, a shareholder (51%) and control person of the Company, subscribed for 5,400,000 units and Esan Eczacibasi Endustriyel Hammaddeler Sanayi ve Ticaret Anonim Sirketi ("ESAN"), a shareholder (10%) and insider of the Company subscribed for 891,000 units.

c) Stock options

The Company has adopted a stock option plan (the "Option Plan"), which provides that the Board of Directors of the Company may, from time to time, grant to directors, officers, employees and technical consultants of the Company, non-transferable options to purchase common shares. The expiry date for each option shall be set by the Board of Directors at the time of issue and shall not exceed ten years. A vesting schedule may be imposed at the discretion of the Board of Directors at the time of issue. During any twelve-month period, the number of shares issuable to any one optionee shall not exceed 5% of the total number of issued and outstanding shares of the Company. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12-month period to any one consultant of the Company. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares in any 12-month period to employees of the Company conducting investor relations activities. The number of shares that may be reserved for issuance shall not exceed 10% of the total number of issued and outstanding shares of the Company.

The following table summarizes the stock option transactions during the years ended April 30, 2024 and 2023:

	Number of stock options	Weighted average exercise price
Balance, April 30, 2022 and April 30, 2023	-	\$ -
Stock options issued pursuant to completion of the Transaction (note 7)	3,285,350	1.14
Stock options expired	(19,643)	0.70
Stock options forfeited	(249,999)	1.14
Balance, April 30, 2024	3,015,708	\$ 1.15

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12. Capital Stock (Continued)

c) Stock options (continued)

The following table reflects the stock options issued and outstanding as of April 30, 2024:

Expiry date	Exercise price (\$)	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable	Valuation (\$)
June 24, 2026	1.40	1,860,708	2.15	1,860,708	154,410
February 7, 2027	0.74	1,155,000	2.78	1,155,000	196,671
	1.15	3,015,708	2.39	3,015,708	351,081

d) Warrants

The following table summarizes the warrant transactions during the years ended April 30, 2024 and 2023:

	Number of warrants	Weighted average exercise price
Balance, April 30, 2022 and April 30, 2023	-	\$ -
Warrants issued pursuant to completion of the Transaction (note 7)	4,068,832	0.65
Issued (note 12(b)(i))	3,145,500	0.65
Expired	(4,068,832)	0.65
Balance, April 30, 2024	3,145,500	\$ 0.65

The following table reflects the warrants issued and outstanding as of April 30, 2024:

Expiry date	Weighted average remaining contractual life (years)	Exercise price (\$)	Warrants outstanding	Valuation (\$)
August 8, 2025	1.27	0.65	3,145,500	463,879
	1.27	0.65	3,145,500	463,879

13. Net Loss Per Share

The calculation of basic and diluted loss per share for the year ended April 30, 2024 was based on the loss attributable to common shareholders of \$25,446,589 (year ended April 30, 2023 - \$3,077,383) and the weighted average number of common shares outstanding of 75,920,289 (year ended April 30, 2023 - 54,027,783). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

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14. Mineral Properties

Exploration and evaluation expenditures incurred during the year ended April 30, 2024 and 2023 are as follows:

	Year ended April 30,	
	2024	2023
Properties		
Dugbe Gold Project		
Annual license fees	\$ 681,902	\$ 804,528
Camp and support costs	171,495	-
Depreciation	1,084,515	1,569,355
Drilling activities	60,772	-
Facility activities	62,344	-
Investor relation, marketing and communication	8,373	-
Option payment	32,423	-
Project related costs	40,885	-
Professional fees	128,153	-
Salaries and consultants	511,828	-
Study activities	14,330	-
Transport costs	62,856	-
Travel and accommodation	187,575	-
Exploration and evaluation expenditures	\$ 3,047,451	\$ 2,373,883

Dugbe Gold Project

The Company owns 100% of the Dugbe Gold Project in Liberia (prior to issuance of 10% carried interest to the Government of Liberia).

The Company is required to pay annual fees, some of which are overdue. Included in amounts payable and other liabilities as at April 30, 2024 is \$3,821,388 (US\$2,780,000) (2023 – \$3,088,995 (US\$2,275,000)) for the annual fees. Failure to pay the annual fee could result in the loss of title. The annual fees is \$816,932 (US\$505,000).

The Dugbe Gold Project is subject to a net smelter return royalty of 3% to the Government of Liberia and 2% to Ecora (refer to note 11).

Refer to note 7.

15. Supplementary Information

	Year ended April 30,	
	2024	2023
Office and General:		
Administration and other expenses	\$ 127,559	\$ 69,713
Regulatory and shareholder filing fees	45,915	-
	\$ 173,474	\$ 69,713

	Year ended April 30,	
	2024	2023
Professional Fees:		
Accounting fees	\$ 35,648	\$ -
Consulting fees	10,626	-
Legal and audit fees	163,279	-
	\$ 209,553	\$ -

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Notes to Consolidated Financial Statements

April 30, 2024 and 2023

(Expressed in Canadian Dollars)

16. Related Party Transactions

During the year ended April 30, 2024 and 2023, the Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

Summary compensation of key management:

	Year ended April 30,	
	2024	2023
Management fees	\$ 236,495	\$ -
Director fees	\$ 12,500	\$ -

Related parties include the Board of Directors and management, close family and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at April 30, 2024, the Company has a balance payable of \$60,000 to certain directors (April 30, 2023 - \$nil) and \$nil (April 30, 2023 - \$nil) to management which is due on demand, unsecured and non-interest bearing.

See also notes 7, 10 and 12.

17. Commitments and Contingencies

The Company is party to certain contracts for the provision of management services to the Company. These contracts contain minimum commitments of US\$158,000 (\$212,000) due within one year and additional contingent payments of up to US\$1,104,000 (\$1,479,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

18. Income Taxes

(a) Provision for income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

	Year ended April 30,	
	2024	2023
Loss before income taxes	\$ (25,446,589)	\$ (3,077,383)
Expected income tax recovery based on statutory rate	(6,743,000)	(923,000)
Adjustment to expected income tax recovery:		
Non-deductible items	5,152,000	1,000
Difference in tax rates	(123,834)	-
Change in unrecorded deferred tax asset	1,714,834	922,000
Deferred income tax provision	\$ -	\$ -

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Notes to Consolidated Financial Statements

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18. Income Taxes (Continued)

(b) Deferred income tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

Unrecognized deferred tax assets	April 30,	
	2024	2023
Non-capital losses carry-forwards	\$ 7,476,000	\$ -
Share issuance costs	822,000	-
Mineral properties costs	144,191,000	111,745,000
Other temporary differences	7,438,000	6,194,000
	\$159,927,000	\$117,939,000

The Company has accumulated non-capital losses for Canadian income tax purposes of approximately \$7,476,000 expiring between 2040 and 2044.

As at April 30, 2024, the Company had approximately \$916,000 of Canadian exploration and development expenditures, \$150,649,285 of mining exploration expenses in Liberia which, under certain circumstances, may be utilized to reduce taxable income of future years.

The potential future benefit of these deferred tax assets has not been recognized in the consolidated financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.